



IN THE COURT OF CHANCERY OF THE STATE OF DELAWARE

IN RE J.CREW GROUP, INC.
SHAREHOLDERS LITIGATION

C.A. No. 6043-CS

STIPULATION AND AGREEMENT OF COMPROMISE AND SETTLEMENT

This Stipulation and Agreement of Compromise and Settlement (the “Stipulation”), dated August 30, 2011, which is entered into by and among (i) New Orleans Employees’ Retirement System, Local 542 International Union of Operating Engineers Pension Fund of Eastern Pennsylvania and Delaware, City of Orlando Police Pension Fund, Southeastern Pennsylvania Transportation Authority, City of Orlando Firefighters’ Pension Fund and Martin Vogel (collectively, “Lead Plaintiffs”), on their own behalf and on behalf of the Settlement Class (as defined herein); and (ii) J.Crew Group, Inc. (hereafter, “J.Crew” or the “Company”), Millard Drexler (“Drexler”), James Coulter (“Coulter”), David House (“House”), Heather Reisman (“Reisman”), Stuart Sloan (“Sloan”), Mary Ann Casati (“Casati”), Josh Weston (“Weston”), Steven Grand-Jean (“Grand-Jean”), Stephen Squeri (“Squeri”), James Scully (“Scully”), TPG Capital, L.P., TPG Partners, VI, L.P. (together with TPG Capital, L.P., “TPG”), Leonard Green & Partners, L.P. (“Leonard Green”), Chinos Holdings, Inc. (“Chinos Holdings”) and Chinos Acquisition Corporation (“Chinos Acquisition”) (collectively, “Defendants”), by and through their undersigned attorneys, states all of the terms of the settlement and resolution of this matter and is intended by the Parties to fully and finally release, resolve, remise, compromise, settle and discharge the Released Plaintiffs’ Claims (as defined herein) against the Released Defendant Parties (as defined herein) and the Released Defendants’ Claims (as defined herein) against the Released Plaintiff Parties (as defined herein), subject to the approval of the Court of Chancery of

the State of Delaware (the “Court”). All undefined terms below with initial capitalization shall have the meanings ascribed to them in paragraph 1 below.

WHEREAS:

A. On August 23, 2010, Drexler had an introductory meeting with a representative of Leonard Green.

B. On September 1, 2010, Drexler had a dinner meeting with Coulter at which, among other things, Coulter raised with Drexler TPG’s potential interest in exploring an acquisition of the Company.

C. Between October 7, 2010 and October 11, 2010, Drexler contacted each other member of the board of directors of J.Crew (the “J.Crew Board”) to inform them of TPG’s potential interest in a transaction involving a sale of the Company. During the course of these conversations, Drexler informed members of the J.Crew Board that he might be interested in participating with TPG in a transaction of this nature. Coulter also called each other member of the J.Crew Board to confirm TPG’s potential interest in a transaction involving the Company.

D. On October 15, 2010 and October 22, 2010, the J.Crew Board formed and mandated a special committee comprised of Casati, House, Squeri and Weston (the “Special Committee”) to consider strategic alternatives available to the Company and to respond to and negotiate the terms of any potential strategic proposal.

E. Following extensive negotiations between November 1, 2010, and November 22, 2010, the Special Committee and the Buyout Group reached an agreement as to price and other terms of the Merger (defined herein), which terms were approved by the J.Crew Board.

F. On November 23, 2010, J.Crew and the Buyout Group entered into an agreement and plan of merger (the “Merger Agreement”) whereby the Buyout Group would acquire J.Crew for \$43.50 per share in cash (the “Merger”).

G. Between November 24, 2010, and December 8, 2010, the following actions were commenced before the Court on behalf of shareholders of J.Crew, challenging the Merger as a product of breaches of fiduciary duties by the J.Crew Board (the “Actions”):

- i. *New Orleans Employees’ Retirement System v. J.Crew Group, Inc., et al.*, C.A. No. 6016-VCS;
- ii. *Local 542 International Union of Operating Engineers Pension Fund of Eastern Pennsylvania and Delaware v. J.Crew Group, Inc., et al.*, C.A. No. 6035-VCS;
- iii. *City of Orlando Police Pension Fund v. J.Crew Group, Inc., et al.*, C.A. No. 6038-VCS;
- iv. *Southeastern Pennsylvania Transportation Authority, v. Mary Ann Casati, et al.*, C.A. No. 6043-VCS;
- v. *Martin Vogel v. J.Crew Group, Inc., et al.*, C.A. No. 6045-VCS;
- vi. *City Of Orlando Firefighters Pension Fund v. Millard S. Drexler, et al.*, C.A. No. 6052-VCS; and
- vii. *Westco Fruit & Nuts Inc. v. J.Crew Group Inc., et al.*, C.A. No. 6057-VCS.

H. On December 6, 2010, J.Crew filed a Schedule 14A Preliminary Proxy Statement and Schedule 13E-3 (together, the “Preliminary Proxy Statement”) with the United States Securities and Exchange Commission (the “SEC”) regarding the Merger.

I. On December 10, 2010, Lead Plaintiffs filed a Stipulation and [Proposed] Order for Consolidation and Appointment of Co-Lead Plaintiffs, Co-Lead Counsel and Plaintiffs’ Executive Committee, which sought the consolidation of the Actions into the above-captioned action styled *In re J.Crew Group, Inc. Shareholders Litigation*, C.A. No. 6043-VCS (the “Action”), the appointment of Lead Plaintiffs as Co-Lead Plaintiffs, the appointment of Bernstein Litowitz Berger

& Grossmann LLP, Grant & Eisenhofer, P.A., Labaton Sucharow LLP, and Chimicles & Tikellis LLP as Co-Lead Counsel, and the appointment of Abraham Fruchter & Twersky, LLP, as Chairman of an Executive Committee also consisting of the firms of Stull, Stull & Brody and Rigrodsky & Long P.A. (the “Consolidation Motion”).

