

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

**SCHEDULE 14A**

**PROXY STATEMENT PURSUANT TO SECTION 14(a) OF THE  
SECURITIES EXCHANGE ACT OF 1934**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Under Rule 14a-12

**J.CREW GROUP, INC.**

(Name of Registrant as Specified in its Charter)

Payment of Filing Fee (Check the appropriate box):

- No fee required
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11

(1) Title of each class of securities to which transaction applies:

---

(2) Aggregate number of securities to which transaction applies:

---

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

---

(5) Total fee paid:

---

Fee paid previously with preliminary materials.

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

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

---

(3) Filing party:

---

(4) Date Filed:

---

---

**Forward-Looking Statements:**

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

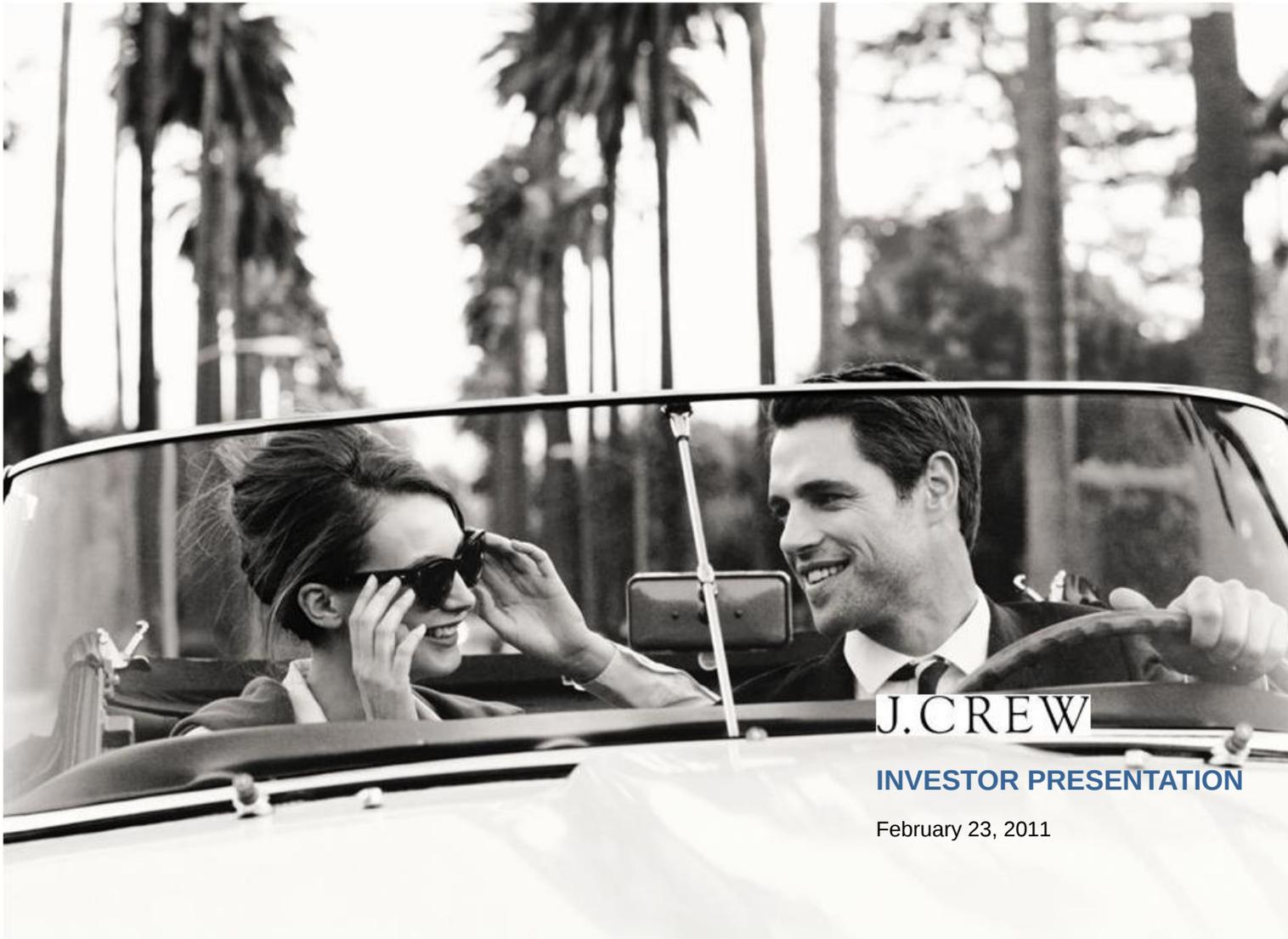
**Additional Information and Where to Find It:**

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

**Participants in Solicitation:**

The Company and its directors, executive officers and other members of its management and employees may be deemed to be participants in the solicitation of proxies from its stockholders in connection with the proposed transaction. Information concerning the interests of the Company's participants in the solicitation is set forth in J. Crew Group, Inc.'s proxy statements and Annual Reports on Form 10-K, previously filed with the Securities and Exchange Commission, and in the definitive proxy statement relating to the proposed transaction. Each of

these documents is available free of charge at the Securities and Exchange Commission's website at [www.sec.gov](http://www.sec.gov) and from the Company at <http://www.jcrew.com>, and then clicking on the "Investor Relations" link and then the "SEC Filings" link or by directing such request to J. Crew Group, Inc., 770 Broadway, New York, New York 10003; or (212) 209-2500.



