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Local Counsel to the Official Committee of Unsecured Creditors

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF VIRGINIA
RICHMOND DIVISION

In re:	:	**Chapter 11**
	:	
CHINOS HOLDINGS, INC., et al.,	:	**Case No. 20-32181 (KLP)**
	:	
Debtors.[1]	:	**(Jointly Administered)**

NOTICE OF FILING OF (I) UNREDACTED PROVINCE EXPERT GROUP; (II) REDACTED EXPERT REPORT OF THE MICHEL-SHAKED GROUP AND EXECUTIVE SUMMARY THEREOF; AND (III) REVISED PROPOSED ORDER

PLEASE TAKE NOTICE that in conjunction with the *Motion of the Official Committee of Unsecured Creditors to File Under Seal (I) Expert Report of the Michel-Shaked Group and Executive Summary Thereof; and (II) Province Expert Report* [Docket No. 679] (the "**Seal**

[1] The Debtors in these Chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, as applicable, are: Chinos Holdings, Inc. (3834); Chinos Intermediate Holdings A, Inc. (3301); Chinos Intermediate, Inc. (3871); Chinos Intermediate Holdings B, Inc. (3244); J. Crew Group, Inc. (4486); J. Crew Operating Corp. (0930); Grace Holmes, Inc. (1409); H.F.D. No. 55, Inc. (9438); J. Crew Inc. (6360); J. Crew International, Inc. (2712); J. Crew Virginia, Inc. (5626); Madewell Inc. (8609); J. Crew Brand Holdings, LLC (7625); J. Crew Brand Intermediate, LLC (3860); J. Crew Brand, LLC (1647); J. Crew Brand Corp. (1616); J. Crew Domestic Brand, LLC (8962); and J. Crew International Brand, LLC (7471). The Debtors' corporate headquarters and service address is 225 Liberty St., New York, NY 10281.

Motion"),[2] and after consultation with the above-captioned Debtors and the Office of the U.S. Trustee with respect to certain relief requested therein, please find attached the following:

1. The unredacted Province Expert Report, attached hereto as **Exhibit A**;

2. The redacted MSG Expert Report, attached hereto as **Exhibit B**;

3. The redacted MSG Executive Summary, attached hereto as **Exhibit C**;

4. A revised proposed order on the Seal Motion, attached hereto as **Exhibit D**; and

5. A redline reflecting the changes to the proposed order previously submitted with the Seal Motion is attached hereto as **Exhibit E**.

PLEASE TAKE FURTHER NOTICE that the hearing on the Seal Motion is scheduled for August 25, 2020 at 10:00 a.m.

Dated: August 13, 2020

/s/ *Robert S. Westermann*

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-and-

[2] Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Seal Motion.

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CERTIFICATE OF SERVICE

I hereby certify that on August 13, 2020, I electronically filed the foregoing Notice with the Clerk of Court using the CM/ECF system, which then sent a notification of such filing to all counsel of record registered with the CM/ECF system.

/s/ *Robert S. Westermann*
Counsel

EXHIBIT A

J.CREW Madewell

PROVINCE

EXPERT REPORT

JULY 31, 2020

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SECTION I: SUMMARY OF CONCLUSIONS

SUMMARY OF CONCLUSIONS

Following an extensive review and analysis, it is Province's opinion that, based on the assumptions contained herein and application of the absolute priority rule, as of the Effective Date:

- The (i) ABL Credit Facility Claims, (ii) DIP Loans Claims, (iii) Prepetition Term Loan Claims, (iv) Priority Non-Tax Claims, and (v) General Unsecured Claims, would each be entitled to a full recovery;
- The IPCo Notes Claims would be entitled to a $345.3 million recovery – or 83.9% of their asserted prepetition claim; and
- Preferred and/or Common Equity would be entitled to amounts in excess of the above recoveries, estimated to be a $47.9 million recovery (on account of an intercompany claim between Chinos Holdings, Inc. and J. Crew Operating Corp.).
- Distribution values and recovery estimates are presented in the table below:

Distribution & Recovery Summary

($ in millions)

	Distribution Value	Claims at Exit	Implied Recovery %
Backstop Premium	$ 40.0	n/a	n/a
New Term Lenders — New Equity Allocation	363.9	n/a	n/a
ABL Credit Facility Claims(1)	375.5	375.5	100.0%
DIP Loans Claims(2)	139.6	139.6	100.0%
Prepetition Term Loan Claims(3)	1,368.3	1,368.3	100.0%
Total IPCo Notes Claims(4)	345.3	411.7	83.9%
Priority Non-Tax Claims	0.3	0.3	100.0%
General Unsecured Claims(5)	260.3	260.3	100.0%
Preferred & Common Equity(6)	47.9	n/a	n/a
Total Distribution	**$ 2,941.0**		

1. Includes letters of credit.
2. Includes adjustments. See Assumptions: Adjusted Exit Sources & Uses Analysis.
3. Includes postpetition interest. See Appendix 2: Postpetition Interest Calculations.
4. Includes recoveries on account of the IPCo Notes Secured Claims and on account of the IPCo Notes Deficiency Claims.
5. The General Unsecured Claims pool is limited to third party general unsecured creditors. Implied Recovery % subject to change based on final claims reconciliation.
6. Allocation of value between Preferred and Common Equity is outside the scope of this Report.

SECTION II: SCOPE OF ANALYSIS

SCOPE OF ANALYSIS

- Province, Inc. ("Province") was retained effective as of May 18, 2020, by the Official Committee of Unsecured Creditors of Chinos Holdings, Inc., et. al. (the "UCC" or the "Committee") and has worked extensively with the Committee, Pachulski Stang Ziehl & Jones LLP ("PSZJ"), and the Debtors and their respective advisors, including, but not limited to, AlixPartners, LLP ("Alix") and Lazard Frères & Co. LLC ("Lazard") (collectively, the "Debtors' Advisors"). Province has had numerous communications, both over the phone and via email, with members of the Debtors' management team and each of the Debtors' Advisors regarding a number of topics, including, among other things, financial performance, valuation, the Transaction Support Agreement ("TSA"), the DIP Budget, the DIP-to-Exit Facility, exit assumptions, claims estimates, and intercompany accounting.
- For this Expert Report (the "Report"), Province developed a waterfall recovery analysis in accordance with the absolute priority rule of the Bankruptcy Code (the "Recovery Waterfall") based on financial information available to Province as of July 30, 2020. In developing the Recovery Waterfall, Province performed significant diligence and analysis, including the following:
  - Reviewed documents and pleadings prepared by the Debtors and its professionals in connection with these Chapter 11 cases (see Appendix 3: Documents Considered);
  - Reviewed the Debtors' DIP Budgets;
  - Reviewed the Debtors' Advisors' Exit Sources and Uses Overview (see Assumptions: Exit Sources & Uses Analysis);
  - Analyzed spreadsheets prepared by the Debtors' Advisors summarizing the contents of the Statement of Financial Affairs and Schedules of Assets and Liabilities;
  - Analyzed the Company's Corporate Structure (see Appendix 1: Corporate Structure);
  - Analyzed and undertook a reconciliation of the various intercompany claims asserted between the debtor entities (the "Intercompany Claims") and the ownership interests held by each debtor entity in another debtor entity ("Intercompany Ownership Interests"), and how the Intercompany Claims and Intercompany Ownership Interests, when reconciled, resulted in the distributions set forth in this Report (see pp. 21-24, 31-32 of this Report for details regarding the Intercompany Claims and Intercompany Ownership Interests);
  - Reviewed various other documents produced by the Debtors or the Debtors' Advisors (see Appendix 3: Documents Considered);
  - Participated in phone calls with the Debtors' management team and with the Debtors' Advisors; and
  - Exchanged emails with the Debtors' Advisors on a regular basis.
- In connection with this Report, Province did not develop any independent opinions regarding the value of the Company as a whole or any of its business segments, brands, balance sheet line items, or discrete assets. Province relied upon valuations provided by The Michel-Shaked Group ("MSG"), where available, and the Debtors' analyses for assets which MSG did not separately value.
- In connection with this Report, Province did not develop any independent legal opinions. Where necessary, Province relied upon the legal opinions of PSZJ.

SECTION III: WATERFALL SUMMARY

WATERFALL SUMMARY

TOTAL ENTERPRISE VALUE SUMMARY

The following charts set forth the Debtors' Total Enterprise Value ("TEV"), along with a breakdown of such value between the Debtors' two brands, J. Crew and Madewell.

($ in millions)

Total Enterprise Value	TOTAL
J. Crew TEV	$ 539.0
Madewell TEV	2,402.0
Consolidated TEV	**$ 2,941.0**

J. Crew Value Allocation	TOTAL
J. Crew - Intellectual Property Value	$ 180.0
J. Crew - ABL Collateral Value	318.4
J. Crew - Other Assets Value	30.8
J. Crew - Residual Value	9.8
J. Crew TEV	**$ 539.0**

Madewell Value Allocation	TOTAL
Madewell - Intellectual Property Value	$ 61.0
Madewell - ABL Collateral Value	130.7
Madewell - Other Assets Value	1.3
Madewell - Residual Value	2,209.1
Madewell TEV	**$ 2,402.0**

WATERFALL SUMMARY

VALUE ALLOCATION TO BACKSTOP & NEW TERM LENDERS

The following charts set forth the value of the Debtors' collateral, by priority, along with an allocation of such collateral value after accounting for the Backstop Premium and New Equity Allocation therefrom.

($ in millions)

Summary of Collateral Value		TOTAL
ABL Priority Collateral Value	$	449.1
Term Priority Collateral Value		2,311.9
IPCo Priority Collateral Value		180.0
Total Collateral Value	**$**	**2,941.0**

Value Allocation ~ Backstop Premium and New Equity Allocation		TOTAL
Backstop Premium	$	40.0
New Term Lenders — New Equity Allocation[(1)]		363.9
Deduction from Term Priority Collateral Value[(2)]	**$**	**403.9**

Summary of Recovery Sources		TOTAL
ABL Priority Collateral Value	$	449.1
Term Priority Collateral Value		1,908.0
IPCo Priority Collateral Value		180.0
Total Value for Distribution to Stakeholders	**$**	**2,537.1**

1. While there are grounds to challenge the New Term Lenders' New Equity Allocation, for purposes of this Report, such amount has been calculated utilizing the methodology set forth in the *Amended & Modified Chapter 11 Plan* and *Amended Disclosure Statement*.
2. In addition, while there are grounds for allocating the Backstop Premium and the New Term Lenders' New Equity Allocation on a pro-rata basis against the ABL Priority Collateral and IPCo Priority Collateral as well as the Term Priority Collateral, to be conservative, such amounts were fully allocated against the Term Priority Collateral.

WATERFALL SUMMARY

RECOVERIES — FUNDED DEBT

($ in millions)

Recovery Waterfall - Funded Debt		
		TOTAL
Less: ABL Claim Paydown ~ ABL Priority Collateral	$	375.5
Less: Total ABL Claim Paydown	**$**	**375.5**
ABL Claim after distributions		-
ABL Recovery %		*100.0%*
Less: DIP Loans Claim Paydown ~ ABL Priority Collateral	$	73.6
Less: DIP Loans Claim Paydown ~ Term Priority Collateral		66.0
Less: Total DIP Loans Claim Paydown	**$**	**139.6**
DIP Loans Claim after distributions		-
DIP Loans Recovery %		*100.0%*
Less: Term Loans Claim Paydown ~ Term Priority Collateral	$	1,368.3
Less: Total Term Loans Claim Paydown	**$**	**1,368.3**
Prepetition Term Loan Claim after distributions		-
Prepetition Term Loan Recovery %		*100.0%*
Less: IPCo Notes Secured Claim Paydown ~ IPCo Priority Collateral	$	180.0
Less: IPCo Notes Deficiency Claim Paydown ~ Intercompany Receivables[(1)]		165.3
Less: Total IPCo Notes Claim Paydown	**$**	**345.3**
Prepetition IPCo Notes Claim after distributions[(2)]		*66.4*
IPCo Notes Recovery %[(2)]		*83.9%*

1. IPCo Notes Deficiency Claim Paydown is on account of (i) a $155.5 million Intercompany Claim recovery between J. Crew Brand, LLC and J. Crew Group, Inc., and (ii) a $9.8 million Intercompany Claim recovery between J. Crew Domestic Brand, LLC and J. Crew Operating Corp. (see Analysis section, pp. 21-23).
2. Includes recoveries on account of the IPCo Notes Secured Claims and on account of the IPCo Notes Deficiency Claims.

WATERFALL SUMMARY

RECOVERIES — ALL REMAINING CLASSES

($ in millions)

Recovery Waterfall - Other Secured, Administrative and Priority Claims	TOTAL
Other Secured Claims	$ -
Less: Other Secured Claims Recovery	-
Percentage Recovery	*n/a*
Administrative Claims	$ -
Less: Administrative Claims Recovery	-
Percentage Recovery	*n/a*
Priority Non-Tax Claims	$ 0.3
Less: Priority Non-Tax Claims Recovery	0.3
Percentage Recovery	*100.0%*

Recovery Waterfall - GUC & Intercompany Recoveries	TOTAL
General Unsecured Claims(1)	$ 260.3
Less: General Unsecured Claims Recovery	260.3
Percentage Recovery	*100.0%*

Recovery Waterfall - Preferred & Common Equity	TOTAL
Preferred & Common Equity Recovery(2)	$ 47.9

1. The General Unsecured Claims pool is limited to third party general unsecured creditors. Implied Recovery % subject to change based on final claims reconciliation.
2. In accordance with the absolute priority rule, Preferred and/or Common Equity would be entitled to amounts in excess of senior claims, estimated to be a $47.9 million recovery (on account of an intercompany claim between Chinos Holdings, Inc. and J. Crew Operating Corp.).

SECTION IV: ANALYSIS

ANALYSIS

This Report sets forth Province's analysis of the appropriate allocation of the value of the Debtors between and among the Debtors' stakeholders as of the Effective Date (the "Recovery Waterfall"). In connection with its analysis, Province employed the following methodology to allocate value among the Debtors' stakeholders:

- **Valuation Assumptions**. Province utilized the values provided by MSG in the *Expert Report of The Michel-Shaked Group* dated July 31, 2020 for the Total Enterprise Values of J. Crew and Madewell, respectively, as follows:
  - Total Enterprise Value: $2.941 billion
    - J. Crew: $539.0 million
    - Madewell: $2.402 billion
  - J. Crew IP Value: $180.0 million

- **ABL Priority Collateral Allocation**. To allocate the appropriate amount of the Total Enterprise Value to the ABL Priority Collateral, Province accepted the values set forth by the Debtors in the Debtors' Liquidation Analysis by Entity - High Scenario for the entities having value attributable to the ABL Priority Collateral: (a) Madewell, Inc., (b) J. Crew Inc., (c) J. Crew Operating Corp., (d) Grace Holmes, Inc., and (e) H.F.D. No. 55, Inc., as follows:
  - Accounts Receivable: $30.1 million
  - Inventory, Net: $419.0 million
  - Cash and cash equivalents were credited against amounts outstanding under DIP Term Loan (see Assumptions: Adjusted Exit Sources & Uses Analysis). To avoid double counting, the $33.5 million value for cash and cash equivalents at J. Crew Operating Corp., set forth in the Debtors' Liquidation Analysis by Entity - High Scenario, was not utilized as an additional source of collateral under the Recovery Waterfall.

- **IPCo Priority Collateral Allocation**. To allocate value pertaining to the IPCo Priority Collateral, Province utilized the $180.0 million J. Crew IP Value provided in the *Expert Report of The Michel-Shaked Group.*
  - All IPCo Priority Collateral, valued at $180.0 million, was allocated to J. Crew Domestic Brand, LLC, utilizing the same methodology as set forth in the Debtors' Liquidation Analysis.

ANALYSIS (CONT.)

- **Term Priority Collateral Allocation**. All remaining value was allocated to the Term Priority Collateral.
  - Value pertaining to Prepaid Expenses & Other Current Assets and Property and Equipment, Net was allocated between the Debtor entities in accordance with the Debtors' Liquidation Analysis by Entity - High Scenario.
    - Prepaid Expenses & Other Current Assets: $7.1 million
    - Property and Equipment, Net: $25.0 million
  - Value in excess of (i) Accounts Receivable, (ii) Inventory, Net, (iii) Prepaid Expenses & Other Current Assets, (iv) Property and Equipment, Net, and (v) Intangible Assets and Goodwill, Net, was considered "Residual Value," and was allocated as follows:
    - Residual Value – J. Crew: 91.4% of J. Crew's Residual Value was allocated to J. Crew Inc. with the remaining 8.6% allocated to H.F.D. No. 55, Inc., based on their respective percentage contributions to FY2019 EBITDA (inclusive of corporate expense allocations).
    - Residual Value – Madewell: All Madewell Residual Value was allocated to Madewell, Inc., on the basis that Madewell's operations and assets are at the Madewell, Inc. entity.

- **Calculation of Debtors' Pro-Forma Capital Structure Upon Emergence**. Province then calculated the Debtors' Pro-Forma Capital Structure upon Emergence, as follows:
  - Province assumed $25.0 million of Operating Cash as per the Debtors' Exit Sources and Uses Overview (see Assumptions: Exit Sources & Uses Analysis).
  - Province assumed $400.0 million for the New Term Loans, as per the Debtors' Exit Sources and Uses Overview (see Assumptions: Exit Sources & Uses Analysis).
  - Province assumed an Exit ABL Facility in the amount of $140.1 million, calculated as follows:
    - The $255.0 million DIP Term Loan amount from the Debtors' Exit Sources and Uses Overview was utilized as a starting point;
    - From the $255.0 million, the amount of $200.7 million was deducted (consisting of $153.8 million Balance Sheet Cash Pre-Emergence, $10.0 million for the Release of LC Cash Collateral, $29.4 million for the Release of ABL Cash Collateral, a $500k Utility Deposit Release, and a $7.0 million 2019 Tax Refund);

ANALYSIS (CONT.)

- Next, $85.3 million of Exit Costs were added to the DIP Term Loan balance;
  - The $85.3 million in Exit Costs was calculated using the Debtors' $159.3 million assumption, less the proposed Plan distributions of $71.0 million (Class 6-A) and $3.0 million (Class 6-B), as the amounts to which such creditors are entitled will be based upon the allocation of value on account of such claims and their respective recovery amounts.
- The resulting $139.6 million DIP Term Loan is assumed to be paid in cash on the Effective Date, in addition to full repayment of $375.5 million of prepetition ABL Credit Facility Claims and the funding of $25.0 million of Operating Cash, resulting in Total Exit Cash Required of $540.1 million;
- $400.0 million of the required $540.1 million was assumed to be funded through a draw of the full Exit Term Loan facility, resulting in a remaining cash funding need of $140.1 million, which was assumed to be funded from an Exit ABL Draw.(1)

- **Calculation of Pro-Forma Debt.** Pro-Forma Debt was calculated by adding $400.0 million of New Term Loans to the $140.1 million Exit ABL Facility, less $25.0 million of Operating Cash – resulting in Pro-Forma Net Debt of $515.1 million.(2)

- **Calculation of Pro-Forma Equity Value.** Pro-Forma Equity Value was calculated by subtracting the $515.1 million Pro-Forma Net Debt from the $2.941 billion Total Enterprise Value – resulting in Pro-Forma Equity Value of $2.426 billion.

Pro-Forma Capital Structure

($ in millions)

		Amount	Comments
Operating Cash	$	25.0	$25.0 million cash assumption provided by the Debtors
Exit ABL		140.1	See Exit Source & Uses Analysis
New Term Loans		400.0	$400.0 million New Term Loans assumption provided by the Debtors' Advisors
Net Debt	$	515.1	Net Debt equals Exit ABL plus New Term Loans, less Operating Cash
New Equity Value		2,425.9	Equity Value equals Total Enterprise Value less Net Debt
Total Enterprise Value	**$**	**2,941.0**	

1. The adjustments made to reach this $140.1 million figure are set forth on p. 40 of this Report (Assumptions: Adjusted Exit Sources & Uses Analysis). The projections included within the *Amended Disclosure Statement* have been adjusted to account for updated financials figures received from the Debtors' Advisors as well as further adjustments to account for an anticipated tax refund in the amount of $7.0 million, and to back-out the amount of distributions to General Unsecured Creditors proposed under the Plan in the total amount of $74 million, as such distributions to General Unsecured Creditors are instead to be in the amounts reflected in the Recovery Waterfall.
2. While the *Amended Disclosure Statement* "assumed net debt of $0.60 billion as of the Effective Date," Province utilized the Debtors' Advisors' more recent financial figures, as per the Debtors' Exit Sources and Uses Overview, coupled with the adjustments to the Exit Costs detailed above and on p. 40 of this Report.

ANALYSIS (CONT.)

- **<u>Deductions to Term Priority Collateral on Account of the Backstop Premium and the New Term Lenders' New Equity Allocation</u>**. Prior to distributing value to creditor classes, Province deducted the values of the Backstop Premium and the New Term Lenders' New Equity Allocation from the Term Priority Collateral, as follows:
  - $40.0 million Backstop Premium was calculated as a product of 10.0% and $400.0 million, as set forth by the Debtors in the *DIP Motion.*
  - $363.9 million New Term Lenders' New Equity Allocation[1] was calculated as the product of 15.0% and the $2.426 billion Pro-Forma Equity Value, in accordance with the methodology set forth by the Debtors in the *Amended & Modified Chapter 11 Plan* and the *Amended Disclosure Statement.*
  - The impact of the New Warrants is not taken into account in this Report.
  - For purposes of this Report, Province conservatively allocated the Backstop Premium and the New Term Lenders' New Equity Allocation fully against the Term Priority Collateral.[2]

Value Allocation ~ Backstop Premium and New Equity Allocation

1. While there are grounds to challenge the New Term Lenders' New Equity Allocation, for purposes of this Report, such amount has been calculated utilizing the methodology set forth in the *Amended & Modified Chapter 11 Plan* and *Amended Disclosure Statement.*
2. In addition, while there are grounds for allocating the Backstop Premium and the New Term Lenders' New Equity Allocation on a pro-rata basis against the ABL Priority Collateral and IPCo Priority Collateral as well as the Term Priority Collateral, to be conservative, such amounts were fully allocated against the Term Priority Collateral.

ANALYSIS (CONT.)

- **Net Distributable Value to Creditors:** Implementation of the steps set forth above results in net distributable value, by entity and collateral priority – which is utilized to calculate recoveries for each class of the Debtors' creditors, by entity, as follows:
  - *First*, $375.5 million of ABL Credit Facility Claims, inclusive of all letters of credit, receive a 100% recovery out of the $449.1 million of ABL Priority Collateral value.
    - ABL Credit Facility Claim recoveries are made on a pro-rata basis based on the amount of ABL Priority Collateral value at each entity.
    - Remaining ABL Priority Collateral value at each entity was then recalculated net of the pro-rata ABL Credit Facility Claim recoveries.

ABL Recovery Summary

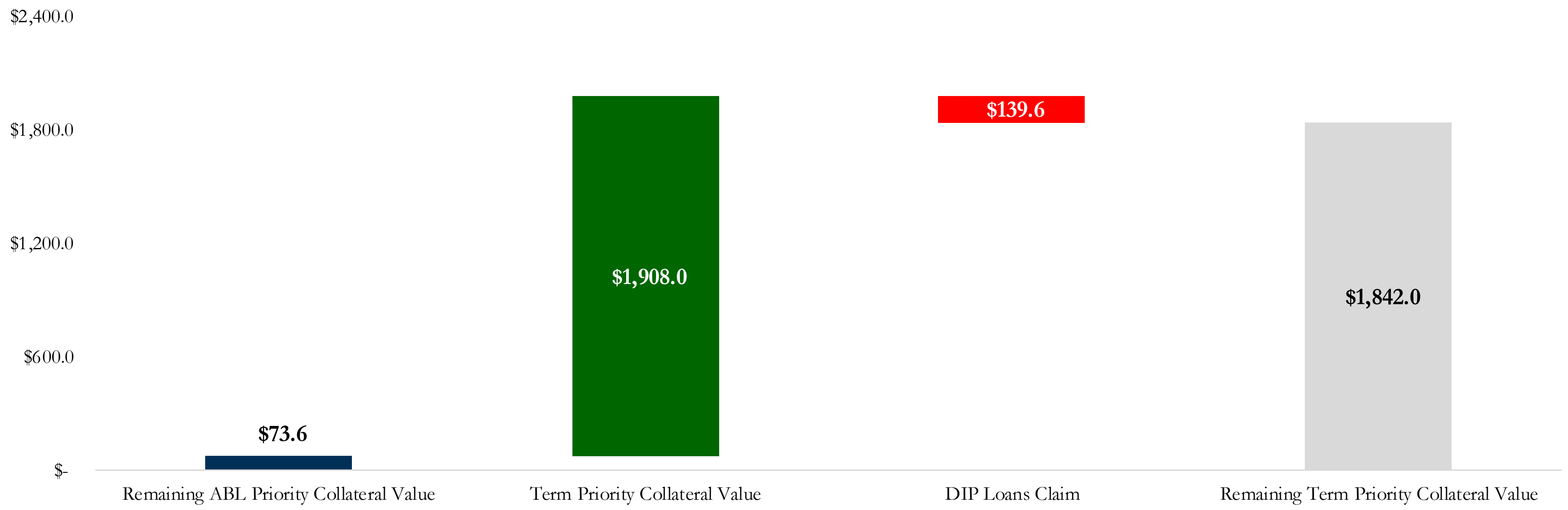
($ in millions)

ANALYSIS (CONT.)

- **Net Distributable Value to Creditors (cont.):**
  - *Second*, $139.6 million of DIP Loans Claims (adjusted per the calculations above and in Assumptions: Adjusted Exit Sources & Uses Analysis) would receive a 100% recovery, as follows:
    - The first $73.6 million would be recovered from the value of the remaining ABL Priority Collateral in excess of the ABL Credit Facility Claims;
    - The remaining $66.0 million outstanding under the DIP Loans would be recovered from of the $1.908 billion of Term Priority Collateral value (on which the DIP Loans have a priming lien), on a pro-rata basis based on the amount of Term Priority Collateral value at each entity.(1)
    - Remaining Term Priority Collateral value at each entity was then recalculated net of the pro-rata DIP Loan Claims recoveries, leaving a total of $1.842 billion of Term Priority Collateral value.

DIP Recovery Summary

($ in millions)

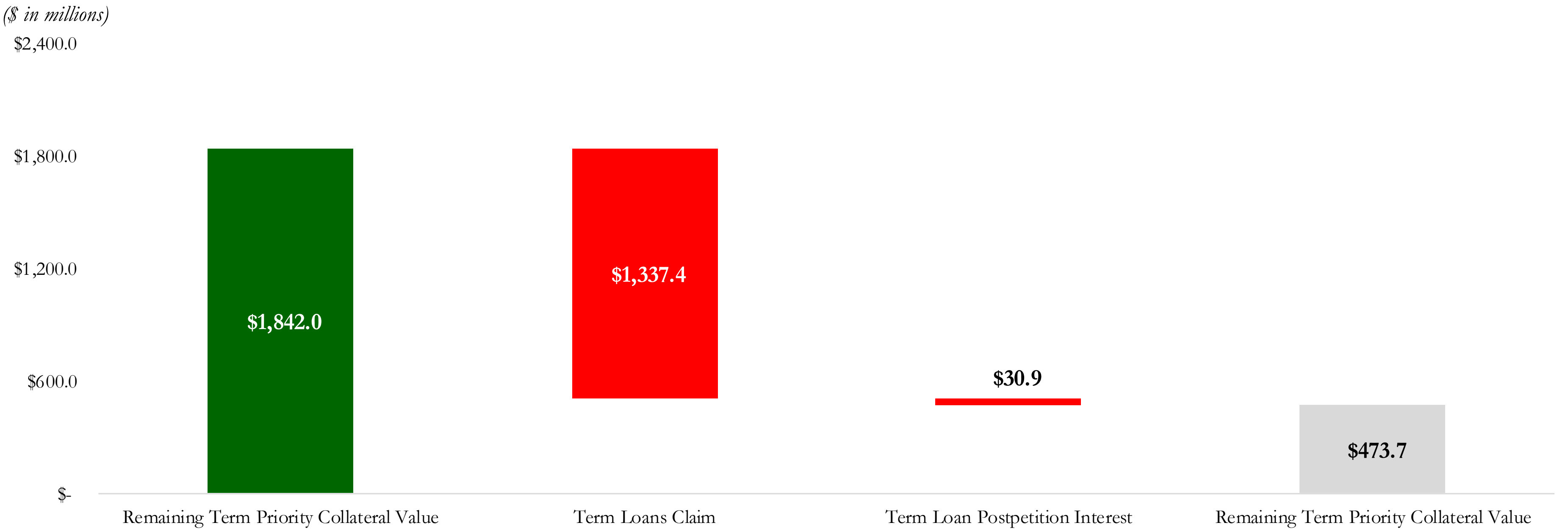


1. While there is a basis for applying the remaining DIP Loan amounts against the IPCo Priority Collateral as well as the Term Priority Collateral, to be conservative, Province allocated the remaining DIP Loan amounts fully against the Term Priority Collateral given that the majority of the disbursements made under the DIP Loans were made for the benefit of entities that are Term Loan obligors.

ANALYSIS (CONT.)

- **Net Distributable Value to Creditors (cont.):**
  - *Third*, the $1.368 billion Prepetition Term Loan Secured Claims would be entitled to a 100% recovery out of the remaining $1.842 billion of Term Priority Collateral value.
    - The Prepetition Term Loan Secured Claims include $1.337 billion in principal claims and $30.9 million of postpetition interest (Appendix 2: Postpetition Interest Calculations).
    - Remaining value from the Term Loan Priority Collateral, after payment in full of the Prepetition Term Loan Secured Claims, is $473.7 million.

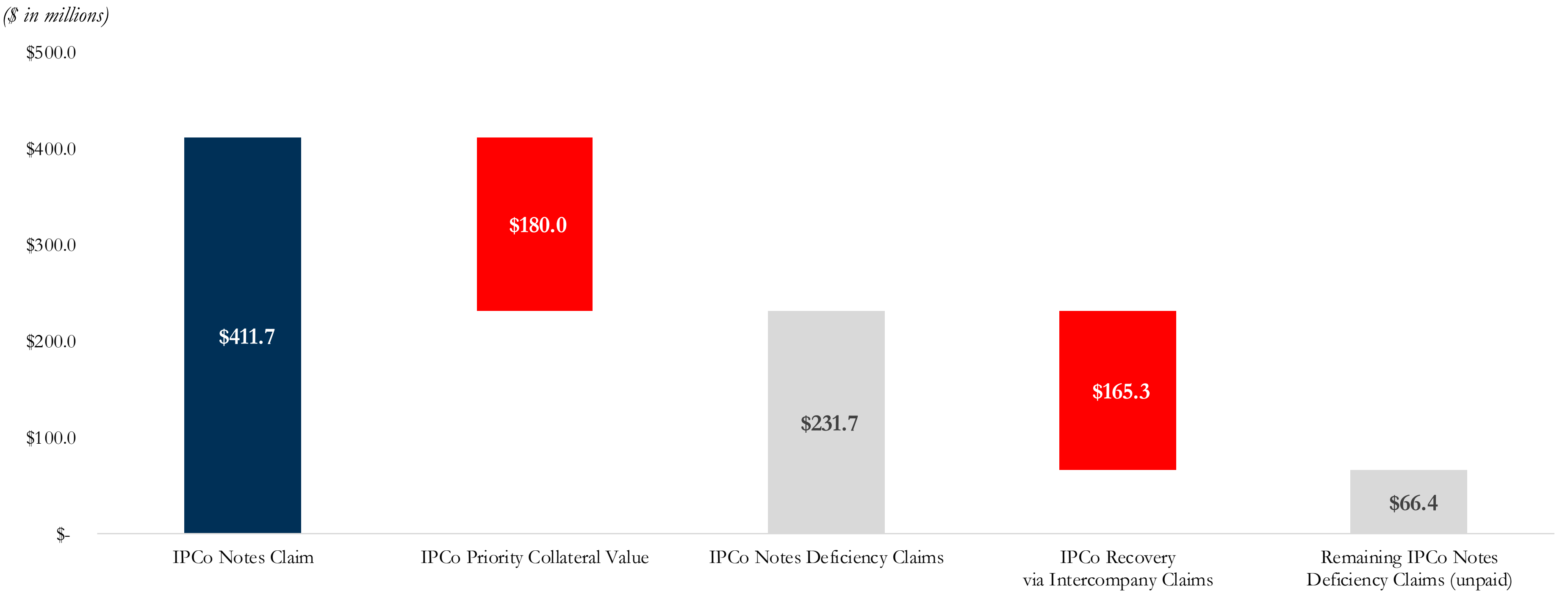
Term Loan Recovery Summary



ANALYSIS (CONT.)

- **Net Distributable Value to Creditors (cont.):**
  - *Fourth*, the IPCo Noteholders would be entitled to a recovery of $180.0 million on account of their secured claims based on the value of the IPCo Priority Collateral.
    - After application of intercompany claims in accordance with the absolute priority rule, the IPCo Noteholders would also be entitled to a $165.3 million recovery on account of their $231.7 million unsecured deficiency claims, as follows:(1)
      - $155.5 million recovery from a $156.9 million J. Crew Brand, LLC intercompany claim against J. Crew Group, Inc.; and
      - $9.8 million recovery from a $9.8 million J. Crew Domestic Brand, LLC intercompany claim against J. Crew Operating Corp.

IPCo Notes Recovery Summary



1. The IPCo Noteholders Deficiency Claims recovery is on account of the intercompany claims recoveries detailed herein, which are ultimately derived from the $473.7 of Remaining Term Priority Collateral Value.

ANALYSIS (CONT.)

- **Net Distributable Value to Creditors (cont.):**
  - *Fifth*, following the recoveries of the ABL Credit Facility Claims, the DIP Loan Claims, the Term Loans Claims and the IPCo Secured Claim, the amount of $473.7 million remains available for distribution (the "Remaining Distributable Value") to satisfy creditor claims against the Debtors, as follows:
    - $0.0 of Other Secured Claims;
    - $0.0 of Administrative Claims;(1)
    - $250k of Priority Non-Tax Claims;
    - General Unsecured Claims ($260.3 million), Intercompany Claims, and Deficiency Claims;(2) and
    - Equity(3)

- **Intercompany Claims Recovery**. Intercompany claims at each Debtor entity are entitled to the same recovery as General Unsecured Claims at the same Debtor entity, up to the total amount of value at such entity, as follows:
  - **J. Crew Group, Inc. (debtor)**
    - J. Crew Brand, LLC (creditor):
      - Claim: $156.9 million
      - Recovery: $155.5 million (99.1%)
  - **J. Crew Operating Corp. (debtor)**
    - Chinos Holdings, Inc. (creditor):
      - Claim: $47.9 million
      - Recovery: $47.9 million (100.0%)
    - J. Crew International, Inc. (creditor):
      - Claim: $1.9 million
      - Recovery: $1.9 million (100.0%)
    - J. Crew Domestic Brand, LLC (creditor):
      - Claim: $9.8 million
      - Recovery: $9.8 million (100.0%)

1. All Administrative Claims were assumed to be paid prior to or on the Effective Date, therefore there were no Administrative Claims remaining to be paid within the waterfall analysis. See Assumptions: General Assumptions.
2. Third party general unsecured claims, intercompany claims, and deficiency claims would share equal recoveries at the entity level. The IPCo Noteholders Deficiency Claims recovery is on account of certain intercompany claims recoveries, which are ultimately derived from the $473.7 of Remaining Distributable Value.
3. Allocation of value between Preferred and Common Equity is outside the scope of this Report.

ANALYSIS (CONT.)

- **Intercompany Claims Detail (cont.)**.
  - **Grace Holmes, Inc. (debtor)**
    - J. Crew Operating Corp. (creditor):
      - Claim: $140.2 million
      - Recovery: $2.2 million (1.5%)
  - **H.F.D. No. 55, Inc. (debtor)**
    - J. Crew Operating Corp. (creditor):
      - Claim: $57.9 million
      - Recovery: $0.2 million (0.4%)
  - **Madewell Inc. (debtor)**
    - J. Crew Operating Corp. (creditor):
      - Claim: $171.9 million
      - Recovery: $171.9 million (100.0%)

Intercompany Claims Recovery %

Creditor	Debtor: J. Crew Group, Inc.[1]	J. Crew Operating Corp.[1]	Grace Holmes, Inc.	H.F.D. No. 55, Inc.	Madewell Inc.	TOTAL
Chinos Holdings, Inc.	n/a	100.0%	n/a	n/a	n/a	**100.0%**
J. Crew Group, Inc.	n/a	n/a	n/a	n/a	n/a	**n/a**
J. Crew Operating Corp.	n/a	n/a	1.5%	0.4%	100.0%	**47.1%**
J. Crew International, Inc.	n/a	100.0%	n/a	n/a	n/a	**100.0%**
J. Crew Brand, LLC	99.1%	n/a	n/a	n/a	n/a	**99.1%**
J. Crew Domestic Brand, LLC	n/a	100.0%	n/a	n/a	n/a	**100.0%**
TOTAL	**99.1%**	**100.0%**	**1.5%**	**0.4%**	**100.0%**	**66.4%**

1. While the Debtors' Schedules of Assets and Liabilities set forth a $156.9 million intercompany claim between J. Crew Brand, LLC (creditor) and J. Crew Operating Corp. (debtor), Province changed the debtor entity from J. Crew Operating Corp. to J. Crew Group, Inc. based on the facts asserted in Assumptions: General Assumptions (Cont.).

ANALYSIS (CONT.)

- Intercompany Claims Detail (cont.).

Intercompany Claims

($ in millions)

Creditor \ Debtor	J. Crew Group, Inc.(1)	J. Crew Operating Corp.(1)	Grace Holmes, Inc.	H.F.D. No. 55, Inc.	Madewell Inc.	TOTAL
Chinos Holdings, Inc.	$ -	$ 47.9	$ -	$ -	$ -	$ 47.9
J. Crew Group, Inc.	-	-	-	-	-	-
J. Crew Operating Corp.	-	-	140.2	57.9	171.9	370.0
J. Crew International, Inc.	-	1.9	-	-	-	1.9
J. Crew Brand, LLC	156.9	-	-	-	-	156.9
J. Crew Domestic Brand, LLC	-	9.8	-	-	-	9.8
TOTAL	$ 156.9	$ 59.6	$ 140.2	$ 57.9	$ 171.9	$ 586.5

Intercompany Claims Recovery

($ in millions)

Creditor \ Debtor	J. Crew Group, Inc.(1)	J. Crew Operating Corp.(1)	Grace Holmes, Inc.	H.F.D. No. 55, Inc.	Madewell Inc.	TOTAL
Chinos Holdings, Inc.	$ -	$ 47.9	$ -	$ -	$ -	$ 47.9
J. Crew Group, Inc.	-	-	-	-	-	-
J. Crew Operating Corp.	-	-	2.2	0.2	171.9	174.3
J. Crew International, Inc.	-	1.9	-	-	-	1.9
J. Crew Brand, LLC	155.5	-	-	-	-	155.5
J. Crew Domestic Brand, LLC	-	9.8	-	-	-	9.8
TOTAL	$ 155.5	$ 59.6	$ 2.2	$ 0.2	$ 171.9	$ 389.4

1. While the Debtors' Schedules of Assets and Liabilities set forth a $156.9 million intercompany claim between J. Crew Brand, LLC (creditor) and J. Crew Operating Corp. (debtor), Province changed the debtor entity from J. Crew Operating Corp. to J. Crew Group, Inc. based on the facts asserted in Assumptions: General Assumptions (Cont.).

ANALYSIS (CONT.)

- **Intercompany Ownership Interest Recovery**. Residual amounts at each debtor entity after full satisfaction of all creditor claims were made available to the interest holders of each respective entity.
  - To the extent that an entity's stock or member units are fully owned by another debtor entity, after satisfaction of all creditor claims at that entity, if any, the parent entity would be entitled to a recovery on account of its ownership interest, and recoveries on account of such interests were made available to the creditors of each receiving entity (i.e., any excess value would flow-up through the Debtors' corporate structure in accordance with the absolute priority rule).

Recoveries ~ Intercompany Ownership Interests

($ in millions)

	Ownership Interests	
Debtor Entity	**Recovery $**	**Interest Holder**
J. Crew Operating Corp.	$ 155.5	J. Crew Group, Inc.
J. Crew Inc.	5.8	J. Crew Operating Corp.
Madewell Inc.	293.5	J. Crew Operating Corp.
J. Crew International, Inc.	1.9	J. Crew Inc.

- **Third Party Ownership Interest Recovery**. Residual amounts at Chinos Holdings, Inc., after full satisfaction of creditor claims, were made available to Preferred and Common Equity.[1]

- **Recovery Percentages**. Recovery percentages were calculated using recovery amounts from the prior steps as the numerator and an estimate of the claims amount for each class as the denominator.[2]

Based on the assumptions and calculations herein, General Unsecured Creditors are entitled to a 100% recovery on their prepetition claims.

1. Allocation of value between Preferred and Common Equity is outside the scope of this Report.
2. Claims amounts subject to final reconciliation.

SECTION V: WATERFALL

WATERFALL

TOTAL ENTERPRISE VALUE SUMMARY

($ in millions)

Total Enterprise Value

	Chinos Holdings, Inc.	J. Crew Group, Inc.	J. Crew Operating Corp.	Grace Holmes, Inc.	H.F.D. No. 55, Inc.	J. Crew Inc.	Madewell Inc.	J. Crew International, Inc.	J. Crew Brand Intermediate, LLC	J. Crew Brand, LLC	J. Crew Brand Corp.	J. Crew International Brand, LLC	J. Crew Domestic Brand, LLC	TOTAL
J. Crew TEV	$ -	$ -	$ 13.1	$ 110.2	$ 60.7	$ 175.1	$ -	$ -	$ -	$ -	$ -	$ -	$ 180.0	$ 539.0
Madewell TEV	-	-	-	-	-	-	2,402.0	-	-	-	-	-	-	2,402.0
Consolidated TEV	**$ -**	**$ -**	**$ 13.1**	**$ 110.2**	**$ 60.7**	**$ 175.1**	**$ 2,402.0**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 180.0**	**$ 2,941.0**

J. Crew Value Allocation

	Chinos Holdings, Inc.	J. Crew Group, Inc.	J. Crew Operating Corp.	Grace Holmes, Inc.	H.F.D. No. 55, Inc.	J. Crew Inc.	Madewell Inc.	J. Crew International, Inc.	J. Crew Brand Intermediate, LLC	J. Crew Brand, LLC	J. Crew Brand Corp.	J. Crew International Brand, LLC	J. Crew Domestic Brand, LLC	TOTAL
J. Crew - Intellectual Property Value	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 180.0	$ 180.0
J. Crew - ABL Collateral Value	-	-	3.1	99.6	59.6	156.1	-	-	-	-	-	-	-	318.4
J. Crew - Other Assets Value	-	-	10.0	10.5	0.2	10.0	-	-	-	-	-	-	-	30.8
J. Crew - Residual Value	-	-	-	-	0.8	8.9	-	-	-	-	-	-	-	9.8
J. Crew TEV	**$ -**	**$ -**	**$ 13.1**	**$ 110.2**	**$ 60.7**	**$ 175.1**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 180.0**	**$ 539.0**

Madewell Value Allocation

	Chinos Holdings, Inc.	J. Crew Group, Inc.	J. Crew Operating Corp.	Grace Holmes, Inc.	H.F.D. No. 55, Inc.	J. Crew Inc.	Madewell Inc.	J. Crew International, Inc.	J. Crew Brand Intermediate, LLC	J. Crew Brand, LLC	J. Crew Brand Corp.	J. Crew International Brand, LLC	J. Crew Domestic Brand, LLC	TOTAL
Madewell - Intellectual Property Value	$ -	$ -	$ -	$ -	$ -	$ -	$ 61.0	$ -	$ -	$ -	$ -	$ -	$ -	$ 61.0
Madewell - ABL Collateral Value	-	-	-	-	-	-	130.7	-	-	-	-	-	-	130.7
Madewell - Other Assets Value	-	-	-	-	-	-	1.3	-	-	-	-	-	-	1.3
Madewell - Residual Value	-	-	-	-	-	-	2,209.1	-	-	-	-	-	-	2,209.1
Madewell TEV	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 2,402.0**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 2,402.0**

WATERFALL

VALUE ALLOCATION TO BACKSTOP & NEW TERM LENDERS

($ in millions)

Summary of Collateral Value

	Chinos Holdings, Inc.	J. Crew Group, Inc.	J. Crew Operating Corp.	Grace Holmes, Inc.	H.F.D. No. 55, Inc.	J. Crew Inc.	Madewell Inc.	J. Crew International, Inc.	J. Crew Brand Intermediate, LLC	J. Crew Brand, LLC	J. Crew Brand Corp.	J. Crew International Brand, LLC	J. Crew Domestic Brand, LLC	TOTAL
ABL Priority Collateral Value	$ -	$ -	$ 3.1	$ 99.6	$ 59.6	$ 156.1	$ 130.7	$ -	$ -	$ -	$ -	$ -	$ -	$ 449.1
Term Priority Collateral Value	-	-	10.0	10.5	1.1	18.9	2,271.3	-	-	-	-	-	-	2,311.9
IPCo Priority Collateral Value	-	-	-	-	-	-	-	-	-	-	-	-	180.0	180.0
Total Collateral Value	**$ -**	**$ -**	**$ 13.1**	**$ 110.2**	**$ 60.7**	**$ 175.1**	**$ 2,402.0**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 180.0**	**$ 2,941.0**

Value Allocation ~ Backstop Premium and New Equity Allocation

	Chinos Holdings, Inc.	J. Crew Group, Inc.	J. Crew Operating Corp.	Grace Holmes, Inc.	H.F.D. No. 55, Inc.	J. Crew Inc.	Madewell Inc.	J. Crew International, Inc.	J. Crew Brand Intermediate, LLC	J. Crew Brand, LLC	J. Crew Brand Corp.	J. Crew International Brand, LLC	J. Crew Domestic Brand, LLC	TOTAL
Backstop Premium	$ -	$ -	$ 0.2	$ 0.2	$ 0.0	$ 0.3	$ 39.3	$ -	$ -	$ -	$ -	$ -	$ -	$ 40.0
New Term Lenders — New Equity Allocation	-	-	1.6	1.7	0.2	3.0	357.5	-	-	-	-	-	-	363.9
Deduction from Term Priority Collateral Value	**$ -**	**$ -**	**$ 1.8**	**$ 1.8**	**$ 0.2**	**$ 3.3**	**$ 396.8**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 403.9**

Summary of Recovery Sources

	Chinos Holdings, Inc.	J. Crew Group, Inc.	J. Crew Operating Corp.	Grace Holmes, Inc.	H.F.D. No. 55, Inc.	J. Crew Inc.	Madewell Inc.	J. Crew International, Inc.	J. Crew Brand Intermediate, LLC	J. Crew Brand, LLC	J. Crew Brand Corp.	J. Crew International Brand, LLC	J. Crew Domestic Brand, LLC	TOTAL
ABL Priority Collateral Value	$ -	$ -	$ 3.1	$ 99.6	$ 59.6	$ 156.1	$ 130.7	$ -	$ -	$ -	$ -	$ -	$ -	$ 449.1
Term Priority Collateral Value	-	-	8.3	8.7	0.9	15.6	1,874.5	-	-	-	-	-	-	1,908.0
IPCo Priority Collateral Value	-	-	-	-	-	-	-	-	-	-	-	-	180.0	180.0
Total Value for Distribution to Stakeholders	**$ 47.9**	**$ 155.5**	**$ 484.9**	**$ 108.3**	**$ 60.5**	**$ 173.7**	**$ 2,005.2**	**$ 1.9**	**$ -**	**$ 155.5**	**$ -**	**$ -**	**$ 189.8**	**$ 2,537.1**

WATERFALL
RECOVERIES — FUNDED DEBT

($ in millions)

Recovery Waterfall - Funded Debt

	Chinos Holdings, Inc.	J. Crew Group, Inc.	J. Crew Operating Corp.	Grace Holmes, Inc.	H.F.D. No. 55, Inc.	J. Crew Inc.	Madewell Inc.	J. Crew International, Inc.	J. Crew Brand Intermediate, LLC	J. Crew Brand, LLC	J. Crew Brand Corp.	J. Crew International Brand, LLC	J. Crew Domestic Brand, LLC	TOTAL
Less: ABL Claim Paydown ~ ABL Priority Collateral	$ -	$ -	$ 2.6	$ 83.3	$ 49.9	$ 130.5	$ 109.3	$ -	$ -	$ -	$ -	$ -	$ -	$ 375.5
Less: Total ABL Claim Paydown	**$ -**	**$ -**	**$ 2.6**	**$ 83.3**	**$ 49.9**	**$ 130.5**	**$ 109.3**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 375.5**
ABL Claim after distributions														*-*
ABL Recovery %														*100.0%*
Less: DIP Loans Claim Paydown ~ ABL Priority Collateral	$ -	$ -	$ 0.5	$ 16.3	$ 9.8	$ 25.6	$ 21.4	$ -	$ -	$ -	$ -	$ -	$ -	$ 73.6
Less: DIP Loans Claim Paydown ~ Term Priority Collateral	-	-	0.3	0.3	0.0	0.5	64.8	-	-	-	-	-	-	66.0
Less: Total DIP Loans Claim Paydown	**$ -**	**$ -**	**$ 0.8**	**$ 16.6**	**$ 9.8**	**$ 26.1**	**$ 86.3**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 0.0**	**$ 139.6**
DIP Loans Claim after distributions														*-*
DIP Loans Recovery %														*100.0%*
Less: Term Loans Claim Paydown ~ Term Priority Collateral	$ -	$ -	$ 5.9	$ 6.2	$ 0.6	$ 11.2	$ 1,344.3	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,368.3
Less: Total Term Loans Claim Paydown	**$ -**	**$ -**	**$ 5.9**	**$ 6.2**	**$ 0.6**	**$ 11.2**	**$ 1,344.3**	**$ 0.0**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 1,368.3**
Prepetition Term Loan Claim after distributions														*-*
Prepetition Term Loan Recovery %														*100.0%*
Less: IPCo Notes Secured Claim Paydown ~ IPCo Priority Collateral	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 180.0	$ 180.0
Less: IPCo Notes Deficiency Claim Paydown ~ Intercompany Receivables(1)	-	-	-	-	-	-	-	-	-	155.5	-	-	9.8	165.3
Less: Total IPCo Notes Claim Paydown	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 155.5**	**$ -**	**$ -**	**$ 189.8**	**$ 345.3**
Prepetition IPCo Notes Claim after distributions (2)														*66.4*
IPCo Notes Recovery % (2)														*83.9%*

1. IPCo Notes Deficiency Claim Paydown is on account of (i) a $155.5 million Intercompany Claim recovery between J. Crew Brand, LLC and J. Crew Group, Inc., and (ii) a $9.8 million Intercompany Claim recovery between J. Crew Domestic Brand, LLC and J. Crew Operating Corp. (see Analysis section, pp. 21-23).
2. Includes recoveries on account of Secured Claims and Deficiency Claims.

