EX-99.C.10 13 d556368dex99c10.htm EXHIBIT (C)(10)

Exhibit (c) (10)

DRAFT

PROJECT HEAT DISCUSSION MATERIALS

May 22, 2013

Perella Weinberg Partners

PRIVILEGED AND CONFIDENTIAL

Searchable text for slide 0001:

May 22, 2013 PROJECT HEAT DISCUSSION MATERIALS PRIVILEGED AND CONFIDENTIAL

DRAFT

AGENDA

AGENDA TRANSACTION OVERVIEW FINANCIAL ASSUMPTIONS MARKET UPDATE FINANCIAL ANALYSIS APPENDIX

DRAFT

I. TRANSACTION OVERVIEW

PERELLA WEINBERG PARTNERS

Searchable text for slide0003
TRANSACTION OVERVIEW

DRAFT

SUMMARY OF TRANSACTION TERMS

TERM	DESCRIPTION
Date	• May 22, 2013
Transaction	• Acquisition of 100% of the outstanding common shares of Heat by Apax
Indicative Purchase Price	• $42.00 per share, implying premium of – 22% to May 21 closing price; 43% to 90-day weighted average closing price • Equity Value of $1,040mm[1] • Enterprise Value of $984mm[1], implying multiple of – 9.7x LTM EBITDA[2]; 8.5x 2013E EBITDA[3]
Consideration	• 100% cash
Financing	• Combination of (i) debt financing underwritten by JPMorgan, Bank of America and Goldman Sachs; (ii) equity underwritten by Apax; and (iii) Company's balance sheet cash • Full debt and equity commitment letters with "best of breed" certainty of funds conditionality. Debt commitment includes $780 million of term debt plus $150 million ABL facility.
Management	• Expect the current management team to remain in place • No discussions have yet taken place regarding management roll-over
Other	• Go-shop: Go-shop period of 40 calendar days and an extra Excluded Party period of 25 calendar days • Matching rights: Apax has iterative match rights • Termination fee: 1.0% of equity value in the event the agreement is terminated to accept a superior proposal from an excluded party. (3.0% in other circumstances) • Reverse termination fee: 6.0% of equity value • Support Agreement of SKM Funds: A commitment from the SKM Funds to vote in favor of an all-cash superior proposal of no less than $42.00 per share on the same pro rata basis as unaffiliated shareholders

Notes: Financial results for a stated year represent financials for the 12 month period ending January 31 of the following year
(1) Based on 23.5mm basic shares outstanding; approximately 0.5mm restricted stock units and dilutive effect of in-the-money stock options (1.662mm gross options outstanding) as of May 22, 2013
(2) Based on EBITDA of $102mm for the twelve month period ending April 28, 2013 derived from management's estimates for Q1 -FY2013 and the public filings
(3) Based on LRP EBITDA estimate of $115mm for 2013E

PERELLA WEINBERG PARTNERS

Searchable text for slide 0004 SUMMARY OF TRANSACTION TERMS Notes: Financial results for a stated year represent financials for the 12 month period ending January 31 of the following year (1) Based on 23.5mm basic shares outstanding; approximately 0.5mm restricted stock units and dilutive effect of in-the-money stock options (1.662mm gross options outstanding) as of May 22, 2013 (2) Based on EBITDA of $102mm for the twelve month period ending April 28, 2013 derived from management's estimates for Q1 -FY2013 and the public filings (3) Based on LRP EBITDA estimate of $115mm for 2013E

DRAFT

TRANSACTION OVERVIEW

($ in millions, except per share data)

		Current 5/21/2013	Apax Proposal 5/17/2013
Price per Share		**$34.50**	**$42.00**
Premium / (Discount) to:	**Price**		
Current (5/21/2013)	$34.50	*0%*	*22%*
Pre-Offer Price (4/17/2013)	29.59	*17%*	*42%*
90-Day VWAP	29.46	*17%*	*43%*
52-Week High	34.61	*(0%)*	*21%*
52-Week Low	23.85	*45%*	*76%*
Common Shares Outstanding		23.459	23.459
Unvested Restricted Stock Units		0.473	0.473
Option Dilution		0.648	0.829
Diluted Shares Outstanding		24.580	24.761
Implied Equity Value		**$848**	**$1,040**
Plus: Net Debt		(56)	(56)
Implied Enterprise Value		**$792**	**$984**

VALUATION MULTIPLES

	EV/	**Metric**		
MANAGEMENT LRP	**2013E Revenue**	$1,030	0.8x	1.0x
	2014E Revenue	1,211	0.7	0.8
	LTM EBITDA	$102	7.8x	9.7x
	2013E EBITDA	115	6.9	8.5
	2014E EBITDA	153	5.2	6.4
IBES CONSENSUS	**EV/**			
	2013E Revenue	$1,026	0.8x	1.0x
	2014E Revenue	1,135	0.7	0.9
	2013E EBITDA	$117	6.8x	8.4x
	2014E EBITDA	135	5.8	7.3

Source: Company filings, FactSet; market data as of May 21, 2013; balance sheet data as of April 28, 2013 derived from management's estimates for Q1 -FY2013

Notes: Based on 23.5mm basic shares outstanding; approximately 0.5mm restricted stock units and dilutive effect of in-the-money stock options (1.662mm gross options outstanding) as of May 22, 2013. Financial results for a stated year represent financials for the 12 month period ending January 31 of the following year

PERELLA WEINBERG PARTNERS

Confidential 5

Searchable text for slide 0005: TRANSACTION OVERVIEW MANAGEMENT LRP IBES CONSENSUS ($ in millions, except per share data) Source: Company filings, FactSet; market data as of May 21, 2013; balance sheet data as of April 28, 2013 derived from management's estimates for Q1 -FY2013 Notes: Based on 23.5mm basic shares outstanding; approximately 0.5mm restricted stock units and dilutive effect of in-the-money stock options (1.662mm gross options outstanding) as of May 22, 2013. Financial results for a stated year represent financials for the 12 month period ending January 31 of the following year

DRAFT

II. FINANCIAL ASSUMPTIONS

PERELLA WEINBERG PARTNERS

Searchable text for slide 0006

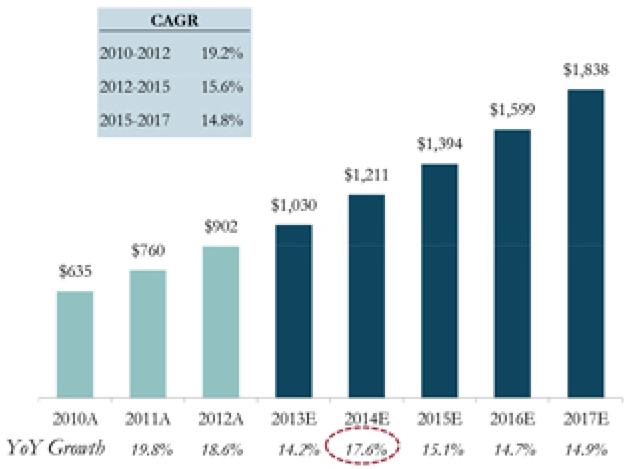
FINANCIAL ASSUMPTIONS

DRAFT

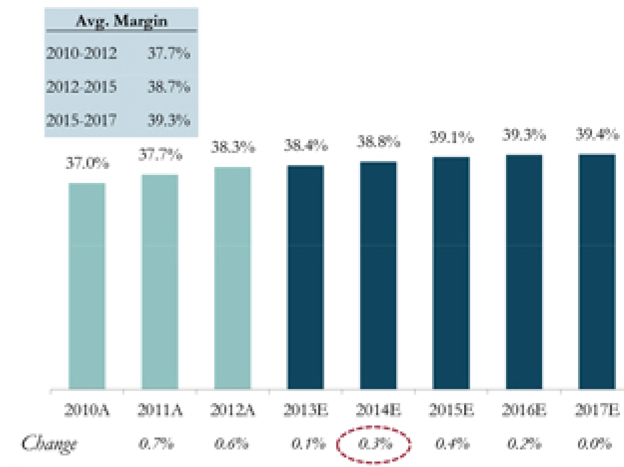
SUMMARY OF THE LRP PREPARED BY MANAGEMENT

The LRP forecast was recently updated by management and shows continued topline growth and margin expansion, driving 20%+ EPS growth

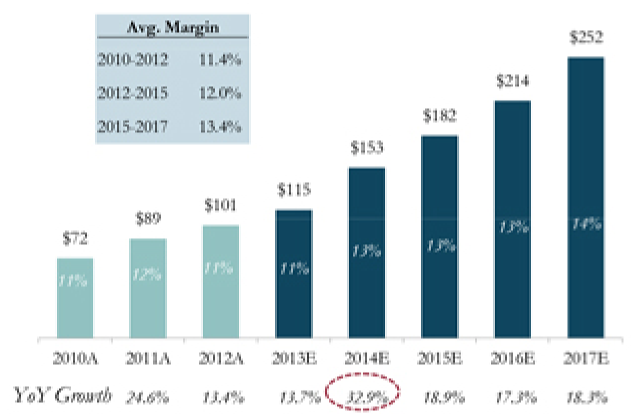
REVENUES



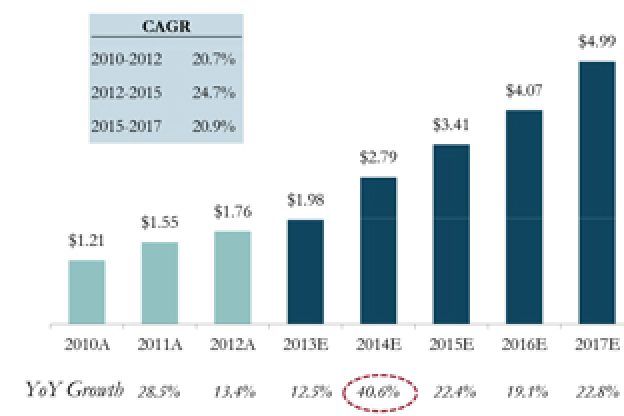
GROSS MARGIN



EBITDA



EPS



Source: Management's Long Range Plan. Financial results for a stated year represent financials for the 12 month period ending January 31 of the following year

PERELLA WEINBERG PARTNERS

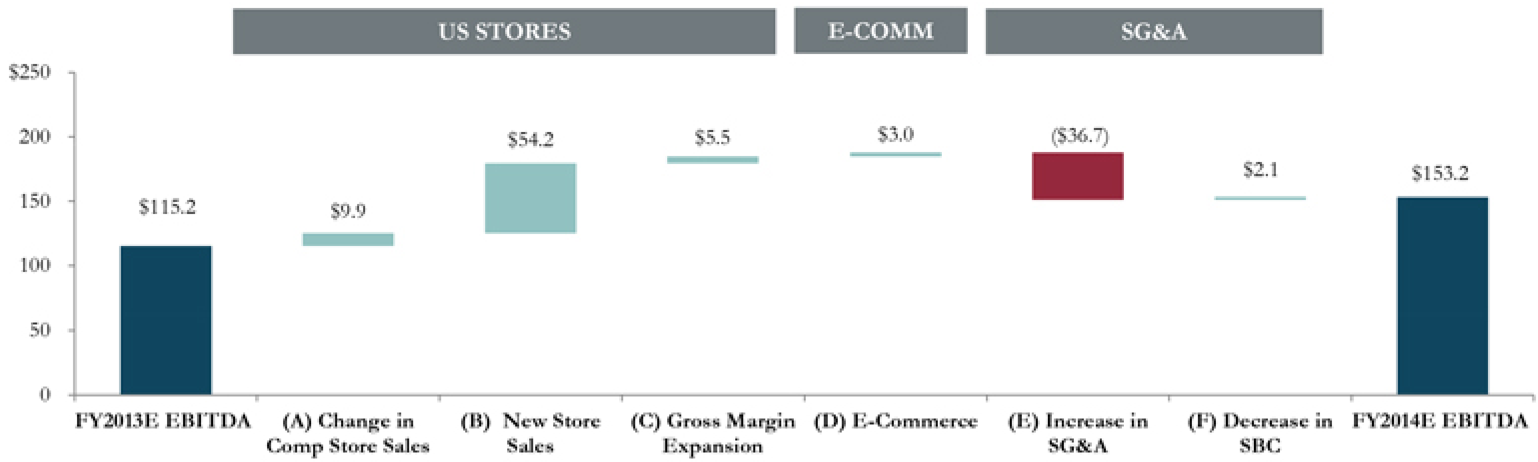
Searchable text for slide 0007 PREPARED BY MANAGEMENT REVENUES GROSS MARGIN The LRP forecast was recently updated by management and shows continued topline growth and margin expansion, driving 20%+ EPS growth EBITDA EPS Source: Management's Long Range Plan. Financial results for a stated year represent financials for the 12 month period ending January 31 of the following year