J. CREW

INVESTOR PRESENTATION

February 23, 2011

---

---

**Forward-Looking Statements:**

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

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

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

**Participants in Solicitation:**

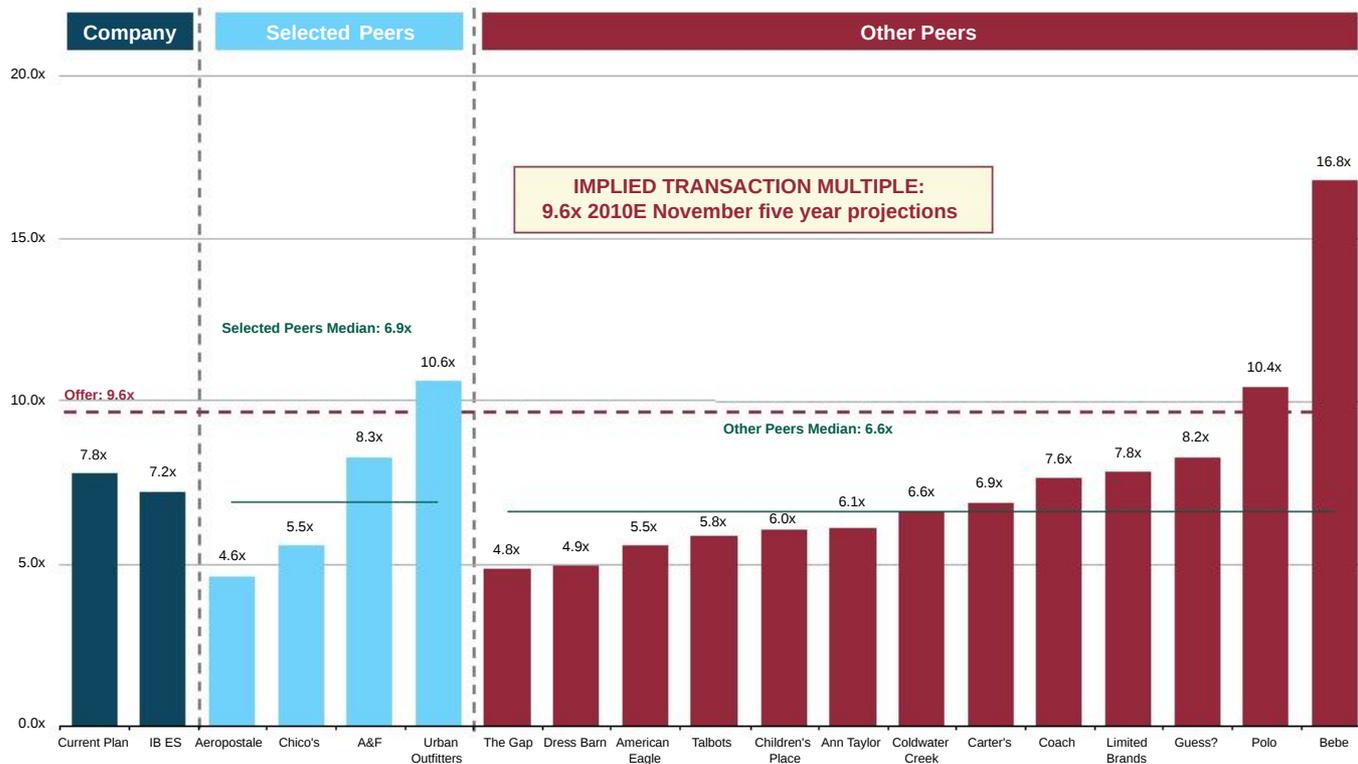
The Company and its directors, executive officers and other members of its management and employees may be deemed to be participants in the solicitation of proxies from its stockholders in connection with the proposed transaction. Information concerning the interests of the Company's participants in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

- **\$43.50 per share in cash represents an attractive valuation**
  - Provides certainty and speed
  - Transfers business execution and market risk to buyers
  - Approximately \$43.67 per share if settlement is enforced and approved
- **Superior to all reasonably available alternatives, on a risk-adjusted basis**
  - **Stand-alone plan**
    - Deteriorating operating performance impacts valuation
    - Overall execution risks associated with implementation of strategic plan
  - **No other buyers**
    - Extensive “go-shop” process conducted post-signing
      - › Lengthy 85-day “go-shop” period
      - › 59 buyers contacted: 39 strategic, 20 financial
    - Full cooperation of management: Millard Drexler’s willingness to consider another buyer was expressly communicated
    - Extremely low break-up fee of \$20MM (approximately \$0.29 per share or 0.67% of equity value)
  - **Leveraged recapitalization**
    - At prudent and acceptable levels of leverage for public retail companies, the value that would be delivered to J.Crew shareholders from a leveraged recapitalization is below \$43.50 per share

**J.CREW SHAREHOLDERS SHOULD VOTE BASED ON THE FACTS**

- **\$43.50 per share in cash, \$3 billion in total equity value**
  - 9.6x 2010E EBITDA per the November five year projections
  - 8.6x LTM EBITDA (October 2010)
  
- **High EBITDA multiple relative to precedent transactions involving specialty, branded apparel retailers**
  - Gymboree transaction, a result of pre-signing auction, at 8.2x LTM EBITDA
  - Tommy Hilfiger transaction completed in May 2010 with strategic buyer at 7.9x LTM EBITDA