WATERFALL
RECOVERIES — ALL REMAINING CLASSES

($ in millions)

Recovery Waterfall - Other Secured, Administrative and Priority Claims

	Chinos Holdings, Inc.	J. Crew Group, Inc.	J. Crew Operating Corp.	Grace Holmes, Inc.	H.F.D. No. 55, Inc.	J. Crew Inc.	Madewell Inc.	J. Crew International, Inc.	J. Crew Brand Intermediate, LLC	J. Crew Brand, LLC	J. Crew Brand Corp.	J. Crew International Brand, LLC	J. Crew Domestic Brand, LLC	TOTAL
Other Secured Claims	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Less: Other Secured Claims Recovery	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Percentage Recovery	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*
Administrative Claims	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Less: Administrative Claims Recovery	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Percentage Recovery	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*
Priority Non-Tax Claims	$ -	$ -	$ 0.3	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 0.3
Less: Priority Non-Tax Claims Recovery	-	-	0.3	-	-	-	-	-	-	-	-	-	-	0.3
Percentage Recovery	*0.0%*	*0.0%*	*100.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*100.0%*

Recovery Waterfall - GUC & Intercompany Recoveries

	Chinos Holdings, Inc.	J. Crew Group, Inc.	J. Crew Operating Corp.	Grace Holmes, Inc.	H.F.D. No. 55, Inc.	J. Crew Inc.	Madewell Inc.	J. Crew International, Inc.	J. Crew Brand Intermediate, LLC	J. Crew Brand, LLC	J. Crew Brand Corp.	J. Crew International Brand, LLC	J. Crew Domestic Brand, LLC	TOTAL
General Unsecured Claims	$ -	$ -	$ 260.3	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 260.3
Less: General Unsecured Claims Recovery	-	-	260.3	-	-	-	-	-	-	-	-	-	-	260.3
Percentage Recovery	*0.0%*	*0.0%*	*100.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*100.0%*
Intercompany Claims[1]	$ -	$ 156.9	$ 59.6	$ 140.2	$ 57.9	$ -	$ 171.9	$ -	$ -	$ -	$ -	$ -	$ -	n/a
Less: Intercompany Claims Recovery[1]	-	155.5	59.6	2.2	0.2	-	171.9	-	-	-	-	-	-	n/a
Percentage Recovery[1]	*0.0%*	*99.1%*	*100.0%*	*1.5%*	*0.4%*	*0.0%*	*100.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*n/a*

Recovery Waterfall - Ownership Interests

	Chinos Holdings, Inc.	J. Crew Group, Inc.	J. Crew Operating Corp.	Grace Holmes, Inc.	H.F.D. No. 55, Inc.	J. Crew Inc.	Madewell Inc.	J. Crew International, Inc.	J. Crew Brand Intermediate, LLC	J. Crew Brand, LLC	J. Crew Brand Corp.	J. Crew International Brand, LLC	J. Crew Domestic Brand, LLC	TOTAL
Distribution available to Interest Holders[2]	$ 47.9	$ -	$ 155.5	$ -	$ -	$ 5.8	$ 293.5	$ 1.9	$ -	$ -	$ -	$ -	$ -	n/a

1. Intercompany claims at each Debtor entity are entitled to the same recovery as General Unsecured Claims at the same Debtor entity. The reconciliation of Intercompany Claims is done at the entity level, as set forth in detail on pp. 21-23.
2. Residual amounts at each Debtor entity after full satisfaction of all creditor claims were made available to the Interest Holders of each respective entity. The reconciliation of Intercompany Ownership Interests is done at the entity level, as set forth in detail on pp. 24 and 31.

WATERFALL
DISTRIBUTION & RECOVERY SUMMARY

Distribution & Recovery Summary by Collateral Priority

($ in millions)

	Distribution Value ~ ABL Priority Collateral	Distribution Value ~ Term Priority Collateral	Distribution Value ~ IPCo Priority Collateral	Distribution Value ~ Remaining Collateral[1]	Total Distribution Value	Claims at Exit	Implied Recovery %
Backstop Premium	$ -	$ 40.0	$ -	$ -	$ 40.0	n/a	n/a
New Term Lenders — New Equity Allocation	-	363.9	-	-	363.9	n/a	n/a
ABL Credit Facility Claims[2]	375.5	-	-	-	375.5	375.5	100.0%
DIP Loans Claims[3]	73.6	66.0	-	-	139.6	139.6	100.0%
Prepetition Term Loan Claims[4]	-	1,368.3	-	-	1,368.3	1,368.3	100.0%
IPCo Notes Secured	-	-	180.0	-	180.0	411.7	43.7%
IPCo Notes Deficiency[5]	-	-	-	165.3	165.3	411.7	40.1%
Total IPCo Notes Claims	-	-	180.0	165.3	345.3	411.7	83.9%
Other Secured Claims	-	-	-	-	-	-	n/a
Administrative Claims	-	-	-	-	-	-	n/a
Priority Non-Tax Claims	-	-	-	0.3	0.3	0.3	100.0%
General Unsecured Claims[6]	-	-	-	260.3	260.3	260.3	100.0%
Preferred and Common Equity[7]	-	-	-	47.9	47.9	n/a	n/a
Total Distribution	**$ 449.1**	**$ 1,838.2**	**$ 180.0**	**$ 473.7**	**$ 2,941.0**		

1. Equal to the total collateral value remaining after full satisfaction of all secured debt on account of such collateral value. All remaining value herein is on account of remaining Term Priority Collateral.
2. Includes letters of credit.
3. Includes adjustments. See Assumptions: Adjusted Exit Sources & Uses Analysis.
4. Includes postpetition interest. See Appendix 2: Postpetition Interest Calculations.
5. IPCo Notes Deficiency Claim Paydown is on account of (i) a $155.5 million Intercompany Claim recovery between J. Crew Brand, LLC and J. Crew Group, Inc., and (ii) a $9.8 million Intercompany Claim recovery between J. Crew Domestic Brand, LLC and J. Crew Operating Corp. See Analysis (pp. 21-23).
6. The General Unsecured Claims pool is limited to third party general unsecured creditors. Implied Recovery % subject to change based on final claims reconciliation.
7. Allocation of value between Preferred and Common Equity is outside the scope of this Report.

WATERFALL

GUC & INTERCOMPANY CLAIMS AND OWNERSHIP INTERESTS

Recoveries – General Unsecured, Intercompany Claims and Ownership Interests

($ in millions)

	Third Party General Unsecured Claims			Intercompany Claims			Ownership Interests	
Debtor Entity	Claims Against	Recovery $	Recovery %	Claims Against	Recovery $	Recovery %	Recovery $	Interest Owner
Chinos Holdings, Inc.	$ -	$ -	n/a	$ -	$ -	n/a	$ 47.9	Third Party Investors
Chinos Intermediate Holdings A, Inc.	-	-	n/a	-	-	n/a	-	Chinos Holdings, Inc.
Chinos Intermediate, Inc.	-	-	n/a	-	-	n/a	-	Chinos Intermediate Holdings A, Inc.
Chinos Intermediate Holdings B, Inc.	-	-	n/a	-	-	n/a	-	Chinos Intermediate, Inc.
J. Crew Group, Inc.	-	-	n/a	156.9	155.5	99.1%	-	Chinos Intermediate Holdings B, Inc.
J. Crew Operating Corp.	260.3	260.3	100.0%	59.6	59.6	100.0%	155.5	J. Crew Group, Inc.
Grace Holmes, Inc.	-	-	n/a	140.2	2.2	1.5%	-	J. Crew Operating Corp.
H.F.D. No. 55, Inc.	-	-	n/a	57.9	0.2	0.4%	-	J. Crew Operating Corp.
J. Crew Inc.	-	-	n/a	-	-	n/a	5.8	J. Crew Operating Corp.
J.Crew Virginia, Inc.	-	-	n/a	-	-	n/a	-	J. Crew Operating Corp.
Madewell Inc.	-	-	n/a	171.9	171.9	100.0%	293.5	J. Crew Operating Corp.
J. Crew International, Inc.	-	-	n/a	-	-	n/a	1.9	J. Crew Inc.
J. Crew Brand Holdings, LLC	-	-	n/a	-	-	n/a	-	J. Crew International, Inc.
J. Crew Brand Intermediate, LLC	-	-	n/a	-	-	n/a	-	J. Crew Brand Holdings, LLC
J. Crew Brand, LLC	-	-	n/a	-	-	n/a	-	J. Crew Brand Intermediate, LLC
J. Crew Brand Corp.	-	-	n/a	-	-	n/a	-	J. Crew Brand, LLC
J. Crew International Brand, LLC	-	-	n/a	-	-	n/a	-	J. Crew Brand, LLC
J. Crew Domestic Brand, LLC	-	-	n/a	-	-	n/a	-	J. Crew Brand, LLC

WATERFALL
INTERCOMPANY RECOVERIES DETAIL

Intercompany Recoveries (Selected Entities)

($ in millions)

Creditor	Debtor: J. Crew Group, Inc. [1]	J. Crew Operating Corp. [1]	Grace Holmes, Inc.	H.F.D. No. 55, Inc.	Madewell Inc.	TOTAL
Chinos Holdings, Inc.	$ -	$ 47.9	$ -	$ -	$ -	**$ 47.9**
J. Crew Group, Inc.	-	-	-	-	-	**-**
J. Crew Operating Corp.	-	-	2.2	0.2	171.9	**174.3**
J. Crew International, Inc.	-	1.9	-	-	-	**1.9**
J. Crew Brand, LLC	155.5	-	-	-	-	**155.5**
J. Crew Domestic Brand, LLC	-	9.8	-	-	-	**9.8**
TOTAL	**$ 155.5**	**$ 59.6**	**$ 2.2**	**$ 0.2**	**$ 171.9**	**$ 389.4**

Creditor	Debtor: J. Crew Group, Inc. [1]	J. Crew Operating Corp. [1]	Grace Holmes, Inc.	H.F.D. No. 55, Inc.	Madewell Inc.	TOTAL
Chinos Holdings, Inc.	n/a	100.0%	n/a	n/a	n/a	**100.0%**
J. Crew Group, Inc.	n/a	n/a	n/a	n/a	n/a	**n/a**
J. Crew Operating Corp.	n/a	n/a	1.5%	0.4%	100.0%	**47.1%**
J. Crew International, Inc.	n/a	100.0%	n/a	n/a	n/a	**100.0%**
J. Crew Brand, LLC	99.1%	n/a	n/a	n/a	n/a	**99.1%**
J. Crew Domestic Brand, LLC	n/a	100.0%	n/a	n/a	n/a	**100.0%**
TOTAL	**99.1%**	**100.0%**	**1.5%**	**0.4%**	**100.0%**	**66.4%**

1. While the Debtors' Schedules of Assets and Liabilities set forth a $156.9 million intercompany claim between J. Crew Brand, LLC (creditor) and J. Crew Operating Corp. (debtor), Province changed the debtor entity from J. Crew Operating Corp. to J. Crew Group, Inc. based on the facts asserted in Assumptions: General Assumptions (Cont.).

SECTION VI: ASSUMPTIONS

ASSUMPTIONS
GENERAL ASSUMPTIONS

- **General Assumptions**
  - This Report assumes that the Debtors will be able to successfully exit from these Chapter 11 Bankruptcy proceedings on September 11, 2020, and that among other things:
    - The Debtors will be able to obtain an Exit ABL Facility on terms similar to the prepetition ABL Credit Facility;
      - On July 29, 2020, the Debtors' Advisors provided Province with an Exit ABL marketing term sheet.
    - All administrative and priority tax claims are paid in full prior to or on the Effective Date, as is contemplated by the Debtors' Third DIP Budget.
      - This Report assumes that absent payment of these claims in full as of the Effective Date, the Debtors would be unable to exit bankruptcy.

- **Form of Recovery Assumptions**
  - The prepetition ABL Credit Facility is repaid in cash, from a combination of (i) Balance Sheet Cash Pre-Emergence, (ii) Remaining DIP Term Loan availability or the Exit Term Loan Facility, and/or (iii) an Exit ABL Facility, as per the Debtors' Exit Sources and Uses Overview.
  - The DIP Term Loans are either repaid in cash or roll directly into the Exit Term Loan Facility, as per the Debtors' Exit Sources and Uses Overview.
  - All other distributions and recoveries within this Report are assumed to be in the form of New Common Shares, subject to dilution from New Common Shares (i) issuable upon exercise of the New Warrants, (ii) issued pursuant to the Management Incentive Plan, and (iii) otherwise issued by the Reorganized Debtors after the Effective Date, including the Incremental Debt Equity.

- **Valuation Assumptions**
  - Province did not conduct an independent valuation analysis with respect to any of the values in this Report.
  - Province utilized the Total Enterprise Values contained in the *Expert Report of The Michel-Shaked Group* for J. Crew and Madewell, respectively.
  - Province utilized the J. Crew IP Value contained in the *Expert Report of The Michel-Shaked Group*.
  - Province utilized the Madewell IP Value from the Debtors' Hypothetical Liquidation Analysis by Entity - High Scenario.
    - Madewell IP Value was not independently valued by either Province or by MSG.
    - Given Province's allocation methodology and the priorities of the Debtors' secured creditors with respect to Madewell's assets, a separate valuation of the Madewell IP would have no practical effect on this Report.

ASSUMPTIONS
GENERAL ASSUMPTIONS (CONT.)

- **Valuation Assumptions (cont.)**
  - Province utilized the values from the Debtors' Hypothetical Liquidation Analysis by Entity - High Scenario for (i) Accounts Receivable, (ii) Inventory, Net, (iii) Prepaid Expenses & Other Current Assets, and (iv) Property and Equipment, Net.
    - Province requested updated estimates as of the Effective Date with respect to each of these line items from the Debtors' Advisors. As of July 30, 2020, Province had not received a response.
  - Value was allocated among the ABL Priority Collateral, Term Priority Collateral, and IPCo Priority Collateral, and among each of the Debtors' entities, as described in the Analysis section of this Report.

- **No Substantive Consolidation**
  - Substantive consolidation was not contemplated in this Report.
  - Intercompany claims are as per the Debtors' Schedules of Assets and Liabilities, except the following:
    - While the Debtors' Schedules of Assets and Liabilities set forth a $156.9 million Intercompany Claim between J. Crew Brand, LLC (creditor) and J. Crew Operating Corp. (debtor), this Report reflects that the appropriate debtor entity is J. Crew Group, Inc., not J. Crew Operating Corp., based on the following:
      - According to paragraph 43 of the Declaration of Michael J. Nicholson, the IPCo Intercompany Note is "among Group, Inc. as borrower";
      - Lazard provided Province with Discussion Materials on June 22, 2020, which shows J. Crew Group Inc. as the borrower under the IPCo Intercompany Note; and
      - Based on PSZJ's analysis of the IPCo Intercompany Note documents, PSZJ confirmed that the borrower under the IPCo Intercompany Note was J. Crew Group Inc., not J. Crew Operating Corp.
    - For simplification purposes, Province eliminated all intercompany claims between the Debtors and non-debtor affiliates.
      - Given the Debtors' corporate structure, wherein all non-debtor affiliates holding intercompany claims are ultimately owned by J. Crew Operating Corp., Province does not believe that these intercompany claims would have a practical effect on the Recovery Waterfall analysis set forth in this Report, as any value allocated with respect to non-debtor affiliate intercompany claims would ultimately flow up to J. Crew Operating Corp. which, as set forth in the Recovery Waterfall, is paying its creditors, including General Unsecured Claims, in full.
      - Province asked the Debtors' Advisors to confirm the assertion above. As of July 30, 2020, Province had not received a response that provides sufficient information regarding these intercompany claims.
  - The absolute priority rule is followed. Remaining distributable value at each Debtor entity flows up to each respective entity's direct parent.

ASSUMPTIONS

GENERAL ASSUMPTIONS (CONT.)

- **Prepetition Term Loan: Postpetition Interest**
  - This Report contemplates the payment of postpetition interest on the prepetition Term Loan balance.
  - A calculation of postpetition interest is included in Appendix 2: Postpetition Interest Calculations.
- **Third Party General Unsecured Claims**
  - This Report assumes that all third party General Unsecured Claims would be asserted against J. Crew Operating Corp., as they were presented in Schedule F of the Debtors' Schedules of Assets and Liabilities.
    - For third party General Unsecured Claims sizing, Province relied upon a summary file from the Debtors' Advisors dated as of July 20, 2020. To the extent that General Unsecured Claims are actually higher than estimated or are entitled to interest pursuant to contract or under the law, then they would be entitled to recoveries before Preferred & Common Equity pursuant to the absolute priority rule, which would reduce the residual equity value of J. Crew Operating Corp. that flows to its parent and, therefore, would reduce the distribution that IPCo Noteholders would receive on account of the IPCo intercompany claims against J. Crew Group, Inc.
    - Province requested an estimated breakdown of third party General Unsecured Claims on an entity-level basis from the Debtors' Advisors. As of July 30, 2020, Province had not received a response.
- **Preferred & Common Equity**
  - This Report does not disaggregate value available to Preferred and Common Equity as it is outside the scope of the analysis.

ASSUMPTIONS

GENERAL ASSUMPTIONS (CONT.)

General Assumptions

($ in millions)

		Value	Comments
Petition Date		5/4/2020	Per the *Voluntary Petition*
Effective Date[1]		9/11/2020	Per the *Amended Disclosure Statement*
Balance Sheet Cash Post-Emergence	$	25.0	$25.0 million cash assumption provided by the Debtors' Advisors
New Term Loans		400.0	$400.0 million New Term Loans assumption provided by the Debtors' Advisors
Backstop Premium		40.0	$40.0 million Backstop Premium as per the *DIP Motion*
New Term Lenders — New Equity Allocation		15.0%	15% of the New Equity Allocation as per the *Amended & Modified Chapter 11 Plan* and the *Amended Disclosure Statement*
J. Crew Residual Value allocation to J. Crew Inc.		91.4%	Calculated based on FY2019 EBITDA in Fully Allocated Brand EBITDA - JCG Historical
J. Crew Residual Value allocation to H.F.D. No. 55, Inc.		8.6%	Calculated based on FY2019 EBITDA in Fully Allocated Brand EBITDA - JCG Historical

Source: Debtors, Court Filings

1. May also be referred to as the "Exit Date" or "Emergence Date" in this Report.

Claims Assumptions

($ in millions)

Class		Claim	Comments
Secured Claims			
ABL Credit Facility Claims[1]	$	375.5	$375.5 million assumption as per the Debtors' filed Liquidation Analysis
DIP Loans Claims[2]		139.6	See: Adjusted Exit Sources & Uses Analysis
Prepetition Term Loan Claims[3]		1,368.3	Includes $1.337 billion of principal and $30.9 million of postpetition interest
IPCo Notes Claims		411.7	$411.7 million assumption as per the Debtors' filed Liquidation Analysis
Other Secured Claims		-	$0.0 assumption as per the Debtors' filed Liquidation Analysis
Unsecured Claims			
Administrative Claims	$	-	See General Assumptions
Priority Non-Tax Claims		0.3	$0.25 million assumption as per the Debtors' filed Liquidation Analysis
General Unsecured Claims[4]		260.3	$260.3 million assumption as per the Debtors' Preliminary Estimate of Unsecured Claims Pool as of July 20, 2020

Source: Debtors, Court Filings

1. Includes letters of credit.
2. DIP Loans Claims adjusted for Cash Collateral and Adjusted Exit Costs. See Adjusted Exit Sources & Uses Analysis.
3. Includes calculation of postpetition interest.
4. Debtors' estimate as of July 20, 2020.

ASSUMPTIONS
ENTERPRISE VALUE & PRO-FORMA CAPITAL STRUCTURE

Total Enterprise Value

($ in millions)

		TEV	Comments
J. Crew Enterprise Value	$	539.0	As per the *Expert Report of The Michel-Shaked Group*
Madewell Enterprise Value		2,402.0	As per the *Expert Report of The Michel-Shaked Group*
Total Enterprise Value	**$**	**2,941.0**	

Pro-Forma Capital Structure

($ in millions)

		Amount	Comments
Operating Cash	$	25.0	$25.0 million cash assumption provided by the Debtors
Exit ABL		140.1	See Exit Source & Uses Analysis
New Term Loans		400.0	$400.0 million New Term Loans assumption provided by the Debtors' Advisors
Net Debt	$	515.1	Net Debt equals Exit ABL plus New Term Loans, less Operating Cash
New Equity Value		2,425.9	Equity Value equals Total Enterprise Value less Net Debt
Total Enterprise Value	**$**	**2,941.0**	

Source: Debtors, Court Filings, Expert Report of The Michel-Shaked Group

ASSUMPTIONS
EXIT SOURCES & USES ANALYSIS

Exit Sources & Uses

($ in millions)

Sources			Uses		
Balance Sheet Cash Pre-Emergence	$	153.8	Repayment of Prepetition ABL[1]	$	375.0
Exit ABL Draw[1]		220.6	Repayment of DIP Term Loan		255.0
Exit TL		400.0	Exit Costs[2]		159.3
Release of LC Cash Collateral		10.0	Balance Sheet Cash Post-Emergence		25.0
Release of ABL Cash Collateral		29.4			
Utility Deposit Release		0.5			
Total Sources	**$**	**814.3**	**Total Uses**	**$**	**814.3**

Source: Debtors
1. Includes letters of credit.
2. Includes accrued professional fees, success fees, cure costs and emergence trade payments.

ASSUMPTIONS
ADJUSTED EXIT SOURCES & USES ANALYSIS

Adjusted Exit Sources & Uses

($ in millions)

	Amount	Adjustment	Adjusted Amount	Comments
DIP Term Loan (pre-Adjustments)	**$ 255.0**	**$ -**	**$ 255.0**	$255.0 million assumption from the Debtors' Exit Sources and Uses Overview
plus: Balance Sheet Cash Pre-Emergence	153.8	-	153.8	$153.8 million cash assumption from the Debtors' Exit Sources and Uses Overview
plus: Release of LC Cash Collateral	10.0	-	10.0	$10.0 million assumption from the Debtors' Exit Sources and Uses Overview
plus: Release of ABL Cash Collateral	29.4	-	29.4	$29.4 million assumption from the Debtors' Exit Sources and Uses Overview
plus: Utility Deposit Release	0.5	-	0.5	$0.5 million assumption from the Debtors' Exit Sources and Uses Overview
plus: 2019 Tax Refund[(1)]	-	7.0	7.0	$7.0 million assumption provided by the Debtors' Advisors via email
less: Exit Costs	159.3	(74.0)	85.3	Equal to the $159.3 million exit cost assumption from the Debtors' Exit Sources and Uses Overview less $71 million of Class 6-A recoveries and $3 million of class 6-B recoveries
DIP Term Loan (post-Adjustments)	**$ 220.6**	**$ (81.0)**	**$ 139.6**	
plus: Balance Sheet Cash Post-Emergence	25.0	-	25.0	$25.0 million cash assumption from the Debtors' Exit Sources and Uses Overview
plus: ABL Credit Facility Claims[(2)]	375.0	0.5	375.5	$375.5 million assumption from the Debtors' Hypothetical Liquidation Analysis
Total Exit Cash Required	**$ 620.6**	**$ (80.5)**	**$ 540.1**	
less: Exit Term Loan draw	400.0	-	400.0	
Required Exit ABL Draw	**$ 220.6**	**$ (80.5)**	**$ 140.1**	

Source: Debtors, Court Filings

1. Timing of tax refund to be determined.
2. Includes letters of credit.

ASSUMPTIONS
SELECTED ASSET VALUE ASSUMPTIONS

Selected Asset Value Assumptions

($ in millions)

	Madewell Inc.	J. Crew Inc.	J. Crew Operating Corp.	Grace Holmes, Inc.	H.F.D. No. 55, Inc.	J. Crew Domestic Brand, LLC	TOTAL
Cash and cash equivalents[1]	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Accounts Receivable[2]	13.8	12.4	3.1	0.8	0.0	-	30.1
Inventory, Net[2]	116.9	143.7	-	98.9	59.6	-	419.0
Prepaid Expenses & Other Current Assets[2]	0.5	0.0	5.6	0.9	0.0	-	7.1
Property and Equipment, Net[2]	0.7	10.0	4.4	9.6	0.2	-	25.0
Intangible Assets and Goodwill, Net[3]	61.0	-	-	-	-	180.0	241.0
TOTAL	**$ 192.9**	**$ 166.1**	**$ 13.1**	**$ 110.2**	**$ 59.9**	**$ 180.0**	**$ 722.2**

Source: Court Filings, Expert Report of The Michel-Shaked Group

1. Cash and cash equivalents were credited against amounts outstanding under DIP Term Loan (see Assumptions: Adjusted Exit Sources & Uses Analysis). To avoid double counting, the $33.5 million value for cash and cash equivalents at J. Crew Operating Corp., set forth in the Debtors' Liquidation Analysis by Entity - High Scenario, was not utilized as an additional source of collateral under the Recovery Waterfall.
2. Value from the Debtors' Hypothetical Liquidation Analysis by Entity - High Scenario.
3. Madewell, Inc. value from the Debtors' Hypothetical Liquidation Analysis by Entity - High Scenario. J. Crew Domestic Brand, LLC value from the *Expert Report of The Michel-Shaked Group*.

ASSUMPTIONS
INTERCOMPANY MATRIX

Intercompany Matrix (Selected Entities)

($ in millions)

Creditor	J. Crew Group, Inc.[1]	J. Crew Operating Corp.[1]	Grace Holmes, Inc.	H.F.D. No. 55, Inc.	Madewell Inc.	TOTAL
	Debtor					
Chinos Holdings, Inc.	$ -	$ 47.9	$ -	$ -	$ -	**$ 47.9**
J. Crew Group, Inc.	-	-	-	-	-	**-**
J. Crew Operating Corp.	-	-	140.2	57.9	171.9	**370.0**
J. Crew International, Inc.	-	1.9	-	-	-	**1.9**
J. Crew Brand, LLC	156.9	-	-	-	-	**156.9**
J. Crew Domestic Brand, LLC	-	9.8	-	-	-	**9.8**
TOTAL	**$ 156.9**	**$ 59.6**	**$ 140.2**	**$ 57.9**	**$ 171.9**	**$ 586.5**

Source: Court Filings

1. While the Debtors' Schedules of Assets and Liabilities set forth a $156.9 million intercompany claim between J. Crew Brand, LLC (creditor) and J. Crew Operating Corp. (debtor), Province changed the debtor entity from J. Crew Operating Corp. to J. Crew Group, Inc. based on the facts asserted in Assumptions: General Assumptions (Cont.).

SECTION VII: IMPORTANT INFORMATION

IMPORTANT INFORMATION

- This Report has been prepared by Sanjuro K. Kietlinski, Managing Director at Province as an expert opinion at the request of PSZJ, counsel to the UCC in connection with the confirmation hearing of Chinos Holdings, Inc. (collectively with its debtor and non-debtor-affiliates, the "Debtors" or the "Company") before the Bankruptcy Court for the Eastern District of Virginia.
- Province assumed and relied upon the accuracy and completeness of all financial and other information furnished to us by the Company and its advisors, as well as publicly-available information. Province has relied upon and assumed, without independent verification, that the data and information provided to us was reasonably prepared in good faith and on a basis reflecting the best currently-available estimates, and that there have been no material adverse changes to the information provided.
- The conclusions expressed herein reflect the opinion of Province as to the recovery estimates of various classes of creditors of the Company as of September 11, 2020 (the "Effective Date," "Exit Date," or "Emergence Date"). For this Report, Province utilized information as of July 30, 2020. As and to the extent that Province receives additional information from the Company or its advisors, or additional or different facts and circumstances become known to us, Province reserves the right to supplement the analysis and conclusions included in this Report but is under no obligation to do so.
- Province is currently serving as financial advisor to the UCC and is being compensated for the services performed based upon hours expended multiplied by our hourly billing rates. As of July 1, 2020, the hourly rates of Province professionals are as follows:

Professional Level	Per Hour (USD)
Principal	\$880 - \$975
Managing Director	\$670 - \$790
Senior Director	\$600 - \$670
Director	\$550 - \$600
Vice President	\$510 - \$550
Senior Associate	\$430 - \$510
Associate	\$360 - \$430
Analyst	\$240 - \$360
Paraprofessionals	\$185

- Province's fees are not contingent upon the results of this matter. All work performed in this matter was performed at my direction and under my supervision.

CERTIFICATION

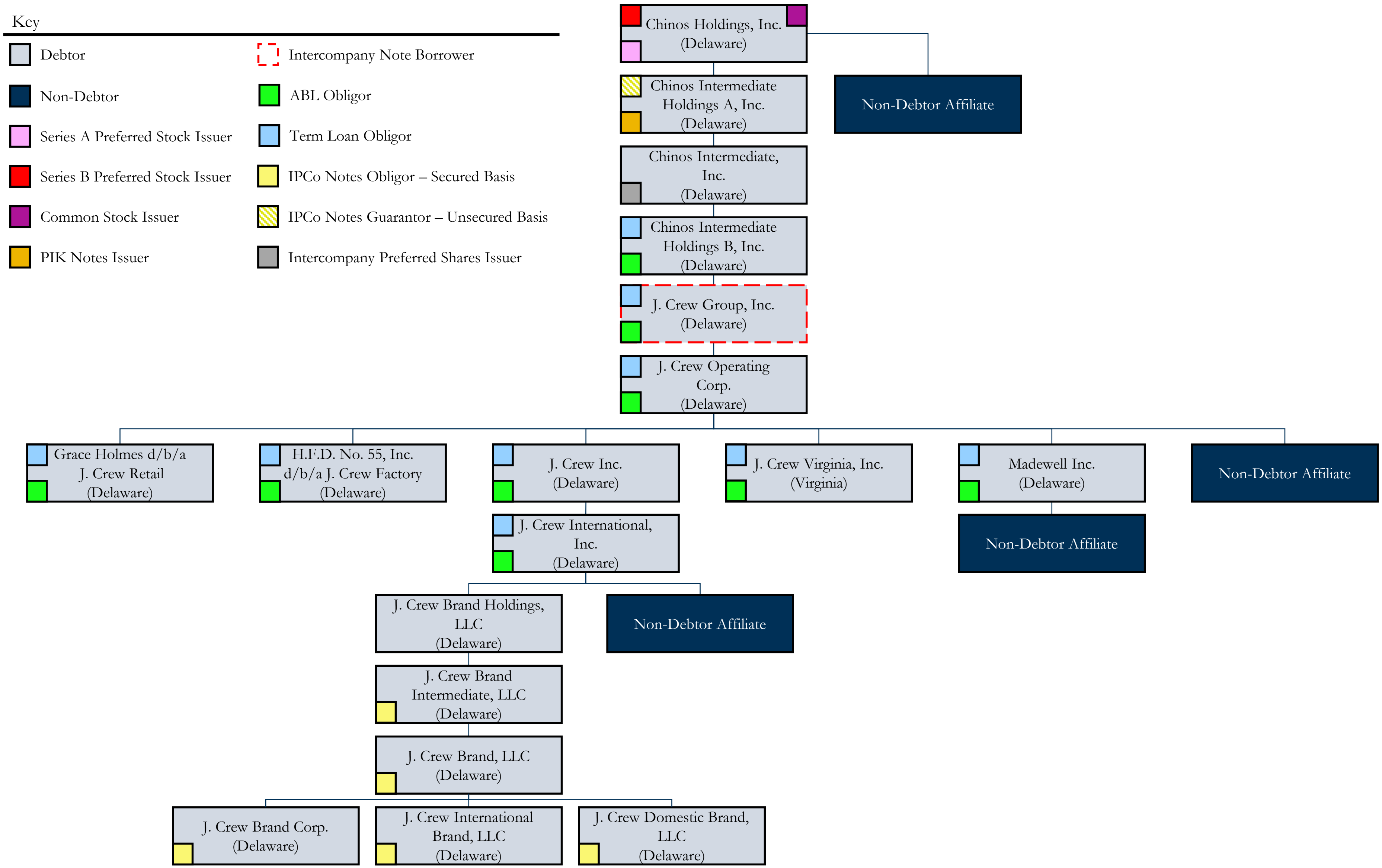
I, Sanjuro K. Kietlinski, hereby certify that the foregoing is my Expert Report with respect to the Company. The opinions and conclusions contained herein are mine and are based upon analyses and information available to me as of July 30, 2020, including work performed by Province professionals working with me on this engagement operating under my direction and supervision. The analysis assumes that no material changes have occurred from July 30, 2020. Given the circumstances, I believe that the approaches taken form a reasonable basis for my observations and conclusions. To the extent that additional information or documents become available, I reserve the right to revise the analyses, observations and conclusions contained herein. This Report and the accompanying appendices may contain confidential information. Any unauthorized use or distribution of this Report is strictly prohibited.

Sanjuro K. Kietlinski
Managing Director
Province, Inc.

APPENDICES

APPENDIX 1: CORPORATE STRUCTURE

CORPORATE STRUCTURE



Source: Court filings

APPENDIX 2: POSTPETITION INTEREST CALCULATIONS

POSTPETITION INTEREST CALCULATIONS

ASSUMPTIONS

Prepetition Term Loan—General Assumptions

($ in millions)

	Amount	Comments
Petition Date	5/4/2020	Per the *Voluntary Petition*
Effective Date	9/11/2020	Per the *Amended Disclosure Statement*
Days in Bankruptcy	130	Days between Effective Date and Petition Date
% of Full Year	35.6%	Days in Bankruptcy divided by 365
360-Day Year Adjustment	101.4%	Per the *Term Loan Credit Agreement*
Pre-Petition Principal Balance	$ 1,337.4	Per the *Schedules of Assets and Liabilities - Schedule D*
Consenting Term Lenders	88.0%	Per the *J.Crew Group, Inc. Form 10-K for the fiscal year ended February 2, 2019*
1-Month LIBOR	0.18%	www.bankrate.com/rates/interest-rates/1-month-libor/
LIBOR Floor	1.0%	Per the *J.Crew Group, Inc. Form 10-K for the fiscal year ended February 2, 2019*
New Term Loan Borrowings[1]	$ 30.0	Per the *J.Crew Group, Inc. Form 10-K for the fiscal year ended February 2, 2019*
New Term Loan Borrowings - PIK Interest[2]	3.0%	Per the *J.Crew Group, Inc. Form 10-K for the fiscal year ended February 2, 2019*
Default Rate	2.0%	Per the *Term Loan Credit Agreement*

1. New Term Loan Borrowings of $30.0 million related to the July 13, 2017 settlement of the Exchange Offer.
2. New Term Loan Borrowings interest rate of 12.00%, of which 3.00% is payable in kind.

New Term Loan Borrowings Calculation

($ in millions)

	July 2017	July 2018	July 2019
New Term Loan - Beginning Balance		$ 30.0	$ 30.9
plus: PIK Interest		0.9	0.9
New Term Loan - Ending Balance	**$ 30.0**	**$ 30.9**	**$ 31.8**

POSTPETITION INTEREST CALCULATIONS

INTEREST CALCULATIONS

Postpetition Interest Calculation

($ in millions)

	Pre-petition Balance	Interest Rate Calculation: Eurodollar Rate	Adjusted LIBOR	Default Rate	360-Day Year Adjustment	Interest Rate	Annual Interest	Postpetition Interest
Term Loan - Original	$ 156.7	3.0%	1.0%	2.0%	101.4%	6.1%	$ 9.5	$ 3.4
Term Loan - Amended	1,148.9	3.2%	1.0%	2.0%	101.4%	6.3%	72.5	25.8
New Term Loan Borrowings	31.8	12.0%	1.0%	2.0%	101.4%	15.2%	4.8	1.7
Term Loan - Total	**$ 1,337.4**					**6.5%**	**$ 86.8**	**$ 30.9**

APPENDIX 3: DOCUMENTS CONSIDERED

DOCUMENTS CONSIDERED

- **In preparing this Report, Mr. Kietlinski, or others under his supervision, reviewed the following documents and sources of information. Mr. Kietlinski considered information contained within these documents in forming his opinions:**
  - The *Expert Report of The Michel-Shaked Group* dated July 31, 2020
  - **Virtual Dataroom:**
    - 6.1.1.3.17: JCrew - DIP Variance Reporting Ending 7.18_07.22.20_1657_EXT_B3.pdf
    - 6.1.1.3.18: Monet - DIP Variance Reporting Ending 7.18_07.22.20_1657_mgmt_B3.pdf
    - 6.1.1.7.1: JCG - DIP Budget 3.xlsx
    - 6.1.1.8.3: PEO_Monet - DIP Budget 3 Additional Detail_detailed weekly.xlsx
    - 6.1.1.9: PEO_Monet - DIP S&U b3.xlsx
    - 6.1.4.2: PEO_JCG Historical Fully Allocated EBITDA (RV)
    - 6.2.2.1: FINAL J.Crew Group, Inc. GA Inventory Appraisal 2.2020
    - 6.4.9: POE_Monet - GUC Estimate DRAFT - 20200720 1830hr
    - 6.9.2: Monet - Hypothetical Entity Waterfalls - DRAFT for Province - 20200614 0900hrs.xlsx
    - 6.10.1: JCrew_SOFA.xlsx
    - 6.10.2: JCrew_Schedules.xlsx
    - 6.10.3: PEO_Intercompany Summary Output - P3 20 - 20200622 1630hrs.xlsx
    - 6.10.4: PEO_Copy of Intercompany Summary Output - P3 20 - 20200624 2130hrs.xlsx
- **Emails from the Debtors' Advisors, including, but not limited to:**
  - **From:** Lukehart, Laura "**Subject:** RE: [EXTERNAL]: Exit ABL Facility" **Sent:** Monday, July 29, 2020 7:17 PM
  - **From:** Joseph, Rohan "**Subject:** RE: CARES Tax Carryback Refund" **Sent:** Monday, July 20, 2020 12:52 PM
  - **From:** Sitsis, Yanni "**Subject:** RE: Additional Requests" **Sent:** Thursday, July 16, 2020 10:07 AM
  - **From:** Lukehart, Laura "**Subject:** RE: Monet - Province/Lazard Corporate Structure Diligence" **Sent:** Monday, June 22, 2020 12:55 PM
    - **Attachment**: 2020.06.22 - Discussion Materials.pdf

DOCUMENTS CONSIDERED

- **Court Filings, including, but not limited to:**
  - Declaration *(Declaration of Michael J. Nicholson in Support of Debtors Chapter 11 Petitions and First Day Relief)*
  - Motion to Authorize *(Motion of Debtors for Entry of Interim and Final Orders (I) Authorizing Debtors to Pay Certain Prepetition Vender Claims, Lien Claims, and 503(B)(9) Claims, (II) Confirming Administrative Expense Priority of Undisputed Prepetition Orders, and (III) Granting Related Relief)*
  - Motion to Authorize *(Motion of Debtors for Entry of Orders (I) Authorizing the Applicable Debtors to Obtain Postpetition Financing, (II) Authorizing the Debtors to Use Cash Collateral, (III) Granting Liens and Providing Superpriority Administrative Expense Claims, (IV) Granting Adequate Protection to Prepetition Secured Parties, (V) Modifying the Automatic Stay, (VI) Scheduling a Final Hearing, and (VII) Granting Related Relief)*
  - Statement *First Day Hearing Demonstrative*
  - Interim Order *(I) Authorizing Debtors to Pay Certain Prepetition Lien Claims, and 503(B)(9) Claims, (II) Confirming Administrative Expense Priority of Undisputed Prepetition Orders, and (III) Granting Related Relief and Continuing to Final Hearing (Re: related document(s) 30 Motion to Authorize filed by Chinos Holdings, Inc.)*
  - Final Order *(I) Authorizing The Debtors to Obtain Postpetition Financing, (II) Authorizing The Debtors to Use Cash Collateral, (III) Granting Liens and Providing Superpriority Administrative Expense Claims, (IV) Granting Adequate Protection to Prepetition Secured Parties, (V)Modifying Automatic Stay, and (VII) Granting Related Relief*
  - Amended/Modified Chapter 11 Plan *(Joint Prearranged Chapter 11 Plan of Reorganization of Chinos Holdings, Inc. and Its Affiliated Debtors (with Technical Changes))* (Re: related document(s) 248 Chapter 11 Plan filed by Chinos Holdings, Inc., 468 Amended/Modified Chapter 11 Plan filed by Chinos Holdings, Inc.)
  - Amended *Disclosure Statement (Proposed Disclosure Statement for Joint Prearranged Chapter 11 Plan of Reorganization of Chinos Holdings, Inc. and Its Affiliated Debtors (with Technical Changes)) (Re: related document(s) 247 Disclosure Statement filed by Chinos Holdings, Inc., 469 Amended Disclosure Statement filed by Chinos Holdings, Inc.)*
- **Public Company Documents**
  - J.Crew Group, Inc. Form 10-K for the fiscal year ended February 2, 2019
  - Amendment No. 1 to Amended and Restated Credit Agreement, dated as of July 13, 2017
- **External Sources:**
  - https://www.bankrate.com/rates/interest-rates/1-month-libor/

APPENDIX 4: BIOGRAPHY

BIOGRAPHY

- Sanjuro Kietlinski is a Managing Director at Province, with more than thirteen years of experience in retail and financial advisory services. Mr. Kietlinski has extensive advisory and consulting experience with complex Chapter 11 cases and other bankruptcy-related matters and has represented chapter 11 trustees, secured creditors, and unsecured creditor committees on a national basis in cases spanning a range of industries, including retail, restaurants, consumer goods, and energy. Mr. Kietlinski's engagements have included responsibilities as financial advisor with respect to liquidations, prepackaged and traditional reorganization plans, restructuring support agreements, asset sales, debtor-in-possession and exit financing, strategic alternatives, and litigation consulting.

- With Province, Mr. Kietlinski has primarily focused on leading unsecured creditor committee engagements similar in size, scope, and complexity to that of the Debtors. Many, if not most of Mr. Kietlinski's engagements have included recovery and waterfall analyses similar to those performed in connection with this Report, under both going concern and liquidation scenarios. Mr. Kietlinski has also provided non-testifying expert financial consulting services on behalf of settlement trusts and other parties in litigation matters. Mr. Kietlinski holds degrees from Harvard Business School (MBA) and the University of Miami (BA).

- **Committee Engagements**
  - Premium Transportation Services, Inc.
  - Aéropostale, Inc.
  - Golfsmith International Holdings, Inc.
  - BPS US Holdings Inc.
  - The Wet Seal, LLC
  - Eastern Outfitters, LLC
  - hhgregg, Inc.
  - Payless Holdings, LLC (2017)
  - Aerogroup International, Inc.
  - Patriot National, Inc.
  - Claire's Stores, Inc.
  - Brookstone Holdings Corporation
  - Taco Bueno Restaurants, Inc.
  - Things Remembered, Inc.
  - Payless Holdings, LLC (2019)
  - FTD Companies, Inc.
  - Lucky's Market Parent Company, LLC
  - BL Restaurants Holding, LLC
  - Pier 1 Imports, Inc.