DRAFT

CONSOLIDATED EBITDA BRIDGE FOR FY2013E-FY2014E BASED ON LRP

($ in millions)

FY2104E EBITDA growth of 33% is significantly higher compared to other projection years, below is a summary of the components of the EBITDA bridge from FY2013E to FY2014E



- (A) – (C) Gross profit for US stores increased by $69.5mm
  - (A) $9.9mm due to an increase in comp store sales of 2.7% or $25.6mm
  - (B) $54.2mm due to an increase in new store sales of $140.5mm
  - (C) $5.5mm due to gross margin expansion
- (D) EBITDA for e-commerce increased by $3.0mm
- (E) SG&A (excluding e-commerce and stock-based compensation) increased by $36.7mm
- (F) Stock based compensation ("SBC") dropped by $2.1mm, from $12.8mm to $10.7mm, as a result of the shift to cliff vesting

Source: Company management
Note: Financial results for a stated year represent financials for the 12-month period ending January 31 of the following year. Gross profit effect of various changes calculated by holding other relevant variables constant

PERELLA WEINBERG PARTNERS

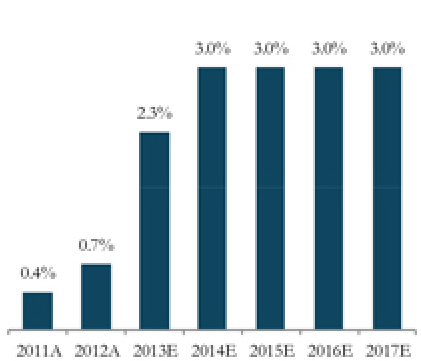
DRAFT

REVENUE BRIDGE BASED ON THE LRP

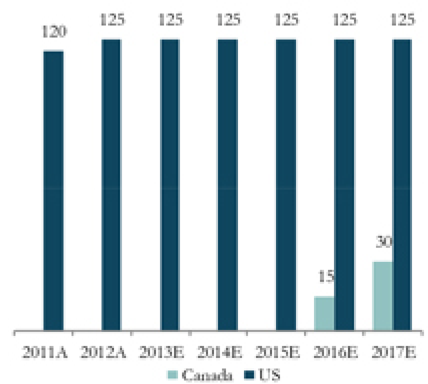
Growth in the LRP is based on:

- *3% comp store sales assumption*
- *Continued expansion in the number of units in the US (consistent with current levels)*
- *Delayed expansion in Canada*
- *Launch of eCommerce by FY2013*

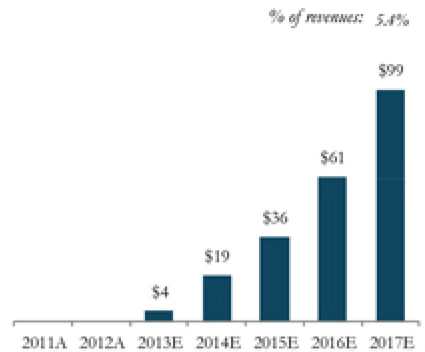
COMPARABLE STORE SALES ASSUMPTIONS



NEW STORE OPENINGS



E-COMMERCE REVENUES



REVENUE BRIDGE

Source: Management's Long Range Plan. Financial results for a stated year represent financials for the 12 month period ending January 31 of the following year.

PERELLA WEINBERG PARTNERS

Searchable text for slide 0009: REVENUE BRIDGE BASED ON THE LRP Growth in the LRP is based on: 3% comp store sales assumption Continued expansion in the number of units in the US (consistent with current levels) Delayed expansion in Canada Launch of eCommerce by FY2013 COMPARABLE STORE SALES ASSUMPTIONS NEW STORE OPENINGS E-COMMERCE REVENUES REVENUE BRIDGE Source: Management's Long Range Plan. Financial results for a stated year represent financials for the 12 month period ending January 31 of the following year.

DRAFT

LRP INCOME STATEMENT

(US$ in millions, except per share amounts)

	Fiscal Year of								CAGR
	2010A	2011A	2012A	2013E	2014E	2015E	2016E	2017E	2012A-2017E
Total Revenue	$635	$760	$902	$1,030	$1,211	$1,394	$1,599	$1,838	15.3%
% Growth		*19.8%*	*18.6%*	*14.2%*	*17.6%*	*15.1%*	*14.7%*	*14.9%*	
Gross Profit	$235	$287	$346	$396	$469	$545	$629	$723	15.9%
% Margin	*37.0%*	*37.7%*	*38.3%*	*38.4%*	*38.8%*	*39.1%*	*39.3%*	*39.4%*	
EBITDA	$72	$89	$101	$115	$153	$182	$214	$252	20.0%
% Margin	*11.3%*	*11.8%*	*11.2%*	*11.2%*	*12.6%*	*13.1%*	*13.4%*	*13.7%*	
Depreciation & Amortization	(22)	(27)	(33)	(40)	(47)	(52)	(58)	(62)	
EBIT	$50	$63	$68	$75	$106	$130	$155	$191	22.7%
% Margin	*7.9%*	*8.3%*	*7.6%*	*7.3%*	*8.8%*	*9.3%*	*9.7%*	*10.4%*	
Net Income	$30	$39	$44	$48	$68	$83	$99	$121	22.5%
% Margin	*4.8%*	*5.1%*	*4.9%*	*4.7%*	*5.6%*	*5.9%*	*6.2%*	*6.6%*	
Earnings Per Share	$1.21	$1.55	$1.76	$1.98	$2.79	$3.41	$4.07	$4.99	23.2%
% Growth		*28.5%*	*13.4%*	*12.5%*	*40.6%*	*22.4%*	*19.1%*	*22.8%*	
FD Shares Outstanding (mm)	25.002	25.051	24.903	24.232	24.232	24.232	24.233	24.232	
Comp Store Sales	2.1%	0.4%	0.7%	2.3%	3.0%	3.0%	3.0%	3.0%	
Ending Store	638	752	877	998	1,116	1,234	1,367	1,515	

Source: Management's current Long Range Plan. Financial results for a stated year represent financials for the 12 month period ending January 31 of the following year.

Searchable text for slide 0010: LRP INCOME STATEMENT Source: Management's current Long Range Plan. Financial results for a stated year represent financials for the 12 month period ending January 31 of the following year. (US$ in millions, except per share amounts)

DRAFT

III. MARKET UPDATE

PERELLA
WEINBERG
PARTNERS

Searchable text for slide0011:
MARKET UPDATE

DRAFT

HEAT SHARE PRICE PERFORMACE

	Heat	S&P	Growth Teen	Other Teen	Mid-Cap Specialty	High Growth	Off-Price
1-month return	16.6%	7.3%	22.9%	14.2%	13.6%	14.3%	7.6%
3-month return	26.9%	11.1%	39.3%	7.0%	15.8%	17.0%	15.2%
6-month return	19.6%	20.0%	56.0%	14.7%	15.9%	17.8%	17.9%
12-month return	25.1%	26.8%	(1.4%)	14.6%	14.9%	29.4%	21.2%

Source: Factset market data as of May 21, 2013

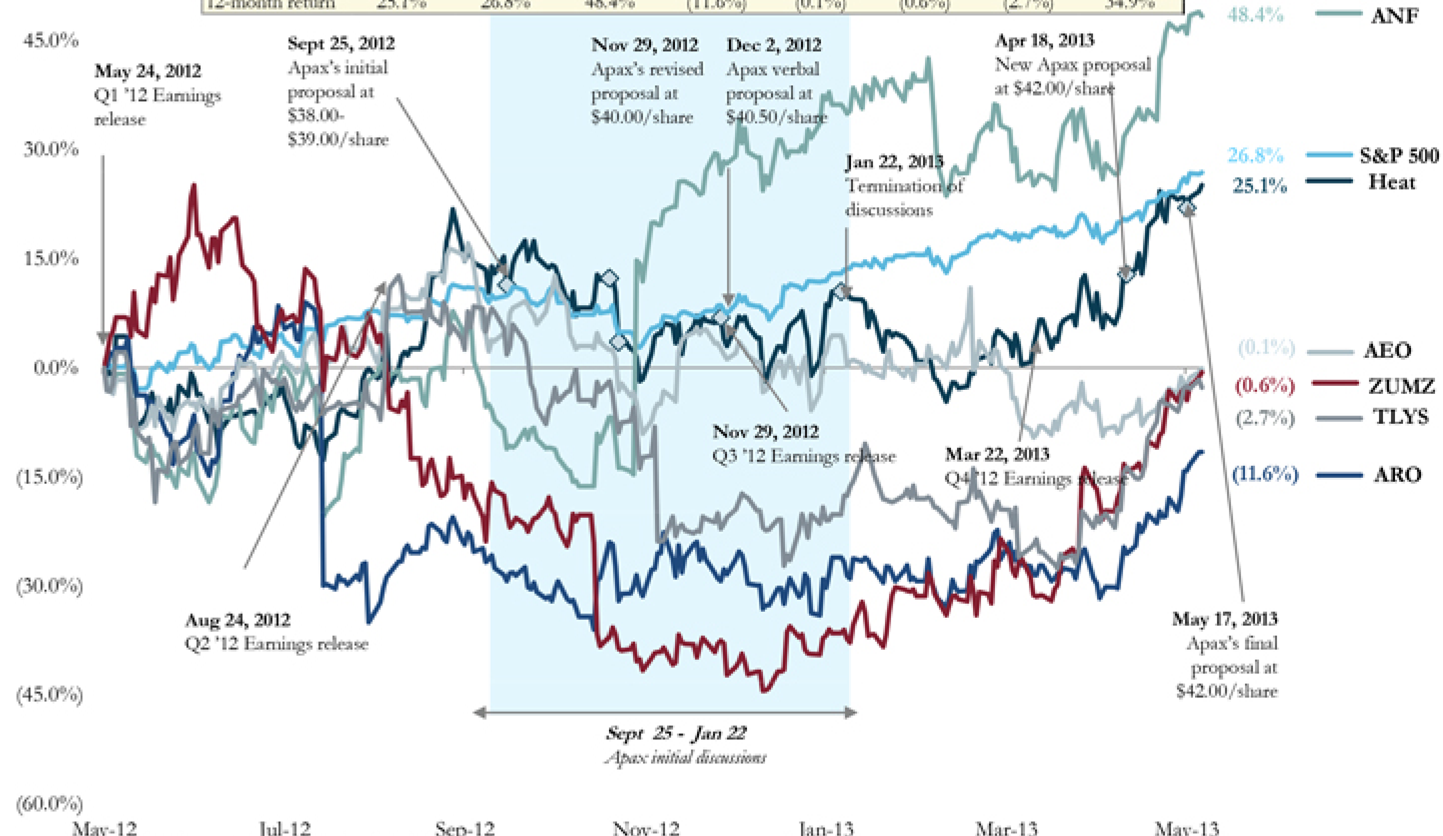
Notes: Growth Teen Peers include: ZUMZ and TLYS; Other Teen Peers include: ANF, ARO and AEO; Mid-Cap Specialty Retail Peers include BEBE, CMRG, CATO, CBK, CTRN, DEST, HOTT, JOSB, PSUN and WTSLA; High Growth Retail Peers include LULU, UA, FRAN, VRA, TUMI and FOSL; Off-Price Peers include: ROST, ASNA and TJX