J. By Order dated December 14, 2010, the Court granted the Lead Plaintiffs’ Consolidation Motion.

K. On December 17, 2010, the parties to the Action filed a [Proposed] Interim Order Regarding Case Schedule, setting forth a proposed schedule for expedited discovery and, if necessary, briefing and a hearing on Lead Plaintiffs’ motion for a preliminary injunction.

L. On December 22, 2010, the Court granted the Interim Order Regarding Case Schedule, ordering the parties before it to engage in expedited discovery, and scheduling a hearing on Lead Plaintiffs’ motion for a preliminary injunction, if necessary, for February 24, 2011.

M. Between December 17, 2010 and January 17, 2011, the Parties engaged in expedited discovery including the production of over 72,000 pages of documents by Defendants and certain third parties. In addition, the Parties negotiated, and the Court entered, a Stipulation and Order Governing the Production and Exchange of Confidential Material on December 21, 2010, and a Stipulation and Order regarding Expert Discovery on January 11, 2011. The Parties began scheduling approximately a dozen depositions, which were to commence on January 21, 2011.

N. On December 29, 2010, J.Crew filed an amendment to the Preliminary Proxy Statement.

O. On January 14, 2011, Lead Plaintiffs filed their Verified Consolidated Amended Class Action Complaint (the “Complaint”) asserting additional allegations, including that the Preliminary Proxy Statement was materially false or misleading.

P. Following extensive, arm’s-length negotiations, the Parties reached an agreement in principle to settle the Action, memorialized in a Memorandum of Understanding (“MOU”) on January 16, 2011.

Q. On January 18, 2011, the J.Crew Board approved an amendment to the Merger Agreement implementing certain terms of the MOU (the “Merger Agreement Amendment”). J.Crew and the Buyout Group thereafter executed the Merger Agreement Amendment (the Merger Agreement, as amended by the Merger Agreement Amendment, referred to herein as the “Amended Merger Agreement”). The Merger Agreement Amendment is attached hereto as Appendix 1.

R. On January 18, 2011, the Company issued a press release publicly disclosing the terms of the MOU and the results of the go-shop process through January 18, 2011, and also filed a Form 8-K describing the MOU in greater detail, including by attaching the Merger Agreement Amendment as an exhibit thereto.

S. On January 25, 2011, J.Crew filed a Definitive Proxy Statement (the “Definitive Proxy Statement”) and an amended Schedule 13E-3 with the SEC regarding the Merger.

T. On January 31, 2011, Plaintiffs’ Counsel informed the Court that they were “no longer in a position to support or pursue the settlement.” Plaintiffs’ Counsel informed the Court that they believed that by issuing the press release on January 18, 2011 and setting a record date for the Merger and mailing the Definitive Proxy Statement prior to the expiration of the extended

go-shop period, Defendants had undermined key intended benefits of the MOU and breached the terms thereof.

U. Defendants informed the Court that they disagreed with Plaintiffs' Counsel's claims of breach and intended to act to enforce the terms of the proposed settlement as memorialized in the MOU.

V. On March 1, 2011, J.Crew stockholders voted to adopt the Amended Merger Agreement. Of the 63,907,720 shares of the Company's outstanding common stock entitled to vote, the Merger was approved by holders of 41,058,215 shares (64.2%). In addition, of the 59,234,720 outstanding shares of the Company's outstanding common stock not owned by J.Crew officers or directors or their affiliates, the Merger was approved by holders of approximately 36,385,251 shares (61.4%), satisfying the majority of the unaffiliated stockholder voting condition described herein.

W. On March 7, 2011, the Merger closed.

X. On May 12, 2011, J.Crew, TPG and Leonard Green filed an action captioned *J.Crew Group, Inc., et al. v. New Orleans Employees' Retirement System, et al.*, C.A. No. 6479 (the "MOU Enforcement Action"), seeking specific enforcement of the parties' agreement to settle the Action as memorialized in the MOU (or, only in the alternative, money damages).

Y. On June 9, 2011, the Court entered a Scheduling Order governing the MOU Enforcement Action, which called for a trial on the merits on October 27-28, 2011.

Z. On July 10, 2011, Lead Plaintiffs filed a motion to dismiss the MOU Enforcement Action.

AA. Between late July 2011 and August 30, the Parties engaged in extensive, arm's-length negotiations and reached an agreement to finally and fully settle the Action, which is memorialized in this Stipulation.

BB. The Parties have engaged in confirmatory discovery into the fairness, reasonableness and adequacy of the Settlement, including production of documents and taking the deposition of Andrew Bednar, financial advisor to the Special Committee.

CC. The entry by Lead Plaintiffs and Defendants into this Stipulation is not an admission as to the merit or lack of merit of any claims or defenses asserted in the Action or the MOU Enforcement Action.

DD. Plaintiffs' Counsel have conducted an investigation and pursued discovery relating to the claims and the underlying events and transactions alleged in the Action. Plaintiffs' Counsel have analyzed the evidence adduced during their investigation and through discovery, and have researched the applicable law with respect to Lead Plaintiffs and the Settlement Class. In negotiating and evaluating the terms of this Stipulation, Plaintiffs' Counsel considered the significant legal and factual defenses to Lead Plaintiffs' claims. Plaintiffs' Counsel have received sufficient information to evaluate the merits of this proposed Settlement. Based upon their evaluation, Plaintiffs' Counsel have determined that the Settlement set forth in this Stipulation is fair, reasonable and adequate and in the best interests of all Class Members, and that it confers substantial benefits upon the Class Members.