EXHIBIT B

MSG THE MICHEL-SHAKED GROUP

IN THE UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF VIRGINIA
RICHMOND DIVISION

	)	
In re	)	**Chapter 11**
	)	
CHINOS HOLDINGS, INC., *et al.*,	)	**Case No. 20-32181 (KLP)**
	)	
Debtors.	)	**(Jointly Administered)**
	)	

Expert Report of The Michel-Shaked Group

July 31, 2020

J.CREW Madewell

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I. Scope of Engagement and Summary of Opinions

Scope of Engagement

- At the request of Pachulski Stang Ziehl & Jones LLP, counsel to the Official Committee of Unsecured Creditors of Chinos Holdings Inc. and its Affiliated Debtors, we were asked to:
  - Determine the enterprise value of Chinos Holdings Inc.[1] (the "J. Crew Group") as of September 11, 2020, the date that the J. Crew Group is expected to emerge from bankruptcy. To determine the enterprise value of the J. Crew Group, we utilized a sum-of-the-parts valuation. Specifically, we valued the J. Crew Brand and J. Crew Factory businesses (collectively "J. Crew") separately from the Madewell business ("Madewell").
  - Determine the fair market value of certain of the J. Crew and J. Crew Factory domestic trademarks and servicemarks (the "J. Crew IP")[2] as of September 11, 2020, the date that the J. Crew Group is expected to emerge from bankruptcy.
- Throughout this Report, valuation is based on the fair market value, which is defined as:
  - "The price at which the property would change hands between a willing buyer and a willing seller when the former is not under any compulsion to buy and the latter is not under any compulsion to sell, both parties having reasonable knowledge of relevant facts."[3]
- This Report presents our methodologies, findings, and conclusions.
- In accordance with recognized professional ethics, our professional fees for this service are not contingent upon the opinion expressed herein, and we do not have a present or intended financial interest in the outcome of this matter. Our compensation is set forth in our retention application (and attached engagement agreement), accessible at docket number 459 in this matter.
- As discovery is ongoing as of the date of this Report, we reserve the right to supplement and amend this Report.

(1) Throughout this Report, we refer to Chinos Holdings Inc. and its Affiliated Debtors as the J. Crew Group. The J. Crew Group consists of three business units: J. Crew Brand, J. Crew Factory, and Madewell.
(2) Appendix A summarizes the trademarks and servicemarks included in the J. Crew IP. The trademarks and servicemarks are also referred to by advisors in certain third-party valuations as the "J. Crew Trade Name."
(3) IRS Revenue Ruling 59-60.

Summary of Opinions

- Following our review and analysis, it is our opinion that:
  - As of September 11, 2020, the date that the J. Crew Group is expected to emerge from bankruptcy, the J. Crew Group's enterprise value is $2,941 million. As summarized in the table below, the enterprise value for the J. Crew Group includes the sum of the enterprise values for J. Crew and Madewell. To determine the enterprise value for both J. Crew and Madewell, we utilized the Comparable Publicly Traded Company ("Comparable Company" or "CompCo") and Discounted Cash Flow ("DCF") valuation methodologies.[1]

($ millions)	Enterprise Value as of September 11, 2020	
J. Crew	$	539
Madewell		2,402
Concluded Enterprise Value of J. Crew Group	**$**	**2,941**

  - As of September 11, 2020, the value of the J. Crew IP is $180 million.[2]

(1) In determining the enterprise value of J. Crew and Madewell, we weighted the CompCo and DCF methods equally.
(2) We were asked to value the trademarks and servicemarks that serve as collateral for the IPCo Notes set forth in Appendix A. However, because we did not have access to information to attribute certain revenues to specific trademarks, our methodology values the entirety of the J. Crew IP. Therefore, our fair market value conclusion for the J. Crew IP would overstate the value specifically attributable to the trademarks and servicemarks that serve as collateral for the IPCo Notes.

II. Valuation of J. Crew

Concluded Enterprise Value

- As shown in the table below, weighting the CompCo and DCF methods equally, we determined the enterprise value of J. Crew as of September 11, 2020 is $539 million.

($ millions)	Enterprise Value as of September 11, 2020	
J. Crew		
CompCo (50% weight)	$	455
DCF (50% weight)		622
Concluded Enterprise Value of J. Crew	**$**	**539**

a) Valuation of J. Crew – Market Approach

J. Crew – Comparable Company Methodology

Concluded CompCo Enterprise Value

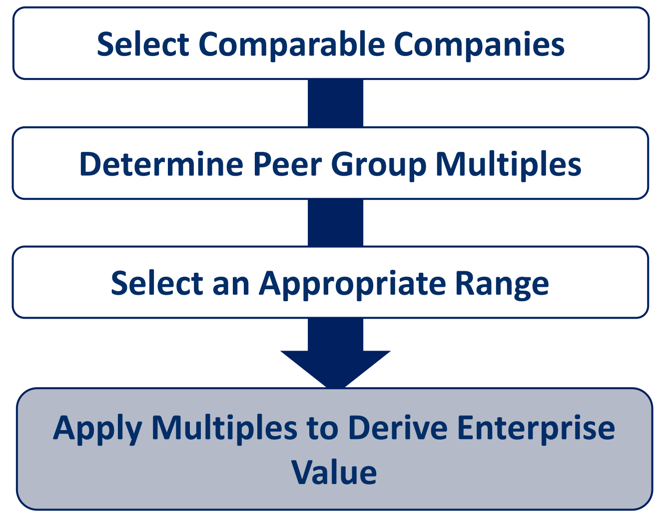
- Based on J. Crew's revenue growth and same store sales ("SSS") growth relative to its peer group from Fiscal Year ("FY") 2015 to FY2019, as described later in this Report, we determined it is appropriate to use the lower quartile multiple to value J. Crew as of September 11, 2020. As shown in the table below, we calculated enterprise values ranging from $407 million to $503 million, with a concluded value of $455 million.[1,2]

J. Crew CompCo Enterprise Value as of September 11, 2020	EV/EBITDA	
($ millions)	FY2021	FY2022
Operating Figure	$ 97	$ 101
Trading Multiple - Lower Quartile	4.2x	5.0x
Enterprise Value	**$ 407**	**$ 503**
Concluded CompCo Enterprise Value		**$ 455**

(1) Proposed Disclosure Statement for Joint Prearranged Chapter 11 Plan of Reorganization of Chinos Holdings, Inc. and its Affiliated Debtors (with Technical Changes), Exhibit B, p. 8 (Docket #541). Throughout this Report, we refer to this document (Docket #541) as the "Disclosure Statement."
(2) Due to the impact of COVID-19 on J. Crew's FY2020 results, we determined it appropriate to use forward multiples to value J. Crew as they include more normalized operating metrics. Note: in our CompCo valuation for J. Crew and Madewell, we have conservatively assumed that a discount for lack of marketability is offset by a control premium.

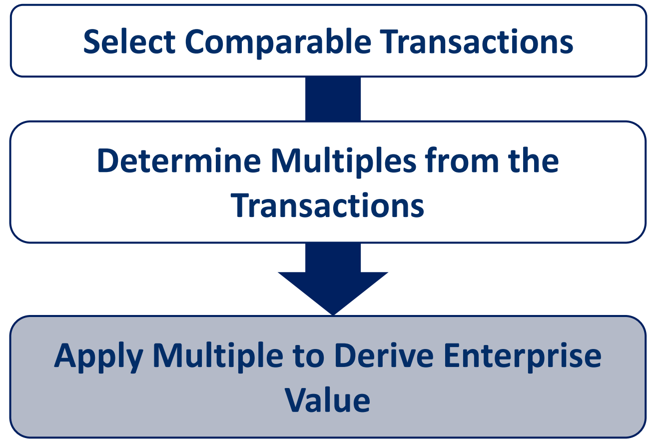
Market Approach – Comparable Company Methodology

- The CompCo methodology is a standard framework used by financial professionals for valuing a business. The CompCo process begins by defining a reasonable publicly traded peer group on which to compare the subject company. The method ultimately determines a range of operating multiples, which compare an operating figure to enterprise value, from the list of comparable companies. The enterprise value of the subject company can then be derived by applying the multiple range from the comparable companies to the subject company. A depiction of this process is displayed to the right.



Market Approach – Comparable Transaction Methodology

- The Comparable Transaction Methodology ("CompM&A") is a standard framework used by financial professionals for valuing a business. The CompM&A process begins by identifying transactions involving similar companies to the subject company. Similar to the CompCo methodology, this method ultimately determines a multiple, which compares an operating figure to enterprise value, from the list of comparable transactions. The enterprise value of the subject company can then be derived by applying the multiple from the comparable transactions to the subject company. A depiction of this process is displayed to the right.



J. Crew – Comparable Company Methodology

MSG's Search for Comparable Companies

- To determine a set of peer companies for J. Crew, we reviewed presentations produced by investment bankers and financial advisors to the J. Crew Group. In a February 2020 presentation, Bank of America Merrill Lynch ("BAML") identified 9 companies as comparable to J. Crew for valuation purposes.[1] The table below summarizes these companies and their business description:[2]

Company Name	Business Description
Abercrombie & Fitch Co.	Retails apparel, personal care products and accessories.
American Eagle Outfitters, Inc.	Acts as a multi-brand specialty retailer.
Gap, Inc.	Operates as a global apparel retail company.
Guess?, Inc.	Engages in designing, marketing, distributing and licensing of contemporary apparel and accessories.
L Brands, Inc.	Retails women's intimate and other apparel, personal care, beauty, and home fragrance products.
Nordstrom, Inc.	Engages in the manufacture and trade of clothes, shoes, and accessories.
PVH Co.	Engages in the design and marketing of branded apperel, footware and accessories.
Ralph Lauren Co.	Engages in the design, marketing and distribution of premium lifestyle products.
Urban Outfitters, Inc.	Engages in the operation of a general consumer product retail and wholesale business.

- We reviewed the business descriptions of the peer companies identified by BAML in its February 2020 report and determined that all of the companies selected by BAML were comparable to J. Crew, and therefore, form an appropriate peer group to value J. Crew.

- As a test of reasonableness, we compared the peer companies identified by BAML in its February 2020 presentation to peer groups identified by other financial advisors in 2016. After this review, we identified significant overlap between BAML's peer group and the other financial advisors and therefore, determined that the peer companies used by BAML are indeed reasonable.[3]

(1) BAML, "Monet: WholeCo IPO," February 2020, p. 7 (CREW_UCC00499022 @ 499030). BAML was an investment banker involved in the potential Madewell IPO.
(2) Business descriptions sourced from FactSet.
(3) Alvarez & Marsal Valuation Services, LLC, "Solvency Analysis," December 2, 2016 (CREW_UCC00005890 @ 5913); Lazard Frères & Co. LLC ("Lazard"), "Comparable Company Analysis," November 9, 2016 (CREW_UCC00130598); Goldman Sachs, "J. Crew: Discussion Materials," July 13, 2016 (CREW_UCC00052758 @ 52778).

J. Crew – Comparable Company Methodology

Valuation Multiples

- We calculated FY2021 and FY2022 Enterprise Value/EBITDA[1] ("EV/EBITDA") multiples for J. Crew's peer group. These multiples are summarized in the table below:

($ millions) Company Name	Market Cap (2)	Net Debt (3)	Enterprise Value	EV/EBITDA (4) FY2021	EV/EBITDA (4) FY2022
Abercrombie & Fitch Co.	$ 606	$ -	$ 614	2.5x	N/A
American Eagle Outfitters, Inc.	1,598	-	1,598	3.3x	3.4x
Gap, Inc.	4,788	671	5,459	4.9x	5.7x
Guess?, Inc.	692	86	797	4.2x	N/A
L Brands, Inc.	5,307	4,545	9,855	6.7x	6.5x
Nordstrom, Inc.	2,210	2,709	4,919	4.7x	4.5x
PVH Co.	3,579	2,389	5,965	6.3x	5.6x
Ralph Lauren Co.	5,528	-	5,528	6.2x	5.5x
Urban Outfitters, Inc.	1,509	-	1,509	7.1x	5.7x

	FY2021	FY2022
Maximum	**7.1x**	**6.5x**
Upper Quartile	**6.3x**	**5.7x**
Average	**5.1x**	**5.3x**
Median	**4.9x**	**5.6x**
Lower Quartile	**4.2x**	**5.0x**
Minimum	**2.5x**	**3.4x**

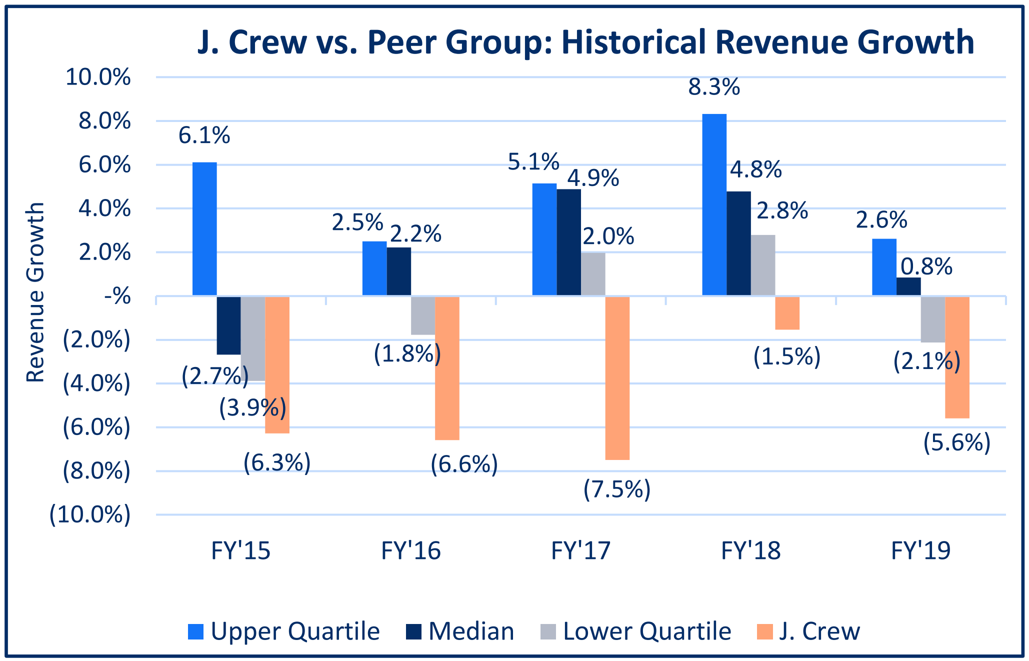
(1) EBITDA = Earnings before interest, taxes, depreciation and amortization.
(2) Fully diluted market capitalization sourced from FactSet as of July 27, 2020.
(3) If net debt is less than 0, excess cash is treated as a non-operating asset and net debt is limited to 0. Sourced from FactSet as of July 27, 2020.
(4) Consensus analyst estimates sourced from FactSet as of July 27, 2020. If only one analyst estimate for EBITDA was available, such forecast is labeled as non-meaningful ("NMF"). Due to the impact of COVID-19 on J. Crew's FY2020 results, we determined it appropriate to use forward multiples to value J. Crew as they include more normalized operating metrics.

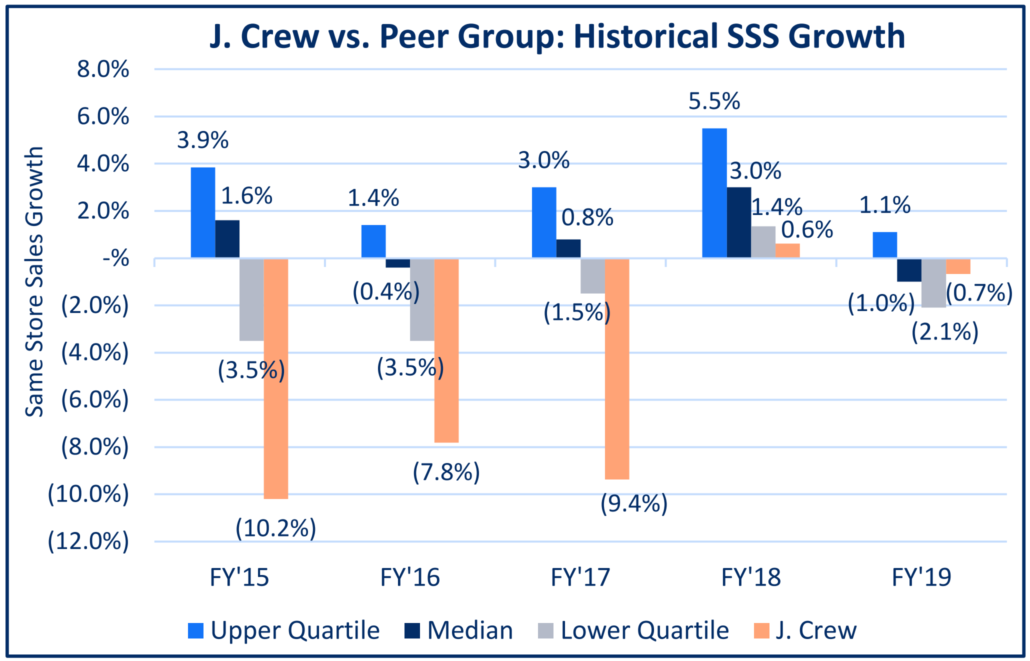
MSG

J. Crew – Comparable Company Methodology

Peer Analysis – Historical Revenue Growth and SSS Growth Comparison

- To determine the appropriate multiple to use to value J. Crew (e.g., median, upper quartile, lower quartile), we compared its historical revenue growth and SSS growth to that of the peer group from FY2015 to FY2019.[1] From FY2015 to FY2019, J. Crew's revenue growth was among the lowest compared to its peer group.[2] Similarly, J. Crew's SSS growth was significantly below the peer group's lower quartile from FY2015 to FY2018, and negative, yet slightly better, than the median of the peer group in FY2019.[3]





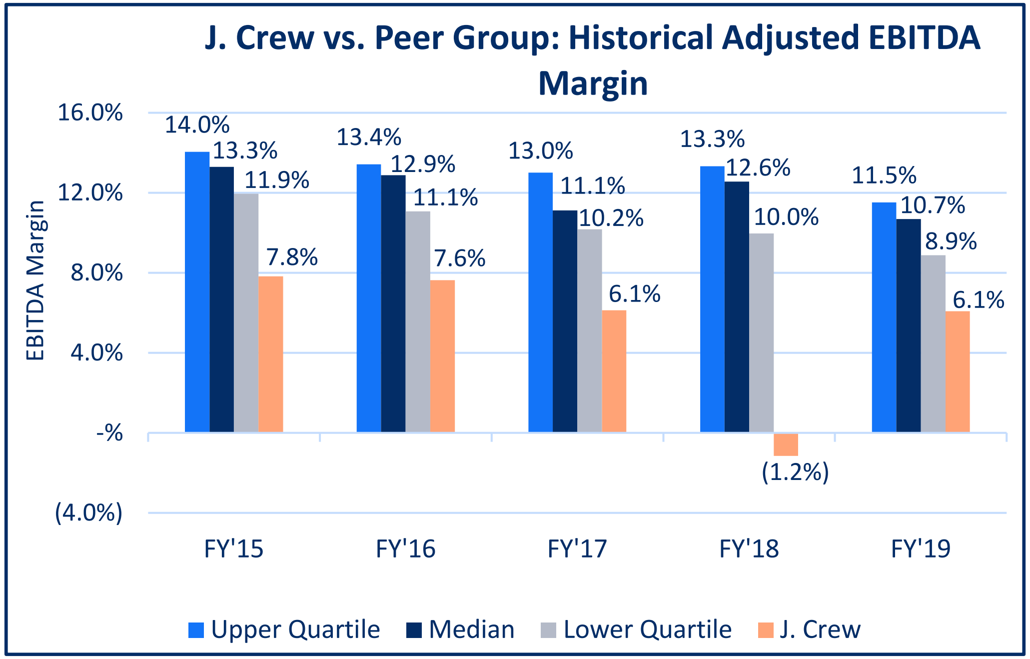
(1) Peer group revenue and SSS growth sourced from FactSet.
(2) J. Crew FY2014 - FY2015 and FY2016 - FY2019 sourced from "2010-2015 Detailed Historical Financials and 2016-2020 Projections" (CREW_UCC00024398 @ 24403); and Excel file "2016-2019 Historical Financials by Entity" (as provided by the Debtors).
(3) J. Crew FY2015 and FY2016-2019 SSS growth sourced from "2010-2015 Detailed Historical Financials and 2016-2020 Projections" (CREW_UCC00024398 @ 24403); and Excel file "2016-2019 Historical Financials by Entity" (as provided by the Debtors).

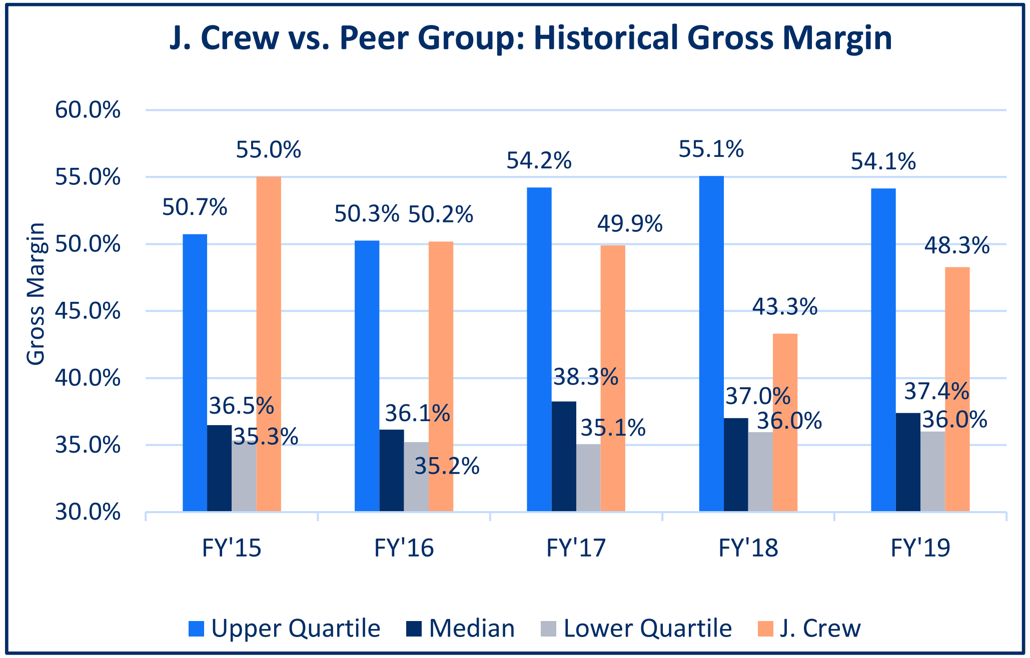
MSG

J. Crew – Comparable Company Methodology

Peer Analysis – Historical Adjusted EBITDA Margin and Gross Margin Comparison

- In addition to comparing J. Crew's historical revenue and SSS growth, we also compared its adjusted EBITDA margin and gross margin to that of its peers. Specifically, from FY2015 to FY2019,[1,2] J. Crew's adjusted EBITDA margin was below the lower quartile of the peer group in all five years during the period.[3] Moreover, J. Crew's gross margin was above the median every year from FY2015 to FY2019 and was near the upper quartile from FY2015 to FY2017.[4]





(1) Adjusted EBITDA is calculated as Channel EBITDA less allocated corporate overhead. J. Crew FY2014-FY2015 and FY2016-FY2019 revenue data sourced from "2010-2015 Detailed Historical Financials and 2016-2020 Projections" (CREW_UCC00024398 @ 24403); and Excel file "2016-2019 Historical Financials by Entity" (as provided by the Debtors).

(2) J. Crew FY2014-FY2015 adjusted EBITDA sourced from "2010-2015 Detailed Historical Financials and 2016-2020 Projections" (CREW_UCC00048455); tab "Madewell Brand." J. Crew FY2016 adjusted EBITDA calculated based on expected allocation of corporate overhead sourced from "2010-2015 Detailed Historical Financials and 2016-2020 Projections" (CREW_UCC00048455); Channel EBITDA sourced from Excel file "2016-2019 Historical Financials by Entity" (as provided by the Debtors); and actual adjusted EBITDA sourced from J. Crew, "Materials for Restricted Ad Hoc PIK Noteholders" dated March 13, 2017, p. 15 (CREW_UCC00333788 @ 333802); J. Crew FY2017-2019 adjusted EBITDA sourced from Excel file "2017-2019 Actual Adjusted EBITDA by Entity" (as provided by the Debtors).

(3) Peer group EBITDA margin and gross margin data sourced from FactSet.

(4) J. Crew FY2015 and FY2016-2019 gross margin sourced from "2010-2015 Detailed Historical Financials and 2016-2020 Projections" (CREW_UCC00024398 @ 24403); and Excel file "2016-2019 Historical Financials by Entity" (as provided by the Debtors).

MSG

J. Crew – Comparable Transaction Methodology

MSG's Search for Comparable Transactions

- To determine a set of comparable transactions to value J. Crew as of September 11, 2020, we ran a screen on FactSet with the following criteria:
  - Announcement Date: August 1, 2017 to July 27, 2020;
  - Transaction Status: Complete;
  - Transaction Value: Over $100 million;
  - Target Ownership Type: Public Company;
  - Target Location: North America;
  - Target Industry: "Apparel/Footwear - Apparel/Footwear Retail";
  - Deal Type: Acquisition/Merger; Majority Stake.
- This screen criteria resulted in only two transactions, which are summarized in the table below:[1]

Close Date	Target	Acquirer	Target's Business Description
October 22, 2018	Perry Ellis International, Inc.	Perry Ellis International, Inc. Management	Engages in the design, manufacture, marketing, and distribution of lifestyle apparel and accessories.
June 18, 2018	The Finish Line, Inc.	JD Sports Fashion Plc; Pentland Group Ltd.	Retails athletic footwear, apparel and accessories.

- As our screen only generated two transactions, there is an insufficient amount of data to utilize the CompM&A method. Therefore, we rejected the CompM&A methodology as an appropriate method to value J. Crew as of September 11, 2020.[2]

MSG

(1) FactSet.
(2) In the Disclosure Statement, Lazard also rejected the use of the CompM&A method to determine the enterprise value the J. Crew Group as of its expected emergence from bankruptcy. See Disclosure Statement dated June 24, 2020, Exhibit D, p. 3 (Docket #541).

b) Valuation of J. Crew – DCF Valuation

J. Crew – DCF Valuation

Concluded DCF Enterprise Value

- The table below summarizes the present value of J. Crew's projected cash flows utilizing the projections in the Disclosure Statement from FY2020 to FY2024 (“Disclosure Statement Projections”), discounted at a Weighted Average Cost of Capital (“WACC”) of 8.2%. As of September 11, 2020, J. Crew's enterprise value using the DCF method is $622 million.

($ millions)	For the Fiscal Year (1)					Normalized
	Stub (2)	2021	2022	2023	2024	Terminal (3)
Total Revenue	$ 662	$ 1,505	$ 1,518	$ 1,496	$ 1,503	$ 1,503
Adjusted EBITDA	54	97	101	89	88	88
Adjusted EBIT	37	52	57	46	46	46
Unlevered Cash Taxes @ 25.2% Rate	7	(19)	(96)	(15)	(15)	(15)
Net Operating Profit After Tax	44	34	(40)	31	31	31
Depreciation & Amortization	17	44	44	43	42	42
Capital Expenditures	(3)	(17)	(18)	(20)	(21)	(42)
(Increase) Decrease in Working Capital	106	41	17	3	2	-
Unlevered Free Cash Flow	$ 165	$ 103	$ 3	$ 57	$ 54	$ 31
Terminal Value (4)						$ 375
Discount Period	0.19	0.89	1.89	2.89	3.89	3.89
Discount Factor @ 8.2% WACC (5)	0.98	0.93	0.86	0.80	0.74	0.74
Discounted Free Cash Flows	$ 162	$ 96	$ 2	$ 46	$ 40	$ 277

PV of Cash Flows	$ 345
PV of Terminal Value	277
Concluded DCF Enterprise Value	**$ 622**

PGR (6)
0.0%

(1) Disclosure Statement dated June 24, 2020, Exhibit B, p. 8 (Docket #541).

(2) Represents the estimated free cash flow for the stub period September 11, 2020 to January 30, 2021. All items are calculated as a summation of the Q3 results taken on a pro-rated basis (56.0%, representing the 51 days between September 11, 2020 and October 31, 2020 divided by 91 days of the entire quarter) plus the full Q4 results. Quarterly information sourced from Excel file “Monet – LRP P&L and Cash Flows by Brand” (as provided by the Debtors).

(3) For the normalized terminal year, capital expenditures are assumed to equal depreciation & amortization and working capital levels are assumed to remain unchanged.

(4) Calculated using the Gordon Growth Model. Terminal Value = (Normalized Terminal UFCF*(1+PGR))/(WACC-PGR).

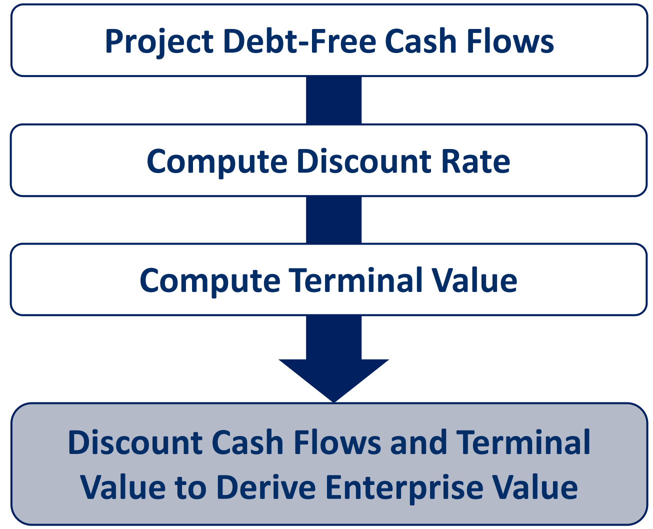
(5) See the J. Crew WACC analysis on page 31 of this Report.

(6) Perpetuity growth rate (“PGR”) is assumed to be 0.0% as J. Crew's revenue is projected to be flat over the projection period. See the J. Crew PGR calculation on page 28 of this Report.

Valuation Approach

Income Approach – Discounted Cash Flow Methodology

- The DCF methodology is a standard framework used by financial professionals for valuing a business. The DCF process estimates a stream of cash flows over a projection period and then discounts the stream by a discount rate back to the valuation date. A terminal value, which accounts for the value of a business for the periods extending beyond the projection period, is also included. Together, the present value of the stream of cash flows and terminal value derive a total enterprise value of the subject company. A depiction of this process is displayed to the right.[1]
- To perform a DCF analysis, we determined J. Crew's and Madewell's projected unlevered free cash flows ("UFCF") as of the J. Crew Group's expected emergence from bankruptcy. These cash flows were obtained from the the Disclosure Statement Projections.[2]
- Since these projected cash flows are "unlevered", or prior to the deduction of interest expense and debt principal repayments, the appropriate discount rate to apply to J. Crew's and Madewell's UFCFs is their respective WACCs.

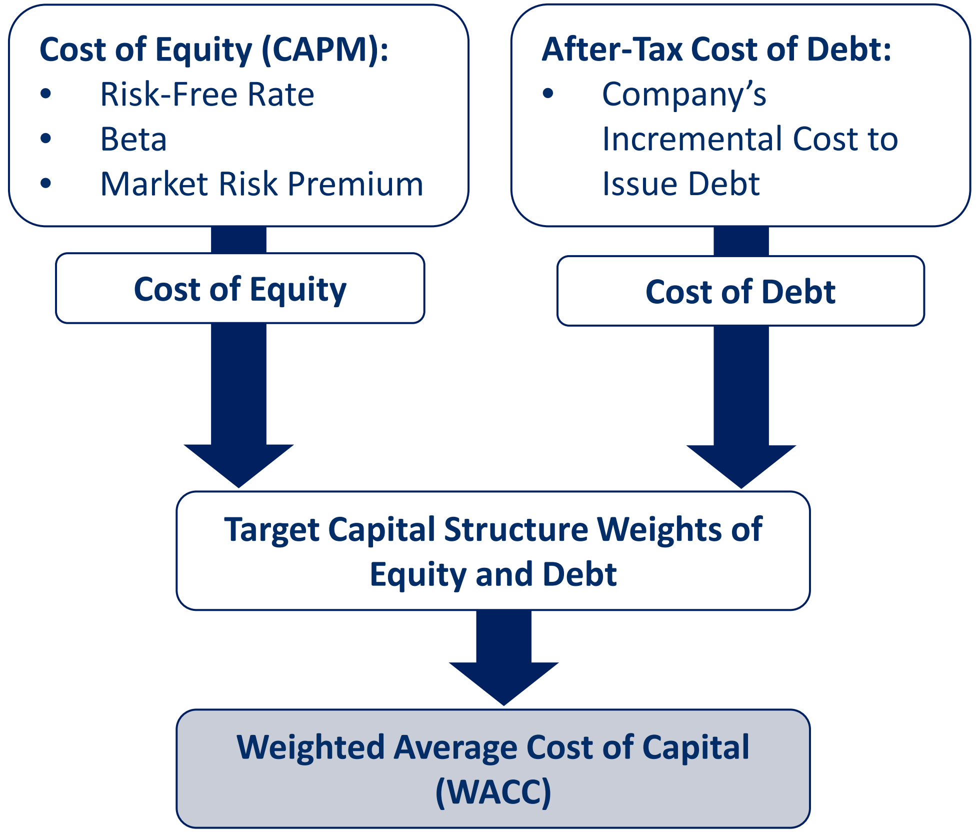


(1) Valuation approaches discussed here and the following pages are applied to both the valuation of J. Crew and Madewell.
(2) Disclosure Statement dated June 24, 2020, Exhibit B, p. 8 (Docket #541).

Valuation Approach

Income Approach – Weighted Average Cost of Capital

- The discount rate is represented by the WACC. A company's WACC represents its cost of financing and is calculated by multiplying its cost of equity by its percentage of capitalization that is equity, and adding to that the product of the after-tax cost of debt multiplied by the percentage of its capitalization that is debt.
- The beta and equity risk premium analyses that follow are incorporated into the calculation of WACC.



Valuation Approach

Income Approach – Calculation of Discount Rate

- A company's cost of equity is the return necessary to compensate equity investors for the risks associated with ownership.
- In order to calculate J. Crew's and Madewell's cost of equity, we employed the Capital Asset Pricing Model ("CAPM"). The CAPM is commonly utilized by finance and valuation professionals. CAPM attributes differences in returns of the universe of stocks comprising the "market" to the stocks' movement relative to that market. The formula to determine the cost of equity using the CAPM is as follows:

  $\mathbf{K_e = R_f + \beta(R_m - R_f) + R_s}$ where:
  - K_e = the cost of equity
  - R_f = the risk-free rate
  - β = the beta
  - $(R_m - R_f)$ = the equity market risk premium
  - R_s = other premiums that represent the expected return necessary in excess of the overall market, typically related to firm size
- In order to calculate the risk-free rate component of J. Crew's and Madewell's cost of equity, we used the yield on 20-year US treasury bonds.

Income Approach – Calculation of Discount Rate (cont.)

- Next, we calculated the beta components for J. Crew and Madewell. Beta measures the historical volatility of a company's stock price relative to the volatility of the overall market. A beta of one indicates that the company exhibits, on average, the same volatility as the overall market. A beta greater than one generally indicates that the company is more volatile in comparison to the market. For example, a beta of 1.1 indicates, on average, that the stock price of a company is expected to rise by 1.1% for every 1.0% rise in the overall market, and fall by 1.1% when the market goes down by 1.0%. On the other hand, a beta of less than one indicates that an increase or decline of 1.0% by the market is expected to be associated with a less than 1.0% change in the stock price.
- Neither J. Crew's or Madewell's equity was publicly traded prior to filing for Chapter 11. Therefore, beta, which is calculated based on the market price of equities, cannot be calculated directly for either J. Crew or Madewell. Instead, we used the betas of J. Crew's and Madewell's publicly traded peer groups, as determined in the Market Approach section of the Report, as proxies for their betas.
- Due to the ongoing COVID-19 pandemic and the extreme market volatility associated with it, the current betas for the peer companies do not properly represent the typical volatility of the peer companies under otherwise normal market conditions. Therefore, we used 5-year monthly betas (from FactSet), between January 1, 2015 and December 31, 2019, for each of J. Crew's and Madewell's peers as proxies for their betas as of September 11, 2020.

Income Approach – Calculation of Discount Rate (cont.)

- Beta is affected by a company's specific capital structure. Debt financing, all else being equal, results in more risk for equity holders. This risk causes stock price volatility, and thus a higher beta. Therefore, when using peer betas as proxies for J. Crew and Madewell, the differing capital structures must be accounted for.

- To determine a beta for J. Crew and Madewell, we first determined the median "unlevered beta" for each company's peer group. An unlevered beta, or asset beta, represents the risk of the company if it were financed entirely with equity and accounts for differing capital structures between companies. We then utilized a target industry capital structure of 70.5% equity and 29.5% debt to "relever" the median unlevered betas to determine a beta for J. Crew and Madewell.

- Then, for each of J. Crew and Madewell, we obtained the equity market risk premium component from Duff & Phelps' Cost of Capital Navigator and selected the Supply-Side Long-Term Equity Risk Premium. Additionally, for each of J. Crew and Madewell, we obtained supplemental size premium components from Duff & Phelps' Cost of Capital Navigator.

- Finally, to determine the most appropriate indication of J. Crew's and Madewell's cost of debt financing, we referenced the expected debt financing that will be in place following the J. Crew Group's emergence from bankruptcy, utilizing the figures set forth in the Disclosure Statement.

Valuation Approach

Income Approach – Terminal Value

- While the Disclosure Statement Projections for J. Crew and Madewell forecast a finite number of years (FY2020 to FY2024), the DCF methodology assumes that J. Crew and Madewell are going concern entities, and therefore their cash flows will not cease at the end of the projection period. To account for cash flows in the years beyond the projection period, a terminal value must be determined.
- To calculate terminal values for J. Crew and Madewell beyond the Disclosure Statement Projections period, we utilized the Gordon Growth Method, also known as the Perpetual Growth Method.
- To determine a PGR for J. Crew we used its historical revenue growth and its projected revenue growth over the projection period. For Madewell, we analyzed long-term expectations of inflation and real gross domestic product ("GDP") growth rates in the United States to determine an appropriate PGR.

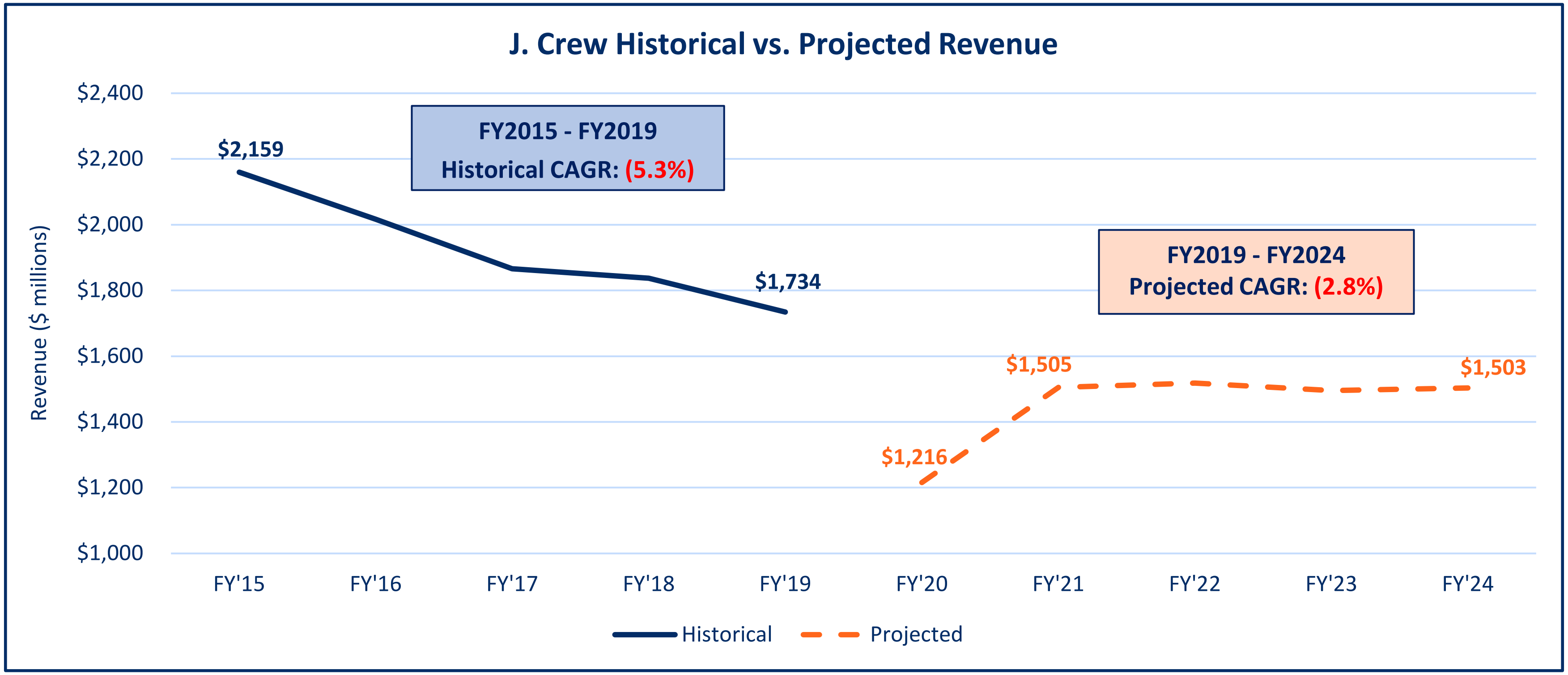
Concluded Projected Revenue and Adjusted EBITDA Margin

- As described in the analysis that follows:
  - From FY2021 to FY2024, the Disclosure Statement Projections forecast J. Crew's revenue to remain relatively flat, decreasing from $1,505 million in FY2021 to $1,503 million in FY2024. Historically, J. Crew's revenue decreased from $2,159 million in FY2015 to $1,734 million in FY2019, for CAGR of negative 5.3%.
  - In the Disclosure Statement, J. Crew's adjusted EBITDA is projected to decrease from $106 million in FY2019 to $88 million in FY2024, for an annual decrease of 3.5%. The Disclosure Statement's projected adjusted EBITDA from FY2021 to FY2024 (following J. Crew's expected recovery from the impact of COVID-19) is in line with what J. Crew achieved prior to FY2020.
  - In the Disclosure Statement, J. Crew's adjusted EBITDA margin is projected to decrease from 6.1% in FY2019 to negative 5.4% in FY2020, due to the impact of COVID-19. Following FY2020, management projected J. Crew's adjusted EBITDA margin to increase to 6.4% in FY2021 before decreasing to 5.9% in FY2024. Management's projected adjusted EBITDA margin for J. Crew is in line with its historical adjusted EBITDA margins.
- In conclusion, it is our opinion that the projected revenue and adjusted EBITDA margins for J. Crew in the Disclosure Statement are reasonable, relative to J. Crew's historical performance. Therefore, we have accepted and utilized the Disclosure Statement Projections as to J. Crew in this Report.

J. Crew – Disclosure Statement Projections

Historical vs. Projected: Revenue

- J. Crew's revenue decreased from $2,159 million in FY2015 to $1,734 million in FY2019, for a CAGR of negative 5.3%.[1] In the Disclosure Statement, J. Crew's revenue is projected to decrease sharply to $1,216 million in FY2020, due to the impact of COVID-19.[2] Following FY2020, the Disclosure Statement Projections estimate revenue to partially rebound, reaching $1,505 million in FY2021, and then remaining flat through FY2024.

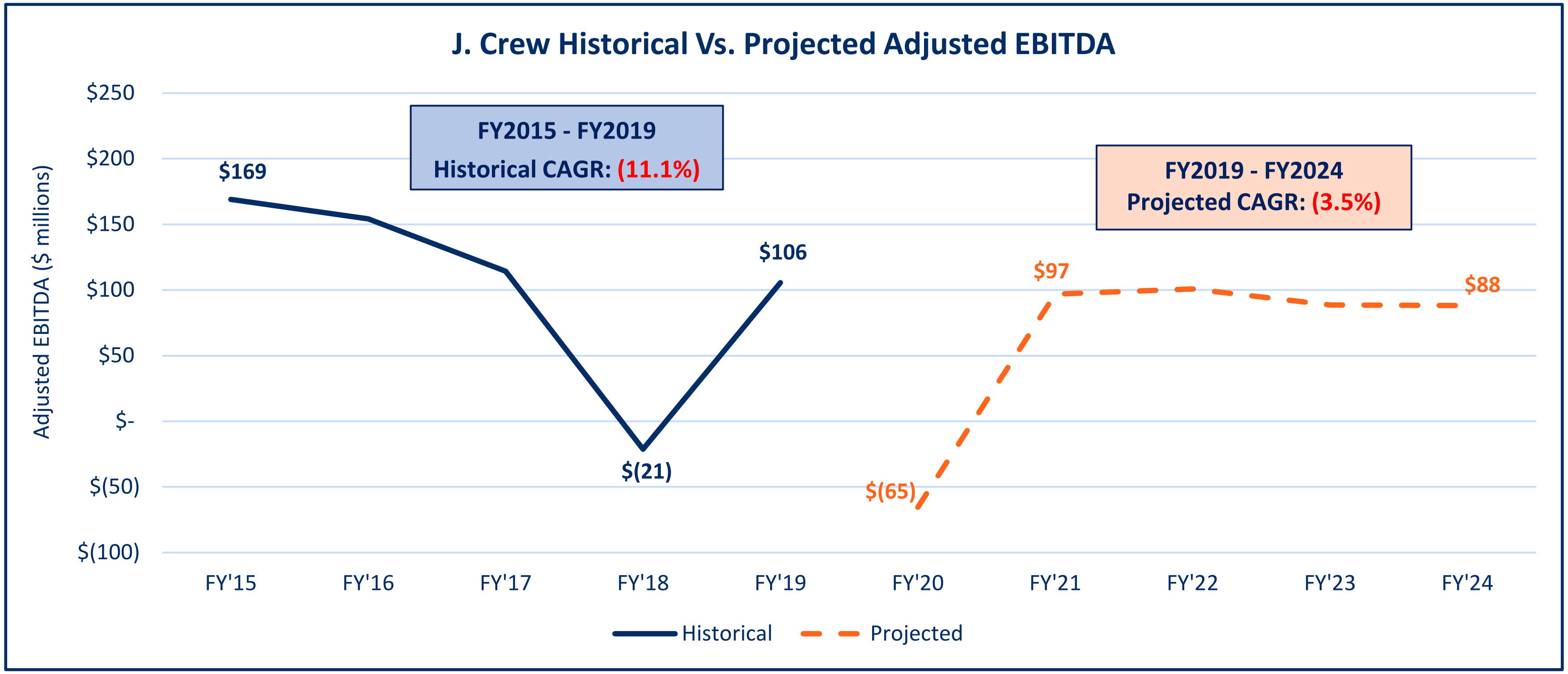


(1) J. Crew FY2015 and FY2016 - FY2019 revenue data obtained from "2010-2015 Detailed Historical Financials and 2016-2020 Projections" (CREW_UCC00024398 @ 24403), and Excel file "2016-2019 Historical Financials by Entity" (as provided by the Debtors).
(2) Disclosure Statement dated June 24, 2020, Exhibit B, p. 8 (Docket #541).

J. Crew – Disclosure Statement Projections

Historical vs. Projected: Adjusted EBITDA

- J. Crew's adjusted EBITDA declined from $169 million in FY2015 to $106 million in FY2019, for a CAGR of negative 11.1%.[1] In the Disclosure Statement, J. Crew's adjusted EBITDA in FY2020 is projected to decrease to negative $65 million, due to the impact of COVID-19.[2] Following FY2020, the Disclosure Statement Projections forecast adjusted EBITDA to increase to $97 million in FY2021, before decreasing to $88 million in FY2024.