PERELLA WEINBERG PARTNERS

DRAFT

COMPARATIVE STOCK PRICE PERFORMANCE

	Heat	S&P 500	ANF	ARO	AEO	ZUMZ	TLYS	XRT
1-month return	16.6%	7.3%	15.9%	26.6%	9.1%	23.7%	21.7%	11.7%
3-month return	26.9%	11.1%	10.5%	27.2%	(1.5%)	44.1%	20.3%	16.9%
6-month return	19.6%	20.0%	24.0%	18.7%	5.1%	63.3%	27.8%	26.4%
12-month return	25.1%	26.8%	48.4%	(11.6%)	(0.1%)	(0.6%)	(2.7%)	34.9%



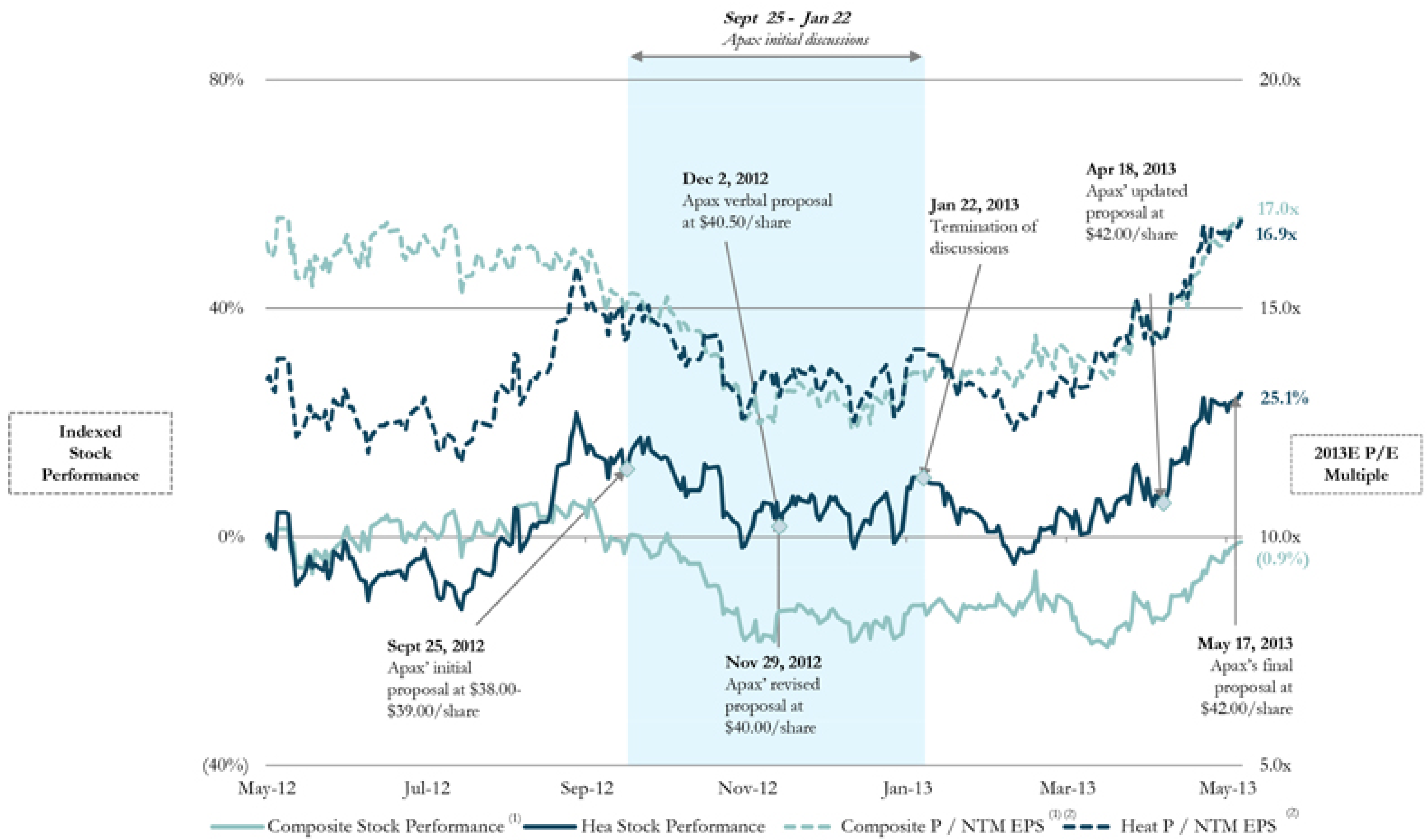
Source: Factset market data as of May 21, 2013

Notes: Growth Teen Peers include: ZUMZ and TLYS; Other Teen Peers include: ANF, ARO and AEO; Mid-Cap Specialty Retail Peers include BEBE, CMRG, CATO, CBK, CTRN, DEST, HOTT, JOSB, PSUN and WTSLA; High Growth Retail Peers include LULU, UA, FRAN, VRA, TUMI and FOSL; Off-Price Peers include: ROST, ASNA and TJX

PERELLA WEINBERG PARTNERS

DRAFT

COMPARATIVE STOCK PRICE AND P/E VALUATION PERFORMANCE OF SELECT PEERS



Source: Factset as of May 21, 2013

Notes: (1) Composite index is based on 50% American Eagle, 25% Tilly's and 25% Zumiez

(2) Rolling P/E based on next twelve month projected earnings based on IBES consensus estimates

PERELLA WEINBERG PARTNERS

Confidential

Searchable text for slide 0014:

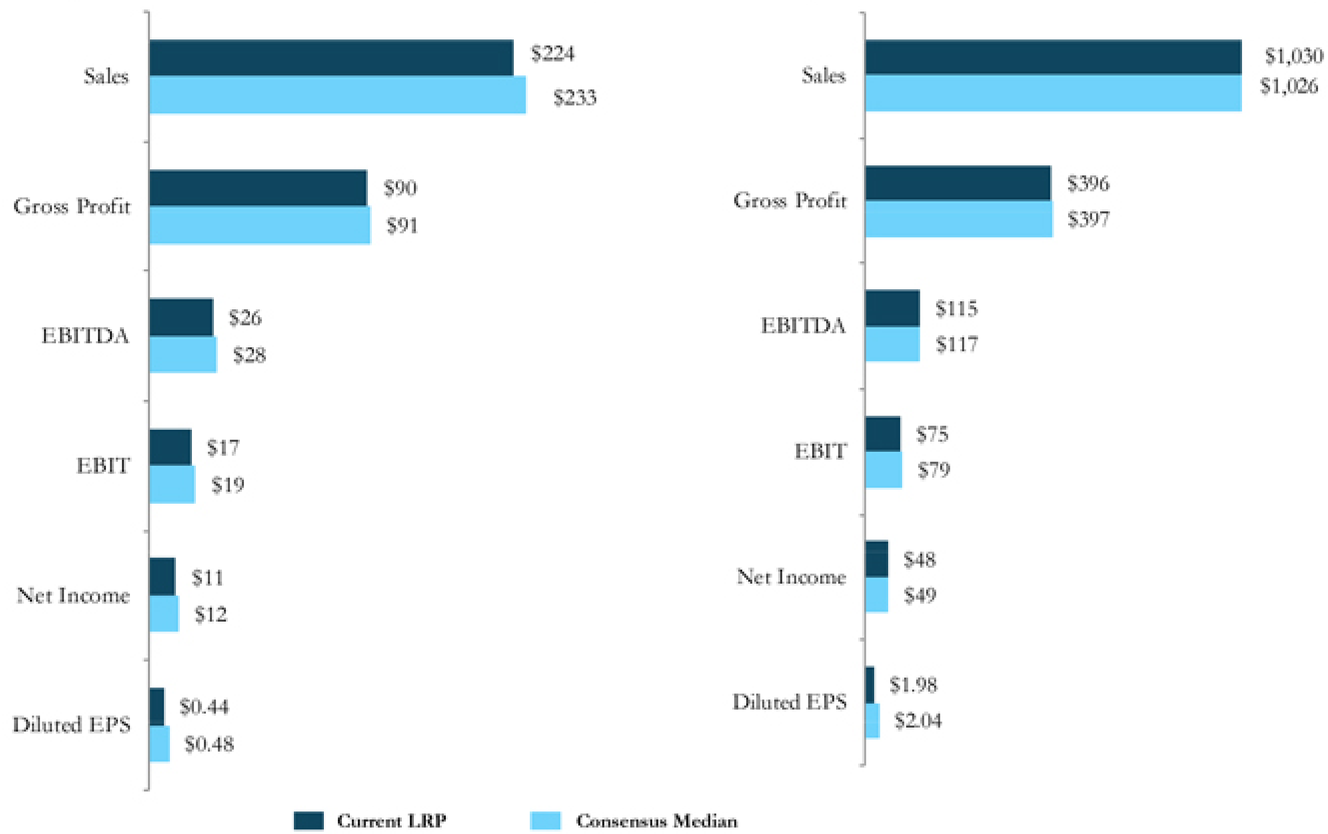
COMPARATIVE STOCK PRICE AND P/E VALUATION PERFORMANCE OF SELECT PEERS (6) (1) Source: Factset as of May 21, 2013 Notes: (1) Composite index is based on 50% American Eagle, 25% Tilly's and 25% Zumiez (2)

Apax's final proposal at $42.00/share

DRAFT

COMPARISON OF LRP & CONSENSUS ESTIMATES

FINANCIAL PROJECTIONS FOR 1Q2013 | FINANCIAL PROJECTIONS FOR FY2013[1]



Source: Company Management, Factset
Notes: (1) Financial results for a stated year represent financials for the 12 month period ending January 31 of the following year. Chart scales are adjusted to show variability of various financial metrics

PERELLA WEINBERG PARTNERS

Searchable text for slide 0015: FINANCIAL PROJECTIONS FOR 1Q2013 Source: Company Management, Factset Notes: (1) Financial results for a stated year represent financials for the 12 month period ending January 31 of the following year. Chart scales are adjusted to show variability of various financial metrics Current LRP Consensus Median FINANCIAL PROJECTIONS FOR FY2013(1) COMPARISON OF LRP & CONSENSUS ESTIMATES