EE. Defendants deny any and all allegations of wrongdoing, fault, liability or damage to Lead Plaintiffs in the Action or to other Class Members; deny that they engaged in, committed or aided or abetted the commission of any breach of duty, wrongdoing or violation of law; deny that Lead Plaintiffs or any of the other Class Members suffered any damage whatsoever; deny that they

acted improperly in any way; believe that they acted properly at all times; maintain that they complied with their fiduciary duties; maintain that they have complied with federal and state securities laws; and maintain that they have committed no disclosure violations or any other breach of duty or wrongdoing whatsoever in connection with the Merger or the MOU.

FF. Defendants enter into this Stipulation solely to eliminate the uncertainties, burden and expense of further litigation. Nothing in this Stipulation shall be construed as any admission by any of the Defendants of wrongdoing, fault, liability, or damages whatsoever.

NOW, THEREFORE, IT IS HEREBY STIPULATED, CONSENTED TO AND AGREED, by Lead Plaintiffs, for themselves and on behalf of the Settlement Class, and Defendants that, subject to the approval of the Court and pursuant to Delaware Court of Chancery Rule 23 and the other conditions set forth in Clause F, for the good and valuable consideration set forth herein and conferred on Lead Plaintiffs and the Settlement Class, the Action shall be finally and fully settled, compromised and dismissed, on the merits and with prejudice, and that the Released Plaintiffs' Claims shall be finally and fully compromised, settled, released, discharged and dismissed with prejudice as against the Released Defendant Parties, and that the Released Defendants' Claims shall be finally and fully compromised, settled, released, discharged and dismissed with prejudice as against the Released Plaintiff Parties, in the manner set forth herein.

A. Definitions

1. In addition to the terms defined above, the following capitalized terms, used in this Stipulation, shall have the meanings specified below:

(a) "Alternative Transaction" means any actual, contemplated or proposed (i) leveraged buyout, (ii) stock buyback, (iii) recapitalization, (iv) acquisition, (v) merger, (vi) consolidation, (vii) tender offer, (viii) change in control, (ix) dividend or (x) other strategic alternative (other than the Merger) involving J.Crew or its subsidiaries.

(b) “Buyout Group” means Chinos Holdings, Chinos Acquisition, TPG and Leonard Green.

(c) “Claims” mean any and all manner of claims, demands, rights, liabilities, losses, obligations, duties, damages, costs, debts, expenses, interest, penalties, fines, sanctions, fees, attorneys’ fees, expert or consulting fees, actions, potential actions, causes of action, suits, agreements, judgments, decrees, matters, issues and controversies of any kind, nature or description whatsoever, whether disclosed or undisclosed, accrued or unaccrued, apparent or not apparent, foreseen or unforeseen, matured or not matured, suspected or unsuspected, liquidated or not liquidated, fixed or contingent, which now exist, or heretofore or previously existed, or may hereafter exist, including known claims and Unknown Claims, whether direct, derivative, individual, class, representative, legal, equitable or of any other type, or in any other capacity, whether based on state, local, foreign, federal, statutory, regulatory, common or other law or rule (including but not limited to any claims under federal or state securities law, federal or state antitrust law, or under state disclosure law or any claims that could be asserted derivatively on behalf of the Company).

(d) “Closing” means the consummation of the Merger on March 7, 2011, pursuant to which J.Crew merged with and into Chinos Acquisition Corporation, a Delaware corporation (“Merger Sub”) and a wholly owned indirect subsidiary of Chinos Holdings, which is controlled by affiliates of TPG and Leonard Green.

(e) “Defendants’ Counsel” means the law firms of Abrams & Bayliss LLP; Cleary Gottlieb Steen & Hamilton LLP; Cravath, Swaine & Moore LLP; Latham & Watkins LLP; Morris, Nichols, Arsht & Tunnell LLP; Potter Anderson & Corroon LLP; Richards, Layton & Finger LLP; Ropes & Gray LLP; and Willkie Farr & Gallagher LLP.

(f) “Effective Date” means the first business day following the date the Judgment becomes Final.

(g) “Final,” when referring to the Judgment, means entry of the Judgment, the expiration of any time for appeal or review of the Judgment, or, if any appeal is filed and not dismissed or withdrawn, after the Judgment is upheld on appeal in all material respects and is no longer subject to review upon appeal or other review, and the time for any petition for reargument, appeal or review of the Judgment or any order affirming the Judgment has expired; or, in the event that the Court enters a judgment in a form other than the form attached hereto as Exhibit D (“Alternative Judgment”) and none of the Parties hereto elects to terminate this Stipulation, the expiration of any time for appeal or review of the Alternative Judgment, or if an appeal is filed and not dismissed or withdrawn, after the Alternative Judgment is upheld on appeal in all material respects and is no longer subject to review upon appeal or other review, and the time for any petition for reargument, appeal or review of the Alternative Judgment or any order affirming the Alternative Judgment has expired; provided, however, that any disputes or appeals relating solely to the amount, payment or allocation of attorneys’ fees and expenses shall have no effect on finality for purposes of determining the date on which the Judgment or an Alternative Judgment becomes Final and shall not otherwise prevent, limit or otherwise affect the Judgment or an Alternative Judgment or prevent, limit, delay or hinder entry of the Judgment or an Alternative Judgment.