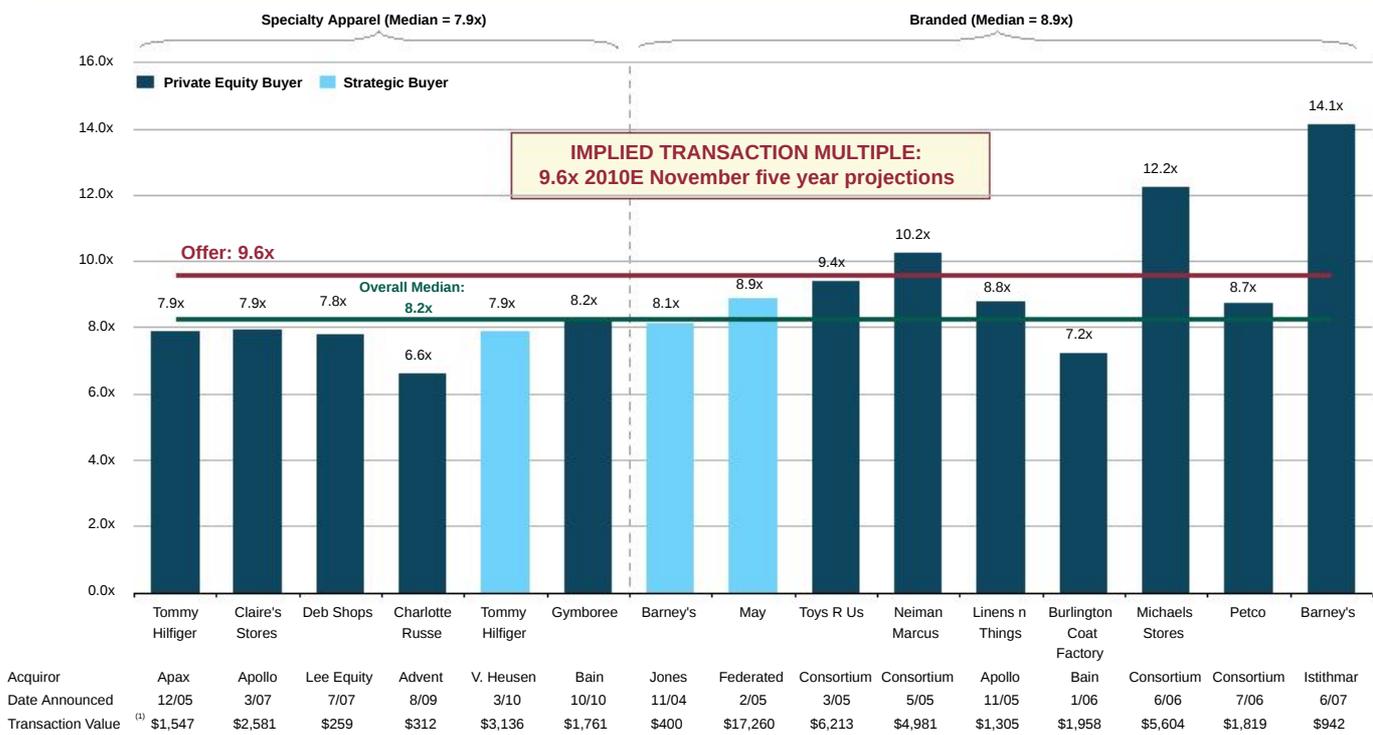
# PUBLIC COMPANIES COMPARISON – EV / FY2010E EBITDA (AS OF 11/19/2010)



Source: Schedule 13E-3, Exhibit (c)(2) filed with SEC on 12/6/2010

# RELEVANT TRANSACTIONS IN SPECIALTY APPAREL AND BRANDED RETAIL

EV / LTM EBITDA



Source: Schedule 13E-3, Exhibit (c)(2) filed with SEC on 12/6/2010  
 Note: (1) Defined as Transaction Enterprise Value. Figures shown in millions of US dollars

**THE EFFECTIVE TRANSACTION PREMIUM IS SUBSTANTIALLY HIGHER WHEN CONSIDERING THE COMPANY ANNOUNCED DISAPPOINTING Q4 GUIDANCE ON THE SAME DAY AS THE TRANSACTION ANNOUNCEMENT**

**Q4 CONSENSUS EPS EVOLUTION**



**Q4 FY 2010 GUIDANCE <sup>(1)</sup>**

- Q4 guidance of \$0.30-\$0.35 per share (vs. \$0.50 consensus)
- **Mid-point of guidance 35% below consensus**
- The Company confirmed guidance on January 20, 2011
- **Comparable store sales in the negative mid single digits**
- Direct sales growth in the positive low double digits
- **Gross margin decrease of approximately 600 to 700 basis points**
- Inventory increase in mid-teens (approximately 10% excluding a partial pull forward of Spring deliveries)

**THE FACTS**

1. The Company announced disappointing guidance at the time of transaction announcement
2. At the time of announcement, the Company's market price did not account for the updated guidance and therefore did not accurately reflect the Company's value
3. The effective transaction premium is substantially higher than the announced premium

Source: Company filings, FactSet  
 Note: (1) Guidance presented excludes all expenses incurred (or expected to be incurred) in connection with the Transaction

## ILLUSTRATIVE PRE-TRANSACTION SHARE PRICE AND IMPLIED PREMIUM

Reference Price<sup>(1)</sup> \$36.49

Divide by: IBES Consensus FY2010E EPS (11/19/2010) \$2.25

Reference Multiple 16.2x

	Reference		Average Since 8/26 <sup>(3)</sup>	
<b>Multiple Applied</b>	<b>16.2x</b>	<b>16.2x</b>	<b>14.4x</b>	<b>14.4x</b>

2010E EPS Based on Guidance <sup>(2)</sup>	\$2.08	\$2.13	\$2.08	\$2.13
--	--------	--------	--------	--------

<b>Implied Share Price</b>	<b>\$33.73</b>	<b>\$34.54</b>	<b>\$29.89</b>	<b>\$30.61</b>
----------------------------	----------------	----------------	----------------	----------------