DRAFT

IV. FINANCIAL ANALYSIS

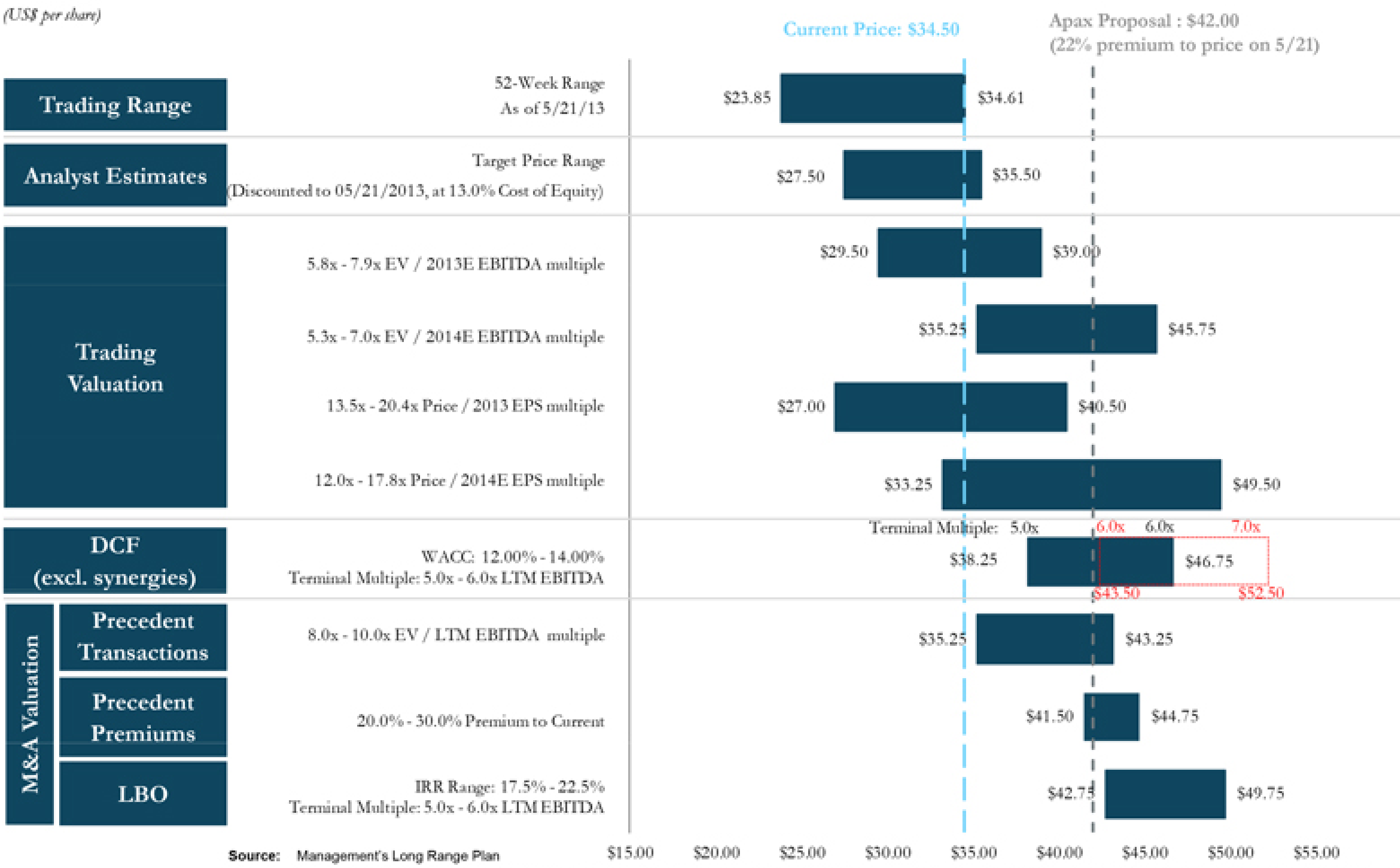
PERELLA WEINBERG PARTNERS

Searchable text for slide 0016:
FINANCIAL ANALYSIS

DRAFT

SUMMARY OF FINANCIAL ANALYSIS

(US$ per share)



Source: Management's Long Range Plan

Notes: Values and market data as of May 21, 2013, rounded to the nearest 25 cents. Financial results for a stated year represent financials for the 12 month period ending January 31 of the following year. Based on 23.5mm basic shares outstanding; approximately 0.5mm restricted stock units and dilutive effect of in-the-money stock options (1.662mm gross options outstanding) as of May 21, 2013. For DCF, blue bar represents value range based on reference exit multiple range of 5.0x - 6.0x; red line represents the DCF value that would result using an illustrative 6.0x -7.0x exit multiple range

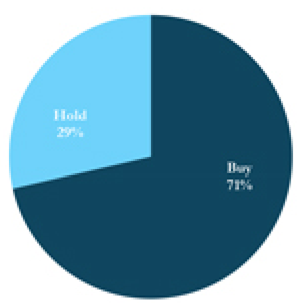
PERELLA WEINBERG PARTNERS

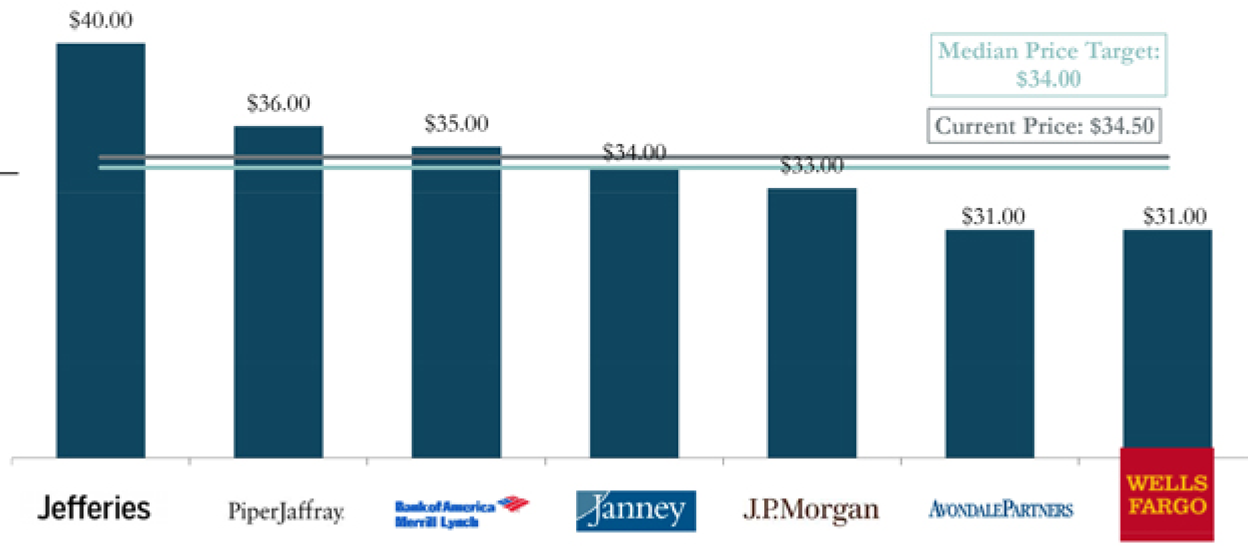
DRAFT

EQUITY RESEARCH PRICE TARGETS

The median analyst price target for Heat suggests 1.4% downside to current trading levels. The majority of the companies covered by the analysts who cover Heat are mature retail companies vs. high growth operators, which is the same case for another high growth company, Lululemon

CURRENT RECOMMENDATION





Date	08-May-13	25-Apr-13	17-Apr-13	17-May-13	17-Apr-13	22-Mar-13	06-May-13
Recommendation	Buy	Buy	Buy	Buy	Buy	Hold	Hold

Source: Wall Street Research
Notes: Market Data as of May 21, 2013

PERELLA WEINBERG PARTNERS

Searchable text for slide 0018: EQUITY RESEARCH PRICE TARGETS Source: Wall Street Research Notes: Market Data as of May 21, 2013 CURRENT RECOMMENDATION The median analyst price target for Heat suggests 1.4% downside to current trading levels. The majority of the companies covered by the analysts who cover Heat are mature retail companies vs. high growth operators, which is the same case for another high growth company, Lululemon

DRAFT

ILLUSTRATIVE SHARE PRICE TRAJECTORY

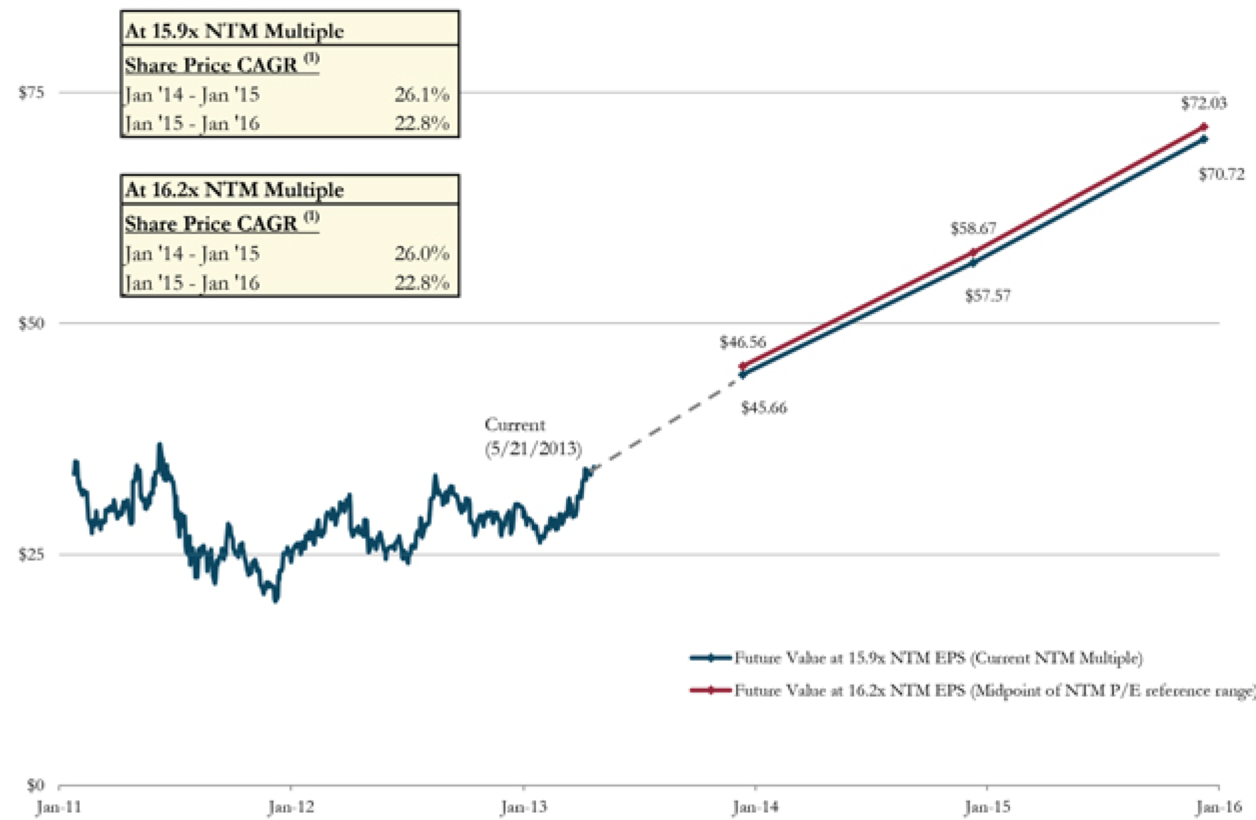
(US$ per share)

If Heat retains its current P/E multiple and achieves its earnings forecast, its stock price will have exceeded the Apax offer by late 2013

If Heat's multiple increases to the midpoint of the reference range, the (red) line shows the pro forma stock price

It is important to note that the projected share prices on this graph could be significantly reduced if the share price falls as a result of the Company's upcoming Q1 earnings announcement

Based on Price / NTM EPS Multiple of 15.9x / 16.2x



Source: FactSet, Management's Current Long Range Plan

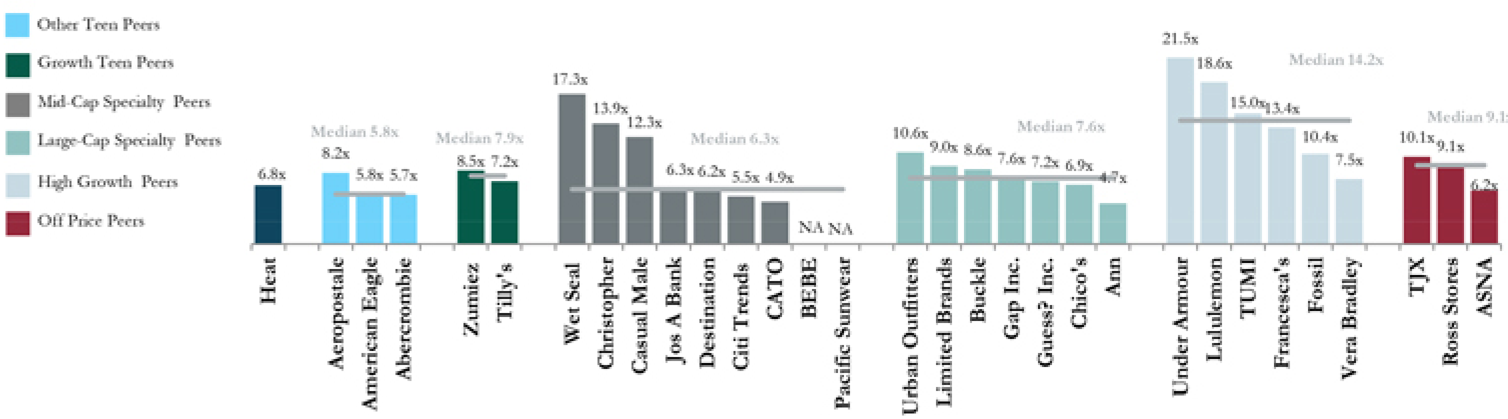
Notes: Financial results for a stated year represent financials for the 12 month period ending January 31 of the following year. Analysis based on assumed share buybacks using the available excess cumulative cash of $177mm generated between FY2014-FY2016. Share buybacks assumed at 5% premium to estimated share prices at the end of fiscal years 2014, 2015 and 2016, based on applying the respective NTM P/E ratio to estimated earnings per share (pro forma for share buybacks) in the future periods.
(1) Based on estimated future share prices