(h) “Immediate Family” means an individual’s spouse, parents, siblings, children, grandparents, grandchildren; the spouses of his or her parents, siblings and children; and the parents and siblings of his or her spouse, and includes step and adoptive relationships. In this paragraph, “spouse” shall mean a husband, a wife, or a partner in a state-recognized domestic

partnership or civil union.

(i) “Individual Defendants” means Drexler, Coulter, House, Reisman, Sloan Casati, Weston, Grand-Jean, Squeri, and Scully.

(j) “Judgment” means the Order and Final Judgment to be entered in the Action substantially in the form attached as Exhibit D hereto.

(k) “Lead Counsel” means the law firms of Bernstein Litowitz Berger & Grossmann LLP; Grant & Eisenhofer, P.A.; Labaton Sucharow LLP; and Chimicles & Tikellis LLP.

(l) “MD Trusts” means The Drexler Family Revocable Trust, The Millard S. Drexler 2009 Grantor Retained Annuity Trust #1 and The Millard S. Drexler 2009 Grantor Retained Annuity Trust #2.

(m) “Party” means any one of, and “Parties” means all of, the parties to this Stipulation, namely, Defendants and Lead Plaintiffs, on behalf of themselves and the Settlement Class.

(n) “Plaintiffs’ Counsel” means Lead Counsel and the Plaintiffs’ Executive Committee.

(o) “Plaintiffs’ Executive Committee” means the law firms of Stull, Stull & Brody; Abraham Fruchter & Twersky, LLP; and Rigrodsky & Long P.A.

(p) “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.

(q) "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.

(r) "Released Plaintiff Parties" means Lead Plaintiffs, all other Class Members, and their respective counsel (including Plaintiffs' Counsel).

(s) "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 hereof; 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.

(t) "Settlement" means the settlement contemplated by this Stipulation.

(u) "Settlement Class" means 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 officers¹, 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.

(v) “Settlement Class Member” or “Class Member” means a member of the Settlement Class.

(w) “Settlement Class Period” means the period between and including August 1, 2010 and the Closing of the Merger.

(x) “Settlement Hearing” means the hearing to be held by the Court to determine whether to certify the Settlement Class as a non opt-out class pursuant to Court of Chancery Rules 23(a), 23(b)(1) and 23(b)(2); whether the proposed Settlement should be approved as fair, reasonable and adequate; whether Lead Plaintiffs and Lead Counsel have adequately represented the Class; whether any objections to the Settlement should be overruled; whether the Action should be dismissed with prejudice as against the Released Defendant Parties; whether a Judgment approving the Settlement should be entered in accordance with the terms of this Stipulation; and whether and in what amount any award of attorneys’ fees and reimbursement of expenses should be paid to Plaintiffs’ Counsel.

(y) “Settlement Payment Recipients” means all Settlement Class Members who were shareholders of record of J.Crew common stock at the Closing of the Merger and who would be entitled to a *pro rata* distribution of the Settlement Amount (as defined herein).

¹ For J.Crew, the executive officers are those employees listed in paragraphs 100 and 101 of the Complaint.

(z) “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.

B. Settlement Consideration

2. In consideration for the full and final release, settlement and discharge of any and all Released Plaintiffs’ Claims against the Released Defendant Parties, the parties have agreed to the following consideration:

(a) Implemented Settlement Consideration

i. Merger Agreement Amendment

Certain Defendants entered into the Merger Agreement Amendment, which included the following changes:

- (A) Go-Shop Extension: Section 5.2(a) of the Merger Agreement was amended to delete the reference to “January 15, 2011” and to replace it with “February 15, 2011.” Section 5.2(b) of the Merger Agreement was amended to delete the reference to “January 16, 2011” and to replace it with “February 16, 2011.”
- (B) Notification Rights: As a result of the change to Section 5.2(b) of the Merger Agreement to delete the reference to “January 16, 2011” and to replace it with “February 16, 2011,” the Buyout Group’s contractual information rights set forth in Section 5.2 of the Merger Agreement relating to the results of the go-shop and certain other aspects of the go-shop process did not become effective until the second business day after the go-shop period (as extended by Section 2(a)(i) of the Merger Agreement Amendment) expired.
- (C) Termination Fee: The second to last sentence of Section 7.3(a) was deleted in its entirety and replaced with the following: “As used herein, ‘Termination Fee’ shall mean a cash amount equal to \$20.0 million.”

- (D) Elimination of Matching Rights in Certain Circumstances and Reimbursement of Third Party Bidder Expenses in Certain Circumstances: The following language was added to the end of Section 5.2(e) of the Merger Agreement:

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

- (E) Approval of the Merger by Unaffiliated Stockholders:

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

(2) The following definitions were added to Section 8.12:

“Company Stockholder Approvals” means each of the Company Stockholder Approval and the Unaffiliated Stockholder Approval.”

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

- (3) Section 3.3(d) of the Merger Agreement was deleted in its entirety and replaced with the following: “(d) The affirmative vote (in person or by proxy) of the holders of a majority of the outstanding shares of Company Common Stock at the Company Stockholders Meeting, or any adjournment or postponement thereof, in favor of the adoption of this Agreement (the ‘Company Stockholder Approval’) and the Unaffiliated Stockholder Approval are the only votes or approvals of the holders of any class or series of capital stock of the Company or any of its Subsidiaries which are necessary to adopt this Agreement and approve the Transactions.”
- (4) Section 6.1 of the Merger Agreement (but, for the avoidance of doubt, not subclauses (a), (b) or (c) of Section 6.1) was deleted in its entirety and replaced with the following: “6.1 Conditions to Each Party’s Obligation to Effect the Merger. The respective obligations of each party hereto to effect the Merger shall be subject to the satisfaction (or, except with respect to the Unaffiliated Stockholder Approval, waiver if permissible under applicable Law) on or prior to the Closing Date of the following conditions:”.