(1) J. Crew FY2015 adjusted EBITDA calculated from data sourced from "2010-2015 Detailed Historical Financials and 2016-2020 Projections" (CREW_UCC00048455), tabs "Stand Alone Summary," "J.Crew Brand," and "Factory Brand," "Madewell Brand;" J. Crew FY2016 adjusted EBITDA calculated based on expected percentage-wise allocation of corporate overhead sourced from "2010-2015 Detailed Historical Financials and 2016-2020 Projections" (CREW_UCC00048455), tabs "Madewell Brand," tabs "Stand Alone Summary," "J.Crew Brand," and "Factory Brand;" Channel EBITDA sourced from Excel file "2016-2019 Historical Financials by Entity" (as provided by the Debtors); and actual adjusted EBITDA sourced from J. Crew, "Materials for Restricted Ad Hoc PIK Noteholders," dated March 13, 2017 (CREW_UCC00333788 @ 333802); J. Crew FY2017-2019 adjusted EBITDA sourced from Excel file "2017-2019 Actual Adjusted EBITDA by Entity" (as provided by the Debtors).
(2) Disclosure Statement dated June 24, 2020, Exhibit B, p. 8 (Docket #541).

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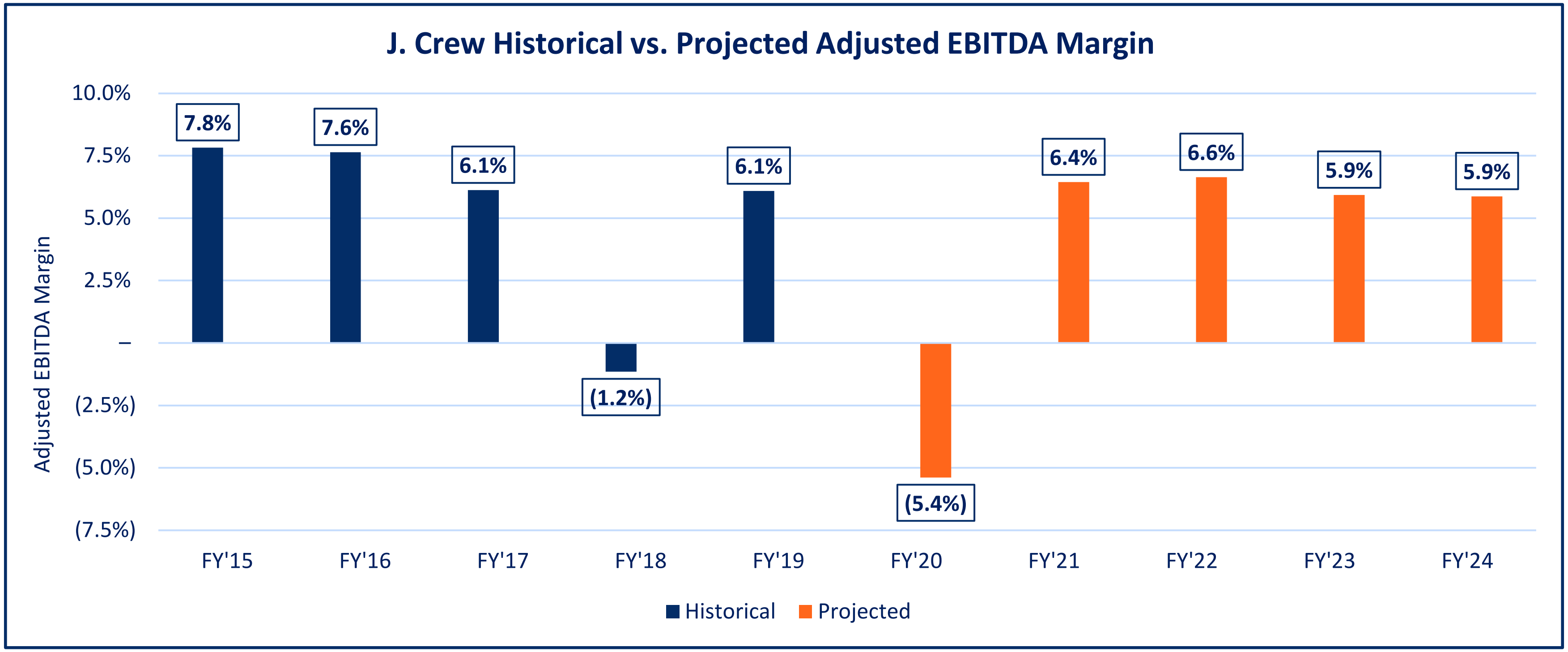
J. Crew – Disclosure Statement Projections

Historical vs. Projected: Adjusted EBITDA Margin

- J. Crew's adjusted EBITDA margin decreased from 7.8% in FY2015 to 6.1% in FY2019.[1,2] In the Disclosure Statement, J. Crew's adjusted EBITDA margin is projected to decline to negative 5.4% in FY2020 (due to the impact of COVID-19) before recovering to 6.4% in FY2021.[3] Following FY2021, the Disclosure Statement Projections forecast adjusted EBITDA margin to increase to 6.6% in FY2022, before declining to 5.9% in FY2024.



(1) J. Crew FY2015 and FY2016-2019 revenue data sourced from "2010-2015 Detailed Historical Financials and 2016-2020 Projections" (CREW_UCC00024398 @ 24403); and Excel file "2016-2019 Historical Financials by Entity" (as provided by the Debtors).

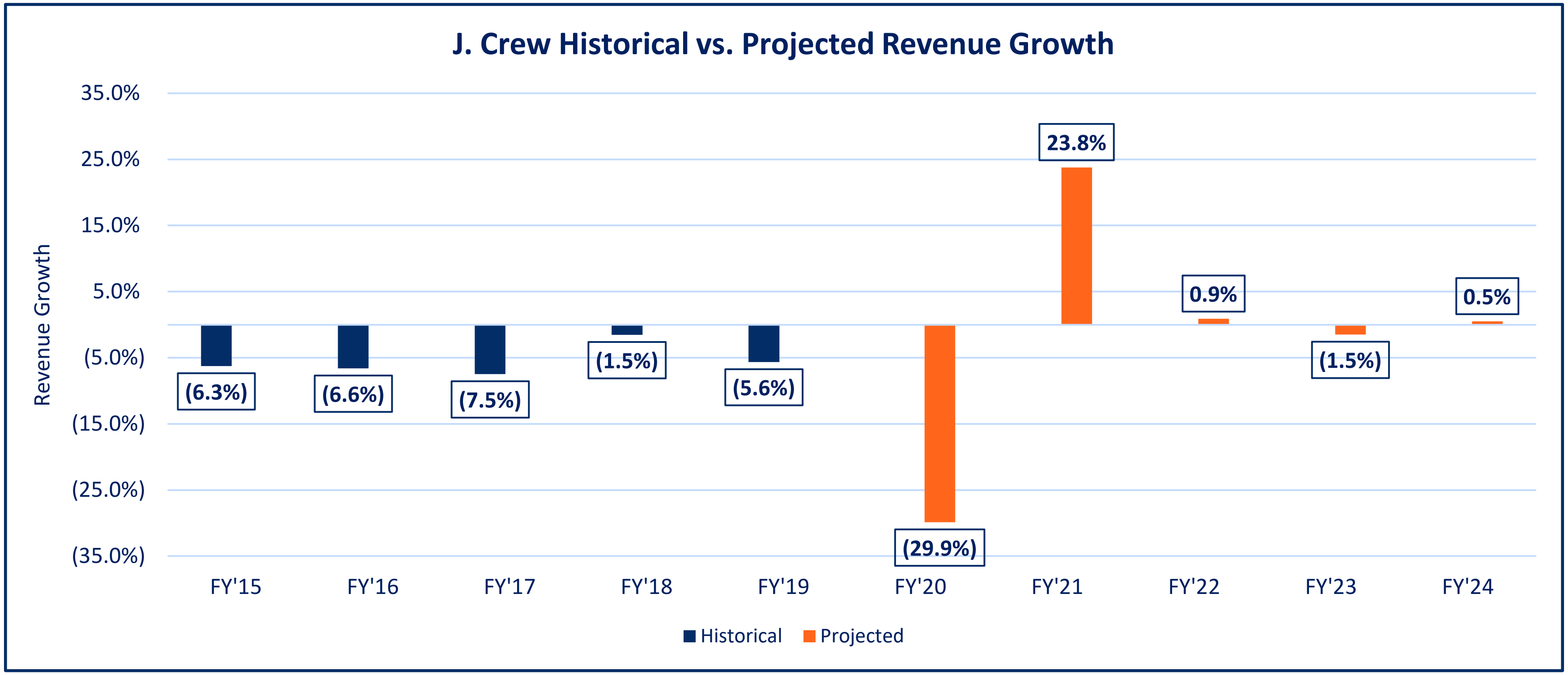
(2) J. Crew FY2015 adjusted EBITDA calculated from data sourced from "2010-2015 Detailed Historical Financials and 2016-2020 Projections" (CREW_UCC00048455), tabs "Stand Alone Summary," "J.Crew Brand," and "Factory Brand," "Madewell Brand;" J. Crew FY2016 adjusted EBITDA calculated based on expected percentage-wise allocation of corporate overhead sourced from "2010-2015 Detailed Historical Financials and 2016-2020 Projections" (CREW_UCC00048455), tabs "Madewell Brand," "Stand Alone Summary," "J.Crew Brand," and "Factory Brand;" Channel EBITDA sourced from Excel file "2016-2019 Historical Financials by Entity" (as provided by the Debtors); and actual adjusted EBITDA obtained from J. Crew, "Materials for Restricted Ad Hoc PIK Noteholders," dated March 13, 2017 (CREW_UCC00333788 @ 333802); J. Crew FY2017-2019 adjusted EBITDA obtained from Excel file "2017-2019 Actual Adjusted EBITDA by Entity" (as provided by the Debtors).

(3) Disclosure Statement dated June 24, 2020, Exhibit B, p. 8 (Docket #541).

J. Crew – DCF Valuation

Perpetual Growth Rate

- As can be seen from the chart below, J. Crew's revenue growth was negative from FY2015 to FY2019 and its revenue growth following its recovery from COVID-19 in FY2021 is projected to remain essentially flat. Therefore, we determined that a PGR of 0.0% was reasonable to use in our DCF valuation of J. Crew.[1,2]



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(1) J. Crew FY2015 and FY2016-2019 revenue data sourced from "2010-2015 Detailed Historical Financials and 2016-2020 Projections" (CREW_UCC00024398 @ 24403); and Excel file "2016-2019 Historical Financials by Entity" (as provided by the Debtors).

(2) Disclosure Statement dated June 24, 2020, Exhibit B, p. 8 (Docket #541).

J. Crew – DCF Valuation

A Measure of (Systematic) Market Risk: Beta

- As J. Crew is not a publicly traded company, we calculated its beta based on the median unlevered beta of the peer companies used in the CompCo analysis and then relevered that beta using a target industry capital structure.

($ millions) Company Name	5Y Monthly Beta (1)	Market Cap (2)	Total Debt	Annual Tax Rate	Company % Equity	Company % Debt	Unlevered Beta (3)
Abercrombie & Fitch Co.	0.99	$ 1,105	$ 241	32.3%	82.1%	17.9%	0.86
American Eagle Outfitters, Inc.	0.82	2,480	-	24.1%	100.0%	0.0%	0.82
Gap, Inc.	0.73	6,648	1,249	24.1%	84.2%	15.8%	0.64
Guess?, Inc.	0.50	1,506	317	63.2%	82.6%	17.4%	0.46
L Brands, Inc.	0.79	5,001	5,552	24.9%	47.4%	52.6%	0.43
Nordstrom, Inc.	0.69	6,377	2,679	23.1%	70.4%	29.6%	0.52
PVH Co.	1.52	7,802	3,167	4.0%	71.1%	28.9%	1.09
Ralph Lauren Co.	0.94	8,885	896	26.0%	90.8%	9.2%	0.88
Urban Outfitters, Inc.	0.74	2,739	-	22.7%	100.0%	0.0%	0.74
						Median	**0.74**

Beta Derivation	Unlevered Beta	Industry % Equity (4)	Industry % Debt (4)	Annual Tax Rate (5)	Relevered Beta (6)
Median	0.74	70.5%	29.5%	25.2%	**0.98**

(1) Calculated 5-year monthly levered betas as of December 31, 2019 (for the period 1/1/2015 - 12/31/2019) in order to account for the market volatility caused by the COVID-19 pandemic. If 5 years of monthly return data was not available but more than 3 years was, calculated monthly betas with available monthly return data.
(2) Fully diluted market capitalization sourced from FactSet as of December 31, 2019.
(3) Unlevered Beta = 5Y Monthly Beta/(1 + ((Debt/Equity)*(1 - Tax Rate))).
(4) Based on Aswath Damodaran's cost of capital research for publicly traded firms operating in the Apparel Industry as of January 2020 (see pages.stern.nyu.edu/~adamodar/).
(5) The tax rate is sourced from the Excel file "Monet - Unlevered Cash Taxes by Brand" (as provided by the Debtors).
(6) Relevered Beta = Unlevered Beta * (1 + ((Debt/Equity)*(1 - Tax Rate))).

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J. Crew – DCF Valuation

Cost of Debt

- To estimate J. Crew's cost of debt, we analyzed the expected interest rates on the J. Crew Group's post-emergence debt. As summarized in the table below, J. Crew's pre-tax cost of debt as of September 11, 2020 is 7.3%.

($ millions)	Post Emergence Interest-Bearing Debt Information			
Debt Instrument	**Amount**	**Structure**	**Interest Rate (1)**	**Weight**
New Term Loans (2)	$400	LIBOR + 1000 bps	10.5%	63.9%
Exit ABL Facility (3)	226	LIBOR + 125 bps	1.7%	36.1%
Total Debt	$626	**Pre-Tax Cost of Debt**	***7.3%***	*100.0%*

(1) St. Louis Federal Reserve Economic Data (FRED) database. 12-month LIBOR as of July 27, 2020.
(2) Per the Disclosure Statement, the New Term Loans structure is LIBOR plus 100 basis points payable in cash and 900 basis points in PIK interest. Amount as set forth in the Disclosure Statement.
(3) Per the Disclosure Statement, the Exit ABL Facility is LIBOR plus 125 basis points. Amount as set forth in the Disclosure Statement.

J. Crew – DCF Valuation

Weighted Average Cost of Capital

- Weighting J. Crew's cost of equity and after-tax cost of debt by the target industry capital structure of 70.5% equity and 29.5% debt, results in a WACC of 8.2%.

Cost of Equity	
Risk-Free Rate (1)	1.1%
Beta (2)	0.98
Equity Risk (3)	6.2%
Size Premium (4)	2.2%
Cost of Equity	**9.3%**

WACC Calculation	
Pre-Tax Cost of Debt (5)	7.3%
Tax Rate (6)	25.2%
After-Tax Cost of Debt	5.5%
Weight of Debt (7)	29.5%
Cost of Equity	9.3%
Weight of Equity (7)	70.5%
WACC	**8.2%**

(1) St. Louis Federal Reserve Economic Data (FRED) database. 20-Year US Treasury Rate as of 7/27/2020.
(2) See the J. Crew Beta analysis on page 29 of this Report.
(3) Duff & Phelps' Cost of Capital Navigator Supply-Side Long-Term (1926 - Present) Equity Risk Premium as of 7/27/2020.
(4) Duff & Phelps' Cost of Capital Navigator CRSP Deciles Size Study Decile 9 Size Premium as of 7/27/2020.
(5) See the Cost of Debt analysis on page 30 of this Report.
(6) The tax rate is sourced from the Excel file "Monet - Unlevered Cash Taxes by Brand" (as provided by the Debtors).
(7) Based on Aswath Damodaran's cost of capital research for publicly traded firms operating in the Apparel Industry as of January 2020 (see pages.stern.nyu.edu/~adamodar/).

III. Valuation of Madewell

Concluded Enterprise Value

- As shown in the table below, weighting the CompCo and DCF methods equally, we determined an enterprise value of Madewell as of September 11, 2020 of $2,402 million.

($ millions)	Enterprise Value as of September 11, 2020	
Madewell		
CompCo (50% weight)	$	2,531
DCF (50% weight)		2,272
Concluded Enterprise Value of Madewell	**$**	**2,402**

a) Valuation of Madewell – Market Approach

Madewell - Comparable Company Methodology

Concluded CompCo Enterprise Value

- Based on Madewell's revenue and SSS growth relative to its peer group from FY2015 to FY2019, as described later in this report, we determined it appropriate to use the upper quartile multiple to value Madewell as of September 11, 2020. As shown in the table below, we calculated enterprise values ranging from $2,251 million to $2,810 million, with a concluded value of $2,531 million.[1,2]

Madewell CompCo Enterprise Value as of September 11, 2020	EV/EBITDA	
($ millions)	FY2021	FY2022
Operating Figure	$ 111	$ 138
Trading Multiple - Upper Quartile	20.2x	20.4x
Enterprise Value	**$ 2,251**	**$ 2,810**
Concluded CompCo Enterprise Value		**$ 2,531**

(1) Disclosure Statement dated June 24, 2020, Exhibit B, p. 8 (Docket #541).
(2) Due to the impact of COVID-19 on Madewell's FY2020 results, we determined it appropriate to use forward multiples to value Madewell as they include more normalized operating metrics.

Madewell - Comparable Company Methodology

MSG's Search for Comparable Companies

- To determine a set of peer companies for Madewell, we reviewed presentations by management attached to a Lazard document (J. Crew Group's financial advisor), TPG Capital ("TPG") (J. Crew Group's financial Sponsor), and BAML (J. Crew Group's investment banker). Specifically, we reviewed the Lazard document prepared in May 2019,[1] TPG's valuation of Madewell in 2019,[2] and BAML's presentation in February 2020.[3] The table below summarizes the peer companies identified in these documents.

Company Name	5/14/2019 Management	2019 TPG	Feb. 2020 BAML
Aritzia, Inc.	X	[redacted]	
boohoo group Plc	X		
Canada Goose Holdings, Inc.	X		
FAST RETAILING CO., LTD.	X		
Industria de Diseno Textil, S.A.	X		
Levi Strauss & Co.	X		
Lululemon Athletica Inc.	X		
NIKE, Inc.	X		
Revolve Group, Inc. (4)			
Ulta Beauty Inc.	X		
V.F. Co.	X		
Zalando SE	X		

(1) Lazard, "Special Committee of Chinos Intermediate Holdings A, Inc.," May 14, 2019 (CREW_UCC00154167 @ 154212). Attachment to Lazard document that appears to be a Company presentation with its advisors: Lazard, BAML, and Weil, Gotshal & Manges LLP ("Weil").
(2) TPG, "Project Monet: Investment Opportunity Overview," 2019 (CREW_UCC00535577 @ 535596).
(3) BAML, "Monet: WholeCo IPO," February 2020 (CREW_UCC00499022 @ 499030).
(4) Revolve began publicly trading in June 2019.

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Madewell - Comparable Company Methodology

Selected Peer Group

- After reviewing the 12 companies identified on the previous page, we removed Nike, Fast Retailing and Industria de Diseno Textil from the peer group due to their size.
- Next, we analyzed the historical revenue growth rates of the remaining 9 companies. We removed V.F. Corporation from the peer group as it is the only peer company that experienced a decline in revenue from FY2015 to FY2019.
- The table below summarizes the business descriptions of the 8 remaining peer companies:[1]

Company Name	Business Description
Aritzia, Inc.	Engages in the design of apparel and accessories for its collection of fashion brands.
boohoo group Plc	Engages in the online retail of clothes and accessories.
Canada Goose Holdings, Inc.	Designs, manufactures, distributes and retails outerwear for men, women and children.
Levi Strauss & Co.	Engages in the design, marketing, and sale of apparel products.
Lululemon Athletica Inc.	Engages in the designing, distributing and retail of athletic apparel and accessories.
Revolve Group, Inc.	Engages in the retail of next-generation fashion for millenial consumers, offering apparel and footwear,
Ulta Beauty Inc.	Retails beauty cosmetics, fragrance, skin care and hair care products.
Zalando SE	Engages in the provision of online fashion and lifestyle platform, offering shoes, apparel, accessories, and beauty products.

- After reviewing the business descriptions and the growth profiles of the peer companies (as discussed in a later section of this Report), we determined the peer companies summarized above are reasonable to use to value Madewell.

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(1) Business descriptions sourced from FactSet.

Madewell - Comparable Company Methodology

Valuation Multiples

- We calculated forward FY2021 and FY2022 EV/EBITDA multiples for Madewell's peer group. These multiples are summarized in the table below:

($ millions) Company Name	Market Cap (1)	Net Debt (2)	Enterprise Value	EV/EBITDA (3) FY2021	EV/EBITDA (3) FY2022
Aritzia, Inc.	$ 1,517	$ -	$ 1,517	10.7x	N/A
boohoo group Plc	3,890	-	3,890	16.1x	13.6x
Canada Goose Holdings, Inc.	2,569	89	2,658	11.9x	10.4x
Levi Strauss & Co.	4,841	283	5,124	7.9x	7.0x
Lululemon Athletica Inc.	43,368	-	43,368	33.3x	28.2x
Revolve Group, Inc.	1,132	-	1,132	17.9x	NMF
Ulta Beauty Inc.	11,218	-	11,218	9.9x	9.4x
Zalando SE	18,791	-	18,791	27.0x	22.6x

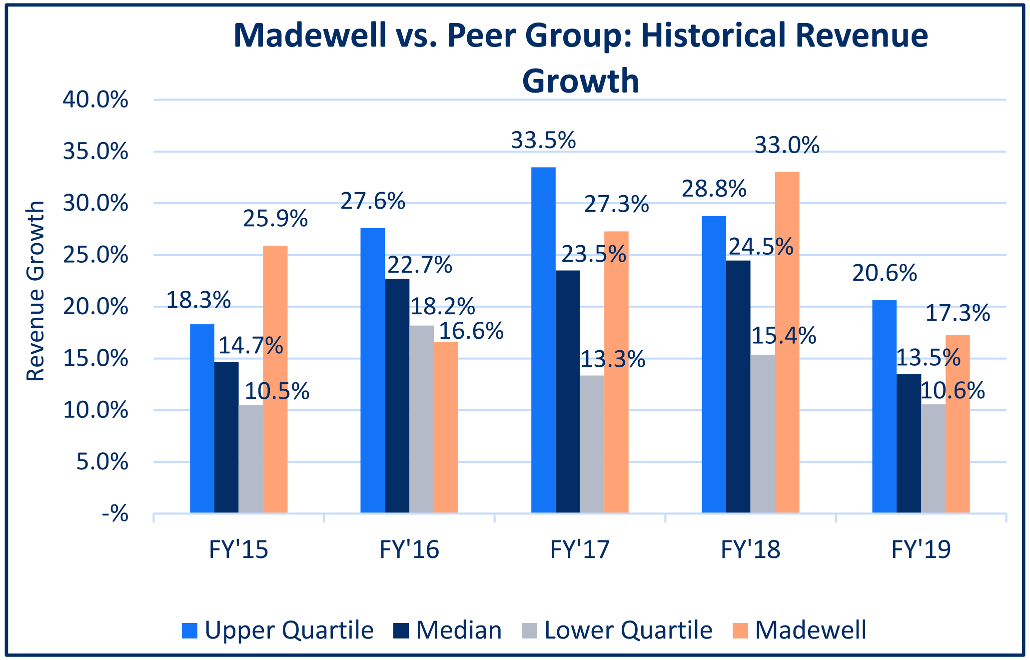
	FY2021	FY2022
Maximum	**33.3x**	**28.2x**
Upper Quartile	**20.2x**	**20.4x**
Average	**16.9x**	**15.2x**
Median	**14.0x**	**12.0x**
Lower Quartile	**10.5x**	**9.7x**
Minimum	**7.9x**	**7.0x**

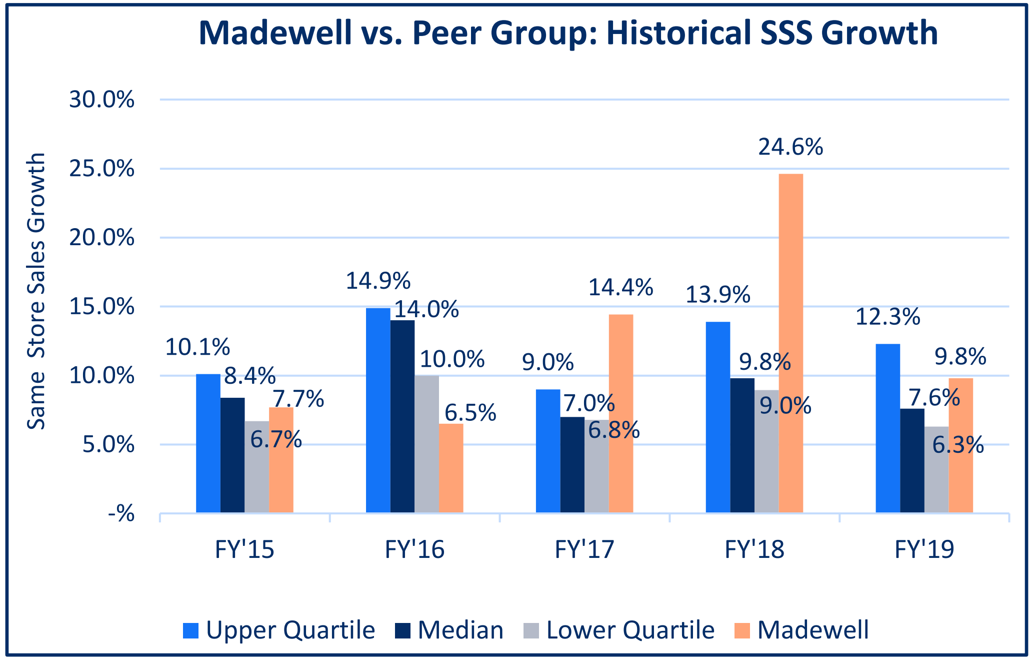
(1) Fully diluted market capitalization sourced from FactSet as of July 27, 2020.
(2) If net debt is less than 0, excess cash is treated as a non-operating asset and net debt is limited to 0. Sourced from FactSet as of July 27, 2020.
(3) Consensus analyst estimates sourced from FactSet as of July 27, 2020. If only one analyst estimate for EBITDA was available, such forecast is labeled as "NMF". "N/A" indicates that analyst projections were not available. Due to the impact of COVID-19 on Madewell's FY2020 results, we determined it appropriate to use forward multiples to value Madewell as they include more normalized operating metrics.

Madewell – Comparable Company Methodology

Peer Analysis – Historical Revenue Growth and SSS Growth Comparison

- To determine the appropriate multiple to use for valuing Madewell (e.g., median, upper quartile, lower quartile), we compared its historical revenue growth and SSS growth to that of the peers from FY2015 to FY2019.[1,2] From FY2015 to FY2019, Madewell's revenue growth was above the upper quartile in two of the five years, and significantly above the median in four out of five years. Moreover, from FY2017 to FY2019, Madewell's SSS growth was above the upper quartile of the peer group in two of the three years.[3]



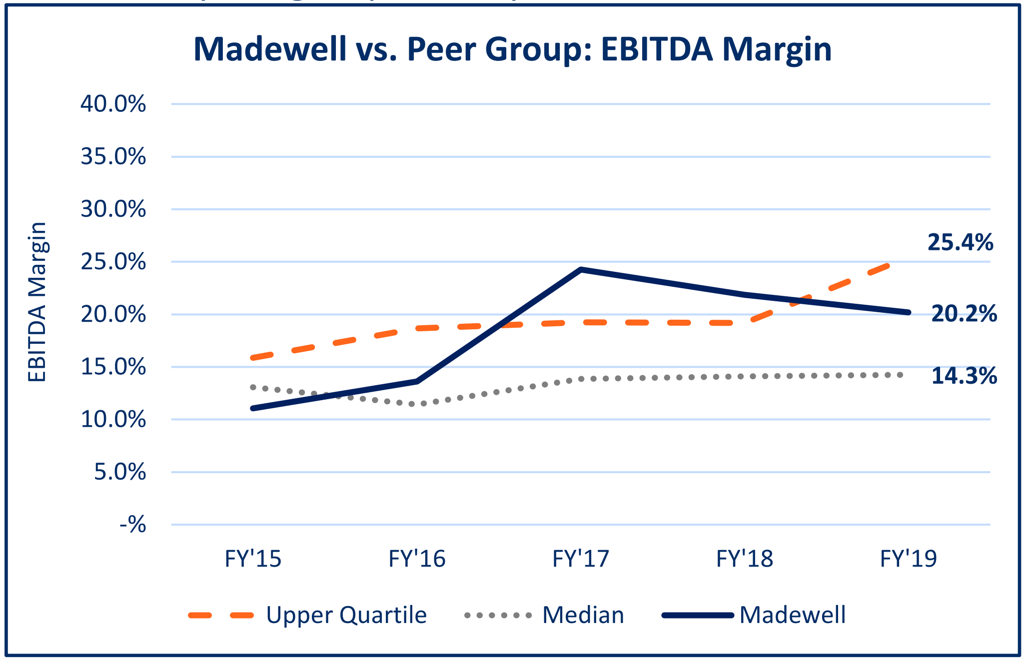


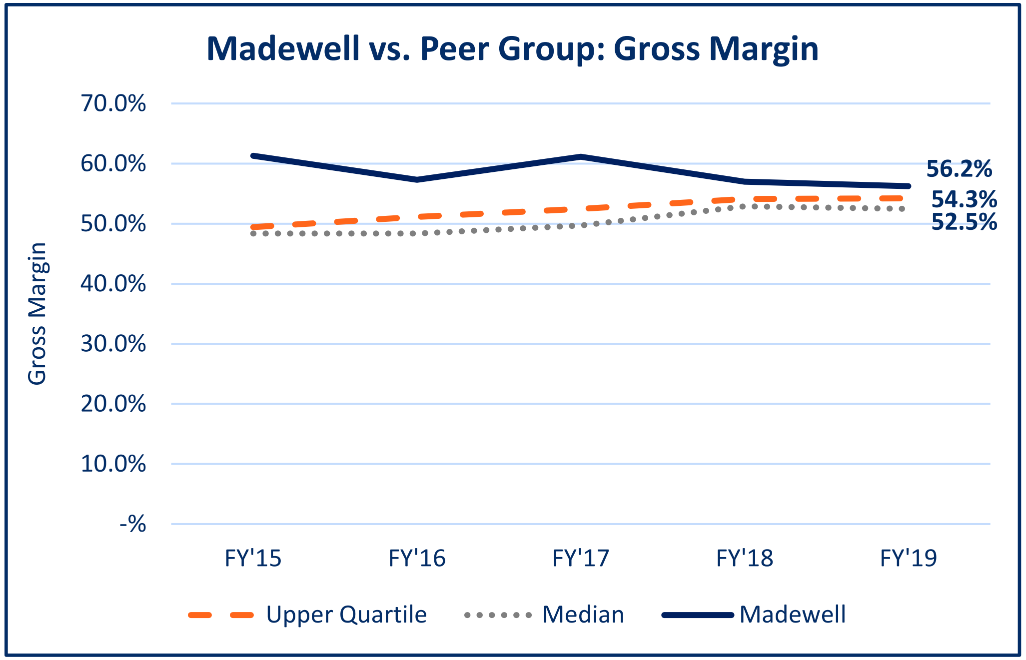
(1) Madewell FY2015 and FY2016-2019 sourced from "2010-2015 Detailed Historical Financials and 2016-2020 Projections" (CREW_UCC00024398 @ 24403); and Excel file "2016-2019 Historical Financials by Entity" (as provided by the Debtors).
(2) Peer group revenue and SSS growth sourced from FactSet.
(3) Madewell FY2015 and FY2016-2019 SSS growth sourced from "2010-2015 Detailed Historical Financials and 2016-2020 Projections" (CREW_UCC00024398 @ 24403); and Excel file "2016-2019 Historical Financials by Entity" (as provided by the Debtors).

Madewell – Comparable Company Methodology

Peer Analysis – Madewell is Comparable to MSG's Peer Group

- To further test the reasonableness of our selected peer group to Madewell, we compared Madewell's historical adjusted EBITDA margin[1,2] and gross margin[2,3] to the median and upper quartile of the peer group. As shown in the charts below, from FY2015 to FY2019, Madewell's adjusted EBITDA margin was in line with the median and upper quartile of the peer group. Moreover, from FY2015 to FY2019, Madewell's gross margin was in line with our selected peer group. Thus, based on similar EBITDA margin and gross margin, our peer group is comparable to Madewell.





(1) Madewell FY2015 and FY2016-2019 revenue data sourced from "2010-2015 Detailed Historical Financials and 2016-2020 Projections" (CREW_UCC00024398 @ 24403); and Excel file "2016-2019 Historical Financials by Entity" (as provided by the Debtors); Madewell FY2015 adjusted EBITDA data sourced from "2010-2015 Detailed Historical Financials and 2016-2020 Projections" (CREW_UCC00048455), tab "Madewell Brand;" Madewell FY2016 adjusted EBITDA calculated based on expected percent-wise allocation of corporate overhead sourced from "2010-2015 Detailed Historical Financials and 2016-2020 Projections" (CREW_UCC00048455); tabs "Madewell Brand," "Stand Alone Summary," "J.Crew Brand," and "Factory Brand;" Channel EBITDA sourced from Excel file "2016-2019 Historical Financials by Entity" (as provided by the Debtors); and actual adjusted EBITDA sourced from J. Crew, "Materials for Restricted Ad Hoc PIK Noteholders" dated March 13, 2017 (CREW_UCC00333788 @ 333802); Madewell FY2017-2019 adjusted EBITDA sourced from Excel file "2017-2019 Actual Adjusted EBITDA by Entity" (as provided by the Debtors).

(2) Peer group EBITDA margin and gross margin sourced from FactSet.

(3) Madewell FY2015 and FY2016-2019 gross margin calculated from data obtained from "2010-2015 Detailed Historical Financials and 2016-2020 Projections" (CREW_UCC00024398 @ 24403), and Excel file "2016-2019 Historical Financials by Entity" (as provided by the Debtors).

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Madewell – Comparable Transaction Methodology

MSG's Search for Comparable Transactions

- To determine a set of comparable transactions to value Madewell as of September 11, 2020, we ran a screen on FactSet with the following criteria:
  - Announcement Date: August 1, 2017 to July 27, 2020;
  - Transaction Status: Complete;
  - Transaction Value: Over $100 million;
  - Target Ownership Type: Public Company;
  - Target Industry: "Apparel/Footwear - Apparel/Footwear Retail";
  - Deal Type: Acquisition/Merger; Majority Stake;
- This screen criteria resulted in only three transactions, which are summarized in the table below:[1]

Close Date	Target	Acquirer	Target's Business Description
May 31, 2019	Gazal Corp. Pty Ltd.	PVH Corp.	Engages in the design, manufacture, importation, wholesale and retail of branded apparel and accessories.
October 22, 2018	Perry Ellis International, Inc.	Perry Ellis International, Inc. Management	Engages in the design, manufacture, marketing, and distribution of lifestyle apparel and accessories.
June 18, 2018	The Finish Line, Inc.	JD Sports Fashion Plc; Pentland Group Ltd.	Retails athletic footwear, apparel and accessories.

- As our screen only generated three transactions, there is an insufficient amount of data to utilize the CompM&A method. Therefore, we rejected the CompM&A methodology as an appropriate method to value Madewell as of September 11, 2020.

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(1) FactSet.
(2) In the Disclosure Statement, Lazard also rejected the use of the CompM&A method to determine the enterprise value the J. Crew Group as of its expected emergence from bankruptcy. See Disclosure Statement dated June 24, 2020, Exhibit D, p. 3 (Docket #541).

b) Valuation of Madewell – DCF Valuation

Madewell – DCF Valuation

Concluded DCF Enterprise Value

- The table below summarizes the present value of Madewell's projected cash flows utilizing the Disclosure Statement Projections from FY2020 to FY2024, discounted at a WACC of 8.6%. As of September 11, 2020, Madewell's enterprise value using the DCF method is $2,272 million.

($ millions)	For the Fiscal Year (1)					MSG's Extended Projections (3)					Normalized
	Stub (2)	2021	2022	2023	2024	2025	2026	2027	2028	2029	Terminal
Total Revenue	$ 301	$ 771	$ 839	$ 912	$ 993						
Adjusted EBITDA	40	111	138	156	180						
Adjusted EBIT	32	90	116	133	156						
Unlevered Cash Taxes @ 25.2% Rate	-	(26)	(32)	(37)	(43)						
Net Operating Profit After Tax	32	64	84	96	113						
Depreciation & Amortization	9	21	22	23	24						
Capital Expenditures	(2)	(6)	(17)	(15)	(16)						
(Increase) Decrease in Working Capital	37	7	1	(5)	(5)						
Unlevered Free Cash Flow	$ 76	$ 86	$ 90	$ 99	$ 116	$ 127	$ 138	$ 147	$ 156	$ 162	$ 162
Terminal Value (4)											$ 3,054
Discount Period	0.19	0.89	1.89	2.89	3.89	4.89	5.89	6.89	7.89	8.89	8.89
Discount Factor @ 8.6% WACC (5)	0.98	0.93	0.86	0.79	0.73	0.67	0.61	0.57	0.52	0.48	0.48
Discounted Free Cash Flows	$ 75	$ 80	$ 77	$ 78	$ 84	$ 85	$ 85	$ 83	$ 81	$ 78	$ 1,466

PV of Cash Flows	$ 807
PV of Terminal Value	1,466
Concluded DCF Enterprise Value	**$ 2,272**

FY21 - FY24 CAGR
10.7%

MSG's Step-Down Unlevered Free Cash Flow Growth				
9.5%	**8.2%**	**6.9%**	**5.7%**	**4.4%**

PGR (6)
3.1%

(1) Disclosure Statement dated June 24, 2020, Exhibit B, p. 8 (Docket #541).
(2) Represents the estimated free cash flow for the stub period September 11, 2020 to January 30, 2021. All items are calculated as a summation of the Q3 results taken on a pro-rated basis (56.0%, representing the 51 days between September 11, 2020 and October 31, 2020 divided by 91 days of the entire quarter) plus the full Q4 results. Quarterly information sourced from Excel file "Monet – LRP P&L and Cash Flows by Brand" (as provided by the Debtors).
(3) Projected a second stage step-down between the Disclosure Statement Projections and the normalized terminal year to gradually step-down the free cash flow growth from a FY2021 - FY2024 CAGR of 10.7% to a PGR of 3.1%.
(4) Calculated using the Gordon Growth Model. Terminal Value = (Normalized Terminal UFCF*(1+PGR))/(WACC-PGR).
(5) See the Madewell WACC analysis on page 53 of this Report.
(6) See the Madewell PGR analysis on page 49 of this Report.

Madewell – Disclosure Statement Projections

Concluded Projected Revenue and Adjusted EBITDA Margin

- As described in the analysis that follows:
  - In the Disclosure Statement, Madewell's revenue from FY2019 to FY2024 is projected to increase at a CAGR of 6.7%, which is below Madewell's historical annual growth rate from FY2015 to FY2019 of 23.3% Moreover, Madewell's projected annual revenue growth rate in the Disclosure Statement is below management's projected annual growth rate from FY2019 to FY2024 of 13.2% as of February 2020.
  - In the Disclosure Statement, Madewell's adjusted EBITDA is projected to increase from $145 million in FY2019 to $180 million in FY2024, for a CAGR of 4.4%, which is below Madewell's historical annual adjusted EBITDA growth rate from FY2015 to FY2019 of 43.3%. Moreover, Madewell's projected annual adjusted EBITDA growth rate in the Disclosure Statement is below management's projected annual growth rate from FY2019 to FY2024 of 14.8% as of February 2020.
  - In the Disclosure Statement, Madewell's adjusted EBITDA margin is projected to decrease from 20.2% in FY2019 to 2.4% in FY2020, due to the impact of COVID-19. Following FY2020, the Disclosure Statement Projections show Madewell's adjusted EBITDA margin increasing to 14.4% in FY2021 before increasing further to 18.1% in FY2024. Management's projected adjusted EBITDA margin for Madewell is below its FY2017-FY2019 adjusted EBITDA margins.
- In conclusion, it is our opinion that, although we accept and use the Disclosure Statement Projections in our valuation of Madewell, the Disclosure Statement Projections are conservative relative to Madewell's historical performance and management's projections prepared in February 2020.

Madewell – Disclosure Statement Projections

The Disclosure Statement Projections for Madewell are Conservative

- The projections for Madewell in the Disclosure Statement are conservative relative to Madewell's historical performance and projections produced by management in February of 2020. As shown in the table below, the Disclosure Statement Projections forecast Madewell's revenue growth, gross margin, and EBITDA margin to be below its historical performance and below management's projections prepared in February 2020.

Madewell Historicals vs February 2020 Projections vs Disclosure Statement Projections - Summary				
Financial Metric	Historical FY2015-2019 (1)	Feb. 2020 Mngmt. Projections FY2020-2024 (2)	Disclosure Statement Projections FY2020-2024 (3)	Disclosure Statement Projections lower than Historicals and Feb Projections?
Revenue (CAGR) (4)	23.3%	13.2%	6.7%	YES
Gross Margin (median)	57.3%	47.5%	47.1%	YES
Adj. EBITDA Margin (median)	20.2%	19.7%	16.5%	YES
Same Store Sales growth (median)	9.8%	9.2%	7.8%	YES

(1) Madewell FY2015 and FY2016-2019 revenue data obtained from "2010-2015 Detailed Historical Financials and 2016-2020 Projections" (CREW_UCC00024398 @ 24403); and Excel file "2016-2019 Historical Financials by Entity" (as provided by the Debtors); Madewell FY2015 and FY2016-2019 gross margin calculated from data sourced from "2010-2015 Detailed Historical Financials and 2016-2020 Projections" (CREW_UCC00024398 @ 24403); and Excel file "2016-2019 Historical Financials by Entity" (as provided by the Debtors); Madewell FY2015 adjusted EBITDA data sourced from "2010-2015 Detailed Historical Financials and 2016-2020 Projections" (CREW_UCC00048455); tab "Madewell Brand;" Madewell FY2016 adjusted EBITDA calculated based on expected percentage-wise allocation of corporate overhead sourced from "2010-2015 Detailed Historical Financials and 2016-2020 Projections" (CREW_UCC00048455), tabs "Madewell Brand," "Stand Alone Summary," "J.Crew Brand," and "Factory Brand;" Channel EBITDA sourced from Excel file "2016-2019 Historical Financials by Entity" (as provided by the Debtors); and actual adjusted EBITDA sourced from J. Crew, "Materials for Restricted Ad Hoc PIK Noteholders" dated March 13, 2017 (CREW_UCC00333788 @ 333802); Madewell FY2017-2019 adjusted EBITDA obtained from Excel file "2017-2019 Actual Adjusted EBITDA by Entity" (as provided by the Debtors).

(2) February 2020 management projections sourced from "2020-2024 Madewell Detailed Forecast" (CREW_UCC00546193).

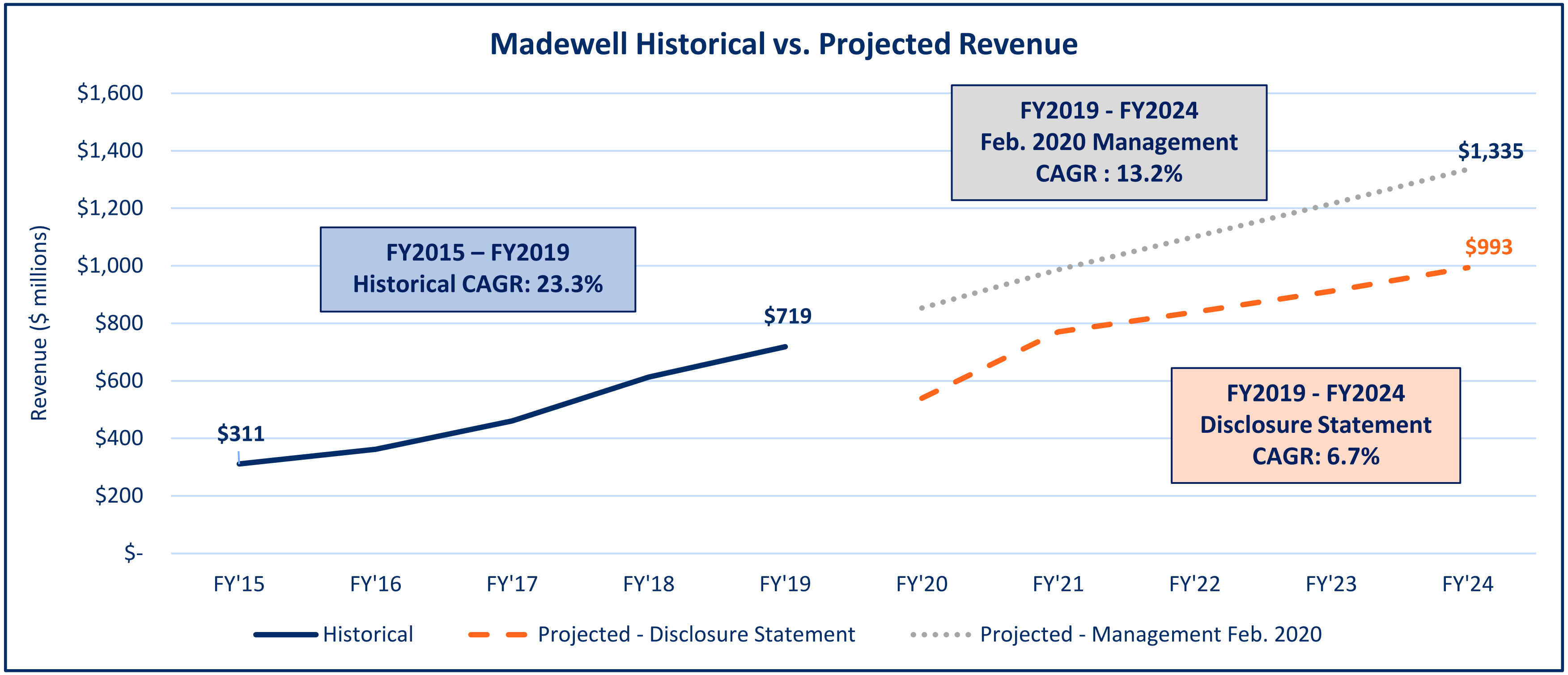
(3) Disclosure Statement dated June 24, 2020, Exhibit B, p. 8 (Docket #541); and J. Crew Group, Inc. "Business Updated: Consolidated LRP" p. 5 (as provided by the Debtors).

(4) Projected revenue CAGR calculated from FY2019 to FY2024.

Madewell – Disclosure Statement Projections

Historical vs. Projected: Revenue

- Madewell's revenue increased from $311 million in FY2015 to $719 million in FY2019, for a CAGR of 23.3%.[1] In the Disclosure Statement, Madewell's revenue is projected to increase from $719 million in FY2019 to $993 million in FY2024, for a CAGR of 6.7%.[2] In projections produced by management in February 2020,[3] Madewell's revenue was projected to increase from $719 million in FY2019 to $1,335 million in FY2024, or a CAGR of 13.2%. The projections prepared by management in February 2020 are in line with Madewell's historical revenue growth. However, projections in the Disclosure Statement are significantly below the projections produced by management in February 2020.