PERELLA WEINBERG PARTNERS

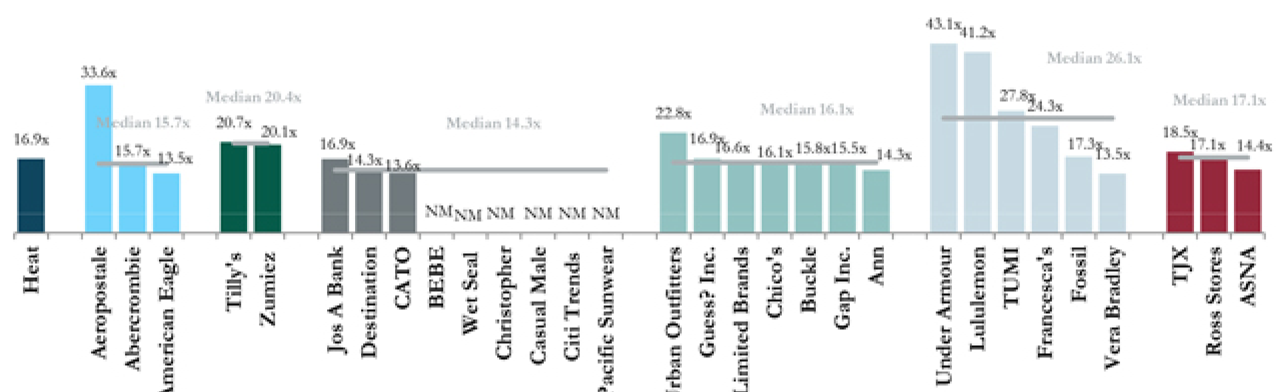
DRAFT

PUBLIC TRADING COMPARABLES

EV / 2013E EBITDA



P / 2013E EPS



Source: Company Filings, Factset market data as of May 21, 2013

Note: Financial results for a stated year represent financials for the 12 month period ending January 31 of the following year

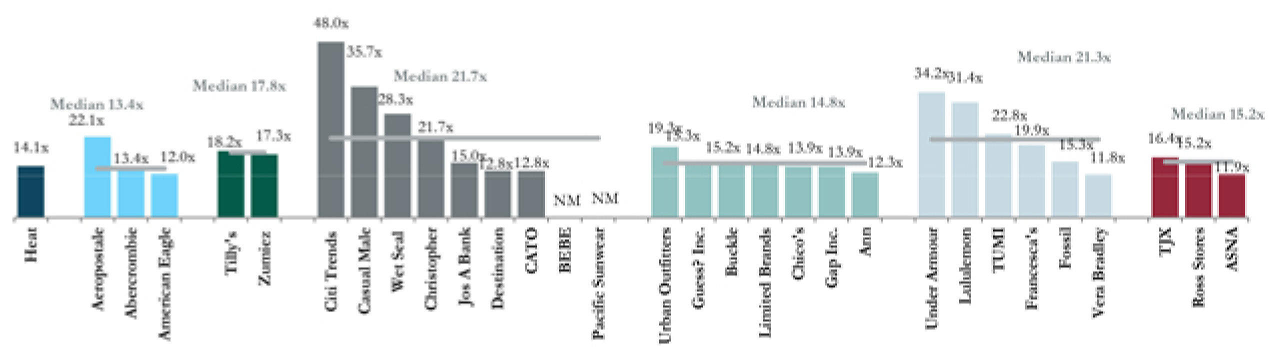
PERELLA WEINBERG PARTNERS

DRAFT

PUBLIC TRADING COMPARABLES

EV / 2014E EBITDA

P / 2014E EPS



Source: Company Filings, Factset market data as of May 21, 2013

Note: Financial results for a stated year represent financials for the 12 month period ending January 31 of the following year

PERELLA WEINBERG PARTNERS

Searchable text for slide0021: PUBLIC TRADING COMPARABLES EV / 2014E EBITDA P / 2014E EPS Source: Company Filings, Factset market data as of May 21, 2013 Note: Financial results for a stated year represent financials for the 12 month period ending January 31 of the following year Growth Teen Peers Mid-Cap Specialty Peers Large-Cap Specialty Peers High Growth Peers Off Price Peers Other Teen Peers

DRAFT

DISCOUNTED CASH FLOW ANALYSIS

(US$ in MM, except per share amounts)

	2H 2013E	Fiscal Year of 2014E	2015E	2016E	2017E	Terminal Year
UNLEVERED FREE CASH FLOWS						
Total Revenue	$553	$1,211	$1,394	$1,599	$1,838	$1,838
EBITDA	60	153	182	214	252	252
Depreciation & Amortization	(21)	(47)	(52)	(58)	(62)	
EBIT	$38	$106	$130	$155	$191	
Less: Taxes	($14)	($39)	($47)	($57)	($70)	
NOPAT	$24	$68	$83	$99	$121	
Plus: Depreciation & Amortization	$21	$47	$52	$58	$62	
Less: Capital Expenditures	(34)	(62)	(71)	(72)	(71)	
Less: (Increase) / Decrease in Working Capital	3	1	(10)	(13)	(16)	
Less: Other Cash Flows [(1)]	25	6	12	13	15	
Unlevered Free Cash Flow	**$39**	**$60**	**$66**	**$84**	**$110**	
DISCOUNTED FREE CASH FLOWS						
Unlevered Free Cash Flows	$39	$60	$66	$84	$110	
Terminal Value (Assuming a 5.5x Exit Multiple)						$1,389
Total Free Cash Flows	$39	$60	$66	$84	$110	$1,389
Weighted Average Cost of Capital (WACC)	13.0%	13.0%	13.0%	13.0%	13.0%	13.0%
Discount Period	0.25	1.25	2.25	3.25	4.25	4.50
Discount Factor	0.97	0.86	0.76	0.67	0.59	0.58
Discounted Free Cash Flows	**$38**	**$51**	**$50**	**$57**	**$66**	**$801**

EQUITY VALUE PER SHARE

	Terminal LTM EBITDA Multiple				
WACC	**5.00x**	**5.50x**	**6.00x**	**6.50x**	**7.00x**
12.0%	$40.94	$43.83	$46.73	$49.63	$52.53
13.0%	39.51	42.29	45.07	47.85	50.62
14.0%	38.15	40.81	43.48	46.15	48.81

IMPLIED PERPETUITY GROWTH RATE

	Terminal LTM EBITDA Multiple				
WACC	**5.00x**	**5.50x**	**6.00x**	**6.50x**	**7.00x**
12.0%	4.3%	5.0%	5.5%	6.0%	6.4%
13.0%	5.2%	5.9%	6.5%	6.9%	7.4%
14.0%	6.2%	6.8%	7.4%	7.9%	8.3%

Source: Management's Long Range Plan

Notes: Financial results for a stated year represent financials for the 12 month period ending January 31 of the following year. Mid-year convention is applied. Stock based compensation expense is not added back for unlevered free cash flows in order to capture the value of management compensation. Future values discounted to May 21, 2013.

(1) Based on change in Other Current Assets, Deferred Rent and Deferred Tax Liabilities

PERELLA WEINBERG PARTNERS

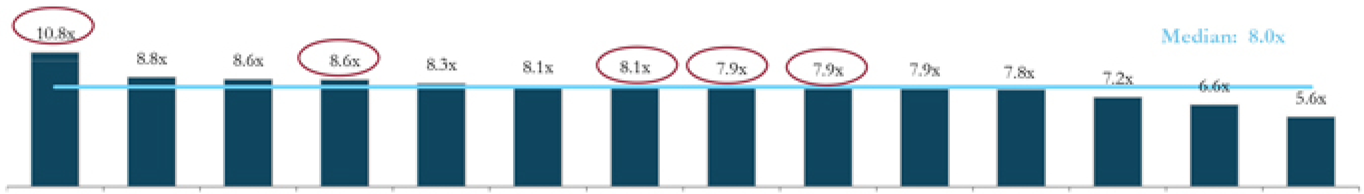
Searchable text for slide 0023 DISCOUNTED CASH FLOW ANALYSIS Source: Management's Long Range Plan Notes: Financial results for a stated year represent financials for the 12 month period ending January 31 of the following year. Mid-year convention is applied. Stock based compensation expense is not added back for unlevered free cash flows in order to capture the value of management compensation. Future values discounted to May 21, 2013. (1) Based on change in Other Current Assets, Deferred Rent and Deferred Tax Liabilities (US$ in MM, except per share amounts)

DRAFT

RELEVANT SECTOR TRANSACTIONS

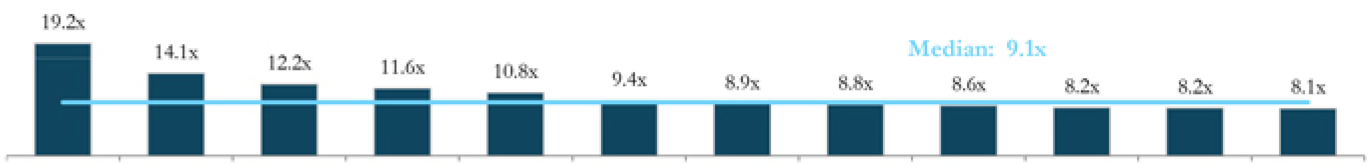
($ in millions)

SPECIALTY BRANDED APPAREL & ACCESSORIES - EV / LTM EBITDA



	Charming Shoppes / Ascena	Linens n Things / Apollo	Hot Topic / Sycamore Partners	J.Crew / TPG/LGP	True Religion / TowerBrook Capital	Collective / Wolverine	Maurice's / Ascena	Claire's / Apollo	Tommy Hilfiger / Apax	Tommy Hilfiger / V. Heusen	Deb Shops / Lee Equity	Burlington Coat / Bain	Charlotte Russe / Advent	Tween Brands / Ascena
Date	2-May-12	8-Nov-05	7-Mar-13	22-Nov-10	10-May-13	1-May-12	17-Nov-04	20-Mar-07	23-Dec-05	15-Mar-10	26-Jul-07	18-Jan-06	24-Aug-09	24-Jun-09
Transaction Size	$877	$1,305	$552	$2,694	$642	$1,818	$316	$2,581	$1,547	$3,136	$259	$1,958	$312	$237
Premium to Unaffected Price	21.7%	16.7%	26.8%	37.3%	52.0%	10.6%	n/a	18.0%	5.0%	-	2.1%	14.1%	24.1%	45.3%
S&P 500 P/NTM EPS Multiple	12.7x	14.9x	13.7x	12.8x	14.3x	12.7x	16.7x	15.1x	15.3x	14.0x	15.0x	15.4x	14.9x	13.7x

OTHER RETAIL – EV / LTM EBITDA



	Teavana / Starbucks	Barney's / Istithmar	Michaels Stores / Consortium	Warnaco / PVH	Charming Shoppes / Ascena	Toys R Us / Consortium	May / Federated	Linens n Things / Apollo	J.Crew / TPG/LGP	Gymboree / Bain	JoAnn Stores / LGP	Barney's / Jones
Date	14-Nov-12	22-Jun-07	30-Jun-06	31-Oct-12	2-May-12	17-Mar-05	27-Feb-05	8-Nov-05	22-Nov-10	11-Oct-10	23-Dec-10	10-Nov-04
Transaction Size	$634	$942	$5,604	$2,846	$877	$6,213	$17,260	$1,305	$2,694	$1,761	$1,696	$400
Premium to Unaffected Price	53.0%	-	13.2%	33.4%	21.7%	22.8%	5.9%	16.7%	37.3%	71.5%	33.7%	n/a
S&P 500 P/NTM EPS Multiple	12.2x	15.4x	14.3x	12.7x	12.7x	16.0x	16.4x	15.0x	12.8x	12.6x	13.2x	16.5x