ii. Drexler Non-Compete

Drexler agreed that (1) in the event a bidder other than the Buyout Group acquired the Company (hereinafter “Potential Third Party Acquiror”), (2) such Potential Third Party Acquiror offered Mr. Drexler employment on the same or better terms and conditions (including with respect to equity grants) than the terms and conditions contemplated in connection with the Merger, and (3) Mr. Drexler elected not to enter into an employment relationship with the Potential Third Party Acquiror, then for a two year period following the termination of his employment with the Company he would not compete with J.Crew (other than as a holder of a passive investment not in excess of 5% of the outstanding voting shares of any publicly traded company).

iii. Confidentiality Agreements

The Special Committee amended the confidentiality agreement that was provided to any parties potentially interested in acquiring the Company (the “Confidentiality Agreement”). The Special Committee also informed any parties potentially interested in acquiring the Company that previously had executed a confidentiality agreement with the Company and expressed continued or renewed interest in considering acquiring the Company that it would amend the Confidentiality Agreement as described above.

iv. Representation Regarding Access to Non-Public Information

J.Crew represented and confirmed that any parties potentially interested in acquiring the Company who signed the Confidentiality Agreement (each a “Potential Bidder”) would have access to the same information that the Buyout Group received, except that J.Crew was entitled to provide a more limited set of information to any Potential Bidder if J.Crew reasonably determined that such Potential Bidder or any of its affiliates competes, directly or indirectly, with J.Crew.

(b) Initial Settlement Payment

At the Closing, J.Crew, on behalf of itself and the Individual Defendants, deposited a one-time settlement payment of \$10 million into the custody of a paying agent (the “Paying Agent”) for the subsequent disbursement to the Settlement Payment Recipients (the “Initial Settlement Payment”).

(c) Additional Settlement Payment

Within ten (10) business days after approval of the Settlement by the Court, an additional one-time settlement payment of \$6 million (the “Additional Settlement Payment” and together with the Initial Settlement Payment, the “Settlement Amount”) will be deposited by J.Crew (or its insurers) on behalf of J.Crew and the Individual Defendants,

and by TPG and Leonard Green (or their insurers) on behalf of the Buyout Group, into the custody of the Paying Agent.

(d) Distribution of the Settlement Amount

Upon the Effective Date, the Settlement Amount will be disbursed by the Paying Agent to the Settlement Payment Recipients and will be allocated on a per-share basis amongst the Settlement Payment Recipients based on the number of shares of J.Crew common stock, shares of restricted stock and shares of common stock represented by in-the-money options held by the applicable Settlement Payment Recipient upon the Closing of the Merger (provided that if a Settlement Payment Recipient held shares of J.Crew common stock in registered form and has not submitted a letter of transmittal as of the Effective Date, such payment shall be allocated to such Settlement Payment Recipient but will not be remitted until such Settlement Payment Recipient has submitted its letter of transmittal and its share certificates for exchange). If, after J.Crew has made reasonable efforts to have Settlement Payment Recipients claim their payments, the amount of the Settlement Amount that remains unclaimed by the Settlement Payment Recipients (the "Unclaimed Amount") exceeds \$500,000 after a period of six (6) months after the initial disbursement, then the Unclaimed Amount will be re-disbursed by the Paying Agent for payment to all Settlement Payment Recipients on a *pro rata* basis. If, however, after a period of six (6) months after the initial disbursement, the amount of the Unclaimed Amount is equal to or less than \$500,000, or if any of the Unclaimed Amount remains unclaimed after the re-disbursement described in the preceding sentence, then any such unclaimed amount of the Settlement Amount shall be donated to the Delaware Combined Campaign for Justice as a charitable donation.

(e) Costs of Distribution and Reservation of Rights

J.Crew (or its insurers) on behalf of J.Crew and the Individual Defendants, and TPG and Leonard Green (or their insurers) on behalf of the Buyout Group, shall be responsible for paying any and all costs associated with the allocation and distribution of the Settlement Amount (including the costs of any re-distribution of the Settlement Amount and the costs associated with any charitable donation); provided, however, that any costs associated with allocating and distributing the Settlement Amount shall not be paid from or otherwise dilute that consideration. The Settlement Amount and the costs associated with allocating and distributing the Settlement Amount shall be paid without waiver of J.Crew's and/or the Individual Defendants' right to pursue claims against their insurance carriers for this sum and without waiver of TPG and Leonard Green's rights to pursue claims against their respective insurance carriers for this sum.

C. Scope of the Settlement

3. Upon the entry of the Judgment, the Action shall be dismissed with prejudice, on the merits and without costs (except as provided herein).

4. 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.

5. Upon the Effective Date, each of Defendants, on behalf of themselves, 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.

D. Class Certification

6. For purposes of settlement only, the parties agree that the Court shall certify a non opt-out class, pursuant to Court of Chancery Rules 23(b)(1) and (b)(2) consisting of the Settlement Class Members.