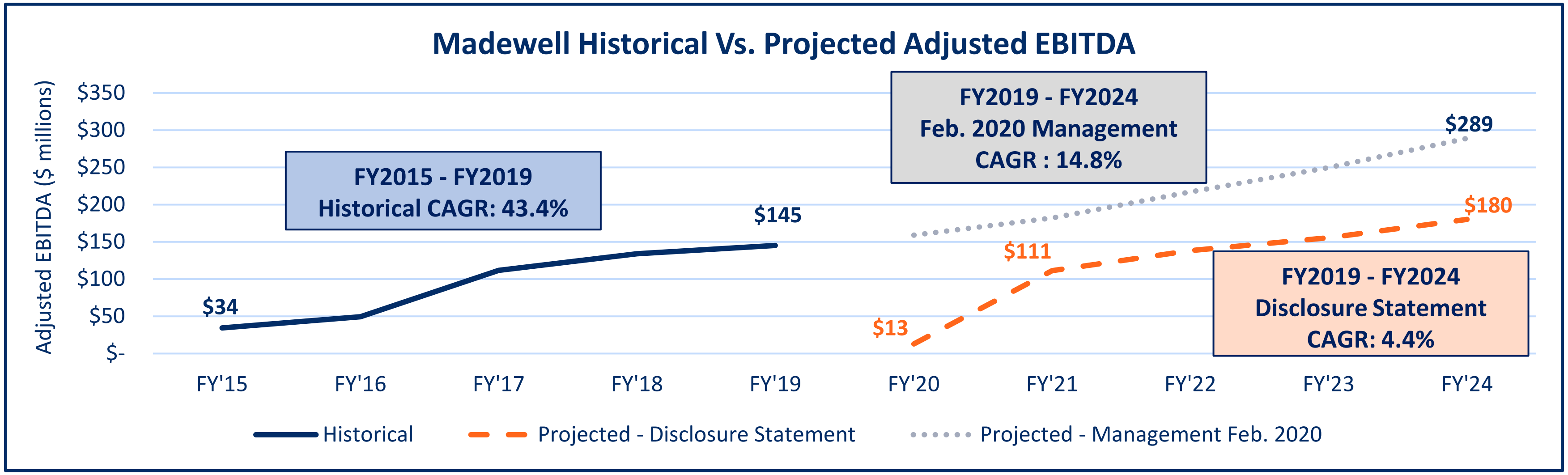


(1) Madewell FY2015 and FY2016-2019 revenue data sourced from "2010-2015 Detailed Historical Financials and 2016-2020 Projections" (CREW_UCC00024398 @ 24403); and Excel file "2016-2019 Historical Financials by Entity" (as provided by the Debtors).
(2) Disclosure Statement dated June 24, 2020, Exhibit B, p. 8 (Docket #541).
(3) February 2020 projected financial data obtained from Excel file "2020-2024 Madewell Detailed Forecast" (CREW_UCC00546193).

Madewell – Disclosure Statement Projections

Historical vs. Projected: Adjusted EBITDA

- Madewell's adjusted EBITDA increased from $34 million in FY2015 to $145 million in FY2019, for a CAGR of 43.4%.[1] In the Disclosure Statement,[2] Madewell's adjusted EBITDA is projected to significantly decline, reaching $13 million in FY2020 before partially rebounding to $111 million in FY2021, due to the impact of COVID-19. Following FY2021, the Disclosure Statement Projections forecast Madewell's adjusted EBITDA to increase from $111 million in FY2021 to $180 million in FY2024. In projections prepared by management in February 2020, Madewell's adjusted EBITDA was projected to increase from $145 million in FY2019 to $289 million in FY2024, for a CAGR of 14.8%. The projections produced by management in February 2020[3] are in line with Madewell's historical adjusted EBITDA. However, the Disclosure Statement Projections are significantly below the projections prepared by management in February 2020.



(1) Madewell FY2015 adjusted EBITDA data sourced from "2010-2015 Detailed Historical Financials and 2016-2020 Projections" (CREW_UCC00048455), tab "Madewell Brand;" Madewell FY2016 adjusted EBITDA calculated based on expected percentage-wise allocation of corporate overhead sourced from "2010-2015 Detailed Historical Financials and 2016-2020 Projections" (CREW_UCC00048455), tabs "Madewell Brand," "Stand Alone Summary," "J.Crew Brand," and "Factory Brand;" Channel EBITDA sourced from Excel file "2016-2019 Historical Financials by Entity" (as provided by the Debtors); and actual adjusted EBITDA sourced from J. Crew, "Materials for Restricted Ad Hoc PIK Noteholders" dated March 13, 2017 (CREW_UCC00333788 @ 333802); Madewell FY2017-2019 adjusted EBITDA sourced from Excel file "2017-2019 Actual Adjusted EBITDA by Entity" (as provided by the Debtors).

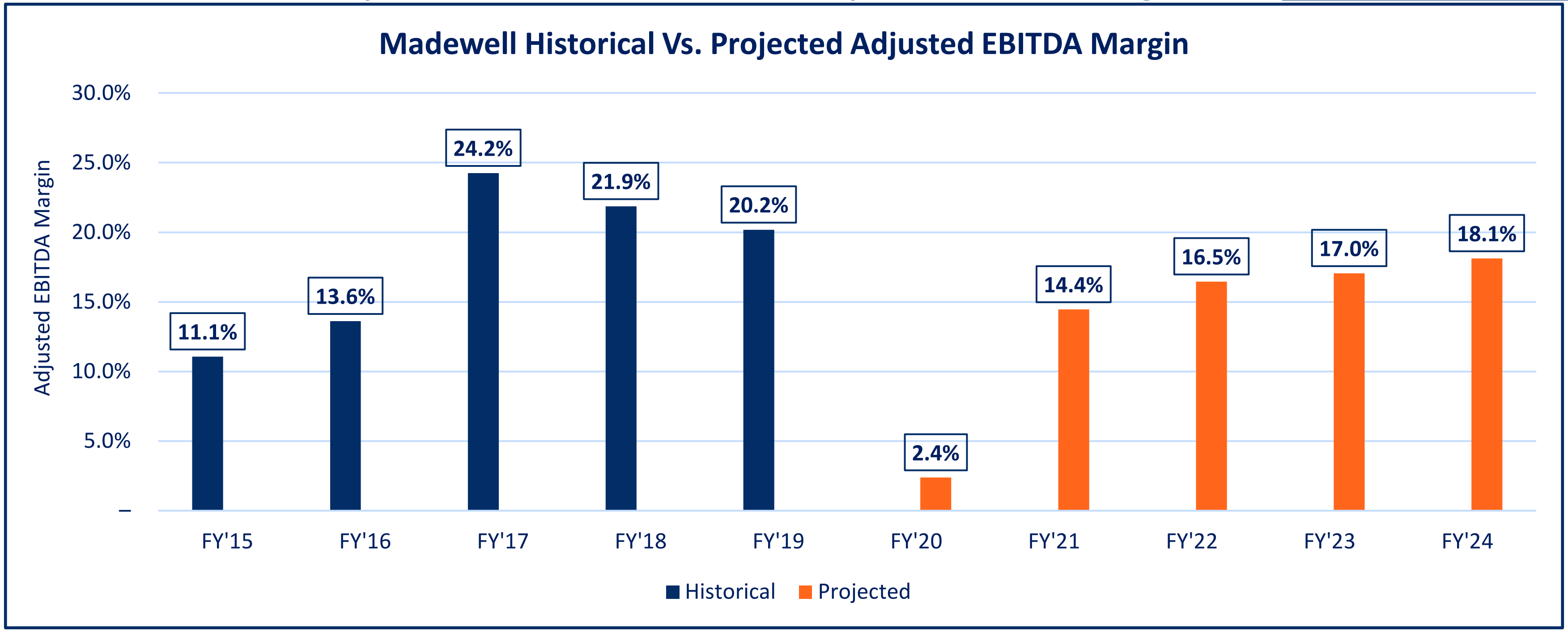
(2) Disclosure Statement dated June 24, 2020, Exhibit B, p. 8 (Docket #541).

(3) February 2020 projected financial data obtained from Excel file: "2020-2024 Madewell Detailed Forecast" (CREW_UCC00546193).

Madewell – Disclosure Statement Projections

Historical vs. Projected: Adjusted EBITDA Margin

- Madewell's adjusted EBITDA margin experienced a rapid expansion from 11.1% in FY2015 to over 20% in FY2017 to FY2019.[1,2] However, following Madewell's recovery from the impacts of COVID-19, the Disclosure Statement Projections[3] forecast adjusted EBITDA margin to partially rebound to 14.4% in FY2021, and continue to slowly expand to 18.1% through FY2024. Four years after emergence from bankruptcy, the Disclosure Statement Projections forecast Madewell's adjusted EBITDA margin to be **lower than in FY2019**.



(1) Madewell FY2015 and FY2016-2019 revenue data sourced from "2010-2015 Detailed Historical Financials and 2016-2020 Projections" (CREW_UCC00024398 @ 24403); and Excel file "2016-2019 Historical Financials by Entity" (as provided by the Debtors).

(2) Madewell FY2015 adjusted EBITDA data sourced from Excel file "2010-2015 Detailed Historical Financials and 2016-2020 Projections" (CREW_UCC00048455), tab "Madewell Brand;" Madewell FY2016 adjusted EBITDA calculated based on expected percentage-wise allocation of corporate overhead sourced from "2010-2015 Detailed Historical Financials and 2016-2020 Projections" (CREW_UCC00048455), tabs "Madewell Brand," "Stand Alone Summary," "J.Crew Brand," and "Factory Brand," Channel EBITDA sourced from Excel file "2016-2019 Historical Financials by Entity" (as provided by the Debtors); and actual adjusted EBITDA sourced from J. Crew, "Materials for Restricted Ad Hoc PIK Noteholders" dated March 13, 2017 (CREW_UCC00333788 @ 333802); Madewell FY2017-2019 adjusted EBITDA sourced from Excel file "2017-2019 Actual Adjusted EBITDA by Entity" (as provided by the Debtors).

(3) Disclosure Statement dated June 24, 2020, Exhibit B, p. 8 (Docket #541).

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Madewell – DCF Valuation

Perpetuity Growth Rate

- The DCF methodology utilizes the PGR to calculate the terminal value. We determined a PGR for Madewell by compiling forecasts for inflation and GDP growth. We selected a PGR of 3.1% to reflect the midpoint between expected long-term inflation and nominal GDP growth expectations, as well as projections for the industry.[1]

Data Source	Report Date	Years Referenced	Inflation Rate	Real GDP Growth	Nom. GDP Growth
CBO's The Budget and Economic Outlook: 2020 to 2030 (1)	Jan. 2020	2025 to 2030	1.9%	1.7%	3.7%
WHCEA's 2020 Economic Report of the President (2)	Feb. 2020	2026 to 2030	2.0%	2.8%	4.9%
EIA's Annual Energy Outlook 2020 with Projections to 2050 (3)	Jan. 2020	2019 to 2050	N/A	1.9%	N/A
		Median	**2.0%**	**1.9%**	**4.3%**
		Mean	**2.0%**	**2.1%**	**4.3%**

Midpoint of Inflation and Nom. GDP Growth	
Average	**Median**
3.1%	**3.1%**
3.1%	**3.1%**

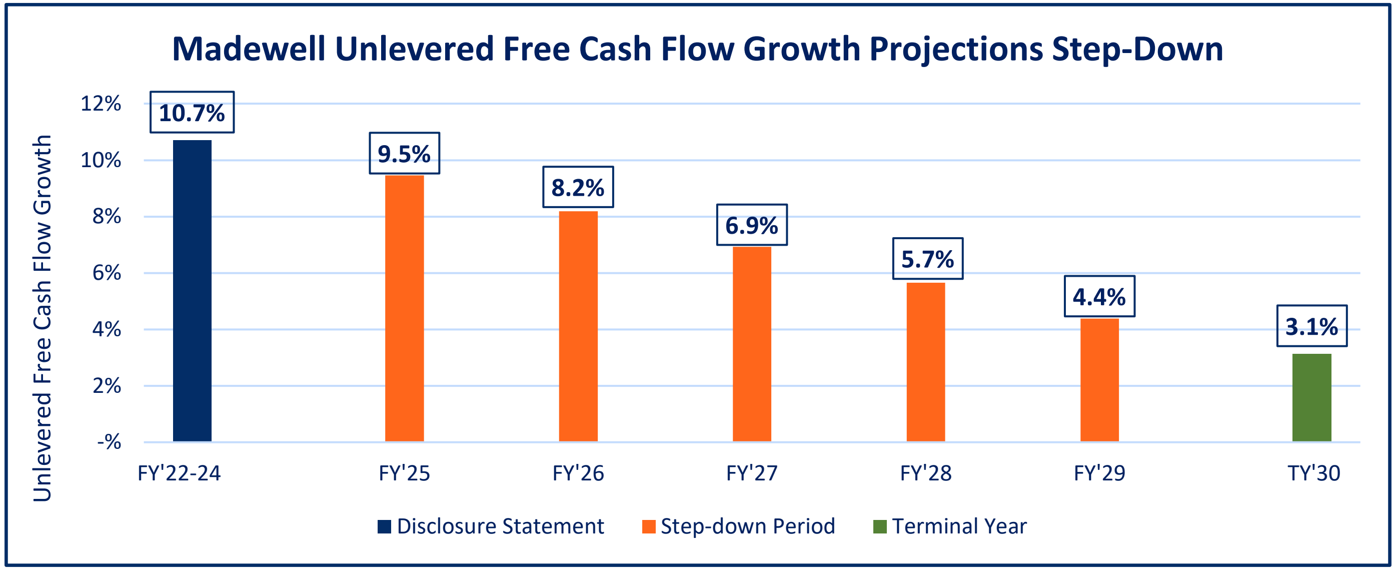
MSG

(1) Congressional Budget Office, "The Budget and Economic Outlook: 2020 to 2030" January 2020, p. 30 Table 2-1.
(2) White House Council of Economic Advisors, "2020 Economic Report of the President" February 2020, p. 299 Table 9-1.
(3) U.S. Energy Information Administration, "Annual Energy Outlook 2020 with Projections to 2050" January 2020, p. 6.

Madewell – DCF Valuation

Step-Down of the Unlevered Free Cash Flow Growth Rate to the Perpetual Growth Rate

- Due to the wide gap between the annual growth of Madewell's UFCF from FY2021 to FY2024, of 10.7%, and our concluded PGR of 3.1%, it is appropriate to utilize a three-stage model to value Madewell. For example, the following from financial literature:
  - "Since the [Three Stage FCFE] model allows for three stages of growth, and for a gradual decline from high to stable growth, it is the **appropriate model to use to value firms with very high growth rates currently**."[1]
- As shown in the chart below, our three-stage model extends Madewell's FY2024 UFCF projection out by 5-years to FY2029.



- As a result, the Unlevered Free Cash Flow in the Normalized Terminal is assumed to be $162.4 million.

(1) Damodaran, Aswath, "Investment Valuation: Second Edition," Chapter 14: "Free Cash Flow to Equity Discount Models," p. 50. (emphasis added)

Madewell – DCF Valuation

A Measure of (Systematic) Market Risk: Beta

- As Madewell is not a publicly traded company, we calculated its beta based on the median unlevered beta of the peer group used in the CompCo and then relevered it using a target industry capital structure.

($ millions) Company Name	5Y Monthly Beta (1)	Market Cap (2)	Total Debt	Annual Tax Rate	Company % Equity	Company % Debt	Unlevered Beta (3)
Aritzia, Inc.	0.94	$ 1,642	$ 56	29.5%	96.7%	3.3%	0.91
boohoo group Plc	1.38	4,709	29	20.7%	99.4%	0.6%	1.38
Canada Goose Holdings, Inc.	N/A	4,007	114	21.3%	97.2%	2.8%	N/A
Levi Strauss & Co.	N/A	7,877	1,014	17.3%	88.6%	11.4%	N/A
Lululemon Athletica Inc.	0.69	30,304	-	32.4%	100.0%	0.0%	0.69
Revolve Group, Inc.	N/A	1,052	-	24.4%	100.0%	0.0%	N/A
Ulta Beauty Inc.	1.13	14,622	-	23.3%	100.0%	0.0%	1.13
Zalando SE	0.76	12,973	623	30.4%	95.4%	4.6%	0.74
						Median	0.91

Beta Derivation	Unlevered Beta	Industry % Equity (4)	Industry % Debt (4)	Annual Tax Rate (5)	Relevered Beta (6)
Median	0.91	70.5%	29.5%	25.2%	1.20

(1) 5-year monthly (for the period 1/1/2015 - 12/31/2019) levered betas (relative to the local index) for the peer companies in order to account for COVID-19's impact. If 5 years of monthly return data was not available but more than 3 years was, calculated monthly betas with available monthly return data. "N/A" indicates a beta that did not have at least 3 years of monthly returns data.
(2) Fully diluted market capitalization as of December 31, 2019.
(3) Unlevered Beta = 5Y Monthly Beta/(1 + ((Debt/Equity)*(1 - Tax Rate))).
(4) Based on Aswath Damodaran's cost of capital research for publicly traded firms operating in the Apparel industry as of January 2020 (see pages.stern.nyu.edu/~adamodar/).
(5) The tax rate is sourced from the Excel file "Monet - Unlevered Cash Taxes by Brand" (as provided by the Debtors).
(6) Relevered Beta = Unlevered Beta * (1 + ((Debt/Equity)*(1 - Tax Rate))).

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Madewell – DCF Valuation

Cost of Debt

- To estimate Madewell's cost of debt, we analyzed the expected interest rates on the J. Crew Group's post-emergence debt balance. As summarized in the tables below, Madewell's pre-tax cost of debt as of September 11, 2020 is 7.3%.

($ millions)	Post Emergence Interest-Bearing Debt Information			
Debt Instrument	**Amount**	**Structure**	**Interest Rate (1)**	**Weight**
New Term Loans (2)	$400	LIBOR + 1000 bps	10.5%	63.9%
Exit ABL Facility (3)	226	LIBOR + 125 bps	1.7%	36.1%
Total Debt	$626	**Pre-Tax Cost of Debt**	***7.3%***	*100.0%*

(1) St. Louis Federal Reserve Economic Data (FRED) database. 12-month LIBOR as of July 27, 2020.
(2) Per the Disclosure Statement, the New Term Loans structure is LIBOR plus 100 basis points payable in cash and 900 basis points in PIK interest. Amount as set forth in the Disclosure Statement.
(3) Per the Disclosure Statement, the Exit ABL Facility is LIBOR plus 125 basis points. Amount as set forth in the Disclosure Statement.

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Madewell – DCF Valuation

Weighted Average Cost of Capital

- Weighting Madewell's cost of equity and after-tax cost of debt by the target industry capital structure of 70.5% equity and 29.5% debt results in a WACC of 8.6%.

Cost of Equity	
Risk-Free Rate (1)	1.1%
Beta (2)	1.20
Equity Risk (3)	6.2%
Size Premium (4)	1.5%
Cost of Equity	**9.9%**

WACC Calculation	
Pre-Tax Cost of Debt (5)	7.3%
Tax Rate (6)	25.2%
After-Tax Cost of Debt	5.5%
Weight of Debt (7)	29.5%
Cost of Equity	9.9%
Weight of Equity (7)	70.5%
WACC	**8.6%**

(1) St. Louis Federal Reserve Economic Data (FRED) database. 20-Year US Treasury Rate as of 7/27/2020.
(2) See the Madewell Beta analysis on page 51 of this Report.
(3) Duff & Phelps' Cost of Capital Navigator Supply-Side Long-Term (1926 – Present) Equity Risk Premium as of 7/27/2020.
(4) Duff & Phelps' Cost of Capital Navigator CRSP Deciles Size Study Decile 7 Size Premium as of 7/27/2020.
(5) See the Cost of Debt analysis on page 52 of this Report.
(6) The tax rate is sourced from the Excel file "Monet - Unlevered Cash Taxes by Brand" (as provided by the Debtors).
(7) Based on Aswath Damodaran's cost of capital research for publicly traded firms operating in the Apparel industry as of January 2020 (see pages.stern.nyu.edu/~adamodar/).

c) Valuation of Madewell – Other Third-Party Valuations

Valuation of Madewell – Other Third-Party Valuations

J. Crew Group's SEC Filings Corroborate Our Opinion

- On September 13, 2019, J. Crew Group filed a form 8-K, relating to the potential Madewell Initial Public Offering ("IPO"), with exhibits that contained valuations of Madewell. The following describes the valuations attached to the 8-K filing:
  - Similar to its presentations in June and July of 2019 (as noted of the following page), Lazard displayed a **$2.925 billion implied TEV** in its sources and uses analysis for the potential IPO of Madewell.[1]
  - Moreover, in the same presentation, Lazard also analyzed financing scenarios involving a Madewell **TEV at IPO greater than or equal to $2.825 billion**, acknowledging a range of **$2.525 to $2.825 billion** when establishing PIK dividend rates for new Chinos SPV securities (Series A & B).[1]
  - In another exhibit to the 8-K filed on September 13, 2019, PJT Partners[2] presents a minimum Madewell **IPO enterprise valuation of $2.52 billion** in the "IPO thresholds" section of its transaction term sheet.[3]

(1) Form 8-K (EX-99.1), September 13, 2019 (Company Proposal Overview - Project Monet, Lazard), pp. 3, 6-7, 10.
(2) PJT Partners served as the financial advisor to the ad hoc group of lenders to the J. Crew Group.
(3) Form 8-K (EX-99.3), September 13, 2019 (Ad Hoc Group Proposal - Project Paddle, PJT Partners), p. 3.

Valuation of Madewell – Other Third-Party Valuations

Madewell IPO Presentations Corroborate Our Opinion

- Between June and August of 2019, a number of other internal company presentation materials prepared by J. Crew Group's management and advisors indicated total enterprise values of **nearly $3 billion** during Madewell IPO planning discussions and subsequent company proposals. For example, consider the following:

[redacted]

(1) Lazard, "Company Proposal Overview - Project Monet," June 2019 (CREW_UCC00154266 @ 154272).
(2) PJT Partners, "Discussion Materials - Project Paddle," July 10, 2019 (CREW_UCC00154299 @ 154301).
(3) Lazard, "Discussion Materials," July 23, 2019 (CREW_UCC00154305 @ 154315).
(4) Lazard, "Discussion Materials - Project Monet," August 2019 (CREW_UCC00154378 @ 154380).

Valuation of Madewell – Other Third-Party Valuations

Investment Banker Valuations Corroborate Our Opinion

- In an April 2019 presentation regarding Madewell's separation plan and strategic options, the company provided an overview of progress made since the January 16, 2019 board meeting, top investment banks were contacted and all firms identified an IPO as "the most feasible option." BAML was identified as the primary lead for the process given its "conviction behind a premium valuation for Madewell." The bankers' preliminary perspectives on Madewell's valuation based on a multiple of FY'20 estimated EBITDA were as follows:[1]

[redacted]

- Moreover, an October 2019 board presentation contains evidence of a revised verbal acquisition proposal for Madewell valued at more than $2B ($1.85B cash and $200M stock) in late September 2019. In the board materials, the J. Crew Group "communicated disappointment with the proposed value" and had indicated it was looking for a path to $2.5B before previously suggesting $2.35B to the potential acquirer.[2]

[redacted]

(1) J. Crew, "Project Liberty - Final Readout," April 9, 2019 (CREW_UCC00156228 @ 156243).
(2) J. Crew, "Madewell Board Materials," October 28, 2019 (CREW_UCC00156345 @ 156348 & 156365).
(3) BofA Securities, "Monet: WholeCo IPO," February 2020 (CREW_UCC00499022 @ 499032).

Valuation of Madewell – Other Third-Party Valuations

Investment Banker Valuations Corroborate Our Opinion (cont.)

- Also in late 2019, TPG presented the results of a "Project Monet Bake-off" to summarize "request for proposal" IPO valuations for Madewell prepared by nine major investment banks, as shown in the screenshot below:[1]

[redacted]

- [redacted]

(1) TPG, "Project Monet Bake-off" (CREW_UCC00551138 @ 551142).

IV. Valuation of the J. Crew IP

Concluded Fair Market Value

- Based on the Relief from Royalty ("RFR") methodology, the value of the J. Crew IP, utilizing a 1.1% royalty rate, a WACC of 8.2%, and flat sales, is $180 million as of September 11, 2020. The following pages detail our analysis regarding our concluded value for the J. Crew IP.

($ millions)	For the Fiscal Year (1)					Normalized
	Stub (2)	2021	2022	2023	2024	Terminal
Net Sales (3)	$ 642	$ 1,467	$ 1,479	$ 1,456	$ 1,462	$ 1,462
Royalty Rate (4)	1.1%	1.1%	1.1%	1.1%	1.1%	1.1%
Relief from Royalty (Pre-Tax)	7	16	16	16	16	16
Unlevered Cash Taxes @ 25.2% Rate	(2)	(4)	(4)	(4)	(4)	(4)
Relief from Royalty (After-Tax)	$ 5	$ 12	$ 12	$ 12	$ 12	$ 12
Terminal Value (5)						$ 148
Discount Period	0.19	0.89	1.89	2.89	3.89	3.89
Discount Factor @ 8.2% WACC (6)	0.98	0.93	0.86	0.80	0.74	0.74
Discounted Free Cash Flows	$ 5	$ 11	$ 11	$ 10	$ 9	$ 109

PV of Cash Flows	$ 46
PV of Terminal Value	109
Indicated Fair Value before TAB Factor	$ 155
Tax Amortization Benefit Factor (7)	1.2x
Concluded Fair Market Value	**$ 180**

PGR (8)
0.0%

(1) Disclosure Statement dated June 24, 2020, Exhibit B, p. 8 (Docket #541).
(2) Represents the estimated relief from royalties for the stub period September 11, 2020 to January 30, 2021. All items are calculated as a summation of the Q3 results taken on a pro-rated basis (56.0%, representing the 51 days between September 11, 2020 and October 31, 2020 divided by 91 days of the entire quarter) plus the full Q4 results. Quarterly information sourced from Excel file "Monet – LRP P&L and Cash Flows by Brand" (as provided by the Debtors).
(3) The J. Crew IP consists of all United States trademarks and servicemarks. However, because domestic and international Net Sales were consolidated in the Disclosure Statement Projections, Net Sales for the entire J. Crew business were utilized.
(4) See the Pre-Tax Royalty Rate analysis on page 76 of this Report.
(5) Calculated via the Gordon Growth Model. Terminal Value = (Normalized Terminal UFCF*(1+PGR))/(WACC-PGR).
(6) See the J. Crew WACC analysis on page 31 of this Report.
(7) A multiple of enterprise value based on the assumption that a willing buyer of the J. Crew IP would be able to amortize its value over time and realize certain tax benefits. Tax Amortization Benefit Factor = 1/[1-(t/n)*((1/k)-(1/(k*((1+k)^n))], where n is the number of years, k is the discount rate, and t is the tax rate. Utilized a 15-year amortization window, the J. Crew WACC, and the tax rate is sourced from the Excel file "Monet - Unlevered Cash Taxes by Brand" (as provided by the Debtors).
(8) See the J. Crew PGR calculation on page 28 of this Report.

MSG

Weighted Average Cost of Capital and PGR

- Utilizing similar assumptions to our calculation of J. Crew's WACC, weighting the J. Crew IP's cost of equity and after-tax cost of debt by the target industry capital structure of 70.5% equity and 29.5% debt results in a WACC of 8.2% as of July 27, 2020.

Cost of Equity	
Risk-Free Rate (1)	1.1%
Beta (2)	0.98
Equity Risk (3)	6.2%
Size Premium (4)	2.2%
Cost of Equity	**9.3%**

WACC Calculation	
Pre-Tax Cost of Debt (5)	7.3%
Tax Rate (6)	25.2%
After-Tax Cost of Debt	5.5%
Weight of Debt (7)	29.5%
Cost of Equity	9.3%
Weight of Equity (7)	70.5%
WACC	**8.2%**

- We also utilized the same PGR of 0.0%, as the J. Crew business underlying the J. Crew IP has experienced negative revenue growth and is not expected to experience any growth over the projection period and beyond.

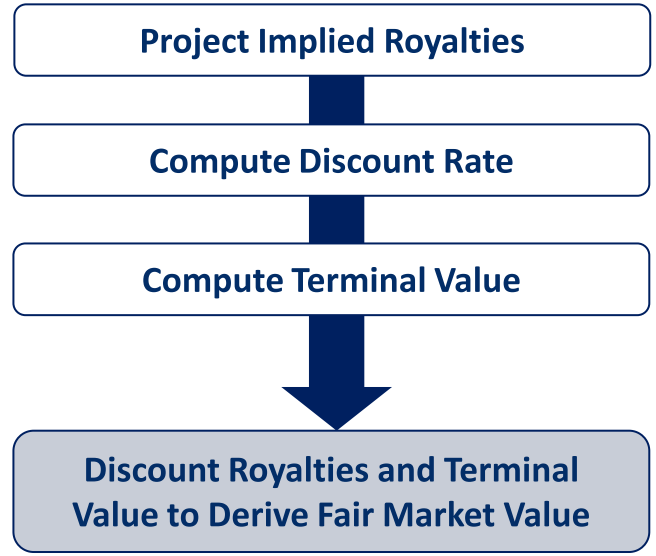
(1) St. Louis Federal Reserve Economic Data (FRED) database. 20-Year US Treasury Rate as of 7/27/2020.
(2) See the J. Crew Beta analysis on page 29 of this Report.
(3) Duff & Phelps' Cost of Capital Navigator Supply-Side Long-Term (1926 - Present) Equity Risk Premium as of 7/27/2020.
(4) Duff & Phelps' Cost of Capital Navigator CRSP Deciles Size Study Decile 9 Size Premium as of 7/27/2020.
(5) See the Cost of Debt analysis on page 30 of this Report.
(6) The tax rate is sourced from the Excel file "Monet - Unlevered Cash Taxes by Brand" (as provided by the Debtors).
(7) Based on Aswath Damodaran's cost of capital research for publicly traded firms operating in the Apparel industry as of January 2020 (see pages.stern.nyu.edu/~adamodar/).

a) Valuation Approaches

Valuation Approach

Income Approach – Relief from Royalty Methodology

- The RFR methodology is a standard framework used by financial professionals for valuing intangible assets. The RFR method estimates implied royalties over a projection period that the owner of the IP is "relieved" from paying due to owning the intangible asset, and then discounts those royalties by a discount rate back to the valuation date.[1] A terminal value, which accounts for value of the indefinite life of the intangible asset extending beyond the projection period, is also included. Together, the present value of the implied royalties and terminal value derive a total fair market value of the subject intangible asset. A depiction of this process is displayed to the right.
- To perform an RFR analysis, we determined an appropriate royalty rate for the J. Crew IP and applied it to J. Crew's net sales. J. Crew's projected net sales were sourced from the Debtors' projections provided in the Disclosure Statement.[2]
- Since these royalties are "unlevered", or prior to the deduction of interest expense and debt principal repayments, the appropriate discount rate to apply to the J. Crew IP is the same WACC utilized for valuing J. Crew.



(1) Puca, Antonella, "The Intangible Valuation Renaissance: Five Methods," CFA Institute, January 11, 2019.
(2) Disclosure Statement dated June 24, 2020, Exhibit B, p. 8 (Docket #541).

Valuation Approaches

Cost Approach

- The Cost Approach assumes that the value of an intangible asset can be estimated by the cost it would take to replace it, either through acquisition or reconstruction, with a comparable substitute intangible asset.[1]
- The Cost Approach is not typically used when valuing intangible assets like trademarks, often due to the unique nature of trademarks and the difficulty of estimating suitable replacements. In particular, it is often difficult for valuation experts to utilize the Cost Method because experts cannot quantify all of the costs associated with replacing the IP.[2]
- Due to the unique nature of the J. Crew IP, we determined it appropriate to reject the utilization of the Cost Approach to value the J. Crew IP.

Market Approach

- The Market Approach assumes that the value of an intangible asset can be estimated based on transactions or licensing agreements involving suitably comparable intangible assets.[1]
- Often, it is difficult to apply the Market Approach because truly comparable intangible assets are often difficult to find. In particular, it is inappropriate to compare intangible assets with significantly different underlying products, profitability expectations, or licensing agreement terms, among other factors.[2]
- We considered Market Comparable Royalty Rates ("Comparable Rates") in determining an appropriate royalty rate for our RFR valuation methodology. However, we rejected this methodology because the royalty rates we identified were deemed not comparable to the J. Crew IP.

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(1) Holloway, Brian P. and Robert F. Reilly, "Intangible Asset Valuation Approaches and Methods," Willamette Insights Journal, Autumn 2012, p. 14.
(2) MBAF Certified Public Accountants and Advisors, "Got IP? Value it With the Relief from Royalties Method," October 10, 2017.

b) Determination of the Royalty Rate

Valuation of the J. Crew IP – Determination of Royalty Rate

Concluded Royalty Rate

- To determine the appropriate royalty rate to use in our valuation of the J. Crew IP, we considered two methods: the Comparable Rate Method and the Profit Split Method ("PSM").
- First, we undertook a thorough screen of comparable licensing agreements and acquisitions of trademarks on the trademark database Markables.[1] This screen, described in detail later in this Report, produced 62 licensing agreements or acquisitions of trademarks. However, after reviewing the profitability of the assets underlying the trademarks, we determined that the royalty rates of the 62 trademarks were not comparable to the J. Crew IP.
- Instead, we used the PSM to calculate an implied royalty rate for valuing the J. Crew IP of 1.1%. Additionally, we reviewed several other factors to determine if our selected royalty rate was reasonable.

(1) Per its website, Markables is a 24/7 web-based data vendor which caters to the needs of valuation professionals all over the world. Markables is owned and operated by Trademark Comparables AG, a privately held company located in Switzerland. For more information, see https://www.markables.net.

Market Comparable Royalty Rate Approach

Approach Definition

- The Comparable Rate method is a standard framework used by financial professionals for determining an appropriate royalty rate for intellectual property. Similar to the CompCo and CompM&A valuation methodologies, the Comparable Rate method begins by identifying licensing agreements or acquisitions of intellectual property similar to the subject intellectual property. This method ultimately determines an appropriate royalty rate, either by using those found in comparable licensing agreements or by calculating implied royalty rates from comparable transactions.
- To determine a market royalty rate appropriate for valuing the J. Crew IP, we reviewed the trademark database Markables.

Select Comparable IP

↓

Determine Royalty Rates from Comparable Agreements

↓

Apply Royalty Rate to Royalty Base to Derive Relief from Royalty

Market Comparable Royalty Rate Approach

Markables Screening Criteria

- We conducted a screen of the trademark database Markables using the following criteria:
  - Product Classification Codes:
    - 282 - Wearing apparel, except fur apparel
    - 292 - Luggage, handbags and the like; saddlery and harness; other articles of leather
    - 293 – Footwear, with outer soles and uppers of rubber or plastics, or with uppers of leather or textile materials, other than sports footwear, footwear incorporating a protective metal toe-cap and miscellaneous special footwear
    - 294 – Sports footwear, except skating boots
  - Years: 2010 to 2019 (data 2020 not available).
  - Countries: United States.
- Within the Markables database, this screening criteria produced 78 results for comparable trademarks. Upon reviewing the identified trademarks, we eliminated trademarks that were underlined by brands/businesses that were not comparable to J. Crew, and a result, we were left with 62 results ("Trademark Comparables").

Market Comparable Royalty Rate Approach

Markables Screening Results

($ millions) #	Brand Name/Business (1)	Business Activities	Year	Royalty Rate	Profit Split	Implied Profitability (2)
1.	Allen Edmonds	footwear; premium men's leather shoes	2016	7.5%	37.3%	20.0%
2.	Alstyle Apparel, LLC	apparel; T-shirts and fleece sold to screenprinters, embellishers, and mass-marketers	2016	0.6%	3.2%	18.9%
3.	American Sporting Goods Corporation (Avia, RYKÄ, and Nevados)	footwear; athletic footwear; performance footwear; sports shoes	2011	1.8%	24.8%	7.4%
4.	ANN INC.	fashion vertical; specialty retailer of womens apparel, footwear and accessories	2015	3.6%	44.3%	8.1%
5.	Anvil Knitwear, Inc.	apparel; knitwear; T-shirts for the printwear and private label markets	2012	0.3%	5.0%	5.4%
6.	baggallini, Inc.	fashion accessories; leathergoods; handbags	2011	6.8%	16.2%	41.9%
7.	BA Holding Group, Inc.	footwear; designer footwear	2012	11.7%	90.4%	13.0%
8.	Betsey Johnson® trademark	designer fashion; leather accessories; handbags; small leathergoods	2010	5.4%	N/A	N/A
9.	Big Buddha, Inc.	fashion accessories; handbags	2010	6.0%	16.3%	36.8%
10.	Blowfish, LLC	casual footwear for women and children	2018	4.9%	43.0%	11.4%
11.	Collective Brands, Inc. performance + lifestyle business	footwear; lifestyle footwear; casual footwear; performance footwear	2012	7.3%	54.8%	13.4%
12.	Contemporary Brands Coalition of V.F. Corporation (7 for All Mankind, Splendid and Ella Moss)	apparel; premium denim apparel; premium sportswear	2016	6.0%	37.3%	16.1%
13.	Dolce Vita Holdings, Inc.	footwear; fashion-forward branded and private label footwear	2014	1.2%	19.9%	6.1%
14.	Donna Karan International Inc.	fashion; designer fashion; licensed brand	2016	16.9%	59.2%	28.6%
15.	Esprit® trademark	fashion; apparel; sportswear	2014	3.5%	N/A	N/A
16.	G.H. Bass & Co.	footwear; retailer; vertical	2013	0.1%	5.1%	1.6%
17.	Galaxy Brand Holdings, Inc.	footwear; home textiles; brand ownership and licensing business	2014	3.6%	62.8%	5.7%
18.	Hampshire Group Ltd.	apparel; fashion; men's designer apparel	2013	4.0%	N/A	N/A
19.	Hardy Way ("Ed Hardy")	apparel; sportswear; streetwear; licensing	2011	67.2%	96.7%	69.5%
20.	Hudson Clothing, Inc.	fashion; denim apparel and jeanswear	2013	6.7%	47.3%	14.2%
21.	IPATH, LLC	sportswear and footwear for actionsports	2010	1.5%	N/A	N/A
22.	Isaac Mizrahi®	apparel; designer fashion; licensor	2011	7.6%	91.6%	8.3%

MSG

(1) Brands/businesses underlying the trademarks identified in the Markables screen.
(2) To analyze the profitability of the brands/businesses underlying the trademarks identified, we divided the Royalty Rate by the Profit Split to calculate an Implied Profitability.

Market Comparable Royalty Rate Approach

Markables Screening Results (cont.)

($ millions) #	Brand Name/Business (1)	Business Activities	Year	Royalty Rate	Profit Split	Implied Profitability (2)
23.	J Brand Holdings, LLC	apparel; contemporary denim fashion	2012	9.6%	28.3%	33.9%
24.	JA Apparel Corp. (Joseph Abboud)	apparel; men's fashion; menswear	2013	6.4%	31.6%	20.3%
25.	James Campbell®	apparel; designer fashion; luxury menswear	2014	2.3%	62.9%	3.7%
26.	Janie and Jack	premium children's fashion; retail store chain; vertical supplier of kidswear	2019	2.0%	42.0%	4.7%
27.	Jessica Simpson	lifestyle apparel, footwear, accessories, fragrance, home textiles; celebrity brand licensing business	2015	4.6%	97.9%	4.7%
28.	Jimlar Corp.	footwear; private label; licensee	2010	0.9%	3.8%	23.0%
29.	Joe's Jeans Inc.	lifestyle apparel, denim, footwear, accessories; designer brand licensing business	2015	7.9%	98.4%	8.0%
30.	Jos. A. Bank Clothiers Inc.	apparel; vertical menswear supplier; menswear designer and retailer	2014	5.8%	36.1%	16.1%
31.	Kate Spade & Company	apparel; designer fashion	2017	11.0%	55.9%	19.7%
32.	KN Karen Neuburger®	apparel; women's sleepwear and lounge wear	2011	2.6%	86.7%	3.0%
33.	Knights Holdco, Inc.	apparel; T-shirts and sweat shirts with licensed college logos	2015	0.7%	6.2%	11.8%
34.	Kommonwealth, Inc.	footwear; lifestyle sneakers; crossover sneakers	2013	5.9%	NMF	N/A
35.	Liz Claiborne®	apparel; designer fashion; womenswear	2011	7.5%	N/A	N/A
36.	Liz Lange®	fashion; apparel; maternity wear for women; licensor	2012	0.8%	100.0%	0.8%
37.	Loomwork Apparel Inc.	apparel; sleepwear, loungewear and intimate apparel	2015	10.0%	33.2%	30.1%
38.	Loungefly, LLC	fashion handbags and small leather goods for licensed characters	2017	1.4%	10.4%	13.5%
39.	Moda Nicola International, LLC	apparel; designer fashion; women's eveningwear	2010	13.5%	47.6%	28.3%
40.	prAna Living LLC	apparel; lifestyle apparel and sportswear for yoga, climbing and fitness	2014	9.8%	46.8%	21.0%
41.	Puma®	sports goods; performance and lifestyle footwear; athletic and lifestyle sportswear	2012	10.8%	N/A	N/A
42.	Rafaella Apparel Group, Inc.	fashion; apparel; women's sportswear	2011	3.8%	53.6%	7.1%
43.	Rebecca Taylor	designer fashion; premium branded women's contemporary apparel	2011	2.1%	25.4%	8.3%

MSG

(1) Brands/businesses underlying the trademarks identified in the Markables screen.
(2) To analyze the profitability of the brands/businesses underlying the trademarks identified, we divided the Royalty Rate by the Profit Split to calculate an Implied Profitability.

Market Comparable Royalty Rate Approach

Markables Screening Results (cont.)

($ millions) #	Brand Name/Business (1)	Business Activities	Year	Royalty Rate	Profit Split	Implied Profitability (2)
44.	RG Parent LLC (Robert Graham)	apparel: modern lifestyle designer menswear	2016	4.8%	75.1%	6.4%
45.	Rock & Republic®	apparel; jeanswear; sportswear; fashion denim	2010	6.6%	N/A	N/A
46.	Sanuk U.S.A. LLC (Sanük) assets	footwear; actions sports footwear	2011	5.0%	22.3%	22.4%
47.	Southern Tide, LLC	apparel; lifestyle apparel and sportswear	2016	7.5%	29.2%	25.6%
48.	Stone Age Equipment, Inc. ("Five Ten")	sports goods; outdoor actions sports; performance footwear: climbing shoes	2011	5.0%	29.6%	16.7%
49.	Stuart Weitzman Holdings LLC	footwear; women's luxury footwear	2015	9.9%	51.4%	19.3%
50.	Stuart Weitzman Holdings, LLC	footwear; luxury women's footwear	2010	8.9%	45.2%	19.7%
51.	Sugartown Worldwide Inc. (dba Lilly Pulitzer)	fashion; upscale womenswear; sportswear	2010	4.1%	39.7%	10.3%
52.	Tailgate Clothing Company	apparel; T-shirts emblazoned with college team logos	2015	6.8%	59.5%	11.5%
53.	Teton Outfitters, LLC	apparel; technical riding gear for motorcycle and snowmobile riders	2012	3.5%	20.3%	17.0%
54.	The Combs Company ("Bogs")	footwear; waterproof boots, shoes and sandals	2011	7.3%	51.3%	14.2%
55.	The Gymboree Corp.	retail; kidswear; vertical	2010	5.9%	31.0%	19.0%
56.	The Timberland Company	footwear; apparel; casual and outdoor footwear and apparel	2011	9.0%	57.7%	15.5%
57.	Topline Corporation	footwear; women's footwear; private label	2011	1.0%	25.4%	3.9%
58.	TravisMathew, LLC	apparel; sportswear; golf and lifestyle apparel for men	2017	8.0%	63.3%	12.6%
59.	Umi LLC	footwear; children's footwear	2010	5.2%	72.3%	7.2%
60.	United Retail Group Inc.	fashion; apparel; retail; vertical	2010	1.3%	N/A	N/A
61.	Vionic Group LLC	footwear; stylish, supportive, biomechanic footwear	2018	7.3%	31.6%	23.2%
62.	Warnaco, Inc.	apparel; swimwear; intimatewear; jeanswear	2013	3.3%	20.1%	16.6%

	Royalty Rate	Profit Split	Implied Profitability
Minimum	**0.1%**	**3.2%**	**0.8%**
Lower Quartile	**2.8%**	**25.4%**	**7.4%**
Median	**5.6%**	**42.0%**	**14.2%**
Average	**6.5%**	**44.3%**	**16.0%**
Upper Quartile	**7.5%**	**59.2%**	**20.0%**
Maximum	**67.2%**	**100.0%**	**69.5%**

MSG

(1) Brands/businesses underlying the trademarks identified in the Markables screen.
(2) To analyze the profitability of the brands/businesses underlying the trademarks identified, we divided the Royalty Rate by the Profit Split to calculate an Implied Profitability.

Market Comparable Royalty Rate Approach

Rejection of Identified Royalty Rates

- The median royalty rate of the Trademark Comparables identified in our screen was 5.6%. To determine if a median royalty rate was reasonable to use to value the J. Crew IP, we compared it to the projected adjusted EBIT margin of J. Crew. As shown below, in every projected year, the median royalty rate of 5.6% was greater than J. Crew's projected adjusted EBIT margin:[1]

($ millions)	For the Fiscal Year				FY2021 - FY2024	
	2021	2022	2023	2024	Average	Median
Total Revenue	$ 1,505	$ 1,518	$ 1,496	$ 1,503		
Adjusted EBIT	$ 52	$ 57	$ 46	$ 46		
Adjusted EBIT Margin	3.5%	3.7%	3.1%	3.1%	3.3%	3.3%

- Economically, it is unreasonable for a hypothetical licensee to pay a hypothetical licensor a royalty rate in excess of the profits the asset is expected to generate. No rational investor would agree to pay a royalty rate greater than a company's expected profitability. Therefore, any royalty rate greater than J. Crew's projected adjusted EBIT margin would be unreasonable.

Economic Rationale

Royalty Rate < EBIT Margin

- Moreover, we also compared J. Crew's projected adjusted EBIT margins to the lower quartile royalty rate of 2.8%. However, a 2.8% royalty rate implies a profit split in excess of 85% and is also unreasonable. Therefore, we determined that the market royalty rates identified by the Markables screen do not provide a reasonable basis to determine the value of the J. Crew IP.

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(1) Disclosure Statement dated June 24, 2020, Exhibit B, p. 8 (Docket #541).