Source: Company filings, Wall Street research

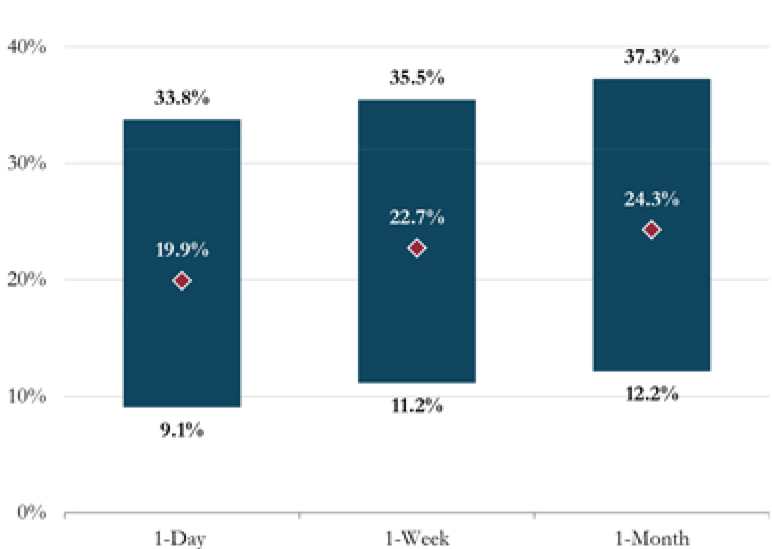
Searchable text for slide 0023

RELEVANT SECTOR TRANSACTIONS SPECIALTY BRANDED APPAREL & ACCESSORIES—EV / LTM EBITDA OTHER RETAIL – EV / LTM EBITDA ($ in millions) Source: Company filings, Wall Street research

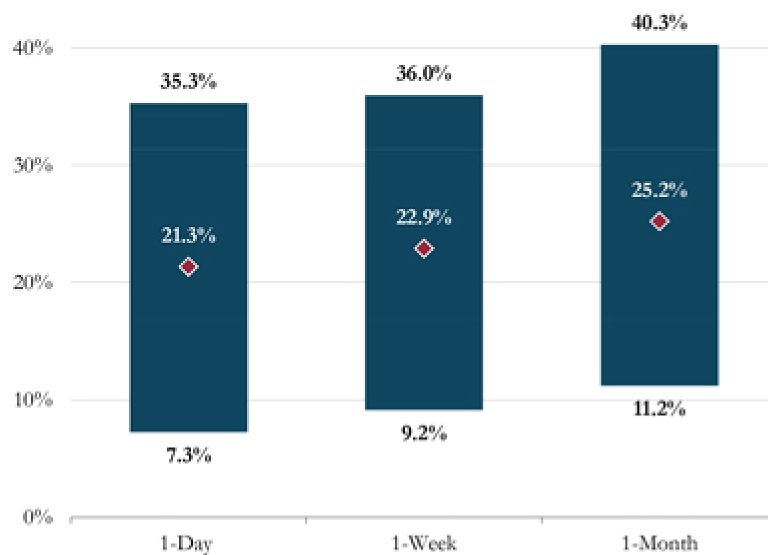
DRAFT

PREMIUMS PAID ANALYSIS; US TARGETS, 2002 - PRESENT

GO-PRIVATE TRANSACTIONS (DEAL VALUE GREATER THAN $100 MM)



ALL TRANSACTIONS (DEAL VALUE BETWEEN $500 - $1,500 MM)



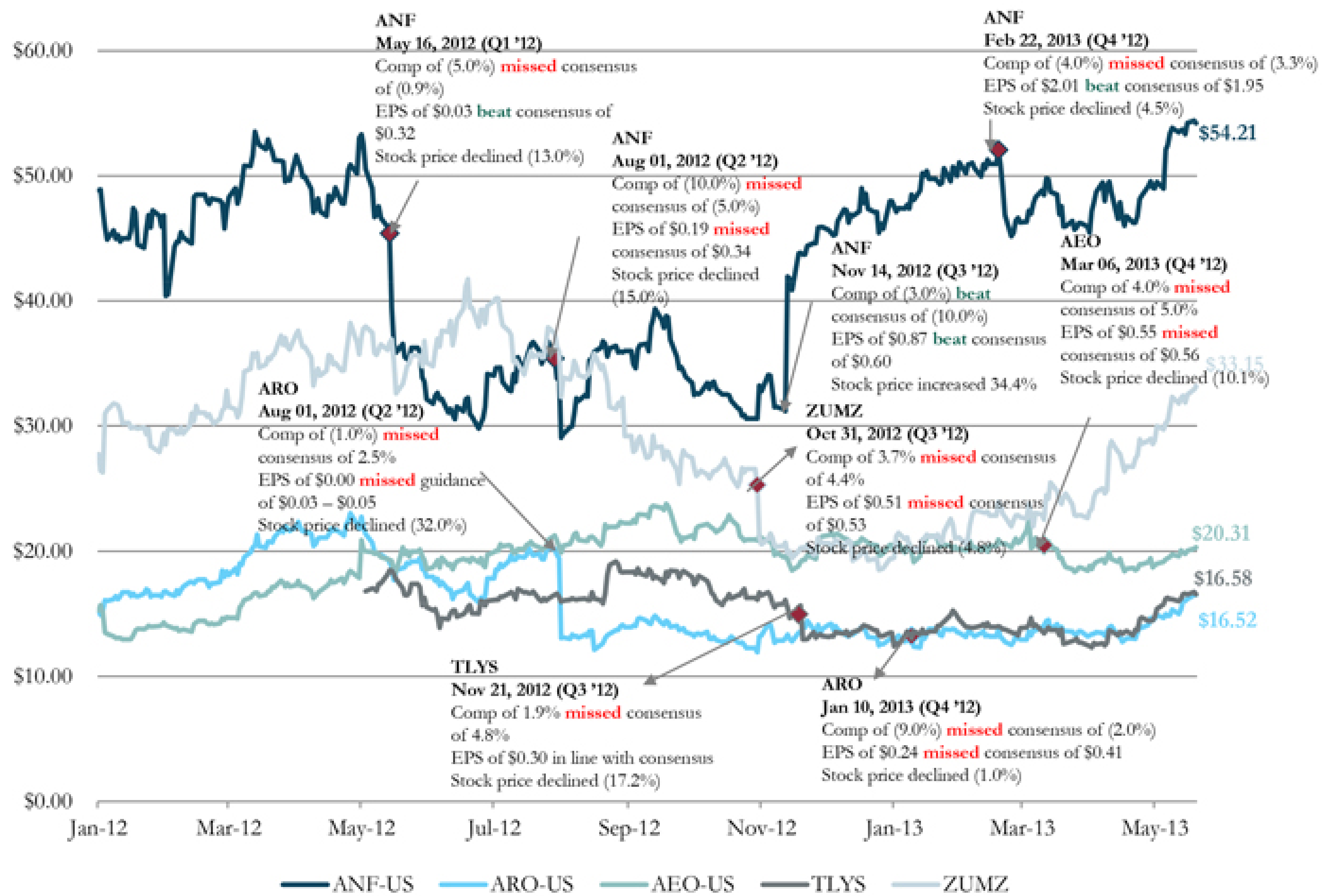
■ Range from 1st to 3rd Quartile ◆ Median

Source: Dealogic, Capital IQ

Searchable text for slide 0024: PREMIUMS PAID ANALYSIS; US TARGETS, 2002—PRESENT GO-PRIVATE TRANSACTIONS (DEAL VALUE GREATER THAN $100 MM) ALL TRANSACTIONS (DEAL VALUE BETWEEN $500—$1,500 MM) Source: Dealogic, Capital IQ

DRAFT

TEEN RETAILERS EARNINGS REACTION



Source: Factset market data as of May 21, 2013

PERELLA WEINBERG PARTNERS

Searchable text for slide0025:

TEEN RETAILERS EARNINGS REACTION Source: Factset market data as of May 21, 2013 ZUMZ Oct 31, 2012 (Q3 '12) Comp of 3.7% missed consensus of 4.4% EPS of $0.51 missed consensus of $0.53 Stock price declined ... of $0.00 missed guidance of $0.03 – $0.05 Stock price declined (32.0%) ANF Nov 14, 2012 (Q3 '12) Comp of (3.0%) beat consensus of (10.0%) EPS of $0.87 beat consensus of $0.60 Stock price increased 34.4%

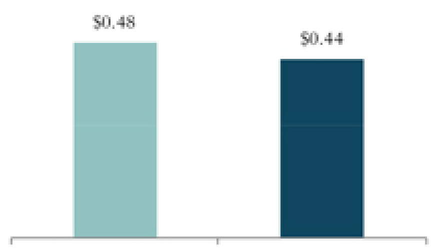
DRAFT

SENSITIVITY OF OFFER PREMIUM TO VARIOUS HEAT STOCK PRICES

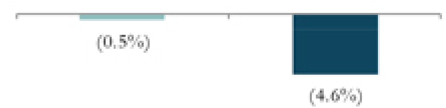
Heat has historically outperformed management EPS guidance in 12 of the last 13 quarters

STREET CONSENSUS VS. ACTUAL (Q1-FY2013)

EPS



COMP STORE SALES GROWTH



APAX OFFER PREMIUM AT VARIOUS PRICES

	Current 5/21/13	% Discount to Current (5.0%)	(10.0%)	(15.0%)	(20.0%)
Illustrative Price	$34.50	$32.78	$31.05	$29.33	$27.60
Premium Implied by Apax Offer of $42.00/share	**21.7%**	**28.1%**	**35.3%**	**43.2%**	**52.2%**

Source: Company management, broker median consensus estimates (Janney, Wells Fargo, Jefferies, BAML, Avondale)

PERELLA WEINBERG PARTNERS

Searchable text for slide 0026: SENSITIVITY OF OFFER PREMIUM TO VARIOUS HEAT STOCK PRICES STREET CONSENSUS VS. ACTUAL (Q1-FY2013) Heat has historically outperformed management EPS guidance in 12 of the last 13 quarters COMP STORE SALES GROWTH Source: Company management, broker median consensus estimates (Janney, Wells Fargo, Jefferies, BAML, Avondale) APAX OFFER PREMIUM AT VARIOUS PRICES EPS

DRAFT

LEVERAGED BUYOUT ANALYSIS

(US$ in MM, except per share amounts)

TRANSACTION SUMMARY

- Acquisition at $47.10, at 36.5% premium to the stock price of $34.50 on 5/21/2013
  - Price representing the 20.0% IRR, midpoint of LBO valuation range
- Total leverage of 7.7x LTM EBITDA (7.8x EBITDAR)
  - 5.2x Term Loan at LIBOR + 350 bps
  - 2.5x Subordinated Debt at 7.0%
- Assumes a "management promote" equivalent to 7.5% of incremental equity value created
- Assumes minimum cash requirement of $25 million
- Transaction date as of 7/31/2013

SOURCES AND USES

USES OF FUNDS	Value ($MM)	% of Total
Purchase Equity	$1,171	97.1%
Transaction Expenses	19	1.5%
Deferred Financing Fees	17	1.4%
Total Uses	$1,206	100.0%

SOURCES OF FUNDS	Multiple of LTM EBITDA	Value ($MM)	% of Total
Excess Cash		$11	0.9%
Term Loan	5.2x	530	43.9%
Subordinate Debt	2.5x	250	20.7%
Sponsor Equity		415	34.4%
Total Sources		$1,206	100.0%

PURCHASE PRICE SUMMARY

	Metric	Current	Offer
Price per Share		$34.50	$47.10
Premium over Current Price			*36.5%*
Market Value of Equity		**$848**	**$1,171**
Less: Net Cash		(56)	(11)
Enterprise Value		**$792**	**$1,160**
EV/EBITDA	**Metric**		
LTM	$102	7.8x	11.4x
2013E	115	6.9	10.1
2014E	153	5.2	7.6
Price/Earnings			
2013E	$1.98	17.4x	23.7x
2014E	2.79	12.4	16.9