E. Submission of the Settlement to the Court for Approval

7. As soon as practicable after this Stipulation has been executed, Lead Plaintiffs and Defendants shall (1) take all steps necessary to stay the Action and the MOU Enforcement Action pending further order of the Court; (2) jointly apply to the Court for entry of an Order in the form attached hereto as Exhibit A (the "Scheduling Order"), providing for, among other things: (a) the dissemination of the Notice of Pendency and Proposed Settlement of Class Action (the "Notice"), substantially in the form attached hereto as Exhibit B; (b) the publication of the Summary Notice of Pendency and Proposed Settlement of Class Action (the "Summary Notice"), substantially in the form attached hereto as Exhibit C; and (c) the scheduling of the Settlement Hearing to consider: (i) the proposed Settlement, (ii) the joint request of the Parties that the Judgment be entered substantially in the form attached hereto as Exhibit D, (iii) certification of the Settlement Class as a non opt-out class pursuant to Court of Chancery Rules 23(b)(1) and (b)(2), and (iv) Lead Counsel's application (on behalf of all Plaintiffs' Counsel) for an award of attorneys' fees and

expenses, and any objections to any of the foregoing; and (3) take all reasonable and appropriate steps to seek and obtain entry of the Scheduling Order. At the Settlement Hearing, the Parties shall jointly request that the Judgment be entered and the Parties take all reasonable and appropriate steps to obtain Final entry of the Judgment substantially in the form attached hereto as Exhibit D.

8. Defendants shall be responsible for providing notice of the Settlement to the Settlement Class. Defendants shall pay all costs and expenses incurred in providing notice of the Settlement to the Settlement Class, and in no event shall Lead Plaintiffs, any Class Members, or their counsel be responsible for any such costs and expenses, and in no event shall any such costs and expenses be paid from or otherwise dilute the Settlement Amount.

F. Conditions of Settlement.

9. This Settlement shall be subject to the following conditions, which the Parties shall use their best efforts to achieve:

(a) the Court enters the Scheduling Order substantially in the form attached hereto as Exhibit A;

(b) the Court enters the Judgment substantially in the form attached hereto as Exhibit D, or the Court has entered an Alternative Judgment and none of the Parties elect to terminate the Settlement;

(c) the Effective Date shall have occurred; and

(d) Defendants have complied with their obligations regarding the Settlement Amount set forth in Section 2 herein.

G. Attorneys' Fees and Expenses

10. Lead Counsel will apply to the Court for a collective award of attorneys' fees to Plaintiffs' Counsel which shall be no greater than the amount set forth in the Notice attached hereto as Exhibit B (the "Fee Application"). Lead Counsel also will apply to the Court for

reimbursement of litigation expenses paid or incurred by Plaintiffs' Counsel (the "Expense Reimbursement Application"). As of the execution of this Stipulation, the Parties have not discussed the amount or mechanics of any application by Lead Counsel for an award of attorneys' fees and expenses. Defendants agree that Plaintiffs' Counsel have established a right to an award of attorneys' fees and expenses based on benefits provided to the Class Members. Notwithstanding the foregoing or the provisions regarding the Released Defendants' Claims, Defendants reserve all rights and all grounds to object to, to oppose, to consent to, or to take no position on the amount of fees and expenses sought by Lead Counsel in the Fee Application and the Expense Reimbursement Application.

11. Plaintiffs' Counsel will make no other application for an award of attorneys' fees or expenses other than the Fee Application or the Expense Reimbursement Application.

12. None of Lead Plaintiffs, nor Plaintiffs' Counsel, shall make, or assist any other counsel in making, any application for an award of fees or expenses in any other jurisdiction. The Parties acknowledge and agree that any fees and expenses awarded by the Court to Plaintiffs' Counsel shall be paid by J.Crew (or its insurers) on behalf of J.Crew and the Individual Defendants, and by TPG and Leonard Green (or their insurers) on behalf of the Buyout Group, pursuant to wire information and instructions provided by Lead Counsel no later than ten (10) business days after the date of entry by the Court of an order awarding such attorneys' fees or expenses (the "Fee and Expense Award"), notwithstanding the existence of any timely filed objections to the Fee and Expense Award, or potential for appeal therefrom, or collateral attack on the Settlement or any part thereof; provided, however, that in the event that the Fee and Expense Award is disapproved, reduced, reversed or otherwise modified, whether on appeal, further proceedings on remand, successful collateral attack or otherwise, then Plaintiffs' Counsel shall,

within ten (10) business days after Lead Counsel receives notice of any such disapproval, reduction, reversal or other modification, return to J.Crew (or its insurers) the difference between the attorneys' fees and expenses awarded by the Court in the Fee and Expense Award on the one hand, and any attorneys' fees and expenses ultimately and finally awarded on appeal, further proceedings on remand or otherwise on the other hand.

13. The disposition of the Fee Application and the Expense Reimbursement Application are not material terms of this Stipulation, and it is not a condition of this Stipulation that such applications be granted. The Fee Application and the Expense Reimbursement Application may be considered separately from the proposed Stipulation. Any disapproval or modification of the Fee Application and/or the Expense Reimbursement Application by the Court or on appeal shall not affect or delay the enforceability of this Stipulation, provide any of the Parties with the right to terminate the Settlement, or affect or delay the binding effect or finality of the Judgment and the release of the Released Plaintiffs' Claims. Final resolution of the Fee Application and/or the Expense Reimbursement Application shall not be a condition to the dismissal, with prejudice, of the Action or effectiveness of the releases of the Released Plaintiffs' Claims. The payment of any Fee and Expense Award shall be made without waiver of J.Crew's and/or the Individual Defendants' rights to pursue claims against its insurance carriers for such sum and without waiver of TPG and Leonard Green's rights to pursue claims against their respective insurance carriers for such sum.

14. Any failure of the Court to approve the Settlement shall have no impact on or preclude Lead Counsel from applying to the Court for an award of attorneys' fees and expenses on grounds of mootness. Defendants reserve the right to oppose any such application, including on the grounds that Defendants would not have provided any of the consideration contemplated by the

MOU absent an agreement from Lead Plaintiffs to provide, on their own behalf and on behalf of the Settlement Class, a full and appropriate release of all claims that were asserted or that could have been asserted in the Action.