Market Comparable Royalty Rate Approach

Comparison of Expected Profitability

- Additionally, the projected profitability (e.g., EBIT margin, EBITDA margin, UFCF margin) of J. Crew was significantly below the Implied Profitability of the brand names/businesses identified in our Markables screen. As shown in the table below, J. Crew's projected adjusted EBIT margins, adjusted EBITDA margins, and UFCF margins are all projected to be below the median Implied Profitability of 14.2% and lower quartile Implied Profitability of 7.4% for the Trademark Comparables:[1]

($ millions)	For the Fiscal Year				FY2021 - FY2024	
	2021	2022	2023	2024	Average	Median
Total Revenue	$ 1,505	$ 1,518	$ 1,496	$ 1,503		
Adjusted EBIT	$ 52	$ 57	$ 46	$ 46		
Adjusted EBITDA	$ 97	$ 101	$ 89	$ 88		
Unlevered Free Cash Flow	$ 103	$ 3	$ 57	$ 54		
Adjusted EBIT Margin	3.5%	3.7%	3.1%	3.1%	3.3%	3.3%
Adjusted EBITDA Margin	6.4%	6.6%	5.9%	5.9%	6.2%	6.2%
UFCF Margin	6.8%	0.2%	3.8%	3.6%	3.6%	3.7%

- Therefore, J. Crew is projected to be significantly less profitable than all but three of the 62 Trademark Comparables were when their royalty rates were negotiated. This is further evidence that the royalty rates of the Trademark Comparables should not be used to determine the royalty rate for valuing the J. Crew IP.

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(1) Disclosure Statement dated June 24, 2020, Exhibit B, p. 8 (Docket #541).

Market Comparable Royalty Rate Approach

A Linear Relationship between Royalty Rates and Profitability

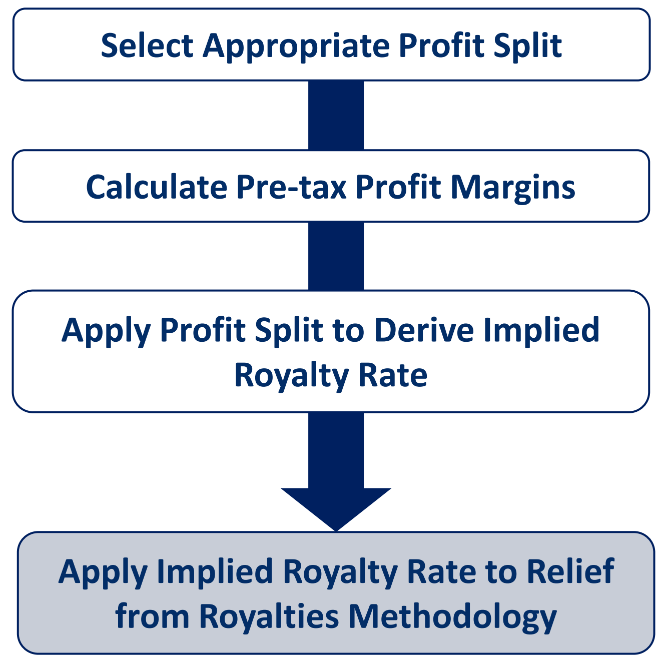
- There is a linear relationship between royalty rates and profitability. For example:
  - "Statistical analysis shows **a linear relationship between reported royalty rates and profitability measures**, and that this suggests that the licensing market is efficient and that 'cost structure and profitability across industries have been factored into royalty rate negotiations.'"[1]
  - "The regression analyses indicate that there are **linear relationships between the reported royalty rates and the profit margins**. Precisely, the profit margins explain about one-third to 40 percent of the variations across 14 industries, and coefficients for each of the profit margins are significant at 2 percent to 3 percent levels. The results are especially impressive considering the limited samples."[2]
- Therefore, it is our opinion that, all else being equal, a company with lower profitability will have a lower royalty rate.

(1) Heberden, Tim, "International Licensing," Deloitte, 2011, p. 12. (emphasis added)
(2) Kremmerer, Jonathan E. and Jiaqing Lu, "Profitability and royalty rates across industries: Some preliminary evidence," KPMG, 2012, p. 10. (emphasis added)

Profit Split Method

Approach Definition

- The PSM is a standard framework used by financial professionals for determining an appropriate royalty rate for licensing agreements. The PSM assumes that the licensee of certain trademarks would split a portion of the pre-tax profits derived from such trademarks with the licensor. This method ultimately applies a percentage to the profit margins (usually EBIT) and assumes the resulting margin to be an appropriate royalty rate.
- In determining a reasonable amount of profit split, one should consider the facts of the case at issue.
- In line with our previous analyses, we relied on the data obtained from Markables in order to determine an appropriate profit split for valuing the J. Crew IP.



Pre-Tax Royalty Rate

- The lower quartile and median profit splits of the Trademark Comparables identified in our Markables screen were 25.4% and 42.0%, respectively. Utilizing those profit splits and applying them to J. Crew's projected adjusted EBIT margins results in the following calculation of royalty rates:

($ millions)	For the Fiscal Year				FY2021 - FY2024	
	2021	2022	2023	2024	Average	Median
Adjusted EBIT Margin	3.5%	3.7%	3.1%	3.1%		
Implied Pre-Tax Royalty Rates:						
25.4% Profit Split (1)	0.9%	0.9%	0.8%	0.8%	0.8%	0.8%
33.7% Profit Split (2)	1.2%	1.3%	1.0%	1.0%	**1.1%**	**1.1%**
42.0% Profit Split (3)	1.5%	1.6%	1.3%	1.3%	1.4%	1.4%

- Given that J. Crew is expected to be less profitable than the majority of the brands/businesses underlying the Trademark Comparables, we believe it is appropriate, if not conservative, to use a midpoint of the median and lower quartile profit splits in determining a royalty rate for the J. Crew IP. This implies a royalty rate of 1.1%.

(1) The profit split corresponding to the lower quartile of profit splits identified in the Markables Screen.
(2) The profit split corresponding with the midpoint of the lower quartile and median of the profit splits identified in the Markables Screen.
(3) The profit split corresponding to the median of profit splits identified in the Markables Screen.

c) Third-Party Determinations of Royalty Rate

Third-Party Determinations of Royalty Rate

Duff & Phelps' Selected Royalty Rates

[redacted]

(1) Duff & Phelps, "J. Crew Group, Inc.: ASC 350 Analysis as of October 15, 2016," March 21, 2017, Exhibits 7.0 and 8.0 (CREW_UCC00064418).
(2) Duff & Phelps, "J. Crew Group, Inc.: ASC 350 Analysis as of October 15, 2014," March 5, 2015, Exhibit 3.0 and 11.0 (CREW_UCC00068730).
(3) Duff & Phelps, "J. Crew Group, Inc.: Estimation of the Fair Value of the J. Crew Trade Name as of July 2, 2016," September 20, 2016, Exhibits 1.0 and 2.0 (CREW_UCC00034636).
(4) Duff & Phelps, "J. Crew Group, Inc.: Estimation of the Fair Value of the J. Crew Trade Name as of April 29, 2017," May 22, 2017, Exhibits 1.0 and 2.0 (CREW_UCC00070119).
(5) Duff & Phelps, "J. Crew Group, Inc.: ASC 350 Analysis as of October 29, 2018," March 19, 2019, Exhibits 8.0 and 9.0 (CREW_UCC00513079).
(6) Duff & Phelps, "J. Crew Group, Inc.: ASC 350 Analysis as of October 15, 2015," December 14, 2015, Exhibits 3.0 and 11.0 (CREW_UCC00005955).

Third-Party Determinations of Royalty Rate

Duff & Phelps' Valuation as of October 2015

[redacted]

(1) J. Crew Group, Inc., ASC 350 Analysis as of October 15, 2015, Duff & Phelps, December 14, 2015 (CREW_UCC00005955 @ 005956).
(2) J. Crew Group, Inc., ASC 350 Analysis as of October 15, 2015, Duff & Phelps, December 14, 2015 (CREW_UCC00005955 @ 006004). (emphasis added)
(3) Id. Exhibit 3.0, p. 59 (CREW_UCC00005955 @ 006013).
(4) Assistant Controller (Patrick Napolitano) of J. Crew Email RE: "Q3 FY'15 Impairment Analysis, December 3, 2015 (CREW_UCC00065620 @ 065623). (emphasis added)

Third-Party Determinations of Royalty Rate

Duff & Phelps' Valuation as of April 2017

[redacted]

(1) J. Crew Group, Inc., Estimation of the Fair Value of the J. Crew Trade Name as of April 29, 2017, Duff & Phelps, May 22, 2017 (CREW_UCC00070119 @ 070153). (emphasis added)
(2) Id. p. 41 (CREW_UCC00070119 @ 070159). (emphasis added)
(3) Id. p. 37 (CREW_UCC00070119 @ 070155), also see (CREW_UCC00070119 @ 070159, 070163).

Third-Party Determinations of Royalty Rate

KPMG Email Exchange - May 2017

- [redacted]

(1) J. Crew (Jeremy Brooks) and KPMG (Shoichi Ohno) Emails RE: "J. Crew Trade Name Impairment" May 12, 2017 (CREW_UCC00064705). (emphasis added) Also see J. Crew Group, Inc., Estimation of the Fair Value of the J. Crew Trade Name as of April 29, 2017, Duff & Phelps, May 22, 2017 (CREW_UCC00070119 @ 070153).

Third-Party Determinations of Royalty Rate

Duff & Phelps' Valuation as of October 2018

- [redacted]

(1) J. Crew Group, Inc., ASC 350 Analysis as of October 29, 2018, Duff & Phelps, March 19, 2019 (CREW_UCC00513079 @ 513125).
(2) Id. p. 48 (CREW_UCC00513079 @ 513126), also see (CREW_UCC00513079 @ 513136, 513139).

d) J. Crew IP Valuation – Additional Support

J. Crew's Internal Review of its Own Brand Value Corroborates Our Opinion

- During a January 23, 2020 Board of Directors meeting, the company summarizes some initial insights following what appeared to be a comprehensive review of its brand vision and marketing strategy:
  - "As a specialty retailer… **it's not clear what makes J. Crew "special" – the brand has lost a distinctive, ownable vision and POV**. What's the reason for being?"[1]
- In a subsequent slide of the presentation regarding brand interest, the company's research finds brand consideration to be "stagnant" noting the following statistic:
  - "In 2019, J. Crew has a 39% awareness metric in the broader apparel market, but **only 6% of that audience is considering the brand**."[2]
- In summary, management directly acknowledges the declining value of the J. Crew IP, which further supports our selection of a lower royalty rate.

(1) "J. Crew Group, Inc: J. Crew Brand Update" (J. Crew Board of Directors Meeting), January 23, 2020 (CREW_UCC00526442 @ 526470). (emphasis added)
(2) Id. (CREW_UCC00526442 @ 526472). (emphasis added)

J. Crew IP Valuation – Additional Support

Lazard's Contemporaneous Valuations of the J. Crew IP Corroborate Our Opinion

- Further, the liquidation analysis submitted by the Debtors in connection with the Disclosure Statement for Chinos Holdings, Inc. was conducted by the Debtors to address a hypothetical liquidation scenario as of September 12, 2020 (the "Liquidation Analysis"). In the notes to the Liquidation Analysis, which contain an overview of anticipated gross proceeds from the company's various asset accounts, the Debtors appraise the intangible assets. The "Licensed Marks" are defined as the domestic J. Crew brand intellectual property. The Madewell trade names and trademarks, as well as the goodwill and other intangibles, are evaluated independently.[1]
- As set forth in the Liquidation Analysis, as of September 12, 2020, the Debtors estimate the Licensed Marks (i.e., the J. Crew IP valued in this Report) "**will be liquidated at a value of approximately $113 million to $146 million**."[1]
- In a footnote to the estimate in the Liquidation Analysis, the Debtors explain, "The range of values for the Licensed Marks… are derived from third-party analysis of relevant distressed company transactions. It is noted that **the disposition of intellectual property and trademarks in a distressed scenario is subject to significant uncertainty and could result in materially less proceeds for stakeholders**."[1]
- Nevertheless, **this valuation range roughly aligns with Lazard's 2019 IP value of $150M**[2] and appears to reflect the continued deterioration of J. Crew's brand value leading up to the chapter 11 bankruptcy filing. As noted by Duff & Phelps, declining revenue and profitability are directly correlated with lower royalty rates.

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(1) Disclosure Statement dated June 24, 2020, Exhibit C, pp. 1, 5 (Docket #541). (emphasis added)
(2) Lazard "Project Monet - Illustrative Madewell Valuation Waterfall" 2019 (CREW_UCC00156221).

V. Impact of COVID-19 is Accounted for in Our Valuations

Impact of COVID-19 is Accounted for in Our Valuations

Discounted Cash Flow Valuation

- Projected cash flows for the J. Crew Group were obtained from the Disclosure Statement. The Disclosure Statement Projections assume the impact of COVID-19 including store closures.
- The Disclosure Statement Projections are substantially lower than management's pre-COVID-19 February 2020 projections.

Comparable Company Valuation

- Peer group multiples are calculated using market price data as of July 27, 2020.
- Peer group multiples are calculated using analysts' consensus earnings estimates for FY2021 and FY2022 as of July 27, 2020.
- CompCo valuation for the J. Crew Group is calculated by multiplying these peer group multiples by J. Crew and Madewell's projected EBITDA for FY2021 and FY2022 from the Disclosure Statement. The Disclosure Statement Projections assume the impact of COVID-19 including store closures.

Valuation of the J. Crew IP

- Projected revenue and EBIT for the J. Crew Group were obtained from the Disclosure. The Disclosure Statement Projections assume the impact of COVID-19 including store closures.
- The Disclosure Statement Projections are substantially lower than management's pre-COVID-19 February 2020 projections.

VI. Company Overview

a) Company Overview – J. Crew

Company Overview – J. Crew

Company Background

- As highlighted in Debtwire's Chapter 11 case profile, "The company opened its first Manhattan store in 1989 and continued to expand to 181 J Crew stores and 170 J Crew factory outlet stores" by early May 2020 (i.e., as of the Chapter 11 petition date), "selling men's, women's and children's swimwear, outerwear, shoes, denim and other accessories and apparel."[1]
  - "…J Crew division [J. Crew] generated USD 1.7bn in revenue in 2019. The company went public in 2006 before being taken private in 2011 through a leveraged buyout with TPG Capital and Leonard Green & Partners."[1]
- The company's major sales channels include E-Commerce, Retail (i.e., its stores), and Wholesale,[2] which can also be subdivided into the following distribution channels within each division:
  - J. Crew Brand (J. Crew Stores, J. Crew Direct, J. Crew Wholesale, and J. Crew Concessions).[3]
  - J. Crew Factory Brand (Factory Stores, Factory Direct, and Factory Wholesale).[3]

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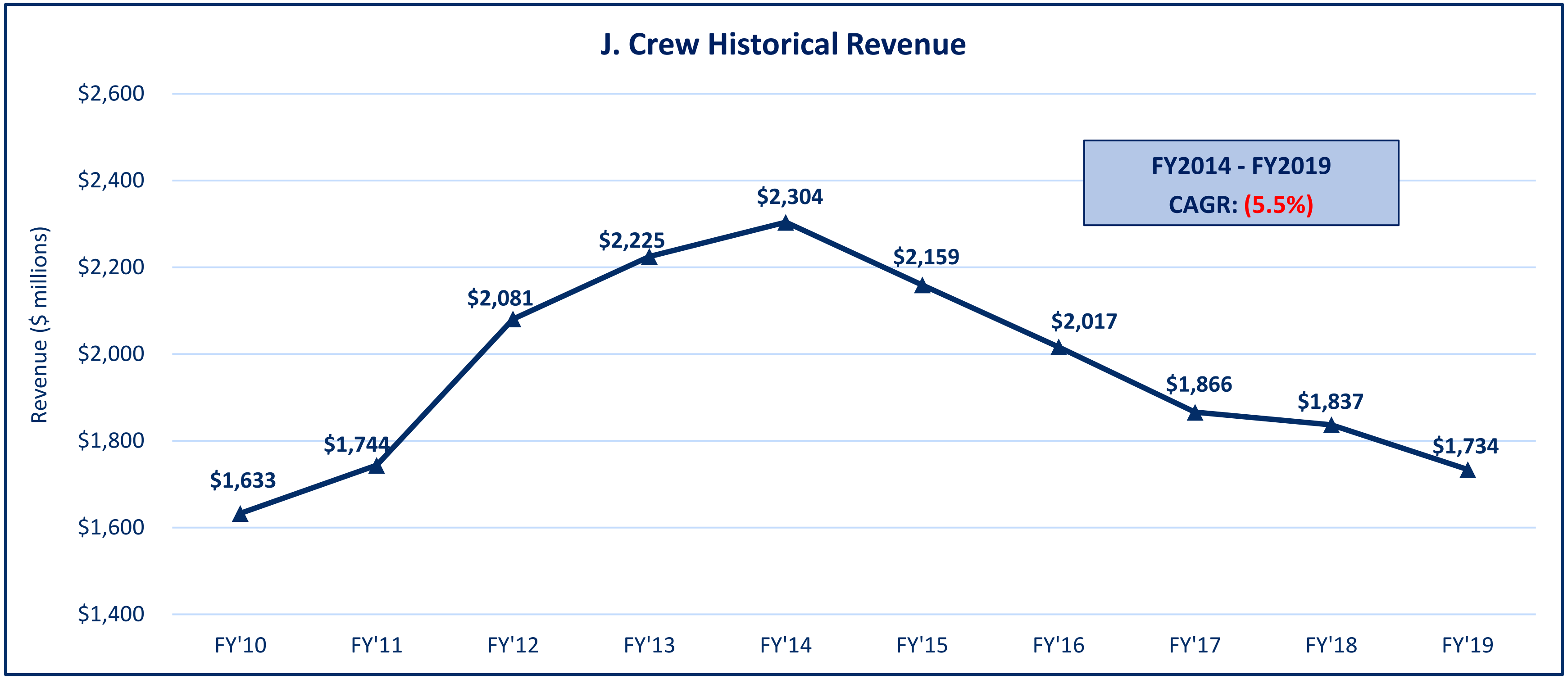
(1) Case Profile: "J. Crew aims for four-month Chapter 11 stay with USD 1.65bn debt-for-equity swap," Debtwire, May 4, 2020, p. 2.
(2) Disclosure Statement dated June 24, 2020, p. 8 (Docket #541). (emphasis added).
(3) Sourced from Excel file "2019-2024 Projected Financials for J. Crew Brand and Factory Brand" (CREW_UCC00536155).

Company Overview – J. Crew

Historical Revenue

- J. Crew revenue consistently increased from FY2010 through FY2014, going from $1,633 up to $2,304 million, for a CAGR of 9.0%.[1] Following FY2014, J. Crew's revenue decreased from $2,304 million in FY2014 to $1,734 million in FY2019, for a CAGR of (5.5%).

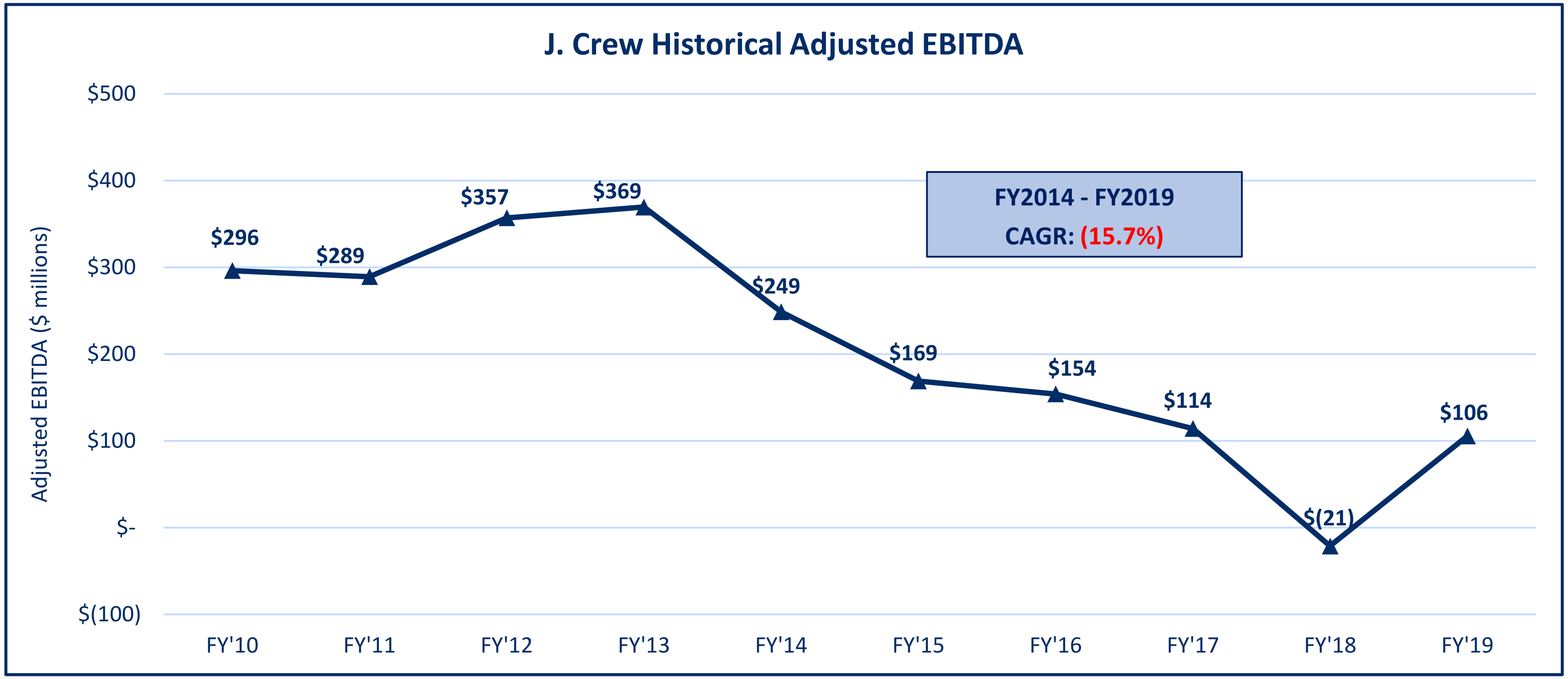


(1) J. Crew FY2010-2015 and FY2016-2019 revenue data sourced from "2010-2015 Detailed Historical Financials and 2016-2020 Projections" (CREW_UCC00024398 @ 24403); and Excel file "2016-2019 Historical Financials by Entity" (as provided by the Debtors).

Company Overview – J. Crew

Historical Adjusted EBITDA

- J. Crew adjusted EBITDA grew from $296 million in FY2010 to $369 million in FY2013, before it declined to $249 million in FY2014.[1] Following FY2014, J. Crew's adjusted EBITDA decreased from $249 million in FY2014 to $106 million in FY2019, for a CAGR of (15.7%).

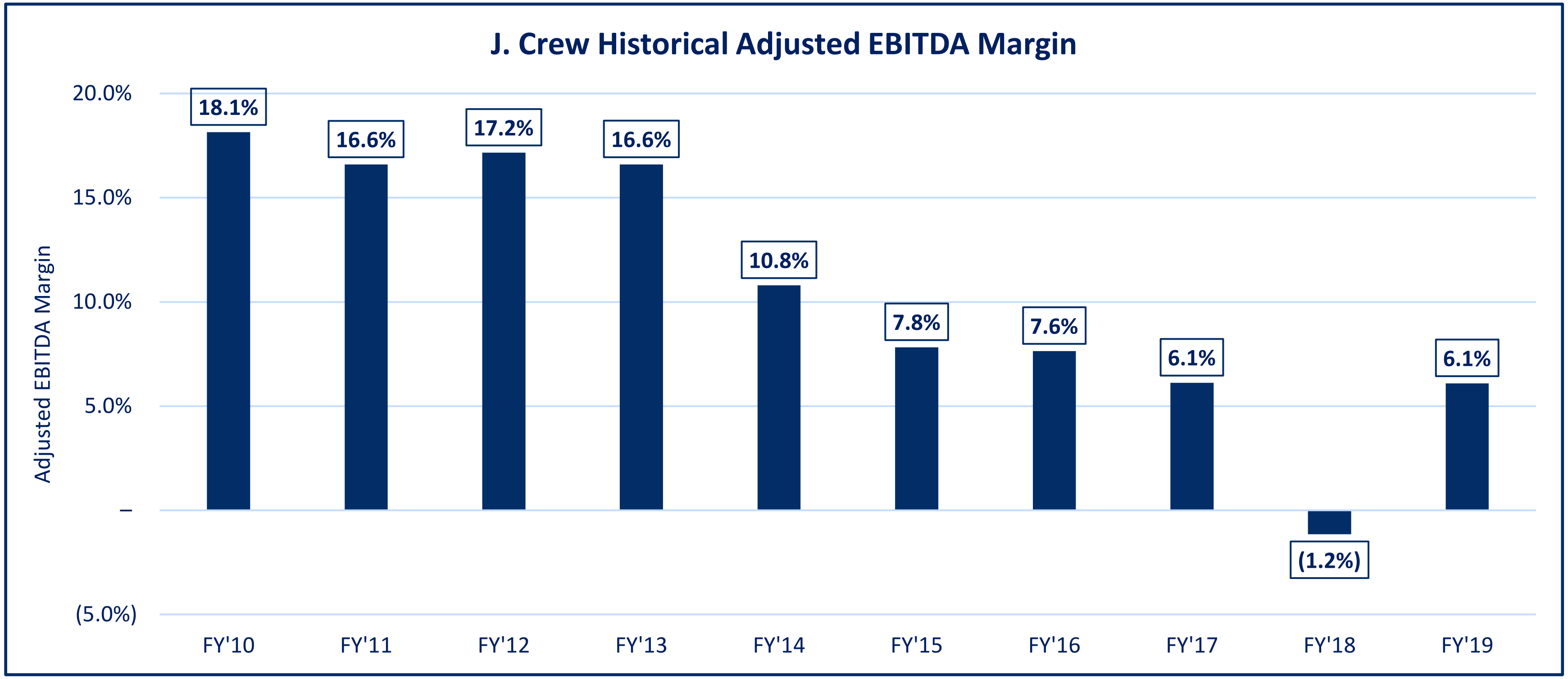


(1) J. Crew FY2010-2015 adjusted EBITDA calculated from data sourced from Excel file "2010-2015 Detailed Historical Financials and 2016-2020 Projections" (CREW_UCC00048455), tabs "Stand Alone Summary," "J.Crew Brand," and "Factory Brand," "Madewell Brand;" J. Crew FY2016 adjusted EBITDA calculated based on expected percentage-wise allocation of corporate overhead sourced from "2010-2015 Detailed Historical Financials and 2016-2020 Projections" (CREW_UCC00048455), tabs "Madewell Brand," "Stand Alone Summary," "J.Crew Brand," and "Factory Brand;" Channel EBITDA sourced from Excel file "2016-2019 Historical Financials by Entity" (as provided by the Debtors), and actual adjusted EBITDA sourced from J. Crew, "Materials for Restricted Ad Hoc PIK Noteholders" dated March 13, 2017 (CREW_UCC00333788 @ 333802); J. Crew FY2017-2019 adjusted EBITDA sourced from Excel file "2017-2019 Actual Adjusted EBITDA by Entity" (as provided by the Debtors).

Company Overview – J. Crew

Historical Adjusted EBITDA Margin

- J. Crew adjusted EBITDA margin was very high historically, ranging from 16.6% to 18.1% from FY2010 to FY2013.[1,2] Following FY2013, J. Crew's adjusted EBITDA margin declined to 10.8% in FY2014, and continued this trend to 6.1% in FY2019.



(1) J. Crew FY2010-2015 and FY2016-2019 revenue data obtained from "2010-2015 Detailed Historical Financials and 2016-2020 Projections" (CREW_UCC00024398 @ 24403); and Excel file "2016-2019 Historical Financials by Entity" (as provided by the Debtors).

(2) J. Crew FY2010-2015 adjusted EBITDA calculated from data sourced from "2010-2015 Detailed Historical Financials and 2016-2020 Projections" (CREW_UCC00048455), tabs "Stand Alone Summary," "J.Crew Brand," and "Factory Brand," "Madewell Brand;" J. Crew FY2016 adjusted EBITDA calculated based on expected percentage-wise allocation of corporate overhead sourced from "2010-2015 Detailed Historical Financials and 2016-2020 Projections" (CREW_UCC00048455), tabs "Madewell Brand," "Stand Alone Summary," "J.Crew Brand," and "Factory Brand;" Channel EBITDA obtained from Excel file "2016-2019 Historical Financials by Entity" (as provided by the Debtors), and actual adjusted EBITDA sourced from J. Crew, "Materials for Restricted Ad Hoc PIK Noteholders" dated March 13, 2017 (CREW_UCC00333788 @ 333802); J. Crew FY2017-2019 adjusted EBITDA sourced from Excel file "2017-2019 Actual Adjusted EBITDA by Entity" (as provided by the Debtors).

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b) Company Overview – Madewell

Company Overview – Madewell

Company Background

- As highlighted in Debtwire's Chapter 11 case profile, "In 2006, J Crew acquired then-defunct women's clothing and accessories retailer Madewell and opened a store in Dallas, Texas. Prior to the coronavirus shutdown Madewell had 140 stores focused on a 'cool, unexpected, and artful aesthetic.' The Madewell division brought in USD 602m in revenue in 2019."[1]
- In its Form S-1 for Madewell's prospective IPO, Chinos Holdings, Inc. provides the following overview of the company with a strong emphasis on its e-commerce capabilities:
- "**Madewell is a fast-growing** and innovative brand offering a full product assortment rooted in premium denim and everything you wear with jeans—cool tees, cozy sweaters, comfy sneakers, timeless leather jackets, totes, tops and much more. We also offer lifestyle products including dresses, swimwear, beauty, gifts and sunglasses. Madewell offers a cool, unexpected and artful aesthetic that feels timeless, effortless and relevant in today's era of self-expression."[2]
- "We have developed a digitally-led, omnichannel strategy that puts the customer at the center and creates seamless touchpoints across channels. **This customer-centric strategy unifies our e-commerce and store businesses and enhances customer acquisition, retention, store productivity and customer lifetime value**."[3]
- "Our website is fully mobile-responsive, offers a universal cart accessible across all of the customer's devices and provides visibility to e-commerce and store inventory with options for delivery or store pick up. Our digital experience marries commerce and content by offering our customers access to our full product assortment, including exclusive styles and extended sizes, as well as providing an aesthetically rich shopping experience with compelling imagery, editorial stories, styling inspiration and fit guidance."[3]

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(1) Case Profile: "J. Crew aims for four-month Chapter 11 stay with USD 1.65bn debt-for-equity swap," Debtwire, May 4, 2020, p. 2.
(2) Amendment No. 1 to Form S-1 Registration Statement ("Project Monet"), Chinos Holdings, Inc. (Madewell), January 17, 2020, p. 160 (emphasis added).
(3) Id. p. 163. (emphasis added).

Company Overview – Madewell

Company Product Segments & Sales Channels

- Also in its Form S-1, Chinos Holdings, Inc. discusses the core objective of strengthening Madewell's digital direct-to-consumer strategy:
- "**We believe there is a significant opportunity to expand our e-commerce penetration from 37% of DTC revenue in fiscal 2018 and 41% in the first nine months of fiscal 2019 to over 50% of total DTC revenue**. We plan to achieve this by capitalizing on overall growth in the online specialty retail industry as well as by employing several critical initiatives to drive our e-commerce penetration. We intend to support net revenue growth at madewell.com through the following robust e-commerce strategies, which we believe will drive increased cross-channel migration, converting single-channel customers into more engaged, more valuable omnichannel customers:
    - Expand E-Commerce Assortment
    - Further Accelerate Digital Marketing
    - Grow Mobile and Launch App
    - Increase Personalization and Dynamic Presentation"[1]
- Madewell operates in four key product categories with the following revenue mix in fiscal year 2018:
    - Everything You Wear With Jeans (52%), Denim (29%), Lifestyle (19%), and Men's (recently launched)[2]
- Madewell's major sales channels include E-Commerce, Retail (i.e., its stores), and Wholesale.[2]

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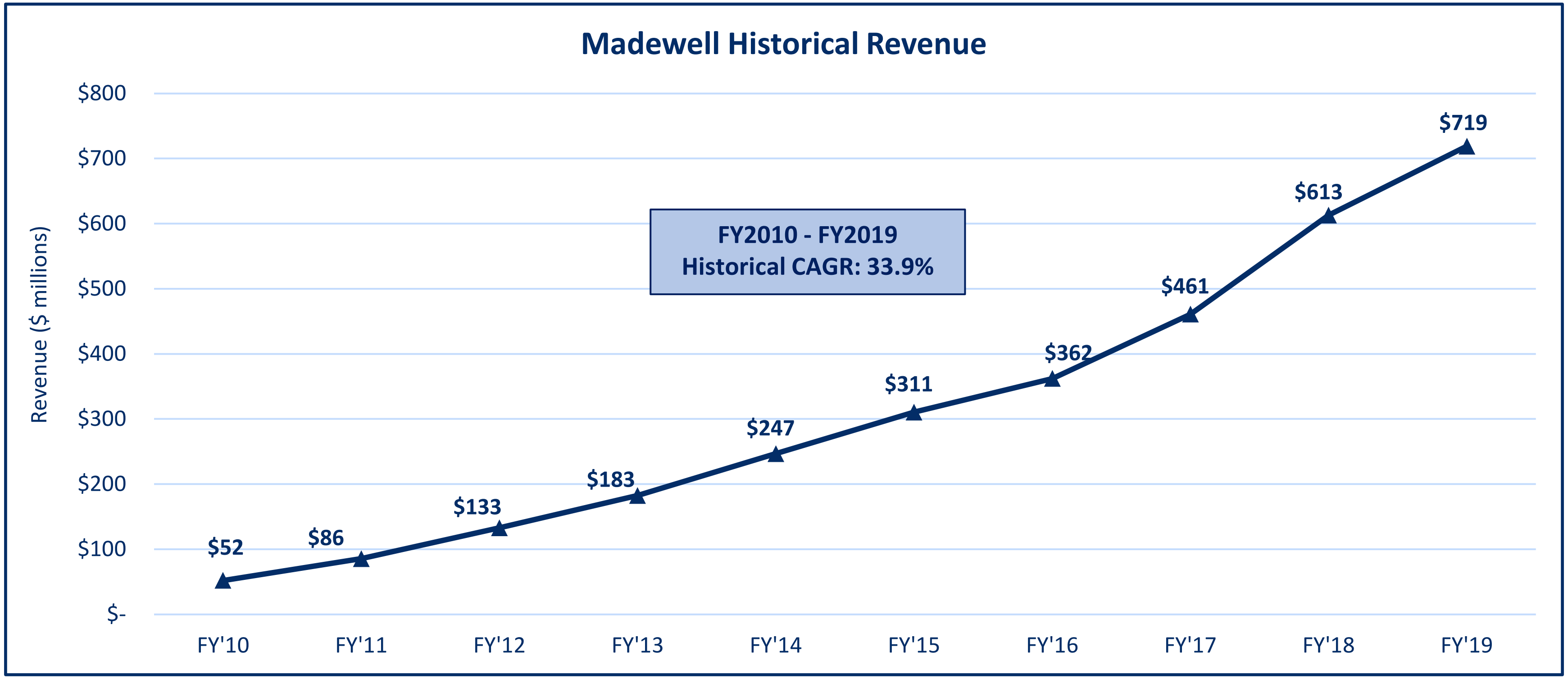
(1) Amendment No. 1 to Form S-1 Registration Statement ("Project Monet"), Chinos Holdings, Inc. (Madewell), January 17, 2020, p. 167. (emphasis added)
(2) Id. pp. 168-171, 173-175.

Company Overview – Madewell

Historical Revenue

- Madewell's revenue experienced a rapid and consistent increase from FY2010 through FY2019, growing from $52 million to $719 million, for a CAGR of 33.9%.[1]

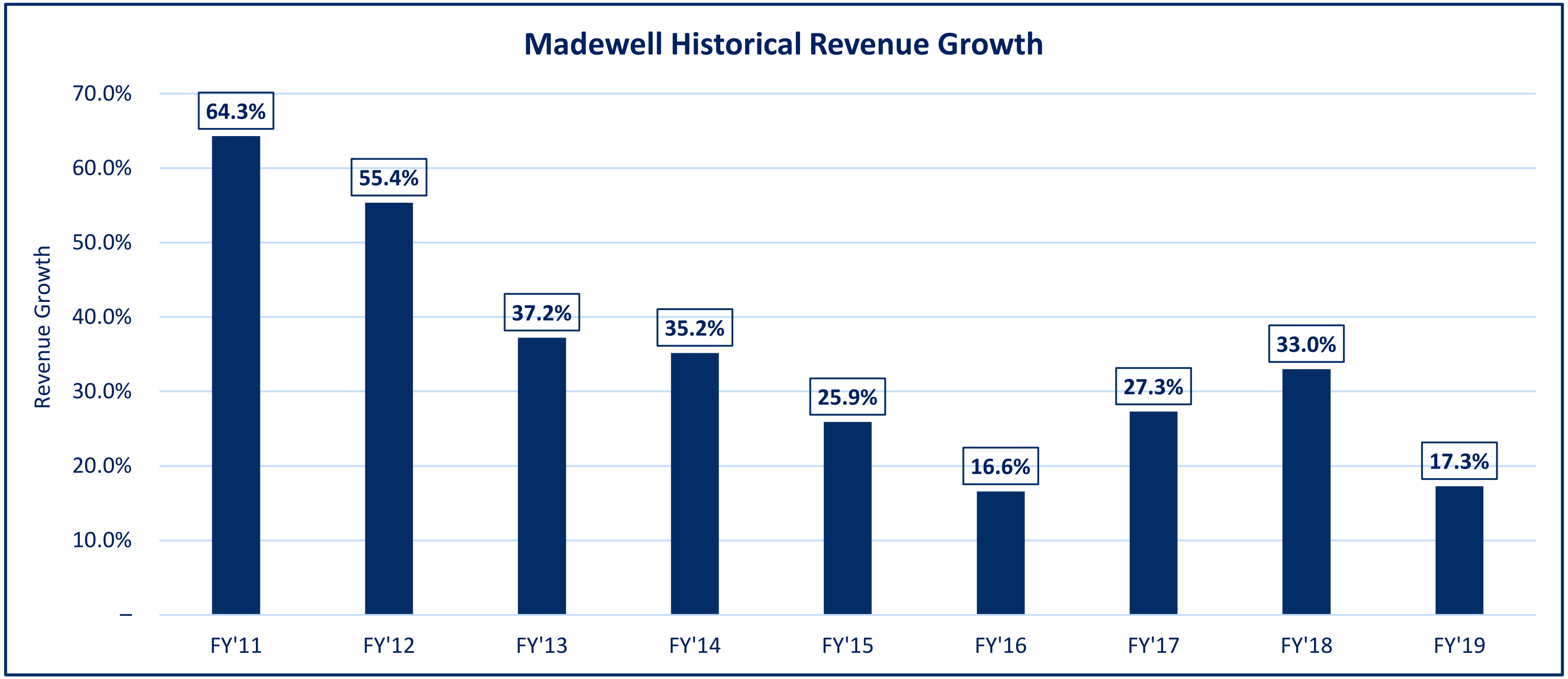


(1) Madewell FY2010-2015 and FY2016-2019 revenue data sourced from "2010-2015 Detailed Historical Financials and 2016-2020 Projections" (CREW_UCC00024398 @ 24403); and Excel file "2016-2019 Historical Financials by Entity" (as provided by the Debtors).

Company Overview – Madewell

Historical Revenue Growth

- Madewell revenue grew aggressively from FY2011 through FY2019, at an annual rate ranging from 16.6% up to 64.3%.[1] In more recent years, from FY2015 to FY2019, Madewell's revenue maintained a very high growth ranging from 16.6% up to 33.0%.



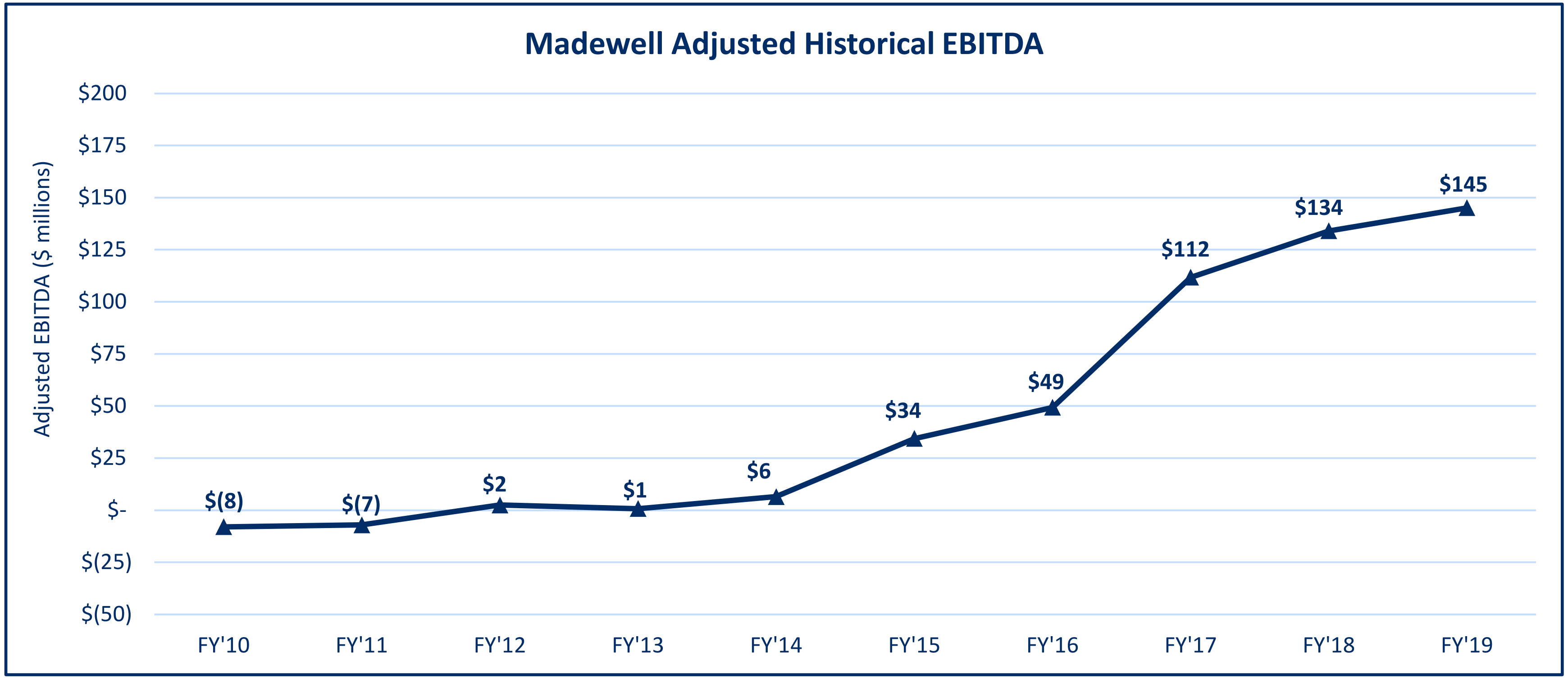
Madewell generated positive comparable store sales in 39 out of 40 quarters prior to FY2018.[2]

(1) Madewell FY2010-2015 and FY2016-2019 revenue data sourced from "2010-2015 Detailed Historical Financials and 2016-2020 Projections" (CREW_UCC00024398 @ 24403); and Excel file "2016-2019 Historical Financials by Entity" (as provided by the Debtors).
(2) Presentation to Milbank and PJT, May 15, 2019 (CREW_UCC00154167 @ 154201-154202, 154204).

Company Overview – Madewell

Historical Adjusted EBITDA

- Madewell's adjusted EBITDA was negative in FY2010 and FY2011, before turning positive in FY2012 and experienced tremendous growth in the following years, resulting in $145 million in FY2019.[1]

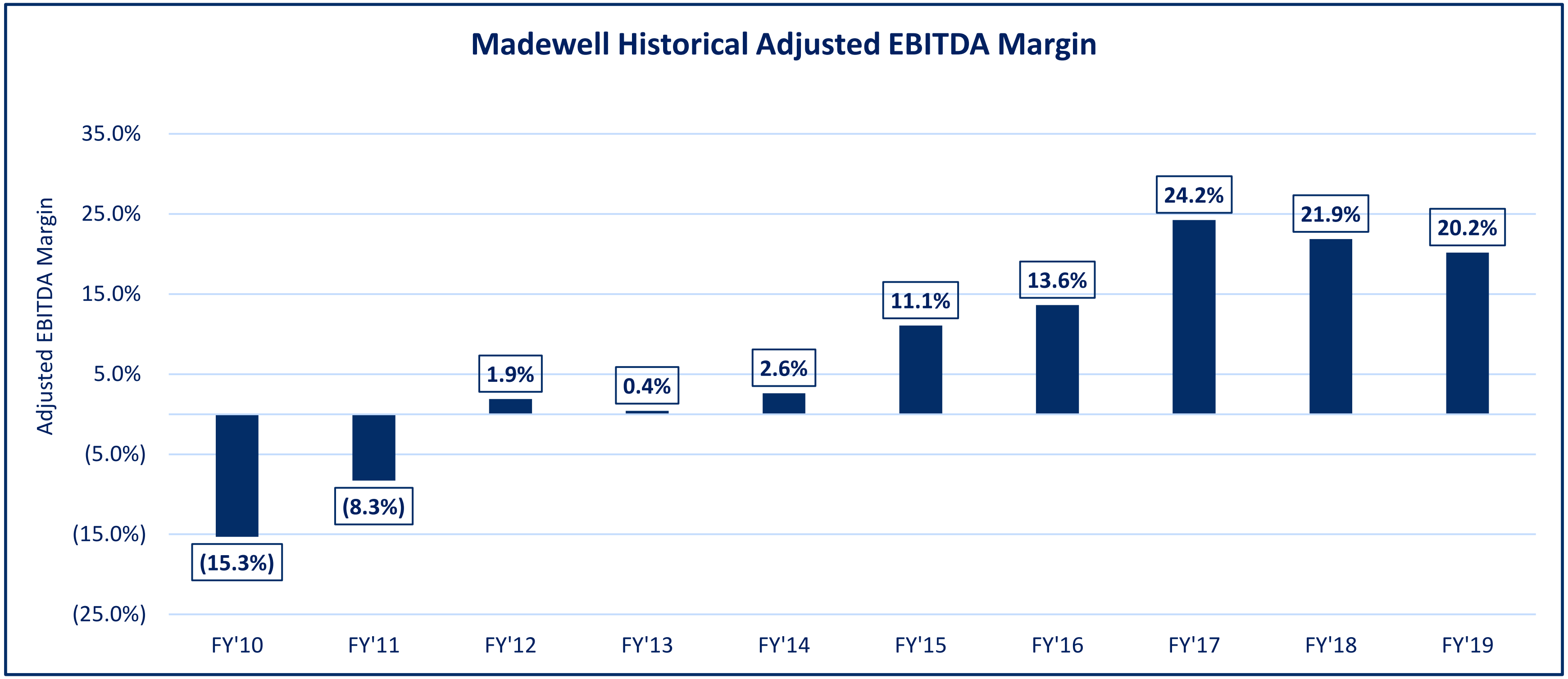


(1) Madewell FY2010-2015 adjusted EBITDA data sourced from "2010-2015 Detailed Historical Financials and 2016-2020 Projections" (CREW_UCC00048455), tab "Madewell Brand;" Madewell FY2016 adjusted EBITDA calculated based on expected percent-wise allocation of corporate overhead sourced from "2010-2015 Detailed Historical Financials and 2016-2020 Projections" (CREW_UCC00048455), tabs "Madewell Brand," "Stand Alone Summary," "J.Crew Brand," and "Factory Brand;" Channel EBITDA sourced from Excel file "2016-2019 Historical Financials by Entity" (as provided by the Debtors), and actual adjusted EBITDA sourced from J. Crew, "Materials for Restricted Ad Hoc PIK Noteholders" dated March 13, 2017 (CREW_UCC00333788 @ 333802); Madewell FY2017-2019 adjusted EBITDA sourced from Excel file "2017-2019 Actual Adjusted EBITDA by Entity" (as provided by the Debtors).