ILLUSTRATIVE RETURNS SENSITIVITY

PRICE (1)

Entry Price (3)	Implied Premium	2012A Multiple	Trailing Exit Multiple 5.0x	5.5x	6.0x
$41.12	**22.0%**	10.2x	26%	30%	34%
$43.56	**29.3%**	10.8x	21%	24%	28%
$46.00	**36.5%**	11.4x	17%	20%	23%
$48.44	**43.8%**	12.1x	13%	16%	19%
$50.88	**51.0%**	12.7x	10%	13%	16%

LEVERAGE (2)

Entry Price (3)	Implied Premium	2012A Multiple	Leverage (EBITDA/EBITDAR Mult.) 6.7x/7.2x	7.2x/7.5x	7.7x/7.8x
$41.12	**22.0%**	10.2x	25%	27%	30%
$43.56	**29.3%**	10.8x	21%	22%	24%
$46.00	**36.5%**	11.4x	17%	19%	20%
$48.44	**43.8%**	12.1x	14%	15%	16%
$50.88	**51.0%**	12.7x	12%	13%	13%

Source: Management's Long Range Plan

Notes: Financial results for a stated year represent financials for the 12 month period ending January 31 of the following year. IRR valuation range as of May 21, 2013
(1) Assuming 7.7x leverage (2) Assuming 5.5x exit multiple (3) Based on values discounted to May 21, 2013, midpoint representing 20% IRR

PERELLA WEINBERG PARTNERS

Searchable text for slide 0027: ... discounted to May 21, 2013, midpoint representing 20% IRR (US$ in MM, except per share amounts)

DRAFT

LEVERAGED BUYOUT ANALYSIS

SUMMARY FINANCIAL PROJECTIONS

(US$ millions; except per share)	2012A	2H 2013	2014E	2015E	2016E	2017E
		Fiscal Year of				
Revenue	$902	$553	$1,211	$1,394	$1,599	$1,838
EBITDA	101	60	153	182	214	252
Less: D&A	(33)	(21)	(47)	(52)	(58)	(62)
EBIT	$68	$38	$106	$130	$155	$191
Net Income		$10	$41	$57	$75	$99
Plus: Depreciation & Amortization		21	47	52	58	62
Plus: Stock Compensation Expense		6	11	17	22	32
Plus: Deferred Financing Fees		2	4	4	4	4
Less: Increase in Working Capital		3	1	(10)	(13)	(16)
Plus: Other Cash Flows		25	6	12	13	15
Less: Capex		(34)	(62)	(71)	(72)	(71)
Levered Free Cash Flow		$33	$47	$62	$86	$125
(Repayment) / Issuance of Debt		(33)	(47)	(62)	(86)	(125)
Change in Cash & Equivalents		**$0**	**$0**	**$0**	**$0**	**$0**

DEBT PAYDOWN AND CREDIT STATISTICS

(US$ millions; except per share)	2012A	2H 2013	2014E	2015E	2016E	2017E
		Fiscal Year of				
Term Loan	$530	$497	$450	$388	$302	$177
Subordinated Debt	250	250	250	250	250	250
Total Debt	$780	$747	$700	$638	$552	$427
Less: Cash	(25)	(25)	(25)	(25)	(25)	(25)
Net Debt	$755	$722	$675	$613	$527	$402
CREDIT STATISTICS						
Total Debt / LTM EBITDA	7.7x	6.3x	4.6x	3.5x	2.6x	1.7x
Total Adjusted Debt / LTM EBITDAR	7.8x	7.0x	5.9x	5.2x	4.5x	3.9x
EBITDA/Interest Expense	2.0x	2.9x	3.9x	5.0x	6.2x	8.2x
(EBITDA-Capex)/Interest Expense	0.8x	1.3x	2.3x	3.1x	4.1x	5.9x
Debt / Capital	65.3%	64.3%	60.6%	55.4%	48.4%	38.4%

Source: Management's Long Range Plan

Notes: Financial results for a stated year represent financials for the 12 month period ending January 31 of the following year. Stock based compensation expense is added back for unlevered free cash flows, however, assumes 7.5% management promote

PERELLA WEINBERG PARTNERS

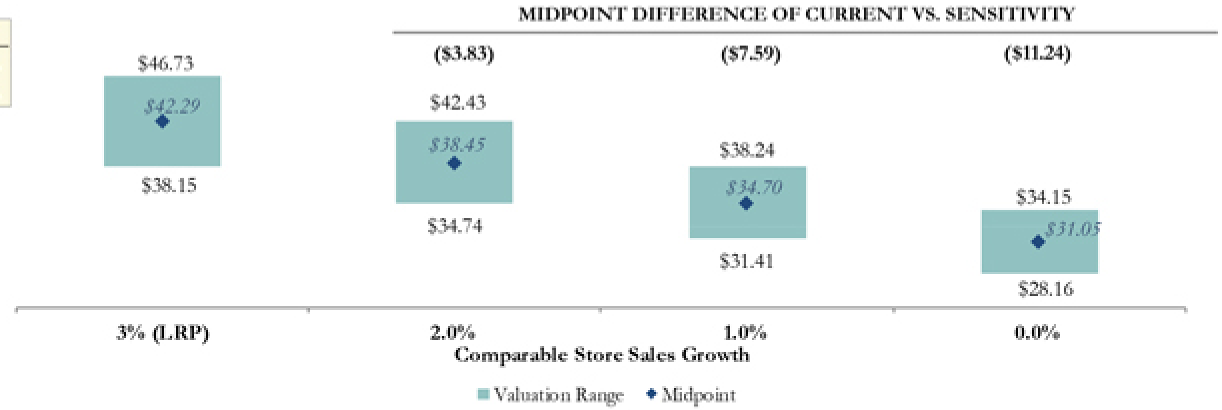
Searchable text for slide 0028: LEVERAGED BUYOUT ANALYSIS SUMMARY FINANCIAL PROJECTIONS DEBT PAYDOWN AND CREDIT STATISTICS Source: Management's Long Range Plan Notes: Financial results for a stated year represent financials for the 12 month period ending January 31 of the following year. Stock based compensation expense is added back for unlevered free cash flows, however, assumes 7.5% management promote

DRAFT

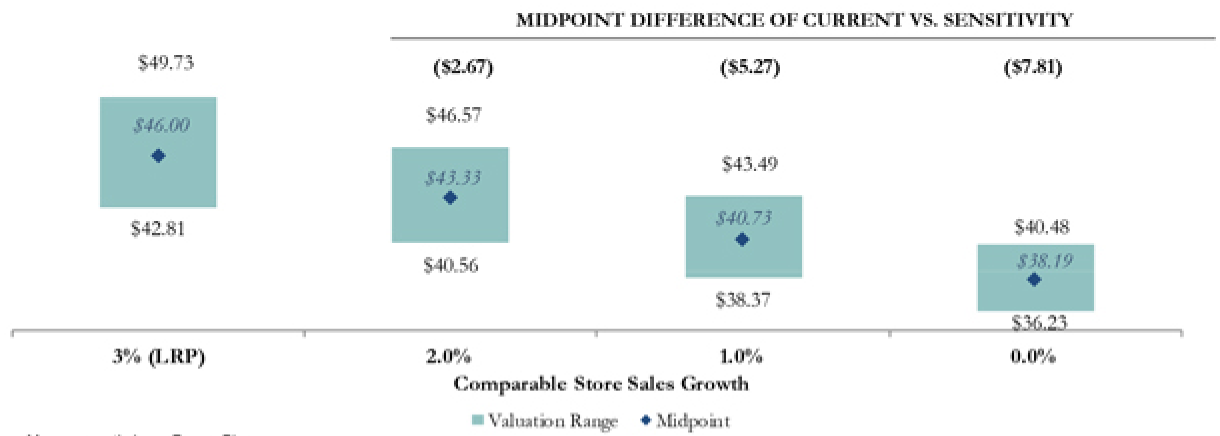
VALUATION SENSITIVITY BASED ON COMPARABLE STORE SALES GROWTH

DISCOUNTED CASH FLOW ANALYSIS

Heat Historical Comp Growth	
Avg. FY2011-12	0.7%
Avg. FY2010-12	1.3%



LEVERAGED BUYOUT ANALYSIS



Source: Management's Long Range Plan

Notes: Valuation as of May 21, 2013. DCF valuation based on discount range of 12.0%-14.0% and terminal exit multiple range of 5.0x-6.0x trailing EBITDA. LBO valuation based on IRR range of 17.5%-22.5%, leverage of 7.7x LTM EBITDA, and terminal exit multiple range of 5.0x-6.0x trailing EBITDA

PERELLA WEINBERG PARTNERS

DRAFT

APPENDIX

PERELLA
WEINBERG
PARTNERS

Searchable text for slide0030:

APPENDIX

DRAFT

ANALYSIS AT VARIOUS PRICES

($ in millions, except per share data)

	Metric	Current	Pre-Offer (4/17) Price	Illustrative Range								
Share Price		$34.50	$29.59	$38.00	$39.00	$40.00	$41.00	$42.00	$43.00	$44.00	$45.00	$46.00
Implied Premium / (Discount) to Current				*10.1%*	*13.0%*	*15.9%*	*18.8%*	*21.7%*	*24.6%*	*27.5%*	*30.4%*	*33.3%*
Implied Premium/ Discount to Pre-Offer (4/17) Price				*28.4%*	*31.8%*	*35.2%*	*38.6%*	*41.9%*	*45.3%*	*48.7%*	*52.1%*	*55.5%*
Implied Premium / (Discount)												
52-Week High		$34.61		10%	13%	16%	18%	21%	24%	27%	30%	33%
52 Week Low		23.85		59%	64%	68%	72%	76%	80%	84%	89%	93%
Implied Equity Value		**$848**	**$723**	**$938**	**$963**	**$989**	**$1,014**	**$1,040**	**$1,066**	**$1,091**	**$1,117**	**$1,142**
Plus Debt		0	0	0	0	0	0	0	0	0	0	0
Less Cash and Equivalents		(56)	(56)	(56)	(56)	(56)	(56)	(56)	(56)	(56)	(56)	(56)
Implied Enterprise Value		**$792**	**$667**	**$882**	**$907**	**$933**	**$959**	**$984**	**$1,010**	**$1,035**	**$1,061**	**$1,087**
Valuation Multiples	Metric											
LRP												
EV/2013E Revenue	$1,030	0.8x	0.6x	0.9x	0.9x	0.9x	0.9x	1.0x	1.0x	1.0x	1.0x	1.1x
EV/2014E Revenue	$1,211	0.7x	0.6x	0.7x	0.7x	0.8x	0.8x	0.8x	0.8x	0.9x	0.9x	0.9x
EV/LTM EBITDA	$102	7.8x	6.6x	8.7x	8.9x	9.2x	9.4x	9.7x	9.9x	10.2x	10.5x	10.7x
EV/2013E EBITDA	115	6.9	5.8	7.6	7.9	8.1	8.3	8.5	8.8	9.0	9.2	9.4
EV/2014E EBITDA	153	5.2	4.4	5.8	5.9	6.1	6.3	6.4	6.6	6.8	6.9	7.1
Price/2013E EPS	$1.98	17.4x	14.9x	19.2x	19.7x	20.2x	20.7x	21.2x	21.7x	22.2x	22.7x	23.2x
Price/2014E EPS	2.79	12.4	10.6	13.6	14.0	14.3	14.7	15.1	15.4	15.8	16.1	16.5
I/B/E/S CONSENSUS												
EV/2013E Revenue	$1,026	0.8x	0.7x	0.9x	0.9x	0.9x	0.9x	1.0x	1.0x	1.0x	1.0x	1.1x
EV/2014E Revenue	$1,135	0.7x	0.6x	0.8x	0.8x	0.8x	0.8x	0.9x	0.9x	0.9x	0.9x	1.0x
EV/2013E EBITDA	$117	6.8x	5.7x	7.5x	7.8x	8.0x	8.2x	8.4x	8.6x	8.9x	9.1x	9.3x
EV/2014E EBITDA	$135	5.8x	4.9x	6.5x	6.7x	6.9x	7.1x	7.3x	7.5x	7.6x	7.8x	8.0x
Price/2013E EPS	$2.04	16.9x	14.5x	18.6x	19.1x	19.6x	20.1x	20.6x	21.1x	21.6x	22.1x	22.5x
Price/2014E EPS	$2.44	14.1x	12.1x	15.6x	16.0x	16.4x	16.8x	17.2x	17.6x	18.0x	18.4x	18.9x