<b>Implied Deal Premium Assuming \$43.50 Offer</b>	<b>29.0%</b>	<b>25.9%</b>	<b>45.5%</b>	<b>42.1%</b>
--	--------------	--------------	--------------	--------------

Source: Company filings, FactSet, I/B/E/S

Note: (1) Reference Price as of 11/19/2010

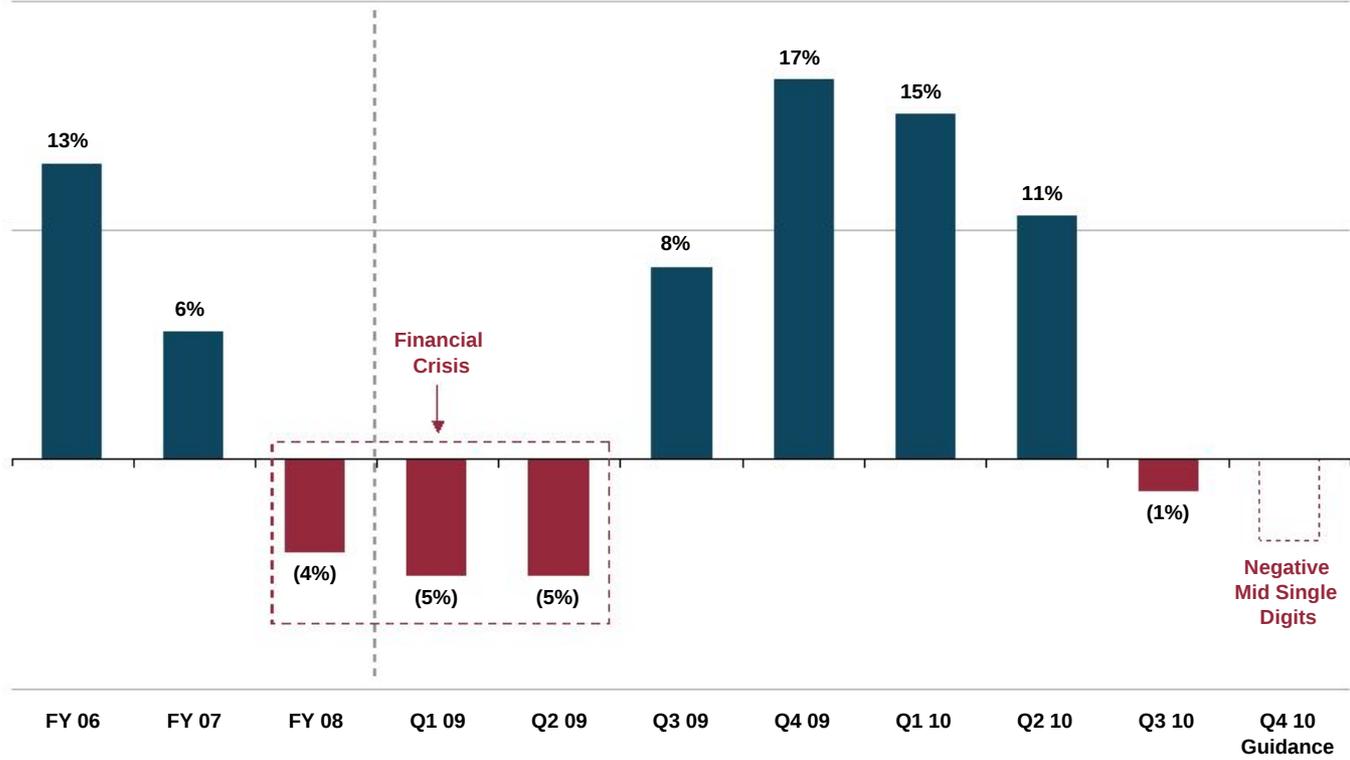
(2) As disclosed in the Company's 1/20/2011 8K. Guidance presented excludes all expenses incurred (or expected to be incurred) in connection with the transaction

(3) Represents average Company P/E multiple between Q2 earnings announcement and guidance on 8/26/2010 and the 11/19/2010 reference date

- **Recent same store sales growth negative, and overall same store sales growth deceleration**
- **Margin compression in Q3 and Q4 relative to past performance**
- **Wall Street consensus growth rates and forecasted EPS falling, and below historical levels**
- **Business plan execution risk includes reliance on accelerated growth and overall margin improvement**
- **Significant near-term investment cycle about to commence**