15. Lead Counsel warrant that no portion of any award of attorneys' fees or expenses shall be paid to any Lead Plaintiff or any Class Member, except as approved by the Court. Lead Counsel shall allocate the Fee and Expense Award amongst Plaintiffs' Counsel in a manner which they, in good faith, believe reflects the contributions of such counsel to the prosecution and settlement of the Action. Defendants and the Released Defendant Parties shall have no input into or responsibility for the allocation by Lead Counsel of the Fee and Expense Award or for the payment of any fees or expenses of Lead Counsel other than the Fee and Expense Award, and in no event shall any Fee and Expense Award be paid from or otherwise dilute the Settlement Amount.

H. Stay Pending Court Approval

16. Lead Plaintiffs and Defendants agree to stay the proceedings in the Action and to stay and not to initiate any other proceedings other than those incident to the Settlement itself pending the occurrence of the Effective Date. The Parties also agree to use their best efforts to seek the stay and dismissal of, and to oppose entry of any interim or final relief in favor of any Class Member in, any other proceedings against any of the Released Defendant Parties which challenges the Settlement or otherwise involves, directly or indirectly, a Released Plaintiff Claim.

I. Stay and Dismissal of the MOU Enforcement Action

17. As soon as practicable after this Stipulation has been executed, Lead Plaintiffs and Defendants shall take all steps necessary to stay the MOU Enforcement Action pending further order of the Court.

18. Upon the Effective Date, Defendants and Lead Plaintiffs shall dismiss the MOU Enforcement Action on the merits, with prejudice and without costs.

J. Termination of Settlement; Effect of Termination

19. If either (a) the Court declines to enter the Scheduling Order in any material respect; (b) the Court declines to enter the Judgment in any material respect, (c) the Court enters the Judgment or an Alternative Judgment but on or following appellate review, remand, collateral attack or other proceedings the Judgment or Alternative Judgment is modified or reversed in any material respect, or (d) any of the other conditions of Paragraph 9 are not satisfied, this Stipulation shall be cancelled and terminated, unless counsel for each of the Parties, within ten (10) business days from receipt of such ruling or event, agrees in writing with counsel for the other Parties to proceed with this Stipulation and the Settlement, including only with such modifications, if any, as to which all other Parties in their sole judgment and discretion may agree. For purposes of this Paragraph, an intent to proceed shall not be valid unless it is expressed in a signed writing. Neither a modification nor a reversal on appeal of the amount of fees, costs and expenses awarded by the Court to Plaintiffs' Counsel shall be deemed a material modification of the Judgment or this Stipulation.

20. Notwithstanding anything to the contrary set forth above, in the event that the Court approves the Stipulation and enters the Judgment, but J.Crew (or its insurers) and/or TPG and Leonard Green (or their insurers) fail to pay the Settlement Amount, nothing herein shall be construed to limit or prejudice in any way any of Lead Plaintiffs' rights to seek enforcement of the

terms of the Settlement, including specifically, rights to sue for breach of contract and for specific performance and/or to seek appropriate legal and/or equitable relief from the Court to enforce the Settlement.

21. If either: (a) the Effective Date does not occur, (b) this Stipulation is disapproved, canceled or terminated pursuant to its terms, or (c) the Settlement otherwise does not become final for any reason, then the Settlement Amount deposited into the custody of the Paying Agent shall be refunded (*pro rata* as applicable) by the Paying Agent to J.Crew (or its insurers) and/or TPG and Leonard Green (or their insurers) within ten (10) business days after such cancellation or termination.

22. If the Effective Date does not occur, or if this Stipulation is disapproved, canceled or terminated pursuant to its terms, or the Settlement otherwise does not become final for any reason, all of the Parties shall be deemed to have reverted to their respective litigation status immediately prior to August 30, 2011, and they shall proceed in all respects as if the Stipulation had not been executed and the related orders had not been entered, and in that event all of their respective claims and defenses as to any issue in the Action or the MOU Enforcement Action shall be preserved without prejudice; provided, however, that Section 27 shall remain in full effect. In the event the Effective Date does not occur, or this Stipulation is disapproved, canceled or terminated pursuant to its terms, or the Settlement otherwise does not become final for any reason, Defendants reserve the right to pursue the MOU Enforcement Action or to oppose certification of any plaintiff class in any future proceedings (including, but not limited to, in any proceedings in the Action).

K. Miscellaneous Provisions

23. All of the Exhibits attached hereto are material and integral parts hereof and shall be incorporated by reference as though fully set forth herein.

24. This Stipulation may not be amended or modified, nor may any of its provisions be waived, except by a written instrument signed by counsel for all Parties or their successors-in-interest.

25. The headings herein are used for the purpose of convenience only and are not meant to have legal effect.

26. Lead Plaintiffs, on behalf of themselves and the Settlement Class, and Defendants, on behalf of themselves and the other Released Defendant Parties, agree not to assert whether or not for attribution that the Action was brought or prosecuted by Lead Plaintiffs or defended by Defendants in bad faith or without a reasonable basis. Lead Plaintiffs, on behalf of themselves and the Settlement Class, and Defendants, on behalf of themselves and the other Released Defendant Parties, further agree not to assert whether or not for attribution that the MOU Enforcement Action was brought or prosecuted by J.Crew, TPG and Leonard Green (or any of the other Defendants), or defended by Lead Plaintiffs, in bad faith or without a reasonable basis. The Parties represent and agree that the terms of the Settlement were negotiated at arm's-length and in good faith by the Parties, and reflect a settlement that was reached voluntarily based upon adequate information and sufficient discovery and after consultation with experienced legal counsel.