Company Overview – Madewell

Historical Adjusted EBITDA Margin

- In its early stages, Madewell's adjusted EBITDA margin was negative (FY2010-2011) or slightly above 0% (FY2012-2014), which was followed by a rapid expansion in the following years, resulting in an adjusted EBITDA margin above 20% during the FY2017-2019 period.[1,2]



(1) Madewell FY2010-2015 and FY2016-2019 revenue data sourced from "2010-2015 Detailed Historical Financials and 2016-2020 Projections" (CREW_UCC00024398 @ 24403); and Excel file "2016-2019 Historical Financials by Entity" (as provided by the Debtors).

(2) Madewell FY2010-2015 adjusted EBITDA data sourced from Excel file "2010-2015 Detailed Historical Financials and 2016-2020 Projections" (CREW_UCC00048455), tab "Madewell Brand;" Madewell FY2016 adjusted EBITDA calculated based on expected percentage-wise allocation of corporate overhead sourced from "2010-2015 Detailed Historical Financials and 2016-2020 Projections" (CREW_UCC00048455), tabs "Madewell Brand," "Stand Alone Summary," "J.Crew Brand," and "Factory Brand;" Channel EBITDA sourced from Excel file "2016-2019 Historical Financials by Entity" (as provided by the Debtors); and actual adjusted EBITDA sourced from J. Crew, "Materials for Restricted Ad Hoc PIK Noteholders" dated March 13, 2017 (CREW_UCC00333788 @ 333802); Madewell FY2017-2019 adjusted EBITDA sourced from Excel file "2017-2019 Actual Adjusted EBITDA by Entity" (as provided by the Debtors).

Company Overview – Madewell

Profitability Growth Trend and Key Performance Indicators

- In a May 2019 presentation, Lazard noted the following about Madewell's performance:[1]
  - Madewell generated 33% of its total sales online in FY2018 (up from just 19% in FY'13) and had achieved positive comparable sales growth in 39 of the last 40 quarters.
  - Madewell had 2.6 million active customers with a 34% increase in new-to-brand customers and a 65% increase in active customers who shop online or cross channel.
  - Madewell's stores complemented its digital platform and yielded $1,300 in sales per selling square foot.
- In the same presentation to PJT and Milbank on May 15, 2019, Lazard highlighted that Madewell "stacks up well on metrics that matter"[2] and compares the company to high-growth peers and industry leaders, such as Lululemon on store sales per selling square foot, 3-year sales CAGR, and lifetime value relative to customer acquisition costs. Madewell outperformed most peers with respect to these measures and ranked first on the LTV/CAC ratio – landing well above Revolve, ASOS, and boohoo.[2]

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(1) Presentation to Milbank and PJT, May 15, 2019 (CREW_UCC00154167 @ 154201-154202, 154204).
(2) Presentation to Milbank and PJT, May 15, 2019 (CREW_UCC00154167 @ 154211).

Company Overview – Madewell

Profitability Growth Trend and Key Performance Indicators (cont.)

- Furthermore, in its May 2019 presentation, Lazard compared Madewell's performance to its peers. For example, consider the following:
  - Madewell's expected EBITDA CAGR from FY2017 to FY2019 of 45% was well above the peer group median of 28%. The median peer EV/EBITDA multiple was 18.0x, with Lululemon trading at 23.3x.[1]
- Typically, strong financial performance is correlated with a greater earnings multiple being assigned by market participants. According to Aswath Damodaran in his publication Damodaran on Valuation, "Every multiple, whether it is of earnings, revenues or book value, is a function of the same three variables – risk, growth and cash flow generating potential. Intuitively, then, firms with higher growth rates, less risk and greater cash flow generating potential should trade at higher multiples than firms with lower growth, higher risk and less cash flow potential."[2] Even among its high-growth peers, Madewell's outstanding operating performance justifies a premium valuation.

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(1) Madewell Board Materials, October 28, 2019 (CREW_UCC00156345 @ 156361, 156364).
(2) Damodaran, Aswath, "Damodaran on Valuation," 2nd Edition, John Wiley & Sons, 2005, p. 245.

Company Overview – Madewell

Madewell IPO

- As early as February of 2016, J. Crew Group and its advisors were considering various financing alternatives to address its debt burden of over $2 billion, one of which was the opportunity for a Madewell IPO to raise cash, given the success of the brand. Goldman Sachs evaluated the equity market environment and other IPO activity at the time, while comparing Madewell to other high-growth retailers that went public over the prior 10-year period.[1]
- Approximately, one year later in January 2017, Lazard was helping J. Crew Group plan for a potential Madewell transaction via either a spin off or structured sale, but the company faced various structural and legal constraints due to its unsustainable leverage profile. At that time, Lazard acknowledged Madewell's "value and ability to generate meaningful cash flows."[2]

(1) Goldman Sachs & Co., "Discussion Materials: J. Crew," February 26, 2016 (CREW_UCC00050330-050377).
(2) Lazard, "Madewell Discussion Materials: Project Jupiter, January 27, 2017 (CREW_UCC00257130 @ 257133).

Company Overview – Madewell

Madewell IPO (cont.)

- The growth story continued over the next few years and by May 2019, Lazard had developed a presentation to evaluate strategic options including the separation of J. Crew and Madewell, which "appears to be the value-maximizing path for the company and its stakeholders."[1] Further, Lazard noted that "the IPO market is robust, suggesting a near-term IPO of Madewell is optimal."[1]
- Lazard, Weil, and BAML then met with PJT and Milbank (advisors to the ad hoc group to the company's lenders) to discuss J. Crew Group, stating that "an independent Madewell is expected to command an attractive valuation in the public equity markets given its exceptional growth profile and earnings consistency."[2] The goal was to launch an IPO of Madewell with pricing in September 2019.
- According to Debtwire's Chapter 11 case profile, "months of negotiations yielded a TSA with the lenders and equity holders in December 2019, setting up a separation of Madewell from J. Crew. Madewell would then launch an IPO with the proceeds used to deleverage J. Crew's capital structure."[3] By early 2020, Chinos Holdings, Inc. had filed a registration statement (subject to completion) with the SEC dated January 17, 2020. This preliminary prospectus confirmed Madewell's intention to sell common stock in an imminent IPO. The originally planned transaction was not completed.[3]

(1) Lazard, "Special Committee of Chinos Intermediate Holdings A, Inc.," May 14, 2019 (CREW_UCC00154167 @ 154178).
(2) Presentation to Milbank and PJT, May 15, 2019 (CREW_UCC00154167 @ 154198).
(3) Case Profile: "J. Crew aims for four-month Chapter 11 stay with USD 1.65bn debt-for-equity swap," Debtwire, May 4, 2020, p. 1, 5; Amendment No. 1 to Form S-1 Registration Statement ("Project Monet"), Chinos Holdings, Inc. (Madewell), January 17, 2020.

VII. The Michel-Shaked Group's Qualifications

Summary of Qualifications – Dr. Israel Shaked

- Dr. Shaked is a Professor of Finance and Economics at Boston University Questrom School of Business in Boston, Massachusetts and the Managing Director of MSG, a firm that provides corporate finance and business consulting services to law firms, governmental agencies and corporations worldwide. For the last 42 years, he has taught courses at the doctoral, graduate and undergraduate levels on various topics, including business valuation, corporate finance, financial institutions and markets, financial economics, and general management. For 19 years, he was the Director of the Boston Chartered Financial Analysts (CFA) Examination Review Program, a three-level program preparing investment professionals for a series of examinations leading to a worldwide certification by the CFA Institute (f/k/a Association for Investment Management and Research).

- Dr. Shaked has been retained as an expert or consultant involving numerous companies in many industries. A significant number of the assignments involved financial distress, restructuring, solvency and other bankruptcy related consulting.

- Dr. Shaked has authored several books in the areas of his research including: Takeover Madness: Corporate America Fights Back (with A. Michel), John Wiley & Sons, 1986. The Complete Guide to A Successful Leveraged Buyout (with A. Michel), Dow Jones-Irwin, 1988. Finance and Accounting for Lawyers (with A. Michel), Legal Financial Press, 1996. A Practical Guide to Bankruptcy Valuation (with R. Reilly), American Bankruptcy Institute, 2013 and A Practical Guide to Bankruptcy Valuation (with R. Reilly), 2nd edition, American Bankruptcy Institute, 2017.

- Dr. Shaked has a Doctor of Business Administration (DBA) from the Harvard Graduate School of Business Administration. In addition, he has a BA in Economics and a BA in Statistics from the Hebrew University of Jerusalem. He also has a Masters in Business Administration (MBA) with a concentration in Finance from the Hebrew University of Jerusalem.[1]

(1) See Appendix A for Dr. Shaked's full CV.

Summary of Qualifications – Brad Orelowitz, CPA

- Brad Orelowitz, CPA is a Senior Vice President with MSG. For almost 30 years, he has provided business consulting services to boards of directors, investors, shareholders, law firms and governmental agencies nationwide, including more than 20 years with MSG. Prior to joining MSG, he was the Chief Financial Officer of a retail business, and an Audit Manager for a public accounting firm. His practice at MSG focuses on valuation, bankruptcy, damages, accounting, securities, capital markets, employment, and pensions and retirement plan issues.

- Mr. Orelowitz has performed valuations, solvency and damages analyses in numerous industries including Cable, Drug Distribution, Education, Energy, Financial Services, Health Care, Industrial, Insurance, Leisure, Manufacturing, Media, Medical, Pharmaceuticals, Real Estate, Retail, Software, Technology, Telecommunications, Tire & Rubber and Tobacco. Some of the engagements he has been retained on include the largest bankruptcy, securities fraud, and pension litigation cases in U.S. history. A significant number of his assignments involved financial distress, restructuring, solvency and other bankruptcy related consulting.

- Mr. Orelowitz is the former Managing Director of PensionLitigationData.com, and has written on topics such as valuation, bankruptcy, pension and ERISA issues. He is a Member of the American Institute of Certified Public Accountants (AICPA) and the American Bankruptcy Institute (ABI), and has contributed several articles on valuation and bankruptcy to the ABI Journal, a monthly publication to the over 12,000 members of the ABI. He also delivers seminars to law firms and has taught, as a guest lecturer, business school classes on valuation.

- Mr. Orelowitz has a Bachelor of Commerce with Accounting and Auditing majors and a Bachelor of Accounting Science - Honors from the University of South Africa. He also has a Masters in Business Administration (High Honors) from Boston University and is a Certified Public Accountant, registered in the Commonwealth of Massachusetts.[1]

(1) See Appendix A for Mr. Orelowitz' full CV.

MSG's Bankruptcy Experience

- MSG has worked on numerous bankruptcy assignments that have spanned across a wide-range of industries, and have represented many different parties, including Debtors, Equity Holders, and various Creditors groups. A select list of MSG's bankruptcy/distress assignments is shown below:

The Michel-Shaked Group's Bankruptcy Experience			
Adelphia Communications	Enron	MGM/UA Communications	Refco
Air Transport International	Enron Global Power & Pipelines	Mirant	Safety-Kleen
American Chain Link Fence	Enstar Group	Mirant Americas Energy Marketing	Shopko
Belle Casinos	Flintkote	Morse Tool	Smurfit-Stone
Bennet Funding Group	FoxMeyer	Mortgages Limited	Solar Cosmetic Labs
Bike Athletic	Halliburton	Munford, Inc.	Stone & Webster
Boston Chicken	Hayes Lemmerz International	Neiman Marcus	Styling Technology Corporation
Caesars Entertainment	Hechinger	NetFax	Telecom Argentina
Caldor Corporation	Home Insurance	North Manchester Foundry	Tribune Company
Carleton Woolen Mills	Jones Trucking Lines	OneStar Long Distance	United Companies Financials
Cascade International	Lady Luck Gaming	Payless ShoeSource	Vencor
Congoleum	Laminate Kingdom	Polaroid	Ventas Realty
Dade Behring Holdings	Lernout & Hauspie	Quadrax	Vetta Sports
Diet Center	Lincoln North Partnership	Quigley	Weiboldt
Dragon Systems	M4 Environmental	Raytech Corporation	World Bazaar
Duro Industries	Merry-Go-Round		

MSG's Retail Experience

- MSG has worked on numerous retail assignments that include both bankruptcy and non-bankruptcy related work. A select list of MSG's retail assignments is summarized below:

The Michel-Shaked Group's Retail Experience		
7-Eleven	Floors Today	Petco
Abercrombie & Fitch	Hechinger	Rite Aid
Builders Square	J. Crew	Shopko
Caldor Corporation	Maxi Drug	Southwest Supermarkets
Cascade International	Merry-Go-Round	Stop & Shop
Cumberland Farms	Munford	Weibolt
Dairy Mart	Neiman Marcus	Winn Dixie
Fabricenters	Parisian	World Bazaar
Fleming	Payless ShoeSource	

VIII. Limiting Factors and Other Assumptions

Limiting Factors and Other Assumptions

This Report is furnished solely for the benefit of the Court, counsel and the parties in this matter. This Report may not be relied upon by any other person or entity without Back Bay Management Corp.'s and its division, The Michel-Shaked Group's ("BBM/MSG") expressed, prior written consent. Any disclosure of this Report, whether or not consented to, shall not create any obligation or liability on Israel Shaked, BBM/MSG, or any of its employees. This Report is delivered subject to the conditions, scope of engagement, limitations and understandings set forth in this Report.

In accordance with recognized professional ethics, our professional fees for this service are not contingent upon the opinion expressed herein, and we do not have a present or intended financial interest in the outcome of this matter.

Public information, statistical information and data are from sources we deem to be reliable. However, we make no representation as to the accuracy or completeness of all such public information, statistical information and data, and have at times accepted the information and data without further investigation.

Neither all nor any part of the contents of this Report should be conveyed to the public through advertising, public relations, news, sales, mail, direct transmittal, or other media, without BBM/MSG's prior written consent and approval.

As discovery is ongoing as of the date of this Report, we reserve the right to supplement or amend this report.

Respectfully submitted,

I. Shaked

Professor Israel Shaked	Brad Orelowitz, CPA
Managing Director	Senior Vice President
The Michel-Shaked Group	The Michel-Shaked Group

IX. Appendix

a) Trademarks and Servicemarks Included in the J. Crew IP

List of J. Crew U.S. Trademarks and Servicemarks

Schedule 7(b)

Intellectual Property

U.S. Trademark Registrations

COUNTRY	MARK	CLASS	APPLN.NO.	APPLN.DATE	REG. NO.	REG. DATE	STATUS
United States	1035	25	86/028914	8/5/2013	4485298	2/18/2014	REGISTERED
United States	770	25	85/711415	8/23/2012	4437416	11/19/2013	REGISTERED
United States	770/ BEHIND THE LINE	41	85/251885	2/25/2011	4292872	2/19/2013	REGISTERED
United States	COOPER'S PICKS	35	77/912929	1/15/2010	4112314	3/13/2012	REGISTERED
United States	CREW	25	76/014732	3/31/2000	2431701	2/27/2001	REGISTERED
United States	CREW	25	73/465087	2/10/1984	1348064	7/9/1985	REGISTERED
United States	CREWCUTKIDS.COM	35	85/507623	1/3/2012	4175704	7/17/2012	REGISTERED
United States	CREWCUTS	14	86/261689	4/24/2014	4652335	12/9/2014	REGISTERED
United States	CREWCUTS	18, 26, 35	78/568692	2/16/2005	3163866	10/24/2006	REGISTERED
United States	CREWCUTS	25	78/417243	5/12/2004	3107778	6/20/2006	REGISTERED
United States	CREWCUTS (Stylized) and Elephant Design crewcuts	14, 16, 18, 25, 26	77/806117	8/17/2009	4172027	7/10/2012	REGISTERED
United States	CREWCUTS BABY	25	85/480131	11/23/2011	4466938	1/14/2013	REGISTERED
United States	DISCOVERED FOUND BY US, COLLECTED BY YOU	35	86/008893	7/12/2013	4485018	2/18/2014	REGISTERED
United States	EXPLORE WITHOUT FOOTPRINTS	25	77/840535	10/2/2009	3958772	5/10/2011	REGISTERED
United States	FACTORY FIRST	35	85/906005	4/16/2013	4432553	11/12/2013	REGISTERED
United States	GARMENTS FOR GOOD	18, 25, 35	85/880500	3/19/2013	4664331	12/30/2014	REGISTERED
United States	GARMENTS OF DISTINCTION	18, 25, 35	85/978316	12/28/2011	4293520	2/19/2013	REGISTERED
United States	GARMENTS OF DISTINCTION	25	85/505020	12/28/2011	4488944	2/25/2014	REGISTERED
United States	GIFT (BETTER) GUIDE	35	86/677799	6/29/2015	4935632	4/12/2016	REGISTERED
United States	IN GOOD COMPANY	35	85/274606	3/23/2011	4028920	9/20/2011	REGISTERED
United States	J. CREW	09, 14, 18, 21, 24 25 35	86/332488	7/9/2014	4882454	1/5/2016	REGISTERED
United States	J. CREW	09, 16, 20, 21, 28	85/880520	3/19/2013	4598134	9/2/2014	REGISTERED
United States	J. CREW	09, 35	85/533440	2/3/2012	4190784	8/14/2012	REGISTERED
United States	J. CREW	14	75/706289	5/14/1999	2462509	6/19/2001	REGISTERED
United States	J. CREW	18, 25, 42	73/411551	1/31/1983	1308888	12/11/1984	REGISTERED
United States	J. CREW	24, 26	86/125862	11/21/2013	4756806	6/16/2015	REGISTERED

(1) Perfection Certificate - 13.00% Senior Secured Notes Due 2021, Schedule 7b (CREW_UCC00003118).

List of J. Crew U.S. Trademarks and Servicemarks

COUNTRY	MARK	CLASS	APPLN.NO.	APPLN.DATE	REG. NO.	REG. DATE	STATUS
United States	J. CREW	25	77/588472	10/8/2008	3737898	1/12/2010	REGISTERED
United States	J. CREW	35	78/652755	6/17/2005	3098101	5/30/2006	REGISTERED
United States	J. CREW	35	85/322183	5/16/2011	4144171	5/15/2012	REGISTERED
United States	J. CREW	35	75/676905	4/8/1999	2351667	5/23/2000	REGISTERED
United States	J. CREW	36	77/616884	11/18/2008	3622997	5/19/2009	REGISTERED
United States	J. CREW (Script)	09, 14, 18, 25, 35, 36	86/677826	6/29/2015	4935633	4/12/2016	REGISTERED
United States	J. CREW (Script)	41	85/820382	1/10/2013	4368617	7/16/2013	REGISTERED
United States	J. CREW BABY	25, 35	86/125852	11/21/2013	4709191	3/24/2015	REGISTERED
United States	J. CREW BABY (Stylized) and Heart Design	25	86/125859	11/21/2013	4717463	4/7/2015	REGISTERED
United States	J. CREW COLLECTION	25, 35	86/468931	12/2/2014	4781357	7/28/2015	REGISTERED
United States	J. CREW FACTORY	35	85/067511	6/21/2010	4084606	1/10/2012	REGISTERED
United States	J. CREW LOGO	14, 18, 25, 35, 36	77/968500	3/25/2010	3870032	11/2/2010	REGISTERED
United States	J. CREW LOGO	14, 18, 25, 35, 36	77/968500	3/25/2010	3870032	11/2/2010	REGISTERED
United States	J. CREW MERCANTILE	35	86/977125	11/25/2013	4838476	10/20/2015	REGISTERED
United States	J. CREW MERCANTILE (Stylized)	35	86/768910	9/25/2015	4895913	2/2/2016	REGISTERED
United States	J. CREW STYLE GUIDE	35	85/624083	5/14/2012	4261541	12/18/2012	REGISTERED
United States	J. CREW UNTUCKED	25	78/496989	10/8/2004	3240424	5/8/2007	REGISTERED
United States	JACK KNOWS BEST	35	77/864918	11/4/2009	4063886	11/29/2011	REGISTERED
United States	JENNA'S PICKS	35	77/877636	11/20/2009	4063897	11/29/2011	REGISTERED
United States	just ask . . . (Stylized)	35	77/494034	6/9/2008	3687101	9/22/2009	REGISTERED
United States	LANGHAM	25	85/564356	3/8/2012	4377858	7/30/2013	REGISTERED

(1) Perfection Certificate - 13.00% Senior Secured Notes Due 2021, Schedule 7b (CREW_UCC00003118).

List of J. Crew U.S. Trademarks and Servicemarks

COUNTRY	MARK	CLASS	APPLN.NO.	APPLN.DATE	REG. NO.	REG. DATE	STATUS
United States	LIQUOR STORE	25	85/527759	1/27/2012	4378453	8/6/2013	REGISTERED
United States	LIQUOR STORE	35	85/785465	11/21/2012	4364847	7/9/2013	REGISTERED
United States	LUDLOW	25	85/489549	12/7/2011	4541406	6/3/2014	REGISTERED
United States	LUDLOW	25, 35	85/954939	6/10/2013	4863587	12/1/2015	REGISTERED
United States	No. 2 PENCIL	25	85/564253	3/8/2012	4330455	5/7/2013	REGISTERED
United States	Oarsman Design 	25	85/391104	8/5/2011	4178184	7/24/2012	REGISTERED
United States	POINT SUR	25	86/060718	9/10/2013	4964942	5/24/2016	REGISTERED
United States	RAIL & WHARF	18	85/558996	3/2/2012	4451917	12/17/2013	REGISTERED
United States	STONEHALL	25	85/564347	3/8/2012	4400987	9/10/2013	REGISTERED
United States	Sustainability Logo 	35	85/349465	6/17/2011	4140322	5/8/2012	REGISTERED
United States	THE LUDLOW SHOP	35, 40	85/646852	6/8/2012	4382298	8/13/2013	REGISTERED
United States	VERY PERSONAL STYLIST	45	85/574397	3/20/2012	4530114	5/13/2014	REGISTERED

COUNTRY	MARK	CLASS	APPLN.NO.	APPLN.DATE	REG. NO.	REG. DATE	STATUS
United States	WALLACE & BARNES	18, 25, 35	85/802214	12/13/2012	4530503	5/13/2014	REGISTERED
United States	WALLACE & BARNES GARMENTS OF DISTINCTION NEW YORK (Stylized) and design 	18, 25, 35	85/840229	2/4/2013	4413912	10/8/2013	REGISTERED
United States	WE KNOW YOU'RE OUT THERE	35	85/612919	5/1/2012	4355256	6/18/2013	REGISTERED
United States	WEAR YOUR SHADE!	25	85/880047	3/19/2013	4421722	10/22/2013	REGISTERED
United States	WEDGEWOOD TRENCH	25	85/564361	3/8/2012	4351192	6/11/2013	REGISTERED

U.S. Trademark Applications

COUNTRY	MARK	CLASS	APPLN.NO.	APPLN.DATE	REG. NO.	REG. DATE	STATUS
United States	J. CREW MERCANTILE	14, 18	86/128624	11/25/2013			FILED
United States	J. CREW MERCANTILE	25	86/285414	5/19/2014			FILED
United States	MAX THE MONSTER	14, 16, 18, 21, 25	86/769340	9/25/2015			FILED

MSG

(1) Perfection Certificate - 13.00% Senior Secured Notes Due 2021, Schedule 7b (CREW_UCC00003118).

b) Documents Relied Upon

Historical and Projected Financial Data:

- 2010-2015 Detailed Historical Financials and 2016-2020 Projections (CREW_UCC00048455)
- 2010-2015 Detailed Historical Financials and 2016-2020 Projections (CREW_UCC00024398)
- 2016-2019 Historical Financials by Entity (as provided by the Debtors)
- 2017-2019 Actual Adjusted EBITDA by Entity (as provided by the Debtors)
- 2019-2024 Projected Financials for J. Crew Brand and Factory Brand (CREW_UCC00536155)
- 2020-2024 Madewell Detailed Forecast (CREW_UCC00546193)
- Monet – LRP P&L and Cash Flows by Brand (as provided by the Debtors)
- Monet – Unlevered Cash Taxes by Brand (as provided by the Debtors)

Financial Advisor Reports:

- Alvarez & Marsal Valuation Services, LLC, "Solvency Analysis: J. Crew Group, Inc. and its Subsidiaries," December 2, 2016 (CREW_UCC00005890)
- BAML, "Monet: WholeCo IPO," February 2020 (CREW_UCC00499022)
- Duff & Phelps, "J. Crew Group, Inc.: ASC 350 Analysis as of October 15, 2014," March 5, 2015 (CREW_UCC00068730)
- Duff & Phelps, "J. Crew Group, Inc.: ASC 350 Analysis as of October 15, 2015," December 14, 2015 (CREW_UCC00005955)
- Duff & Phelps, "J. Crew Group, Inc.: Estimation of the Fair Value of the J. Crew Trade Name as of July 2, 2016," September 20, 2016 (CREW_UCC00034636)
- Duff & Phelps, "J. Crew Group, Inc.: ASC 350 Analysis as of October 15, 2016," March 21, 2017 (CREW_UCC00064418)
- Duff & Phelps, "J. Crew Group, Inc.: Estimation of the Fair Value of the J. Crew Trade Name as of April 29, 2017," May 22, 2017 (CREW_UCC00070119)
- Duff & Phelps, "J. Crew Group, Inc.: ASC 350 Valuation as of October 29, 2018," March 19, 2019 (CREW_UCC00513079)
- Goldman Sachs, "J. Crew Discussion Materials," July 13, 2016 (CREW_UCC00052758)
- Goldman Sachs & Co., "Discussion Materials: J. Crew," February 26, 2016 (CREW_UCC00050330)
- Lazard, "Comparable Company Analysis," November 9, 2016 (CREW_UCC00130598)
- Lazard, "Company Proposal Overview - Project Monet," June 2019, (CREW_UCC00154266)
- Lazard, "Discussion Materials," July 23, 2019 (CREW_UCC00154305)
- Lazard, "Discussion Materials - Project Monet," August 2019 (CREW_UCC00154378)
- Lazard, "Madewell Discussion Materials: Project Jupiter," January 27, 2017 (CREW_UCC00257130)
- PJT Partners, "Discussion Materials - Project Paddle," July 10, 2019 (CREW_UCC00154299)
- TPG, "Project Monet: Investment Opportunity Overview," 2019 (CREW_UCC00535577)
- TPG, "Project Monet Bake-off" (CREW_UCC00551138)

Company Internal Documents:

- "J. Crew Group, Inc: J. Crew Brand Update" (J. Crew Board of Directors Meeting), January 23, 2020 (CREW_UCC00526442)
- J. Crew, "Madewell Board Materials," October 28, 2019 (CREW_UCC00156345)

- J. Crew, "Project Liberty - Final Readout," April 9, 2019 (CREW_UCC00156228)
- J. Crew, "Materials for Restricted Ad Hoc PIK Noteholders," March 13, 2017 (CREW_UCC00333788)
- Lazard, "Project Monet - Illustrative Madewell Valuation Waterfall," 2019 (CREW_UCC00156221)
- Lazard, "Special Committee of Chinos Intermediate Holdings A, Inc.," May 14, 2019 (Presentation to Milbank and PJT, May 15, 2019) (CREW_UCC00154167)
- Perfection Certificate – 13.00% Senior Secured Notes Due 2021 (CREW_UCC00003118)

Academic Books & Articles:

- Damodaran, Aswath, "Damodaran on Valuation," 2nd Edition, John Wiley & Sons, 2005
- Damodaran, Aswath, "Investment Valuation: Second Edition," Chapter 14: "Free Cash Flow to Equity Discount Models"
- Holloway, Brian P. and Robert F. Reilly, "Intangible Asset Valuation Approaches and Methods," Willamette Insights Journal, Autumn 2012
- MBAF Certified Public Accountants and Advisors, "Got IP? Value it With the Relief from Royalties Method," October 10, 2017
- Puca, Antonella, "The Intangible Valuation Renaissance: Five Methods," CFA Institute, January 11, 2019

SEC Filings (Exhibits):

- Amendment No. 1 to Form S-1 Registration Statement ("Project Monet"), Chinos Holdings, Inc. (Madewell), January 17, 2020
- Form 8-K (EX-99.1), September 13, 2019 (Company Proposal Overview - Project Monet, Lazard)
- Form 8-K (EX-99.3), September 13, 2019 (Ad Hoc Group Proposal - Project Paddle, PJT Partners)

Case Documents:

- "Business Updated: Consolidated LRP, J. Crew Group, Inc." (detailed Disclosure Statement projections) (as provided by the Debtors)
- "Proposed Disclosure Statement for Joint Prearranged Chapter 11 Plan of Reorganization of Chinos Holdings, Inc. and its Affiliated Debtors (with Technical Changes)," dated June 24, 2020 (Docket #541)

Databases:

- Aswath Damodaran's cost of capital research via pages.stern.nyu.edu/~adamodar/
- Duff & Phelps' Cost of Capital Navigator
- FactSet
- Markables via https://www.markables.net
- St. Louis Federal Reserve Economic Data (FRED) database

Other:

- Case Profile: "J. Crew aims for four-month Chapter 11 stay with USD 1.65bn debt-for-equity swap," Debtwire, May 4, 2020
- Congressional Budget Office, "The Budget and Economic Outlook: 2020 to 2030," January 2020
- Heberden, Tim, "International Licensing," Deloitte, 2011
- IRS Revenue Ruling 59-60
- J. Crew (Jeremy Brooks) and KPMG (Shoichi Ohno) Emails RE: "J. Crew Trade Name Impairment," May 12, 2017 (CREW_UCC00064705)
- J. Crew Email RE "Q3 FY'15 Impairment Analysis, December 3, 2015 (CREW_UCC00065620)
- Kremmerer, Jonathan E. and Jiaqing Lu, "Profitability and royalty rates across industries: Some preliminary evidence," KPMG, 2012
- U.S. Energy Information Administration, "Annual Energy Outlook 2020 with Projections to 2050," January 2017
- White House Council of Economic Advisors, "2020 Economic Report of the President," February 2020

The documents and other information that we considered in preparing this Report and the Executive Summary are listed above. Any other items cited in the Report not listed are incorporated herein by reference.

c) Expert CVs

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Work Address (Academic):
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2 Park Plaza
Suite 500
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Tel: (617) 426-4455
Fax: (617) 426-6555
E-mail: ishaked@michel-shaked.com

EDUCATION

1976-1980 HARVARD GRADUATE SCHOOL OF BUSINESS ADMINISTRATION
Doctor of Business Administration, June 1980. Special field: Finance. Received Harvard Business School and Jerusalem Institute of Management Fellowships. Won the Harvard Business School Division of Research thesis competition.

HEBREW UNIVERSITY OF JERUSALEM Jerusalem, Israel

1974-1976 Master of Business Administration (MBA), with concentration in finance. Graduated summa cum laude. Fellowship recipient.

1970-1973 Bachelor of Arts in Economics and Bachelor of Arts in Statistics. Both summa cum laude.

TEACHING EXPERIENCE

1978-present BOSTON UNIVERSITY QUESTROM SCHOOL OF BUSINESS, Boston, MA
Professor, Finance/Economics. Taught various courses at the doctoral, graduate and undergraduate level. Won the Boston University School of Management Broderick Prize for excellence in teaching in the years 1982-1983 and 1984-1985. Finance department nominee for Broderick prize for excellence in teaching, 1981-1982, and 1980-1981.

1984-2002 Director, BOSTON CHARTERED FINANCIAL ANALYSTS (CFA) REVIEW PROGRAM
A 3-level program preparing financial analysts, portfolio managers, brokers, and other investment professionals for an examination leading to worldwide certification. The program is one of the world's most prestigious of its kind. Its core curriculum consists of the following modules:

* Equity Securities Analysis
* Fixed Income Securities Analysis
* Portfolio Management
* Derivative Securities
* Financial Accounting
* Economic Analysis
* Quantitative Analysis
* Ethical and Professional Standards

1994-2001 Director, THE INSTITUTE OF CHARTERED PENSION PROFESSIONALS (ICPP)
The Institute sponsors various activities for board members of pension funds, support staff and other individuals associated with pension plans. The Chartered Pension Professionals (CPP) certification is designated by the Institute. The certification program covers a wide range of investment-related areas such as equity securities, fixed income securities, economics, portfolio management, and fiduciary responsibility. Responsibilities included directing the program and teaching in each of the subject matter areas.

1977-1978 UNIVERSITY OF MASSACHUSETTS, Boston, MA
Instructor, Theory of Finance

BUSINESS EXPERIENCE

1985-present	BACK BAY MANAGEMENT CORPORATION Founder and President
1980-1992	BOSTON MANAGEMENT GROUP Managing Director
1991-present	THE MICHEL-SHAKED GROUP Co-founder and Managing Director
1997-2016	AMERICAN BANKRUPTCY INSTITUTE Board Member and Contributing Editor (American Bankruptcy Institute Journal)
1980-present	Various consulting activities, including investment banking and financial services, mergers/acquisitions, LBOs, financial distress/bankruptcy, litigation analysis and expert witness work for law firms on numerous financial issues, and executive management development programs in general management, finance, and marketing.
1980-1988	Education consultant: Goodyear Publishing Co.; John Wiley & Sons, Inc.; McGraw-Hill Book Co.
1990-1992	CFO SEMINARS CORPORATION Co-founder and partner. A joint venture with the CFO Magazine - nationwide offering of seminars for financial executives.
1986-1990	Finance Columnist, Bostonia Magazine.
1977-1978	JERUSALEM INSTITUTE OF MANAGEMENT, Jerusalem, Israel, and HARVARD BUSINESS SCHOOL, Boston, MA. Course development for executive development programs and case writing in area of Management Information Systems.
1975-1976	KOOR CHEMICAL WORKS, LTD., Tel-Aviv, Israel Senior Economist, Planning and Control Division
1973-1975	URDAN METALLURGICAL WORKS, LTD., Natania, Israel Director of management information system and Assistant to the CFO/Comptroller
1969-1970	ISRAELI AIRCRAFT INDUSTRY Quality control and measurement methods department
1969	NILI WIRING, INC., Israel Production and installation of various metal wire products
1966-1969	MILITARY SERVICE

HONORS

American Bankruptcy Institute's 2017 Book Award for the book: A Practical Guide to Bankruptcy Valuation, 2nd edition, published in March 2017. Award Ceremony: ABI's Annual Meeting, April 22, 2017, Washington, D.C.

"Muni Bonds, Pension Liabilities and Investment Due Diligence." (with B. Orelowitz and S. Mangiero) Top Ten List-Social Science Research Network, 2014.

Article awarded the Citation of Excellence and the Highest Quality Rating by ANBAR Electronic Index (1999) – "After Bankruptcy: Can Ugly Ducklings Turn into Swans?" Financial Analysts Journal (with A. Michel and C. McHugh).

The article "Does Business Diversification Affect Performance?" was listed 6th on the list of the "Most Frequently Cited Financial Management Articles" over the previous 25 years (1970-1995).

Won The Boston University School of Management Broderick Prize for excellence in teaching in the year 1982/83.

Won The Boston University School of Management Broderick Prize for excellence in teaching in the year 1984/85.

Nominated for the "Metcalf Award" - the highest teaching honor at Boston University - 1987.

Nominated for the "Metcalf Award" - the highest teaching honor at Boston University - 1991.

Finance/Economics Department nominee for Broderick Prize for excellence in teaching in the year 1980/81.

Finance/Economics Department nominee for Broderick Prize for excellence in teaching in the year 1981/82.

The book The Complete Guide to a Successful Leveraged Buyout selected by two book clubs -Fortune Book Club and MacMillan Executive Book Club.

The article "Japanese Leverage: Myth or Reality?" (Financial Analysts Journal) included as a required reading for the Chartered Financial Analysts Examination, 1987-1990.

Testified before the U.S. House Ways and Means Committee on the issue of takeovers and leveraged buyouts, March 1989.

Expert testimony on "Conflict of Interest Abuses in Commercial Banking Institutions." A report by the United States General Accounting Office to The Subcommittee On Commerce, Consumer and Monetary Affairs, Committee on Government Operations, U.S. House of Representatives, January 1989.

Research methodology and results on deposit insurance included in the report "Deposit Insurance In A Changing Environment", submitted by the Federal Deposit Insurance Corporation (FDIC) to Committee on Banking, Housing and Urban Affairs (U.S. Senate) and Committee on Banking, Finance and Urban Affairs (U.S. House of Representatives), April, 1983.

Invited Speaker - Universidad Peruana de Ciencias Aplicadas - Financial Tools Applied to Marketing Decisions - Lima, Peru, April 10, 1996.

American Bankruptcy Institute Journal Editorial Board, 1997 – 2017.

Steering Committee - Universidad Peruana de Ciencias Aplicadas, Lima, Peru, 1997 – present.

GOVERNMENT RELATIONS

Testified before the U.S. House Ways and Means Committee on the issue of takeovers and leveraged buyouts, March 1989.

Expert testimony on "Conflict of Interest Abuses in Commercial Banking Institutions." A report by the United States General Accounting Office to The Subcommittee On Commerce, Consumer and Monetary Affairs, Committee on Government Operations, U.S. House of Representatives, January 1989.

Research methodology and results on deposit insurance included in the report "Deposit Insurance In A Changing Environment", submitted by the Federal Deposit Insurance Corporation (FDIC) to Committee on Banking, Housing and Urban Affairs (U.S. Senate) and Committee on Banking, Finance and Urban Affairs (U.S. House of Representatives), April, 1983.

PUBLICATIONS

(Book) A Practical Guide to Bankruptcy Valuation (with R. Reilly). 2nd edition, American Bankruptcy Institute, 2017.

(Book) A Practical Guide to Bankruptcy Valuation (with R. Reilly). American Bankruptcy Institute, 2013.

(Book) The National Directory of Public Employee Retirement Systems - 1999 (ed. with A. Michel). Institute of Chartered Pension Professionals.

(Book) The National Directory of Public Employee Retirement Systems - 1998 (ed. with A. Michel). Institute of Chartered Pension Professionals.

(Book) The National Directory of Public Employee Retirement Systems - 1997 (ed. with A. Michel). Institute of Chartered Pension Professionals.

(Book) The National Directory of Public Employee Retirement Systems - 1996 (ed. with A. Michel). Institute of Chartered Pension Professionals.

(Book) Finance and Accounting for Lawyers (with A. Michel). Legal Financial Press, 1996.

(Book) The Complete Guide to A Successful Leveraged Buyout (with A. Michel). Dow Jones-Irwin, 1988.

(Book) Takeover Madness: Corporate America Fights Back (with A. Michel). John Wiley & Sons, 1986.

"The Airline Industry and Covid-19: Saving for a Rainy Day." (with B. Orelowitz), American Bankruptcy Institute Journal, May 2020.

"Do Security Breaches Matter? The Shareholder Puzzle." (with A. Michel and J. Oded), European Financial Management Journal, Vol.26 Issue: 2, pp. 288-315, March 2020.
.
"Institutional Investors and Firm Performance: Evidence from IPOs." (with A. Michel and J. Oded), North American Journal of Economics and Finance, Vol.51, January 2020.

"Behavioral Characteristics of IPO Underpricing." (with A. Michel and J. Oded), Venezia, I. (Ed.) Behavioral Finance: How Near is the End? World Scientific Publishers, chapter Forthcoming

“Credibility Test: Management Projections vs. Market Evidence.” (with P. Dionne), American Bankruptcy Institute Journal, August 2019.

“Use and Abuse of Quantitative Bankruptcy Prediction Models.” (with P. Dionne), American Bankruptcy Institute Journal, December 2018.

“10 Common Causes of Distress.” (with B. Orelowitz), American Bankruptcy Institute Journal, July 2018.

“The Role of the Corporate Finance Expert in Debt-Equity Litigation: Lessons from ScottishPower (Part II).” (with D. Plastino and P. Dionne), Journal of Taxation, April 2018.

“The Role of the Corporate Finance Expert in Debt-Equity Litigation: Lessons from ScottishPower (Part I).” (with D. Plastino and P. Dionne), Journal of Taxation, March 2018.

“Key Valuation Issues in Distressed Investing.” (with B. Orelowitz), Journal of Corporate Renewal, January/February 2018.

“Understanding Retail Bankruptcy.” (with B. Orelowitz), American Bankruptcy Institute Journal, November 2017.

“Warning Signs of Financial Distress.” (with E. Altman), American Bankruptcy Institute Journal, November 2016.

“Judging Fraud: The Case of Relying on Wrong Information.” (with B. Orelowitz and E. Weisfelner), American Bankruptcy Institute Journal, August 2016.

“The Predictable Unpredictability of Global Oil Prices, and What It Means for Professionals.” (with D. Plastino and P. Dionne), American Bankruptcy Institute Journal, April 2016.

“Index Correlation: Implications for Asset Allocation.” (with J. Oded and A. Michel), Managerial Finance, Vol.41 Issue: 11, pp. 1236-1256, 2015.

“Have We Learned from Previous Stock Meltdowns?” (with A. Michel), American Bankruptcy Institute Journal, November 2015.

“Contingent Liabilities: GAAP vs. Valuation Perspective.” (with B. Orelowitz), American Bankruptcy Institute Journal, August 2015.

“Operating Leverage: The Often-Overlooked Risk Factor.” (with D. Plastino), American Bankruptcy Institute Journal, April 2015.

“Decision Trees for Decision-Makers.” (with D. Plastino), American Bankruptcy Institute Journal, February 2015.

“Capital Adequacy and the Debt-Refinancing Assumption.” (with P. D’Arezzo and D. Plastino), American Bankruptcy Institute Journal, December 2014.

“Role of Uncertainty in Determining a Distressed Company’s Fate.” (with B. Orelowitz), American Bankruptcy Institute Journal, October 2014.

“Muni Bonds, Pension Liabilities and Investment Due Diligence.” (with B. Orelowitz and Susan Mangiero), American Bankruptcy Institute Journal, July 2014.

“FMV and Going-Concern Value Compared: An Expert’s Perspective.” (with B. Orelowitz), American Bankruptcy Institute Journal, April 2014.

"Ownership Structure and Performance: Evidence from the Public Float in IPOs." (with Jacob Oded and Allen Michel), Journal of Banking and Finance, January 2014.

"Buyouts Gone Bad: Common Themes in Failed Leveraged Transactions." (with David Plastino and Paul D'Arezzo), American Bankruptcy Institute Journal, December 2013.

"Cornerstone of Financial Decision-Making: Credible Projections." (with B. Orelowitz), American Bankruptcy Institute Journal, October 2013.

"The Valuation of NOLs in a Bankruptcy Reorganization." (with B. Orelowitz), American Bankruptcy Institute Journal, July 2013.

"Quantifying the Impact of Fraud: Application of the Guideline Publicly Traded Company Approach." (with B. Orelowitz), American Bankruptcy Institute Journal, April 2013.

"A Primer to Cost of Capital for the Distressed/Bankrupt Company." (with P. D'Arezzo), American Bankruptcy Institute Journal, February 2013.

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"Gibson Greetings - The Granddaddy of LBOs"

"Thatcher Glass - The Price of Failure"

"Brentano's - Trimming Dead Wood"

"Macy's: Shopping for an LBO"

"Dr. Pepper's Battleground: The Cola Wars and the Bidding Battles"

"How Sweet Is Holly Sugar?"

"Mary Kay's Cosmetic: Going Private"

"The Battle for Storer: Coniston vs. KKR"

"A Pantry Raid at Revlon"

"Gambling for Jobs: The Wierton Steel ESOP Leveraged Buyout"

"The Dan River ESOP: A Product of Carl Icahn's 'Scare 'Em Strategy'"

"The Sharks and the Blue Bell ESOP: Playing in the Big Leagues with the Bass Brothers and the Belzbergs"

CASES IN MANAGEMENT INFORMATION SYSTEMS

Jointly financed by the Jerusalem Institute of Management and Harvard Business School:

- Rim-Jerusalem Furniture Ltd.
- Ha'retz Daily Newspaper Ltd.
- Makhteshim-MIS
- Isasbest

A SELECT LIST OF PRESENTATIONS

"The Cost of Equity: How Much Do You Want It to Be?" Valuation Conference (VALCON 2020: How to Flex When in Flux), The American Bankruptcy Institute (ABI) and Association of Insolvency & Restructuring Advisors (AIRA), Four Seasons, Las Vegas, Nevada, February 27, 2020.

"Understanding a Company's True Financial Health" Mayer Brown LLP, New York, NY, February 11, 2020.

"Valuing a Privately Held Company" Chicago Bar Association, Chicago, IL, February 5, 2020.

"Cross Examining a Valuation Expert" Chicago Bar Association, Chicago, IL, January 30, 2020.

"Cross Examining a Valuation Expert" Massachusetts Bar Association, Boston, MA, January 28, 2020.

"Valuing a Company" Coller School of Management, Tel-Aviv University, Israel, January 8, 2020.

"Cross Examination of a Securities Expert Witness" New York City Bar Association, New York, NY, December 16, 2019.

"Market Evidence in Valuation Disputes" (a panel format) New York City Bankruptcy Litigation Roundtable (sponsored by the Institutional Investor Educational Foundation (IIEF)), New York, NY, October 25, 2019.

"Use and Abuse of Quantitative Bankruptcy Prediction Models" Valuation Conference (VALCON 2019: Cutting-Edge Valuation Solutions), The American Bankruptcy Institute (ABI) and Association of Insolvency & Restructuring Advisors (AIRA), Four Seasons, Las Vegas, Nevada, February 28, 2019.

"Private Equity Dividend Recapitalization: The Case of Retail Distress" Coller School of Management, Tel-Aviv University, Israel, December 26, 2018.

"Director Duties in Restructurings, Bankruptcy Avoidance Action, Cross-Border Insolvency, and Credit Document Loopholes" (a panel format) New York City Bankruptcy Litigation Roundtable (sponsored by the Institutional Investor Educational Foundation (IIEF)), New York, NY, November 30, 2018.

"Understanding Retail Bankruptcy: The Case of Payless ShoeSource Inc." Valuation Conference (VALCON 2018: Cutting-Edge Valuation Solutions), The American Bankruptcy Institute (ABI) and Association of Insolvency & Restructuring Advisors (AIRA), Four Seasons, Las Vegas, Nevada, May 17, 2018.

"Challenging Valuation Analyses: The Investment Banker's Perspective" Coller School of Management, Tel-Aviv University, Israel, December 28, 2017.

"Understanding Retail Distress: The Case of Payless ShoeSource" Institutional Investor's Global Shareholder Activism Conference, New York City, November 30-December 1, 2017.

"Application of Financial Theory to Damages Calculation in the Medical Field" Coller School of Management, Tel-Aviv University, Israel, March 29, 2017.

"Valuation Assumptions: Case Studies of Failed Tests of Reasonableness" Valuation Conference (VALCON 2017: Emerging Valuation Issues in Bankruptcy and Beyond), The American Bankruptcy Institute (ABI) and Association of Insolvency & Restructuring Advisors (AIRA) and the University of Texas School of Law, Four Seasons, Las Vegas, Nevada, March 3, 2017.