## DECELERATION OF SAME STORE SALES GROWTH

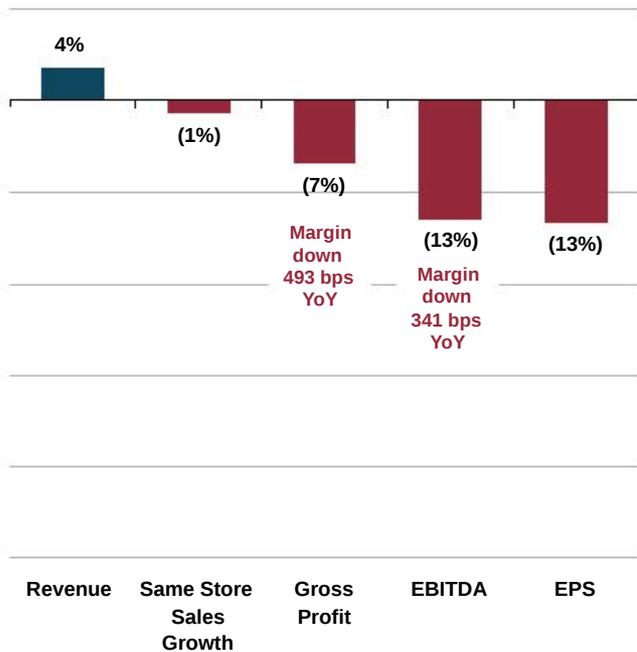
### SAME STORE STORE SALES GROWTH



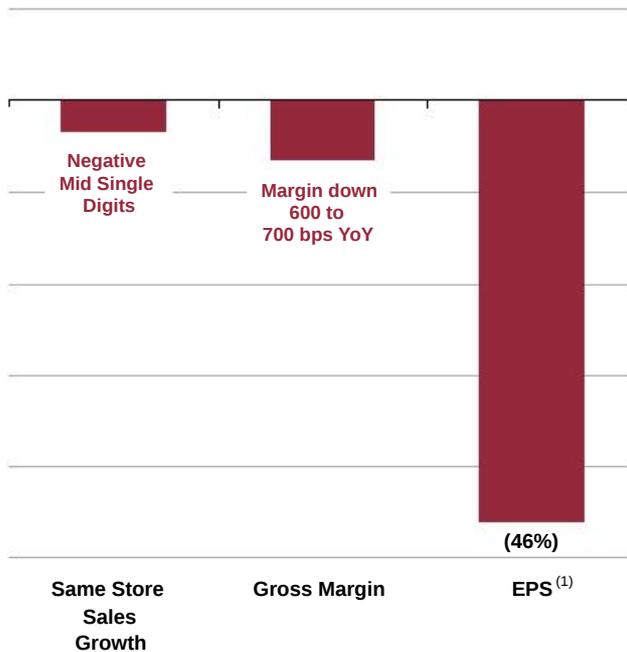
Source: Company filings

# DECELERATION OF PROFITABILITY METRICS

YEAR OVER YEAR COMPARISON  
Q3 2010A VS. Q3 2009A



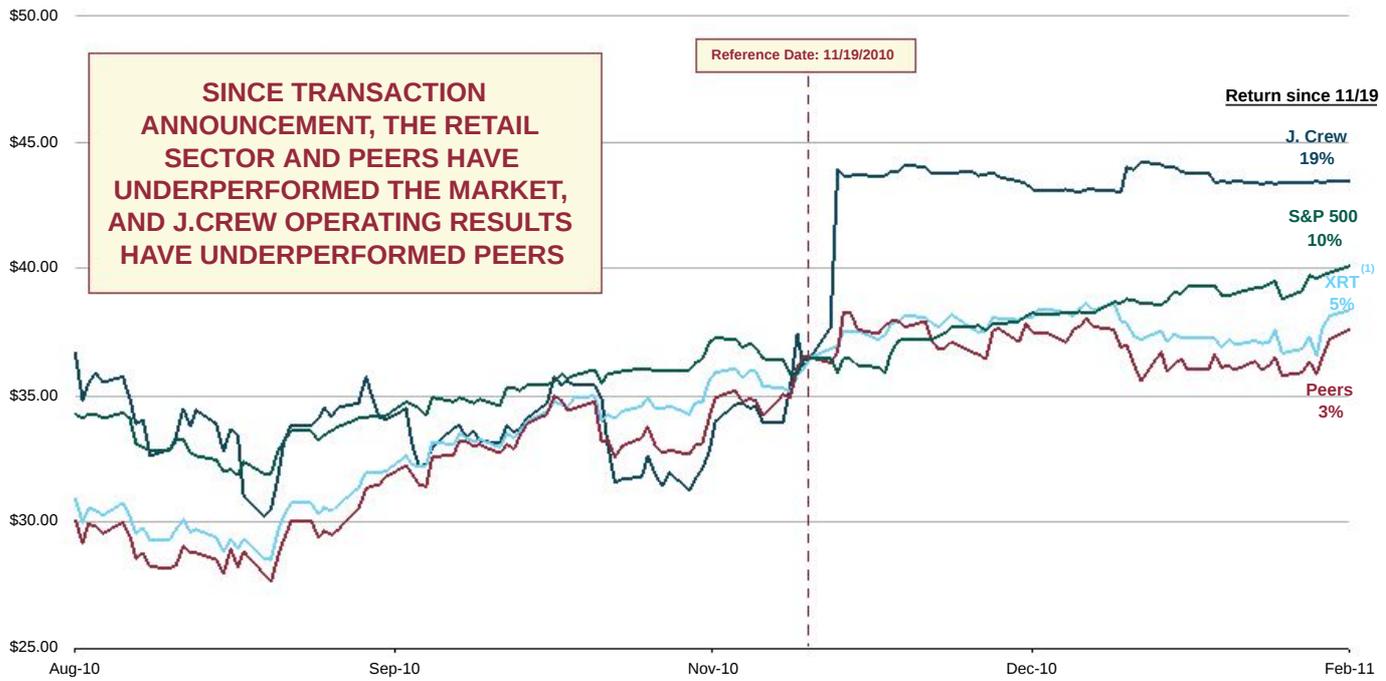
YEAR OVER YEAR COMPARISON  
Q4 2010E GUIDANCE VS. Q4 2009A



Source: Company filings

Note: (1) Based on mid-point of guidance as disclosed in the Company's 1/20/2011 8K

## PERFORMANCE PRE AND POST TRANSACTION ANNOUNCEMENT



Source: FactSet

Note: 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. Figures indexed to J.Crew share price of \$36.49, the closing price on 11/19/2010 (the "Reference Date"), the last available closing price prior to finalizing fairness opinion materials

(1) XRT represents the S&P Retail Index

# ANALYSTS UNDERSTAND THE RISKS AND CHALLENGES TO THE STAND-ALONE STORY...

## ANALYST COMMENTARY

- “We are concerned over an increasingly competitive environment, tough comparisons, and our belief that it will be difficult to return to sustained positive comps in the near-term... we believe the company’s financial performance will be challenged...”