27. Each party denies any and all allegations of wrongdoing, fault, liability or damage in the Action or the MOU Enforcement Action. The Parties covenant and agree that neither this 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. This Stipulation is not 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. Neither this Stipulation, nor any of the terms and provisions of this 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 the 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.

28. The consummation of the Settlement as embodied in this Stipulation shall be under the authority of the Court, and the Court shall retain jurisdiction for the purpose of entering orders providing for an award of attorneys' fees and expenses to Plaintiffs' Counsel and enforcing the terms of this Stipulation.

29. To the extent permitted by law, all agreements made and orders entered during the course of the Action relating to the confidentiality of documents or information shall survive this Stipulation.

30. The waiver by any Party of any breach of this Stipulation by any other Party shall not be deemed a waiver of any other prior or subsequent breach of any provision of this Stipulation by any other Party.

31. This Stipulation and the Exhibits constitute the entire agreement among the Parties and supersede any prior agreements among the Parties with respect to the subject matter hereof. No representations, warranties or inducements have been made to or relied upon by any Party concerning this Stipulation or its Exhibits, other than the representations, warranties and covenants expressly set forth in such documents. This Stipulation may be amended or any of its provisions waived only by a writing executed by all the Parties.

32. This Stipulation may be executed in one or more counterparts, including by facsimile and electronic mail.

33. The Parties and their respective counsel of record agree that they will use their reasonable best efforts to obtain all necessary approvals of the Court required by this Stipulation (including, but not limited to, using their reasonable best efforts to resolve any objections raised to the Settlement).

34. Plaintiffs' Counsel and Defendants' Counsel agree to cooperate fully with one another and use best efforts in seeking Court approval of the Scheduling Order, the Stipulation and the Settlement, and to promptly agree upon and execute all such other documentation as may be reasonably required to obtain final approval by the Court of the Settlement.

35. Lead Plaintiffs and Lead Counsel represent and warrant that Lead Plaintiffs are members of the Settlement Class and that none of Lead Plaintiffs' claims or causes of action referred to in this Stipulation have been assigned, encumbered, or otherwise transferred in any manner in whole or in part.

36. Each counsel signing this Stipulation represents and warrants that such counsel has been duly empowered and authorized to sign this Stipulation on behalf of his or her clients.

37. This Stipulation shall not be construed more strictly against one Party than another merely by virtue of the fact that it, or any part of it, may have been prepared by counsel for one of the Parties, it being recognized that it is the result of arm's-length negotiations between the Parties, and all Parties have contributed substantially and materially to the preparation of this Stipulation.

38. This Stipulation is and shall be binding upon and shall inure to the benefit of the Released Defendant Parties and the Released Plaintiff Parties (including the Class Members) and the respective legal representatives, heirs, executors, administrators, transferees, successors and assigns of all such foregoing persons and entities and upon any corporation, partnership, or other entity into or with which any party may merge, consolidate or reorganize.

39. Except for attorney notes, attorney work product, attorney-client communications, communications between or among counsel and their experts, pleadings, other court submissions and transcripts of depositions, the Parties agree to destroy or to return all discovery obtained from each other within thirty (30) days after the Effective Date.

40. This Stipulation, the Settlement, and any and all disputes arising out of or relating in any way to this Stipulation or Settlement, whether in contract, tort or otherwise, shall be governed by and construed in accordance with the laws of the State of Delaware, without regard to conflicts of law principles. Any action or proceeding arising out of or relating in any way to this Stipulation or the Settlement, or to enforce any of the terms of the Stipulation or Settlement, shall (i) be brought, heard and determined exclusively in the Court, which shall retain jurisdiction over the Parties and all such disputes (provided that, in the event that subject matter jurisdiction is unavailable in the Court, then any such action or proceeding shall be brought, heard and determined exclusively in any other state or federal court sitting in Wilmington, Delaware) and (ii) shall not be litigated or otherwise pursued in any forum or venue other than the Court (or, if subject matter jurisdiction is unavailable in the Court, then in any forum or venue other than any other state or federal court sitting in Wilmington, Delaware). Each party hereto (1) consents to personal jurisdiction in any such action (but in no other action) brought in this Court; (2) consents to service of process by registered mail upon such party and/or such party's agent; (3) waives any objection to venue in this Court and any claim that Delaware or this Court is an inconvenient forum; and (4) EXPRESSLY WAIVES ANY RIGHT TO DEMAND A JURY TRIAL AS TO ANY DISPUTE DESCRIBED IN THIS PARAGRAPH.

Dated: August 30, 2011

/s/ Stuart M. Grant
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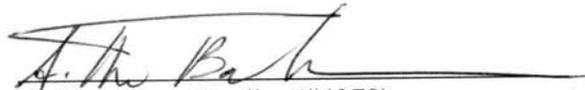
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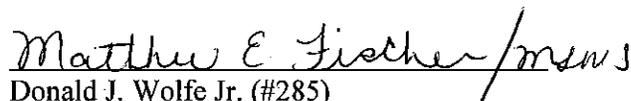
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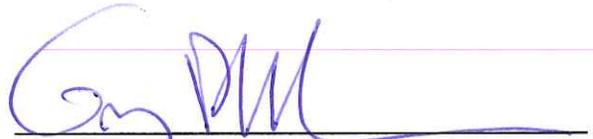

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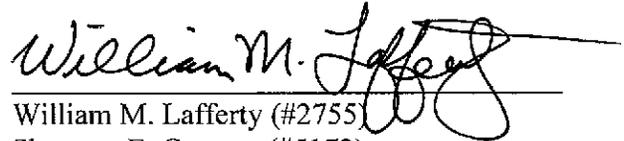
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