"Bankruptcy Ideas Worth Spreading" TED Talk, Winter Leadership Conference, The American Bankruptcy Institute (ABI), Terranea Resort, Rancho Palos Verdes, CA, December 3, 2016.

"Valuation Discounts Under Siege: The Case Against Irrationality" (with B. Orelowitz), LandVest, Boston, MA, November 14, 2016.

"Institutional Investors and Firm Performance: Evidence from IPOs" (with A. Michel and J. Oded) Seminar at Boston University Questrom School of Business, Boston, MA, October 11, 2016.

"E&P Restructurings, Private Equity Sponsors in Chapter 11 Cases, and LBO Transactions" (a panel format) New York City Bankruptcy Litigation Roundtable (sponsored by the Institutional Investor Educational Foundation (IIEF) and Grant and Eisenhofer), New York, NY, October 6, 2016.

"Valuation of Social Media Assets" Valuation Conference (VALCON 2016: Emerging Valuation Issues in Bankruptcy and Beyond), The American Bankruptcy Institute (ABI) and Association of Insolvency & Restructuring Advisors (AIRA) and The University of Texas School of Law, Four Seasons, Las Vegas, Nevada, March 16, 2016.

"Delaware Appraisal Actions Roundtable" Institutional Investor Foundation, New York, NY, February 24, 2016.

"Expert Witness in U.S. Tax Court" The American Law Institute Conference on Handling Tax Controversy: Current Trends in Civil Tax Controversies and Litigation, Washington D.C., October 8-9, 2015.

"Assessment and Quantification of Long-Term, Unliquidated Debt" Valuation Conference (VALCON), The American Bankruptcy Institute (ABI) and Association of Insolvency & Restructuring Advisors (AIRA), Four Seasons, Las Vegas, Nevada, February 25, 2015.

"Valuation Issues in the Bankruptcy Arena" Leon Recanati Graduate School of Business Administration, Tel-Aviv University, Israel, December 24, 2014.

"Kerr-McGee and Fraudulent Conveyance Actions, No Action Clauses, In Pari Delicto, and an Update on Detroit and State and Municipal Restructurings" (a panel format) New York City Bankruptcy Litigation Roundtable (sponsored by Grant & Eisenhofer and the Institutional Investor Educational Foundation (IIEF), New York, NY, June 5, 2014.

"A Comparison of the Role of the Financial Expert in Bankruptcy: USA vs. Israel" Leon Recanati Graduate School of Business Administration, Tel-Aviv University, Israel, January 5, 2014.

"Cross-Examining a Financial Expert in Valuation Cases: The Key Issues" Sullivan & Worcester, Boston, MA, November 5, 2013.

"Ownership Structure and Performance: Evidence from the Public Float in IPOs" World Finance Conference, Larnaka, Cyprus, July 1, 2013.

"Debt vs. Equity Panel" International Fiscal Association. Boston, MA, April 25, 2013.

"Valuation of the Closely Held Business" Hartford Business Roundtable, Hartford, CT, May 21, 2013.

"Getting Down to Business: The Valuation of Closely Held Companies for Compensation and Employee Separation Purposes" Boston Business Roundtable (sponsored by Murtha Cullina LLP), Boston, May 14, 2013.

"The Role of the Financial Expert in the Bankruptcy Process" Leon Recanati Graduate School of Business Administration, Tel-Aviv University, Israel, December 31, 2012.

"Ownership Structure and Performance: Evidence from the Public Float in IPOs" Eastern Finance Association Annual Meeting, Boston, April 13, 2012.

"Bankruptcy: The Good, the Bad and the Ugly" Leon Recanati Graduate School of Business Administration, Tel-Aviv University, Israel, January 2, 2012.

"The Role of the Financial Expert in Bankrupt Company's Valuation" Leon Recanati Graduate School of Business Administration, Tel-Aviv University, Israel, May 9, 2011.

"Not All Buybacks Are Created Equal: The Case of Accelerated Stock Repurchases." 2010 FMA Annual Meeting, New York, New York, October 20-23, 2010.

"The Role of the Financial Expert in Bankrupt Company's Valuation" Leon Recanati Graduate School of Business Administration, Tel-Aviv University, Israel, March 10, 2010.

"The Role of the Financial Expert in Bankrupt Company's Valuation" American Society of Appraisal (ASA) - Business Valuation (BV), Boston, October 19, 2009.

"A Guide to Corporate Valuation: Gaining Credibility and Avoiding Pitfalls" Kasowitz, Benson, Torres & Friedman, LLP, New York City, June 3, 2009.

"The Role of the Financial Expert in Fraudulent Conveyance Litigation" Mecklenberg County Bar W.D.N.C. Bankruptcy Seminar, Charlotte, North Carolina, May 8, 2009.

"Bankruptcy: A Company's Decline is a Financial Expert's Chance to Shine" Leon Recanati Graduate School of Business Administration, Tel-Aviv University, Israel, June 16, 2008.

"Enron's Value: How Low Did It Go?" Financial Management Association Annual Meeting, Salt Lake City, Utah, October 13, 2006.

"Mergers & Acquisitions: History & Current Trends" (with H. Tullar), Alumni Reunion Affair, October 8, 2006.
"Cross-Border Mergers & Acquisitions" Boston University Breakfast Briefing, New York City, New York, April 24 and 25, 2006.

"Valuation: Art or Science? The Attorney's Perspective" Boston University, Boston, Massachusetts, January 26, 2006.

"Key Valuation Issues: The Attorney's Perspective" The American Corporate Counsel Association, Boston, Massachusetts, November 16, 2005.

"Highly Contested Valuation Battles: The Case of Mirant Corp" (with A. Michel), Financial Management Association Annual Meeting, Chicago, Illinois, October 14, 2005.

"On-Going Court Valuation Disputes: Built-in Capital Gains" (with A. Michel), Financial Management Association Annual Meeting, New Orleans, Louisiana, October 7, 2004.

"Relevant Financial Issues for ERISA Attorneys" (with A. Michel), U.S. Department of Labor, Boston, Massachusetts, March 30, 2004.

"Deepening Insolvency: Plaintiff vs. Defendant" (with A. Michel), Financial Management Association Meeting, Denver, Colorado, October 9, 2003.

"Analysis of Fraudulent Conveyances/Preferences" (with A. Michel), NYU Law School, New York, New York, November 22, 2002.

"Fraudulent Conveyance/Preferences: Plaintiff vs. Defendant Perspectives" (with A. Michel), Financial Management Association Meeting, San Antonio, Texas, October 17, 2002.

"Valuation Perspectives" American Electronics Association's (AeA) M&A Conferences Series, Waltham, Massachusetts, June 25, 2002.

"Analysis of Fraudulent Conveyances/Preferences" (with A. Michel), Harvard Law School, Boston, Massachusetts, March 2, 2002.

"Analysis of Fraudulent Conveyances/Preferences" (with A. Michel), Boston Bar Association Meeting, Boston, Massachusetts, January 12, 2002.

"Evaluating the Reasonability of Management's Projections" (with A. Michel), Financial Management Association Meeting, Toronto, Canada, October 19, 2001.

"The Role of the Financial Expert in Complex Litigation" (with A. Michel), Financial Management Association Meeting, Seattle, Washington, October 27, 2000.

"The Many Facets of a Valuation Case: An Expert Witness' Perspective" (with A. Michel), Financial Management Association Meeting, Orlando, Florida, October 7 1999.

"Valuing Damages: Compensatory and Punitive" Financial Management Association Meeting, Chicago, IL, October 15, 1998.

"Business Damages" (with A. Michel), Bingham Dana, Boston, Massachusetts, April 21, 1998.

"Emerging from Bankruptcy: Analysis of Disclosure Statement Projections" (Co-chaired Panel Session), Financial Management Association Meeting, Honolulu, Hawaii, October 16, 1997.

"Creating Shareholder Value," Coopers & Lybrand's Financial Services Power Learning Series, Dallas, Texas, July 11-14, 1997.

"Analysis of Control Premium Court Decisions 1980-1995" (Co-chaired Panel Session) Financial Management Association Meeting, New Orleans, Louisiana, October 10, 1996.

"Emerging Markets' Securities: Myth and Reality" The Central Bank of Trinidad, June 21, 1996.

"Financial Tools Applied to Marketing Decisions" Universidad Peruana de Ciencias Aplicadas, Lima, Peru, April 10, 1996.

"Key Issues Facing the Expert Witness" (Co-chaired Panel Session), Financial Management Association 25th Annual Meeting, New York, New York, October 21, 1995.

"Controversial Issues in the Courtroom: The Role of the Expert Witness" (Chaired Panel Session), Financial Management Association 24th Annual Meeting, St. Louis, Missouri, October 13, 1994.

"Corporate Acquisitions: Industry Influence on Target Performance," (with A. Michel), Financial Management Association 23rd Annual Meeting, Toronto, Canada, October 13-16, 1993.

"The Winner's Curse and Multiple Bidding Phenomena: The Shareholders' Perspective" (with A. Michel), Financial Management Association 23rd Annual Meeting, Toronto, October 13-16, 1993.

"Pitfalls in Corporate Valuation: The Attorney's Perspective" (with A. Michel), The Corporate Law Committee of the Boston Bar Association, Boston, Massachusetts, May 11, 1993.

"Do Poison Pills Matter? Evidence from the 80s" (with A. Michel and S. W. Kim), Financial Management Association Meetings, Chicago, October 1991.

"Mergers and Acquisition for Middle-Market Companies" (with A. Michel), CFO Seminars, New York City (Co-chairman of the conference's Program Committee), May 16-17, 1991.

"Financing Alternatives for Middle-Market Companies" (with A. Michel), CFO Seminars, New York City (Co-chairman of the conference's Program Committee), June 13-14, 1991.

"Cost Containment for Middle-Market Companies" (with A. Michel), CFO Seminars, New York City (Co-chairman of the conference's Program Committee), June 20-21, 1991.

"An Evaluation of Investment Banker Acquisition Advice: The Shareholders' Perspective" (with A. Michel and Y. T. Lee), Financial Management Association Meetings, Orlando, October 1990.

"Financing Alternatives for Middle-Market Companies" (with A. Michel), CFO Seminars, New York City (Co-chairman of the conference's Program Committee), November 1-2, 1990.

“Maximizing Cash Flow” (with A. Michel), CFO Seminars, New York City (Co-chairman of the conference’s Program Committee), November 29-30, 1990.

“Multinational Corporations vs. Domestic Corporations: Financial Performance and Characteristics” Conference on Research in International Finance, Jouy En Josas, France, June 19-20, 1986.

"The Foreign Acquirer Bonanza: Myth or Reality?" (with A. Michel, D. McClain), North American Economics and Finance Association Meetings, New Orleans, December 1986.

"The Risk/Return Paradox Revisited," (with A. Michel), North American Economics and Finance Association Meetings, New York, December, 1985.

"The Case of Multiple Bidding: Are Acquirers Victims of the Winner's Curse?" (with A. Michel), Western Finance Association, Phoenix, June, 1985.

“Do Target Firms’ Shareholders Gain from Multiple Bidding?” (with Allen Michel), Twentieth Annual Conference of the Western Finance Association, Scottsdale, Arizona, 1985.

"Are Conglomerates Safer?" (with A. Michel), North American Economics and Finance Associations Meetings, Dallas, December 1984.

“Are Multinational Corporations Safer?” Annual Meetings of the Allied Social Science Associations (also: The North American Economics and Finance Association), Dallas, Texas, December 28-30, 1984.

"Airline Performance Under Deregulation: The Shareholder's Perspective" (with A. Michel), Financial Management Association Meetings, Toronto, October 1984.

"Are Conglomerates Safer?" (with A. Michel), Financial Management Association Meetings, Toronto, October 1984.

"Airline Deregulation and Financial Performance of Air Carriers" (with A. Michel), Eastern Economics Association, Boston, March 1983.

“Measuring Life Insurance Company Safety: An Integrative Approach” and “The Valuation of FDIC Deposit Insurance Using Option-Pricing Estimates” L ‘association Francaise de Finance 4th International Meeting, Carry-Le-Rouet, France, June 9-10, 1983.

“The Valuation of FDIC Deposit Insurance: Empirical Estimates Using the Option Pricing Framework” (with A. Marcus), The Annual Meetings of the Allied Social Science Associates, New York City, December 1982.

A SELECT LIST OF MEMBERSHIPS

The American Finance Association (AFA)

Financial Management Association (FMA)

American Bar Association (ABA) (Associate)

American Bankruptcy Institute (ABI)

National Association of Forensic Economics (NAFE)

Association of Insolvency & Restructuring Advisors (AIRA)

Professor Israel Shaked

Expert Testimony Experience Within Last Four Years

Tribune Media Company, Chicago Cubs Holdings & Affiliates v.
Commissioner of Internal Revenue
United States Tax Court
Docket No. 020940-16
Trial Testimony
2019

South Peninsula Hospital, et al. v. Xerox State Healthcare, LLC.
C.A. No. 3:15-cv-00177-TMB
United States District Court
District of Alaska
Deposition Testimony
2019

In re: Appraisal of Panera Bread Company
C.A. No. 2017-0593-VCMR
Court of Chancery of the State of Delaware
Deposition Testimony & Trial Testimony
2019

Norddeutsche Landesbank Girozentrale and Hannover Funding Company LLC, v.
Lynn Tilton; Patriarch Partners; Patriarch Partners XIV; and Patriarch Partners XV LLC
Index No. 651695/2015
Supreme Court of The State of New York
Deposition Testimony
2018

In re: Appraisal of Stillwater Mining Company
Court of Chancery of the State of Delaware
Case No. 2017-0385-JTL
Deposition Testimony & Trial Testimony
2018

Dynamo Holdings Limited, et.al. v. Commissioner of Internal Revenue
United States Tax Court
Docket No. 2685-11 and 8393-12
Trial Testimony
2017

Professor Israel Shaked

Expert Testimony Experience Within Last Four Years

Greater Houston Physicians Medical Association, P.L.L.C., v. Methodist Health Centers
District Court of Harris County, Texas
Cause No. 2014-59924
Deposition Testimony
2016

Illinois Tool Works Inc. & Subsidiaries v. Commissioner of Internal Revenue
United States Tax Court
Docket No. 10418-14
Trial Testimony
2016

ML Servicing Co., v. Greenberg Traurig
Superior Court of Arizona-Maricopa County
Case No. CV2011-005803
Deposition Testimony
2016

Danner v. Caesars Entertainment Corp. and Caesars Entertainment Operating Co., Inc.
United States District Court
Southern District of New York
Case No. 14-cv-7973-SAS
Deposition Testimony
2016

BRADLEY M. ORELOWITZ, CPA

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borelowitz@michel-shaked.com

2 Park Plaza, Suite 500
Boston, MA 02116

EDUCATION

Boston University Graduate School of Management, Boston, MA — January 2000
Master of Business Administration (MBA), High Honors
Concentration in Finance
Beta Gamma Sigma Honors Society
Vice President Student-Alumni Network.

University of South Africa, Pretoria, South Africa
Honors Bachelor of Accounting Science — 1993
Bachelor of Commerce, Accounting — 1992

PROFESSIONAL DESIGNATIONS

Massachusetts Board of Public Accountancy
Certified Public Accountant (CPA) — 2000

Previously registered with the South African Institute of Chartered Accountants and the South African Public Accountants' and Auditors' Board as a Chartered Accountant.

PROFESSIONAL EXPERIENCE

The Michel-Shaked Group, Boston, MA — 1999 - Present
Senior Vice President

Forma Viva Fine Jewellery, Johannesburg, South Africa — 1996 - 1998
Chief Financial Officer / Owner

EHD Components, Johannesburg, South Africa — 1995 - 1996
Consultant

Papilsky Hurwitz Public Accountants, Johannesburg, South Africa — 1989 - 1995
Audit Manager

SELECT PRACTICE AREAS

- Valuation
- Bankruptcy
- Taxation
- Accounting
- Damages
- Securities
- Capital Markets
- Financial Modeling
- Corporate Advisory
- Pension and Employment
- Seminars

SELECT INDUSTRIES

- Automotive
- B2B E-Commerce
- Banking
- Cable
- Chemicals
- Custodial Services
- Drug Distribution
- Education
- Electrical
- Energy
- Financial Services
- Food and Beverage
- Health Care
- Hotels and Casinos
- Industrial
- Insurance
- Leasing
- Leisure
- Manufacturing
- Media
- Medical Devices
- Mining
- Mortgage Servicing
- Oil and Gas
- Payroll Processing
- Pharmaceuticals
- Private Equity
- Professional Sports
- Real Estate
- Retail
- Software
- Solid Waste
- Steel
- Technology
- Telecommunications
- Textiles
- Tire & Rubber
- Tobacco

PUBLICATIONS

(Book) Shaked, I. and R. Reilly, A Practical Guide to Bankruptcy Valuation, 2nd edition, American Bankruptcy Institute, 2017 (Select chapters).

(Book) Shaked, I. and R. Reilly, A Practical Guide to Bankruptcy Valuation, American Bankruptcy Institute, 2013 (Select chapters).

"The Airline Industry and Covid-19: Saving for a Rainy Day." (with I. Shaked), American Bankruptcy Institute Journal, May 2020.

"10 Common Causes of Distress." (with I. Shaked), American Bankruptcy Institute Journal, July 2018.

"Key Valuation Issues in Distressed Investing." (with I. Shaked), Journal of Corporate Renewal, January/February 2018.

"Understanding Retail Bankruptcy." (with I. Shaked), American Bankruptcy Institute Journal, November 2017.

"Judging Fraud: The Case of Relying on Wrong Information." (with I. Shaked and E. Weisfelner), American Bankruptcy Institute Journal, August 2016.

"Contingent Liabilities: GAAP vs. Valuation Perspective." (with I. Shaked). American Bankruptcy Institute Journal, August 2015.

"Role of Uncertainty in Determining a Distressed Company's Fate." (with I. Shaked). American Bankruptcy Institute Journal, October 2014.

"Muni Bonds, Pension Liabilities and Investment Due Diligence." (with S. Mangiero and I. Shaked). American Bankruptcy Institute Journal, July 2014.

"FMV and Going-Concern Value Compared: An Expert's Opinion." (with I. Shaked). American Bankruptcy Institute Journal, April 2014.

"Cornerstone of Financial Decision-Making: Credible Projections." (with I. Shaked). American Bankruptcy Institute Journal, October 2013.

"The Valuation of NOLs in a Bankruptcy Reorganization." (with I. Shaked). American Bankruptcy Institute Journal, July 2013.

"Quantifying the Impact of Fraud: Application of the Guideline Publicly Traded Company Approach." (with I. Shaked). American Bankruptcy Institute Journal, April 2013.

"Case Studies in Corporate Bankruptcy Valuation." (with I. Shaked). American Bankruptcy Institute Journal, August 2012.

"Bankruptcy Valuation Hearings: As Highly Contested as Ever." (with I. Shaked). American Bankruptcy Institute Journal, November 2011.

"Comparable Company Valuation Methodology: Details Often Overlooked." (with M. Marcus and I. Shaked). American Bankruptcy Institute Journal, April 2010.

"ERISA Litigation Study." (with S. Mangiero, E. Preble, I. Shaked and J. Sheffield). Investment Governance, Inc. and The Michel-Shaked Group. April 2009.

"The Mirant Valuation Saga: Epic Battle of Experts." (with A. Michel and I. Shaked). American Bankruptcy Institute Journal, December 2004/January 2005.

PRESENTATIONS

"Valuation Discounts Under Siege: The Case Against Irrationality" (with I. Shaked), LandVest, Boston, MA, November 14, 2016.

"Looking Behind the Numbers: Understanding a Company's True Financial Health" (with I. Shaked), Brown Rudnick, Boston, MA, April 30, 2015

"Cross-Examining a Financial Expert in Valuation Cases: The Key Issues" (with I. Shaked), Sullivan & Worcester, Boston, MA, November 5, 2013.

AWARDS AND HONORS

"Muni Bonds, Pension Liabilities and Investment Due Diligence." (with S. Mangiero and I. Shaked)
Top Ten List-Social Science Research Network, 2014.
Beta Gamma Sigma Honors Society

Winner: 1999 Annual Students for Responsible Business Case Competition

MEMBERSHIPS

American Bankruptcy Institute (ABI)
American Institute of Certified Public Accountants (AICPA)

EXHIBIT C

MSG THE MICHEL-SHAKED GROUP

IN THE UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF VIRGINIA
RICHMOND DIVISION

	)	
In re	)	Chapter 11
	)	
CHINOS HOLDINGS, INC., *et al.*,	)	Case No. 20-32181 (KLP)
	)	
Debtors.	)	(Jointly Administered)
	)	

Expert Report of The Michel-Shaked Group
EXECUTIVE SUMMARY

July 31, 2020

J.CREW Madewell

MSG

Concluded Enterprise Value of the J. Crew Group

- As of September 11, 2020, the date the J. Crew Group is expected to emerge from bankruptcy, the J. Crew Group's enterprise value is $2,941 million. As summarized in the table below, the enterprise value for the J. Crew Group includes the sum of the enterprise values for J. Crew and Madewell.[1]

($ millions)	Enterprise Value as of September 11, 2020	
J. Crew		
CompCo (50% weight)	$	455
DCF (50% weight)		622
Concluded Enterprise Value of J. Crew	**$**	**539**
Madewell		
CompCo (50% weight)	$	2,531
DCF (50% weight)		2,272
Concluded Enterprise Value of Madewell	**$**	**2,402**
Concluded Enterprise Value of J. Crew Group	**$**	**2,941**

Concluded Fair Market Value of the J. Crew IP

- As of September 11, 2020, the value of the J. Crew IP is $180 million.[2]

(1) Minor differences in the table due to rounding.
(2) We were asked to value the trademarks and servicemarks that serve as collateral for the IPCo Notes set forth in Appendix A of the Expert Report of The Michel-Shaked Group ("MSG Expert Report"). However, because we did not have access to information to attribute certain revenues to specific trademarks, our methodology values the entirety of the J. Crew IP. Therefore, our fair market value conclusion for the J. Crew IP would overstate the value specifically attributable to the trademarks and servicemarks that serve as collateral for the IPCo Notes.

MSG

J. Crew – Concluded CompCo Enterprise Value

- Based on J. Crew's revenue growth and same store sales ("SSS") growth relative to its peer group from Fiscal Year ("FY") 2015 to FY2019, as described in the MSG Expert Report, we determined it appropriate to use the lower quartile multiple to value J. Crew as of September 11, 2020. As shown in the table below, we calculated enterprise values ranging from $407 million to $503 million, with a concluded value of $455 million.[1,2]

J. Crew CompCo Enterprise Value as of September 11, 2020	EV/EBITDA	
($ millions)	FY2021	FY2022
Operating Figure	$ 97	$ 101
Trading Multiple - Lower Quartile	4.2x	5.0x
Enterprise Value	**$ 407**	**$ 503**
Concluded CompCo Enterprise Value		**$ 455**

(1) Proposed Disclosure Statement for Joint Prearranged Chapter 11 Plan of Reorganization of Chinos Holdings, Inc. and its Affiliated Debtors (with Technical Changes) filed June 24, 2020, Exhibit B, p. 8 (Docket #541). Throughout this Executive Summary, we refer to this document (Docket #541) as the "Disclosure Statement."
(2) Due to the impact of COVID-19 on J. Crew's FY2020 results, we determined it appropriate to use forward multiples to value J. Crew as they include more normalized operating metrics. Note: in our CompCo valuation for J. Crew and Madewell, we have conservatively assumed that a discount for lack of marketability is offset by a control premium.

J. Crew – Concluded DCF Enterprise Value

- The table below summarizes the present value of J. Crew's projected cash flows utilizing the projections in the Disclosure Statement from FY2020 to FY2024 ("Disclosure Statement Projections"), discounted at a Weighted Average Cost of Capital ("WACC") of 8.2%. As of September 11, 2020, J. Crew's enterprise value using the DCF method is $622 million.

($ millions)	For the Fiscal Year (1)					Normalized
	Stub (2)	2021	2022	2023	2024	Terminal (3)
Total Revenue	$ 662	$ 1,505	$ 1,518	$ 1,496	$ 1,503	$ 1,503
Adjusted EBITDA	54	97	101	89	88	88
Adjusted EBIT	37	52	57	46	46	46
Unlevered Cash Taxes @ 25.2% Rate	7	(19)	(96)	(15)	(15)	(15)
Net Operating Profit After Tax	44	34	(40)	31	31	31
Depreciation & Amortization	17	44	44	43	42	42
Capital Expenditures	(3)	(17)	(18)	(20)	(21)	(42)
(Increase) Decrease in Working Capital	106	41	17	3	2	-
Unlevered Free Cash Flow	$ 165	$ 103	$ 3	$ 57	$ 54	$ 31
Terminal Value (4)						$ 375
Discount Period	0.19	0.89	1.89	2.89	3.89	3.89
Discount Factor @ 8.2% WACC (5)	0.98	0.93	0.86	0.80	0.74	0.74
Discounted Free Cash Flows	$ 162	$ 96	$ 2	$ 46	$ 40	$ 277

PV of Cash Flows	$ 345
PV of Terminal Value	277
Concluded DCF Enterprise Value	**$ 622**

PGR (6)
0.0%

(1) Disclosure Statement dated June 24, 2020, Exhibit B, p. 8 (Docket #541).
(2) Represents the estimated free cash flow for the stub period September 11, 2020 to January 30, 2021. All items are calculated as a summation of the Q3 results taken on a pro-rated basis (56.0%, representing the 51 days between September 11, 2020 and October 31, 2020 divided by 91 days of the entire quarter) plus the full Q4 results.
(3) For the normalized terminal year, capital expenditures are assumed to equal depreciation & amortization and working capital is assumed to not substantially change. Quarterly information sourced from Excel file "Monet – LRP P&L and Cash Flows by Brand" (as provided by the Debtors).
(4) Calculated using the Gordon Growth Model. Terminal Value = (Normalized Terminal UFCF*(1+PGR))/(WACC-PGR).
(5) See the J. Crew WACC analysis on page 31 of the MSG Expert Report.
(6) Perpetuity growth rate ("PGR") is assumed to be 0.0% as J. Crew's revenue is projected to be flat over the projection period. See the J. Crew PGR calculation on page 28 of the MSG Expert Report.

Madewell – Concluded CompCo Enterprise Value

- Based on Madewell's revenue and SSS growth relative to its peer group from FY2015 to FY2019, as described in the MSG Expert Report, we determined it is appropriate to use the upper quartile multiple to value Madewell as of September 11, 2020. As shown in the table below, we calculated enterprise values ranging from $2,251 million to $2,810 million, with a concluded value of $2,531 million.[1,2]

Madewell CompCo Enterprise Value as of September 11, 2020	EV/EBITDA	
($ millions)	FY2021	FY2022
Operating Figure	$ 111	$ 138
Trading Multiple - Upper Quartile	20.2x	20.4x
Enterprise Value	**$ 2,251**	**$ 2,810**
Concluded CompCo Enterprise Value		**$ 2,531**

MSG

(1) Disclosure Statement dated June 24, 2020, Exhibit B, p. 8 (Docket #541).
(2) Due to the impact of COVID-19 on Madewell's FY2020 results, we determined it appropriate to use forward multiples to value Madewell as they include more normalized operating metrics.

Madewell – Concluded DCF Enterprise Value

- The table below summarizes the present value of Madewell's projected cash flows utilizing the Disclosure Statement Projections from FY2020 to FY2024, discounted at a WACC of 8.6%. As of September 11, 2020, Madewell's enterprise value using the DCF method is $2,272 million.

($ millions)	For the Fiscal Year (1)					MSG's Extended Projections (3)					Normalized
	Stub (2)	2021	2022	2023	2024	2025	2026	2027	2028	2029	Terminal
Total Revenue	$ 301	$ 771	$ 839	$ 912	$ 993						
Adjusted EBITDA	40	111	138	156	180						
Adjusted EBIT	32	90	116	133	156						
Unlevered Cash Taxes @ 25.2% Rate	-	(26)	(32)	(37)	(43)						
Net Operating Profit After Tax	32	64	84	96	113						
Depreciation & Amortization	9	21	22	23	24						
Capital Expenditures	(2)	(6)	(17)	(15)	(16)						
(Increase) Decrease in Working Capital	37	7	1	(5)	(5)						
Unlevered Free Cash Flow	$ 76	$ 86	$ 90	$ 99	$ 116	$ 127	$ 138	$ 147	$ 156	$ 162	$ 162
Terminal Value (4)											$ 3,054
Discount Period	0.19	0.89	1.89	2.89	3.89	4.89	5.89	6.89	7.89	8.89	8.89
Discount Factor @ 8.6% WACC (5)	0.98	0.93	0.86	0.79	0.73	0.67	0.61	0.57	0.52	0.48	0.48
Discounted Free Cash Flows	$ 75	$ 80	$ 77	$ 78	$ 84	$ 85	$ 85	$ 83	$ 81	$ 78	$ 1,466

PV of Cash Flows	$ 807
PV of Terminal Value	1,466
Concluded DCF Enterprise Value	**$ 2,272**

FY21 - FY24 CAGR
10.7%

MSG's Step-Down Unlevered Free Cash Flow Growth				
9.5%	**8.2%**	**6.9%**	**5.7%**	**4.4%**

PGR (6)
3.1%

(1) Disclosure Statement dated June 24, 2020, Exhibit B, p. 8 (Docket #541).

(2) Represents the estimated free cash flow for the stub period September 11, 2020 to January 30, 2021. All items are calculated as a summation of the Q3 results taken on a pro-rated basis (56.0%, representing the 51 days between September 11, 2020 and October 31, 2020 divided by 91 days of the entire quarter) plus the full Q4 results. Quarterly information sourced from Excel file "Monet – LRP P&L and Cash Flows by Brand" (as provided by the Debtors).

(3) Projected a second stage step-down between the Disclosure Statement Projections and the normalized terminal year to gradually step-down the free cash flow growth from a FY2021 - FY2024 CAGR of 10.7% to a PGR of 3.1%.

(4) Calculated using the Gordon Growth Model. Terminal Value = (Normalized Terminal UFCF*(1+PGR))/(WACC-PGR).

(5) See the Madewell WACC analysis on page 53 of the MSG Expert Report.

(6) See the Madewell PGR analysis on page 49 of the MSG Expert Report.

Valuation of Madewell – Other Third Party Valuations

Investment Banker Valuations Corroborate Our Opinion

- In late 2019, TPG Capital [redacted]

[redacted]

- Even the **low-end median of Madewell's fully distributed enterprise value range exceeds $3 billion** based on the various assessments provided by reputable investment banks. These opinions reflect the potential valuation of **100% ownership of the company** (see "Fully Distributed" section of the table), rather than the implied total enterprise values that can be obtained through the IPO of a non-controlling stake in the business (i.e., < 50%), as presented in the "At IPO" section of the table.

MSG

(1) TPG, "Project Monet Bake-off" (CREW_UCC00551138 @ 551142).

J. Crew IP – Concluded Fair Market Value

- Based on the Relief from Royalty ("RFR") methodology, the value of the J. Crew IP, utilizing a 1.1% royalty rate, a WACC of 8.2%, and flat sales, is $180 million as of September 11, 2020.

($ millions)	For the Fiscal Year (1)					Normalized
	Stub (2)	2021	2022	2023	2024	Terminal
Net Sales (3)	$ 642	$ 1,467	$ 1,479	$ 1,456	$ 1,462	$ 1,462
Royalty Rate (4)	1.1%	1.1%	1.1%	1.1%	1.1%	1.1%
Relief from Royalty (Pre-Tax)	7	16	16	16	16	16
Unlevered Cash Taxes @ 25.2% Rate	(2)	(4)	(4)	(4)	(4)	(4)
Relief from Royalty (After-Tax)	$ 5	$ 12	$ 12	$ 12	$ 12	$ 12
Terminal Value (5)						$ 148
Discount Period	0.19	0.89	1.89	2.89	3.89	3.89
Discount Factor @ 8.2% WACC (6)	0.98	0.93	0.86	0.80	0.74	0.74
Discounted Free Cash Flows	$ 5	$ 11	$ 11	$ 10	$ 9	$ 109

PV of Cash Flows	$ 46
PV of Terminal Value	109
Indicated Fair Value before TAB Factor	$ 155
Tax Amortization Benefit Factor (7)	1.2x
Concluded Fair Market Value	**$ 180**

PGR (8)
0.0%

(1) Disclosure Statement dated June 24, 2020, Exhibit B, p. 8 (Docket #541).

(2) Represents the estimated relief from royalties for the stub period September 11, 2020 to January 30, 2021. All items are calculated as a summation of the Q3 results taken on a pro-rated basis (56.0%, representing the 51 days between September 11, 2020 and October 31, 2020 divided by 91 days of the entire quarter) plus the full Q4 results. Quarterly information sourced from Excel file "Monet – LRP P&L and Cash Flows by Brand" (as provided by the Debtors).

(3) The J. Crew IP consists of all United States trademarks and servicemarks. However, because domestic and international Net Sales were consolidated in the Disclosure Statement Projections, Net Sales for the entire J. Crew business were utilized.

(4) See the Pre-Tax Royalty Rate analysis on page 76 of the MSG Expert Report.

(5) Calculated via the Gordon Growth Model. Terminal Value = (Normalized Terminal UFCF*(1+PGR))/(WACC-PGR).

(6) See the J. Crew WACC analysis on page 31 of the MSG Expert Report.

(7) A multiple of enterprise value based on the assumption that a willing buyer of the J. Crew IP would be able to amortize its value over time and realize certain tax benefits. Tax Amortization Benefit Factor = 1/[1-(t/n)*((1/k)-(1/(k*((1+k)^n))], where n is the number of years, k is the discount rate, and t is the tax rate. Utilized a 15-year amortization window, the J. Crew WACC, and the tax rate sourced from the excel file "Monet - Unlevered Cash Taxes by Brand" (as provided by the Debtors).

(8) See the J. Crew PGR calculation on page 28 of the MSG Expert Report.

Pre-Tax Royalty Rate Analysis – Determination of Appropriate Royalty Rate

- We conducted a screen of the trademark database Markables that identified 62 comparable trademarks ("Trademark Comparables"). The median royalty rate of the Trademark Comparables was 5.6%, which is greater than J. Crew's EBIT margin projected in the Disclosure Statement. Economically, it is unreasonable for a hypothetical licensee to pay a hypothetical licensor a royalty rate in excess of the profits the asset is expected to generate. No rational investor would agree to pay a royalty rate greater than a company's expected profitability. Therefore, any royalty rate greater than J. Crew's projected adjusted EBIT margin would be unreasonable.

- As there is a linear relationship between royalty rates and profitability, we adopted the Profit Split Method to value the J. Crew IP.

- The lower quartile and median profit splits of the Trademark Comparables identified in our Markables screen were 25.4% and 42.0%, respectively. Utilizing those profit splits and applying them to J. Crew's projected adjusted EBIT margins results in the following calculation of royalty rates:

($ millions)	For the Fiscal Year				FY2021 - FY2024	
	2021	2022	2023	2024	Average	Median
Adjusted EBIT Margin	3.5%	3.7%	3.1%	3.1%		
Implied Pre-Tax Royalty Rates:						
25.4% Profit Split (1)	0.9%	0.9%	0.8%	0.8%	0.8%	0.8%
33.7% Profit Split (2)	1.2%	1.3%	1.0%	1.0%	**1.1%**	**1.1%**
42.0% Profit Split (3)	1.5%	1.6%	1.3%	1.3%	1.4%	1.4%

- Given that J. Crew is expected to be less profitable than the majority of the brands/businesses underlying the Trademark Comparables, it is appropriate, if not conservative, to use a midpoint of the median and lower quartile profit splits in determining a royalty rate for the J. Crew IP, implying a royalty rate of 1.1%.

MSG

(1) The profit split corresponding to the lower quartile of profit splits identified in the Markables Screen.
(2) The profit split corresponding with the midpoint of the lower quartile and median of the Profit splits identified in the Markables Screen.
(3) The profit split corresponding to the median of profit splits identified in the Markables Screen.

Duff & Phelps' ASC 350 Valuations of the J. Crew IP

Duff & Phelps' Selected Royalty Rates

- [redacted]

Impact of COVID-19 is Accounted for in Our Valuations

Discounted Cash Flow Valuation

- Projected cash flows for the J. Crew Group were obtained from the Disclosure Statement. The Disclosure Statement Projections assume the impact of COVID-19 including store closures.
- The Disclosure Statement Projections are substantially lower than management's pre-COVID-19 February 2020 projections.

Comparable Company Valuation

- Peer group multiples are calculated using market price data as of July 27, 2020.
- Peer group multiples are calculated using analysts' consensus earnings estimates for FY2021 and FY2022 as of July 27, 2020.
- CompCo valuation for the J. Crew Group is calculated by multiplying these peer group multiples by J. Crew and Madewell's projected EBITDA for FY2021 and FY2022 from the Disclosure Statement. The Disclosure Statement Projections assume the impact of COVID-19 including store closures.

Valuation of the J. Crew IP

- Projected revenue and EBIT for the J. Crew Group were obtained from the Disclosure Statement. The Disclosure Statement Projections assume the impact of COVID-19 including store closures.
- The Disclosure Statement Projections are substantially lower than management's pre-COVID-19 February 2020 projections.

The Michel-Shaked Group's Qualifications

- **Dr. Israel Shaked** is a Professor of Finance and Economics at Boston University Questrom School of Business in Boston, Massachusetts and the Managing Director of MSG, a firm that provides corporate finance and business consulting services to law firms, governmental agencies and corporations worldwide. For the last 42 years, he has taught courses at the doctoral, graduate and undergraduate levels on various topics, including business valuation, corporate finance, financial institutions and markets, financial economics, and general management.

- **Brad Orelowitz, CPA** is a Senior Vice President with MSG. For almost 30 years, he has provided business consulting services to boards of directors, investors, shareholders, law firms and governmental agencies nationwide, including more than 20 years with MSG. Prior to joining MSG, he was the Chief Financial Officer of a retail business, and an Audit Manager for a public accounting firm. His practice at MSG focuses on valuation, bankruptcy, damages, accounting, securities, capital markets, employment, and pensions and retirement plan issues.

The Michel-Shaked Group's Bankruptcy Experience			
Adelphia Communications	Enron	MGM/UA Communications	Refco
Air Transport International	Enron Global Power & Pipelines	Mirant	Safety-Kleen
American Chain Link Fence	Enstar Group	Mirant Americas Energy Marketing	Shopko
Belle Casinos	Flintkote	Morse Tool	Smurfit-Stone
Bennet Funding Group	FoxMeyer	Mortgages Limited	Solar Cosmetic Labs
Bike Athletic	Halliburton	Munford, Inc.	Stone & Webster
Boston Chicken	Hayes Lemmerz International	Neiman Marcus	Styling Technology Corporation
Caesars Entertainment	Hechinger	NetFax	Telecom Argentina
Caldor Corporation	Home Insurance	North Manchester Foundry	Tribune Company
Carleton Woolen Mills	Jones Trucking Lines	OneStar Long Distance	United Companies Financials
Cascade International	Lady Luck Gaming	Payless ShoeSource	Vencor
Congoleum	Laminate Kingdom	Polaroid	Ventas Realty
Dade Behring Holdings	Lernout & Hauspie	Quadrax	Vetta Sports
Diet Center	Lincoln North Partnership	Quigley	Weiboldt
Dragon Systems	M4 Environmental	Raytech Corporation	World Bazaar
Duro Industries	Merry-Go-Round		

EXHIBIT D

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Local Counsel to the Official Committee of Unsecured Creditors

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF VIRGINIA
RICHMOND DIVISION**

In re:	**Chapter 11**
CHINOS HOLDINGS, INC., *et al.*,	**Case No. 20-32181 (KLP)**
Debtors. [1]	**(Jointly Administered)**

ORDER AUTHORIZING THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS TO FILE UNDER SEAL (I) EXPERT REPORT OF THE MICHEL-SHAKED GROUP AND EXECUTIVE SUMMARY THEREOF; AND (II) PROVINCE EXPERT REPORT

Upon the *Motion of the Official Committee of Unsecured Creditors to File Under Seal (I) Expert Report of the Michel-Shaked Group and Executive Summary Thereof; and (II) Province*

[1] The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, as applicable, are: Chinos Holdings, Inc. (3834); Chinos Intermediate Holdings A, Inc. (3301); Chinos Intermediate, Inc. (3871); Chinos Intermediate Holdings B, Inc. (3244); J. Crew Group, Inc. (4486); J. Crew Operating Corp. (0930); Grace Holmes, Inc. (1409); H.F.D. No. 55, Inc. (9438); J. Crew Inc. (6360); J. Crew International, Inc. (2712); J. Crew Virginia, Inc. (5626); Madewell Inc. (8609); J. Crew Brand Holdings, LLC (7625); J. Crew Brand Intermediate, LLC (3860); J. Crew Brand, LLC (1647); J. Crew Brand Corp. (1616); J. Crew Domestic Brand, LLC (8962); and J. Crew International Brand, LLC (7471). The Debtors' corporate headquarters and service address is 225 Liberty St., New York, NY 10281.

Expert Report (the "**Seal Motion**")[2] [Docket No. 679] and the *Notice of Filing of (I) Unredacted Province Expert Report; (II) Redacted Expert Report of the Michel-Shaked Group and Executive Summary Thereof; and (III) Revised Proposed Order* (the "**Notice**"); and the Court having jurisdiction to consider the Seal Motion, and the relief requested therein pursuant to 28 U.S.C. §§ 157 and 1334 as modified by the Notice; and consideration of the Seal Motion, the Notice, and the relief requested therein being a core proceeding pursuant to 28 U.S.C. § 157(b); and venue being proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409; and the Court having determined that the legal and factual bases set forth in the Seal Motion, as modified by the Notice, establish just cause for the relief granted herein; and after due deliberation and sufficient cause appearing therefor, it is hereby ORDERED that

1. The relief requested in the Seal Motion, as modified by the Notice, is hereby GRANTED.

2. Pursuant to 11 U.S.C. §§ 105(a) and 107(b) and Fed. R. Bankr. P. 9018, the Committee is authorized to file portions of the MSG Expert Report and MSG Executive Summary under seal.

3. The redacted portions of the MSG Expert Report and MSG Executive Summary shall not be disseminated to anyone other than: (a) the Court; (b) the Debtors; (c) the other parties to the Protective Order; and (d) the Office of the U.S. Trustee, without further order of the Court.

4. The terms and conditions of this Order shall be immediately effective and enforceable upon its entry.

[2] Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Seal Motion.

5. The Committee is authorized to take all actions necessary to effectuate the relief granted in this Order in accordance with the Seal Motion and Notice.

6. The Court shall retain jurisdiction to resolve any dispute regarding the terms of this Order.

Dated: ____________________
Richmond, Virginia

____
HONORABLE KEITH L. PHILLIPS
UNITED STATES BANKRUPTCY JUDGE

Entered on Docket: ______________

WE ASK FOR THIS:

By: /s/ Robert S. Westermann
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Lead Counsel to the Official Committee of Unsecured Creditors

CERTIFICATION PURSUANT TO LOCAL RULE 9022-1(C)(1)

The undersigned counsel hereby certifies that, pursuant to Rule 9022-1(C)(1) of the Local Rules of Bankruptcy Procedure for the Eastern District of Virginia, this proposed order has been endorsed by or served upon all necessary parties.

/s/ Robert S. Westermann
Robert S. Westermann

EXHIBIT E

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Local Counsel to the Official Committee of Unsecured Creditors

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF VIRGINIA
RICHMOND DIVISION

In re:	**Chapter 11**
CHINOS HOLDINGS, INC., *et al.*,	**Case No. 20-32181 (KLP)**
Debtors. [1]	**(Jointly Administered)**

ORDER AUTHORIZING THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS TO FILE UNDER SEAL (I) EXPERT REPORT OF THE MICHEL-SHAKED GROUP AND EXECUTIVE SUMMARY THEREOF; AND (II) PROVINCE EXPERT REPORT

Upon the *Motion of the Official Committee of Unsecured Creditors to File Under Seal (I) Expert Report of the Michel-Shaked Group and Executive Summary Thereof; and (II) Province*

[1] The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, as applicable, are: Chinos Holdings, Inc. (3834); Chinos Intermediate Holdings A, Inc. (3301); Chinos Intermediate, Inc. (3871); Chinos Intermediate Holdings B, Inc. (3244); J. Crew Group, Inc. (4486); J. Crew Operating Corp. (0930); Grace Holmes, Inc. (1409); H.F.D. No. 55, Inc. (9438); J. Crew Inc. (6360); J. Crew International, Inc. (2712); J. Crew Virginia, Inc. (5626); Madewell Inc. (8609); J. Crew Brand Holdings, LLC (7625); J. Crew Brand Intermediate, LLC (3860); J. Crew Brand, LLC (1647); J. Crew Brand Corp. (1616); J. Crew Domestic Brand, LLC (8962); and J. Crew International Brand, LLC (7471). The Debtors' corporate headquarters and service address is 225 Liberty St., New York, NY 10281.

Expert Report (the "**Seal Motion**")~~;~~[2] [Docket No. 679] and the *Notice of Filing of (I) Unredacted Province Expert Report; (II) Redacted Expert Report of the Michel-Shaked Group and Executive Summary Thereof; and (III) Revised Proposed Order* (the "**Notice**"); and the Court having jurisdiction to consider the Seal Motion, and the relief requested therein pursuant to 28 U.S.C. §§ 157 and 1334 as modified by the Notice; and consideration of the Seal Motion, the Notice, and the relief requested therein being a core proceeding pursuant to 28 U.S.C. § 157(b); and venue being proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409; and the Court having determined that the legal and factual bases set forth in the Seal Motion, as modified by the Notice, establish just cause for the relief granted herein; and after due deliberation and sufficient cause appearing therefor, it is hereby ORDERED that

1. The relief requested in the Seal Motion, as modified by the Notice, is hereby GRANTED.

2. Pursuant to 11 U.S.C. §§ 105(a) and 107(b) and Fed. R. Bankr. P. 9018, the Committee is authorized to file ~~the Reports~~portions of the MSG Expert Report and MSG Executive Summary under seal.

3. The ~~Reports~~redacted portions of the MSG Expert Report and MSG Executive Summary shall not be disseminated to anyone other than: (a) the Court; (b) the Debtors; (c) the other parties to the Protective Order; and (d) the Office of the U.S. Trustee, without further order of the Court.

4. The terms and conditions of this Order shall be immediately effective and enforceable upon its entry.

---

[2] Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Seal Motion.

5. The Committee is authorized to take all actions necessary to effectuate the relief granted in this Order in accordance with the Seal Motion and Notice.

6. The Court shall retain jurisdiction to resolve any dispute regarding the terms of this Order.

Dated: ____________________
Richmond, Virginia

____
HONORABLE KEITH L. PHILLIPS
UNITED STATES BANKRUPTCY JUDGE

Entered on Docket: ______________

WE ASK FOR THIS:

By: /s/ Robert S. Westermann
Counsel

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Lead Counsel to the Official Committee of Unsecured Creditors

CERTIFICATION PURSUANT TO LOCAL RULE 9022-1(C)(1)

The undersigned counsel~~,~~ hereby certifies that, pursuant to Rule 9022-1(C)(1) of the Local Rules of Bankruptcy Procedure for the Eastern District of Virginia, this proposed order has been endorsed by or served upon all necessary parties.

/s/ Robert S. Westermann

Robert S. Westermann

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Insertion	
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Padding cell	

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Deletions	6
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