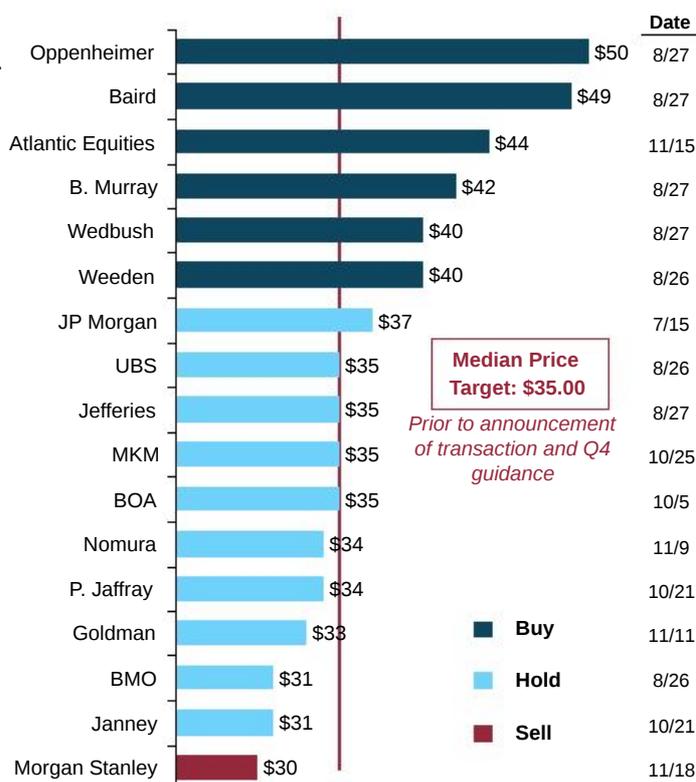
– **Janney Montgomery, 9/29/2010**
- “We are lowering our rating on J. Crew shares given our belief that promotional activity is accelerating and a fashion ‘correction’ may take multiple quarters to correct given current competitive dynamics.”

– **Piper Jaffray, 10/21/2010**
- “We expect SSS to turn negative... margins will likely remain under pressure for 2-3 quarters and we expect negative earnings revisions to compress P/E multiple as in the past... we expect negative SSS to drive significant margin contraction.”

– **Morgan Stanley, 10/26/2010**
- “We believe it may be difficult to justify a significantly higher price, particularly given J. Crew’s weaker than expected outlook. If this deal had not been announced, we believe JCG shares would have been under pressure given its F4Q10 forecast being well below consensus expectations...”

– **Raymond James, 11/23/2010**

## ANALYST PRICE TARGETS PRE-ANNOUNCEMENT



Source: Wall Street research

---

## ... AND HAVE BEEN POSITIVE ON THE TRANSACTION

---

- “We believe this is a great deal for J.Crew shareholders, since the estimated takeover value represents a 28% premium to our previous \$34 fair value estimate.”  
– **Morningstar Equity Research, 11/23/2010**
- “While we would view the current potential offer as fair, we believe there is the potential for other bidders to enter the fray.”  
– **Brean Murray Carret & Co., 11/23/2010**
- “We commend management on effecting this deal and although we expect pressure on the fundamentals, we expect shares to trade range bound around the deal price.”  
– **Janney Capital Markets, 11/23/2010**
- “We believe that the TPG Capital / Leonard Green proposal to acquire JCG at \$43.50 per share fairly values the shareholders of JCG, and we are using a February 28, 2011 closing estimate.”  
– **MKM Partners, 11/23/2010**
- “We believe it is unlikely that the company will receive a higher offer during this time since (1) \$43.50 per share is already a premium to other recent deals such as GYMB (9x our FY10 EV/EBITDA estimate for JCG versus 8x consensus estimate for GYMB), (2) its comp trends have weakened further, and (3) it did not receive any other bids during the initial ‘go-shop’ period.”  
– **Raymond James, 1/20/2011**

---

## OTHER NOTABLE COMMENTARY ON THE TRANSACTION

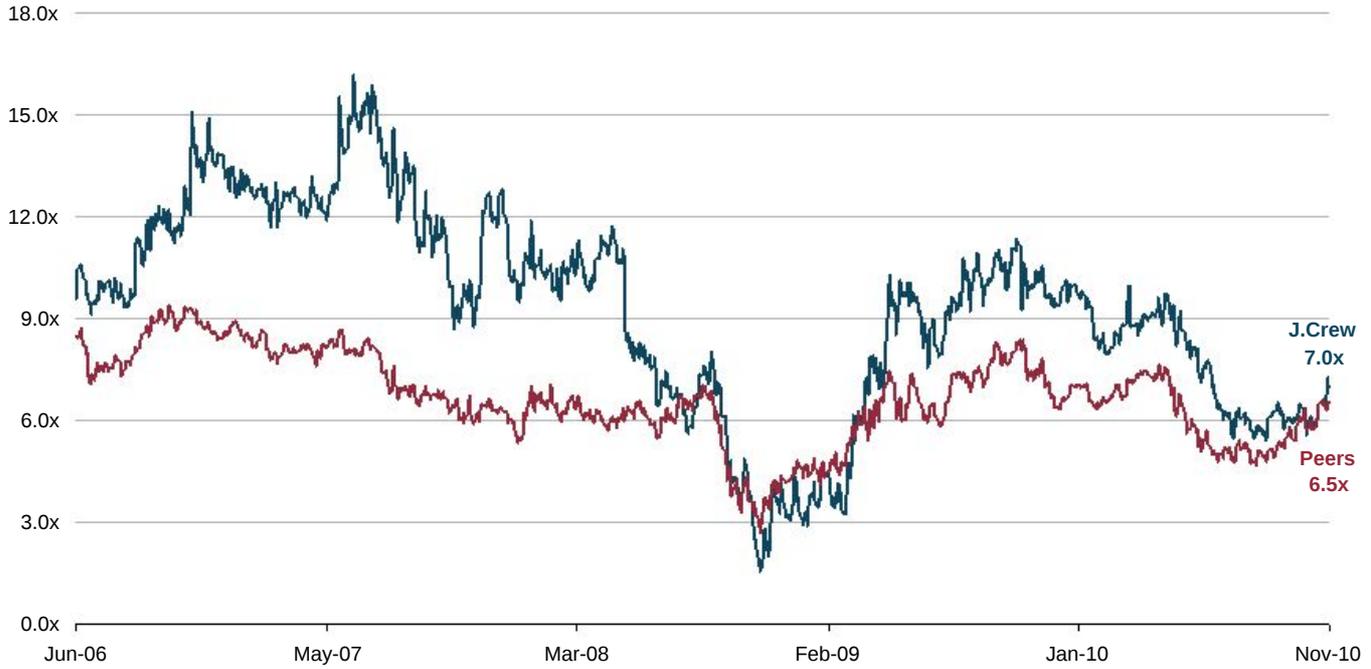
---

- “At \$43.50 a share, the J.Crew buyout carried a 16 percent premium to its stock price the day before the deal... Some have balked that the offer is still well below J.Crew’s 52-week high of \$50.96 in April. But the price looks pretty good, considering that the retailer – whose earnings have taken a hit of late – was trading in the \$30s before DealBook broke news of the talks on Nov. 22.”  
– **NY Times (DealBook), 11/30/2010**
- “The price represents a premium of 16% to J.Crew’s Tuesday closing price before the announcement and 29% premium to last month’s average price. This is nearly 3% higher than our price estimate for J.Crew’s stock of \$42.35.”  
– **Forbes, 12/2/2010**
- “The deal may ultimately be right for shareholders. After all, the buyers are paying a 23 percent premium, and the company’s earnings have been lousy of late.” – **NY Times, 1/4/2011**
- “Orrico, whose fund owns J.Crew stock, said the board has taken steps to protect investors. These include negotiating the right to seek other offers and a lower-than-average break-up fee that would make ending the deal less expensive. He views the \$43.50-a-share bid by the TPG group as fairly priced.”  
– **Bloomberg, 1/13/2011**
- “I don’t expect competing bids, given that the offer is full and the valuation is more than fair,” said Randal Konik, managing director of New York-based Jefferies & Co. He recommends holding the stock. “It’s interesting that there are all these lawsuits, but to me the stock would be in the 20s right now if there was no deal.”  
– **Bloomberg, 1/18/2011**

**“If the deal with TPG falls apart and no third party bidder emerges, the stock might trade down significantly”**  
- *ISS report, February 21, 2011, pages 4, 27, and 32*

## DECLINING VALUATION MULTIPLES AND CONVERGENCE WITH PEERS: EV / EBITDA

EV / NTM EBITDA

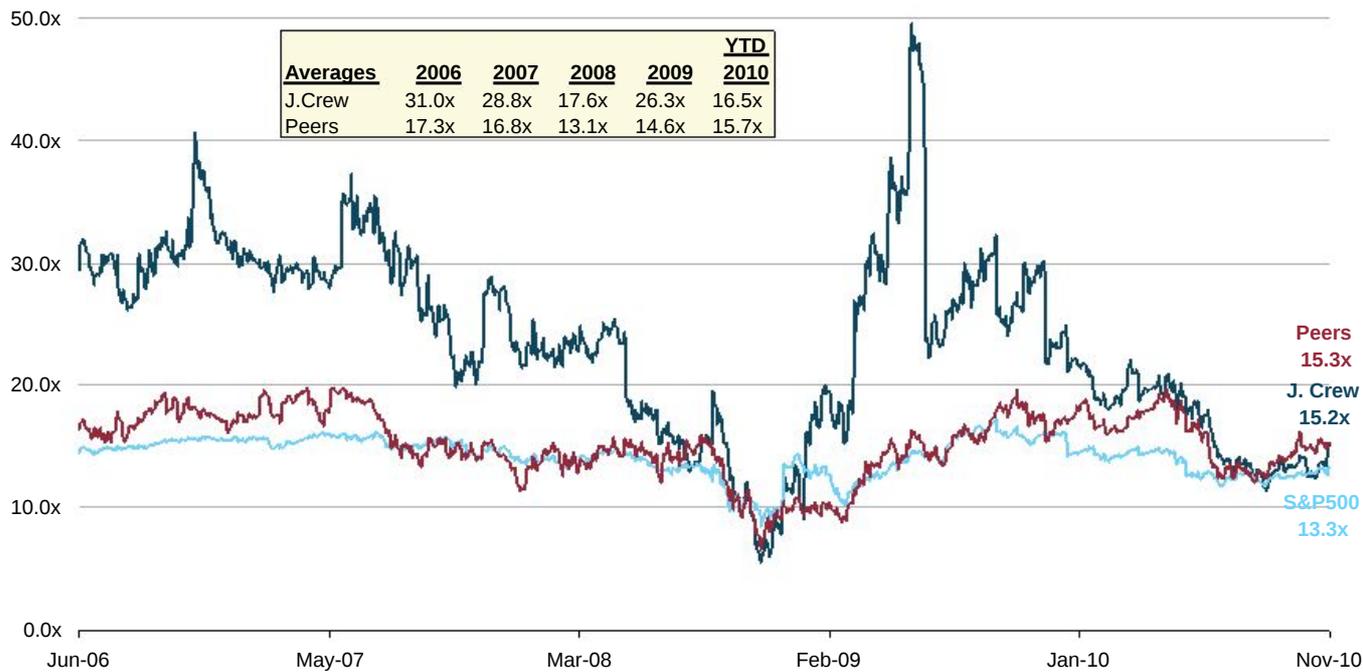


Source: Schedule 13E-3, Exhibit (c)(2) filed with SEC on 12/6/2010

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

# DECLINING VALUATION MULTIPLES AND CONVERGENCE WITH PEERS: PRICE / EARNINGS

## PRICE / NTM EPS



Source: FactSet as of 11/19/2010, IBES. 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

## LEVERAGED RECAPITALIZATION – LESS COMPELLING FOR PUBLIC SHAREHOLDERS

	"LEVERED" PEERS	"UNLEVERED" PEERS
Median FY2011E EV / EBITDA	5.6x	7.2x
Median 3 Year Stock Price Performance	(21.7%)	34.5%
Median 1 Year Stock Price Performance	(23.6%)	17.2%
Adjusted Debt / EBITDAR	Greater than 3.5x	Less than 3.5x



**TRADING HISTORY OF LEVERED RETAILERS DEMONSTRATES SIGNIFICANT UNDER-PERFORMANCE RELATIVE TO UNLEVERED RETAILERS**

Source: FactSet, company filings

ISS Valuation Methodology	ISS Assertion	Correcting the Record
<b>Discounted Cash Flow</b>	<ul style="list-style-type: none"> <li>Suggests that financial advisor's fairness opinion applied NTM EBITDA multiple for terminal value rather than LTM multiple in arriving at the DCF valuation range of \$39.71 - \$ 51.55 per share (pages 4 and 26)</li> </ul>	<ul style="list-style-type: none"> <li>Fairness opinion materials clearly show that calculation of terminal value is based on LTM, not NTM multiples (page 18 of November 22 financial advisor presentation)                             <ul style="list-style-type: none"> <li>This fact was explained in a conversation with ISS analysts on February 17, 2011</li> </ul> </li> <li>Therefore, no adjustment is necessary and the \$39.71 - \$51.55 DCF range is correct</li> </ul>
<b>Discounted Cash Flow</b>	<ul style="list-style-type: none"> <li>ISS calculates terminal value in 2014 by applying LTM multiples to NTM EBITDA, yielding a "value shortfall per share" of \$3.57 and an ISS DCF value range of \$43.28 - \$55.12 per share (page 26)</li> </ul>	<ul style="list-style-type: none"> <li>Applying LTM multiples to NTM EBITDA does not follow generally accepted principles of corporate finance and overstates terminal value</li> <li>In addition, ISS fails to adjust for the 2015 cash flows when it calculates terminal value in 2014, thereby double-counting the 2015 cash flow in its DCF value                             <ul style="list-style-type: none"> <li>Adjusting for 2015 cash flow, methodology used by ISS yields a difference of approximately \$1.00 per share, implying a value range of approximately \$40.73 - \$52.49 per share vs. fairness opinion range of \$39.71 - \$51.55 per share</li> <li>In addition, the ISS methodology is based on an unusual DCF period of 4 years vs. industry standard (and period used in fairness opinion) of 5 years</li> </ul> </li> </ul>
<b>Premiums Paid</b>	<ul style="list-style-type: none"> <li>Premiums paid analysis suggests a 1-day mean premium of 36% and 4-week mean premium of 42% (higher than the J.Crew transaction premiums of 16% and 33%, respectively) (pages 6 and 33)</li> </ul>	<ul style="list-style-type: none"> <li>ISS premiums analysis reflects 1-day and 4-week prices prior to unaffected date</li> <li>The Charlotte Russe premium is based on an unaffected share price approximately 7 months prior to announcement, generating 1-day and 4-week premiums of 216% and 201%                             <ul style="list-style-type: none"> <li>Charlotte Russe is a clear outlier given the long time period prior to announcement and skews the resulting premium data</li> </ul> </li> <li>Excluding the Charlotte Russe transaction, the revised mean for the 1-day and 4-week premiums would be 14% and 22% and the median would be 4% and 20%, respectively</li> <li>As calculated by ISS, J.Crew's 1-day and 4-week premiums of 16% and 33% compare favorably to the revised ISS mean and median data</li> </ul>
<b>Stand-alone Value</b>	<ul style="list-style-type: none"> <li>ISS concludes that the market had already priced in skepticism about earnings "long before the Q3 earnings announcement" (page 27)</li> </ul>	<ul style="list-style-type: none"> <li>Market's consensus estimates for Q4 were more than 50% greater than the announced guidance</li> <li>There was no indication from market pricing or analyst reports incorporating the full magnitude of the Q4 guidance</li> </ul>

---

## RECOMMENDATION OF THE SPECIAL COMMITTEE

---

*The Special Committee unanimously determined that the TPG/LGP offer was advisable and fair to and in the best interests of the Company and its unaffiliated stockholders*

- Significant premium above stock's trading levels over the months leading up to announcement and attractive multiples
- More favorable to the Company's stockholders than the status quo or other strategic alternatives available
  - Special Committee's understanding of the business, operations and management of the Company, including the Company's prospects as a stand-alone business
  - The Company's recent financial performance and management's reduced expectations for the Company's short and long term future performance
  - Timing and execution risk associated with achieving \$43.50 per share under alternatives to the sale to TPG/LGP
- Limited execution risk
  - Committed financing with no financing condition
  - Standard regulatory approvals process
  - High reverse termination fee and right to specific performance
- 54 day “go-shop” (subsequently extended to 85 days), low break-up fees and full cooperation of management