Source: Company filings, FactSet; Data as of May 21, 2013
Notes: Financial results for a stated year represent financials for the 12 month period ending January 31 of the following year

Searchable text for slide 0031: Source: Company filings, FactSet; Data as of May 21, 2013 Notes: Financial results for a stated year represent financials for the 12 month period ending January 31 of the following year ($ in millions, except per share data) ANALYSIS AT VARIOUS PRICES

DRAFT

EVOLUTION OF QUARTERLY COMP STORE SALES

In the first two quarters following its IPO, Heat posted comp store sales levels consistent with high growth peers

Since August 2010, the Company experienced a deceleration in comp store sales

EVOLUTION OF COMP STORE SALES

		Q4 09	Q1 10	Q2 10	Q3 10	Q4 10	Q1 11	Q2 11	Q3 11	Q4 11	Q1 12	Q2 12	Q3 12	Q4 12
LULU		29.0%	35.0%	31.0%	29.0%	28.0%	19.0%	25.0%	18.0%	26.0%	24.0%	13.0%	18.0%	10.0%
HIGH-GROWTH TEEN	ZUMZ	(1.8%)	9.1%	9.3%	14.4%	13.0%	12.6%	7.5%	6.0%	9.7%	12.9%	9.5%	3.7%	(1.0%)
	TLYS	NA	NA	NA	NA	NA	18.2%	15.2%	NA	NA	4.3%	5.1%	1.9%	(0.9%)
OTHER TEEN PEERS	ARO	9.0%	8.0%	4.0%	0.0%	(3.0%)	(7.0%)	(12.0%)	(9.0%)	(9.0%)	2.0%	(1.0%)	(2.0%)	(9.0%)
	ANF	(13.0%)	1.0%	5.0%	7.0%	13.0%	10.0%	9.0%	7.0%	NA	(5.0%)	(10.0%)	(3.0%)	(4.0%)
	AEO	(16.0%)	5.0%	(1.0%)	1.0%	(7.0%)	(8.0%)	11.0%	5.0%	10.0%	17.0%	9.0%	10.0%	4.0%
MEDIAN	High-Growth Teen Peers	(0.9%)	4.6%	4.7%	7.2%	13.0%	15.4%	11.4%	6.0%	9.7%	8.6%	7.3%	2.8%	(1.0%)
	Other Teen Peers	(13.0%)	5.0%	4.0%	1.0%	(3.0%)	(7.0%)	9.0%	5.0%	NA	2.0%	(1.0%)	(2.0%)	(4.0%)
HEAT		**9.0%**	**7.7%**	**(1.6%)**	**1.8%**	**1.5%**	**5.2%**	**(0.3%)**	**0.0%**	**(2.2%)**	**1.7%**	**0.5%**	**0.2%**	**0.7%**

Source: Company Filings
Note: Aeropostale comp sales growth results excluding the impact of e-commerce sales

PERELLA WEINBERG PARTNERS

Searchable text for slide 0032 EVOLUTION OF QUARTERLY COMP STORE SALES EVOLUTION OF COMP STORE SALES In the first two quarters following its IPO, Heat posted comp store sales levels consistent with high growth peers Since August 2010, the Company experienced a deceleration in comp store sales Source: Company Filings Note: Aeropostale comp sales growth results excluding the impact of e-commerce sales

DRAFT

WALL STREET RESEARCH PERSPECTIVES ON THE TEEN SECTOR

COMPANY	SHARE PRICE	% OF 52-WEEK HIGH	MEDIAN TARGET PRICE	PREMIUM TO CURRENT	NUMBER OF ANALYSTS	RECOMMENDATIONS BUY	RECOMMENDATIONS HOLD	RECOMMENDATIONS SELL	P/E 2013E	P/E 2014E
HEAT	$34.50	100%	$34.00	-1%	7	71%	29%	0%	16.9x	14.1x
TEEN PEERS										
Abercrombie & Fitch	54.21	99%	53.50	(1%)	25	52%	44%	4%	15.7x	13.4x
American Eagle	20.31	85%	24.00	18%	22	55%	41%	5%	13.5x	12.0x
AÉROPOSTALE	16.52	79%	15.00	(9%)	24	33%	54%	13%	33.6x	22.1x
zumiez	33.15	79%	31.00	(6%)	14	29%	71%	0%	20.1x	17.3x
TILLY'S	16.58	85%	14.50	(13%)	8	75%	25%	0%	20.7x	18.2x
Median		85%		(6%)		52%	44%	4%	20.1x	17.3x

Source: Factset as May 21, 2013, Bloomberg, Wall Street Research
Notes: Financial results for a stated year represent financials for the 12 month period ending January 31 of the following year

Searchable text for slide 0033: WALL STREET RESEARCH PERSPECTIVES ON THE TEEN SECTOR Source: Factset as May 21, 2013, Bloomberg, Wall Street Research Notes: Financial results for a stated year represent financials for the 12 month period ending January 31 of the following year

DRAFT

LRP CAPEX SCHEDULE

(US$ in millions)

	Fiscal Year of							
	2010A	2011A	2012A	2013E	2014E	2015E	2016E	2017E
New Stores (US) (Net)	$11.9	$15.7	$19.8	$21.3	$21.6	$21.9	$22.2	$22.5
New Stores (Canada)					-	-	3.0	6.2
Conversions	4.3	7.1	5.4	6.0	4.1	3.2	3.3	2.3
Maintenance & Other	2.8	0.8	0.6	0.7	1.0	1.2	1.4	1.6
Store Fixtures	2.7	3.7	3.8	4.1	4.3	4.4	4.6	4.8
IT	2.4	4.3	9.5	8.0	9.5	11.5	9.0	9.0
DC/Offices	1.3	2.7	1.4	1.5	1.5	8.0	8.0	4.0
E-Commerce				6.5	0.5	0.5	0.8	1.0
Net Spend Total	$25.5	$34.2	$40.5	$48.1	$42.5	$50.7	$52.3	$51.4
Capped TA	15.0	19.4	19.8	19.8	19.8	19.8	19.8	19.8
Gross Spend Total	**$40.5**	**$53.6**	**$60.3**	**$67.9**	**$62.3**	**$70.5**	**$72.1**	**$71.2**
New Stores (US)	105	120	125	125	125	125	125	125
New Stores (Canada)							15	30
Conversions	31	38	28	20	20	15	15	10

Source: Management's current Long Range Plan. Financial results for a stated year represent financials for the 12 month period ending January 31 of the following year.

Confidential

PERELLA WEINBERG PARTNERS

Searchable text for slide 0034: LRP CAPEX SCHEDULE Source: Management's current Long Range Plan. Financial results for a stated year represent financials for the 12 month period ending January 31 of the following year. (US$ in millions)

DRAFT

WEIGHTED AVERAGE COST OF CAPITAL ANALYSIS

ASSET BETA ANALYSIS

Company	Levered Beta[1]	Debt / Equity	Unlevered Beta [2]
Heat	**1.20**	**0.0%**	**1.20**
Teen Peers			
Abercrombie	1.50	0.0%	1.50
American Eagle	1.12	0.0%	1.12
Aeropostale	1.01	0.0%	1.01
Zumiez	1.28	0.6%	1.28
Tilly's	0.49	0.8%	0.49
Teen Peers Mean	**1.08**	**0.3%**	**1.08**
Teen Peers Median	**1.12**	**0.0%**	**1.12**
Mid-Cap Peers			
Jos A Bank	1.05	0.0%	1.05
CATO	1.09	0.0%	1.09
BEBE	1.24	0.0%	1.24
Destination Maternity	1.03	0.5%	1.02
Christopher	1.40	0.0%	1.40
Citi Trends	1.44	39.0%	1.17
Pacific Sunwear	1.35	0.0%	1.35
Mid-Cap Peers Mean	**1.23**	**5.6%**	**1.19**
Mid-Cap Peers Median	**1.24**	**0.0%**	**1.17**
Blended Mean	**1.17**	**3.4%**	**1.14**
Blended Median	**1.18**	**0.0%**	**1.14**
High	**1.50**	**39.0%**	**1.50**
Low	**0.49**	**0.0%**	**0.49**

WACC ANALYSIS

Cost of Equity	
U.S. Risk Free Rate[3]	3.6%
Unlevered Beta	1.14
Target Debt / Capitalization	0.0%
Relevered Beta	1.14
Equity Risk Premium[4]	6.6%
Adjusted Equity Market Risk Premium	7.6%
Size Premium[4]	1.8%
Cost of Equity	**12.9%**
Cost of Debt	
Cost of Debt (Pre-Tax) [5]	4.0%
Tax Rate	40.0%
Cost of Debt (After-Tax)	**2.4%**
% Debt	0.0%
% Equity	100.0%
Weighted Average Cost of Capital	**12.9%**

Source: Bloomberg, Company Filings, Market data as of May 21, 2013
Notes: (1) 5 year unadjusted beta
(2) Assumes 40% tax rate for peers
(3) Based on yield on 10-Year U.S. Government Bond as of May 21, 2013
(4) Based on 2012 Ibbotson Report
(5) Assumed weighted-average cost of refinanced debt

PERELLA WEINBERG PARTNERS

Searchable text for slide 0035: WEIGHTED AVERAGE COST OF CAPITAL ANALYSIS ASSET BETA ANALYSIS WACC ANALYSIS Source: Bloomberg, Company Filings, Market data as of May 21, 2013 Notes: (1) 5 year unadjusted beta (2) Assumes 40% tax rate for peers (3) Based on yield on 10-Year U.S. Government Bond as of May 21, 2013 (4) Based on 2012 Ibbotson Report (5) Assumed weighted-average cost of refinanced debt

DRAFT

COMPARABLE COMPANY ANALYSIS – KEY METRICS

Company	% of 52 Week High	% of 52 Week Low	Market Cap.	Ent. Value	EV/Revenues 2013E	EV/Revenues 2014E	EV / EBITDA 2013E	EV / EBITDA 2014E	P / EPS 2013E	P / EPS 2014E	EBITDA Margin 2013E	EBITDA Margin 2014E	PEG
Heat	**100%**	**145%**	**$848**	**$792**	**0.8x**	**0.7x**	**6.8x**	**5.9x**	**16.9x**	**14.1x**	**11.4%**	**11.9%**	**1.1x**
Teen													
American Eagle	85%	113%	$4,031	$3,400	1.0x	0.9x	5.8x	5.3x	13.5x	12.0x	16.6%	17.2%	1.1x
Abercrombie	99%	189%	4,432	3,789	0.8x	0.7x	5.7x	5.3x	15.7x	13.4x	13.9%	14.0%	0.9x
Aeropostale	79%	140%	1,295	1,063	0.4x	0.4x	8.2x	6.5x	33.6x	22.1x	5.5%	6.6%	3.4x
Growth Teen													
Zumiez	79%	185%	1,007	910	1.2x	1.1x	8.5x	7.7x	20.1x	17.3x	14.3%	14.2%	1.3x
Tilly's	85%	138%	468	415	0.8x	0.7x	7.2x	6.4x	20.7x	18.2x	10.9%	10.9%	1.2x
Teen Peers Median	**85%**	**140%**			**0.8x**	**0.7x**	**7.2x**	**6.4x**	**20.1x**	**17.3x**	**13.9%**	**14.0%**	**1.2x**
Mid-Cap Retailers Peers													
Jos A Bank	94%	128%	$1,338	$1,011	0.9x	0.9x	6.3x	6.3x	16.9x	15.0x	14.8%	13.7%	NA
CATO	77%	112%	727	538	0.6x	0.5x	4.9x	NA	13.6x	12.8x	11.7%	NA	NA
BEBE	83%	155%	449	326	0.7x	0.6x	NM	11.6x	NM	NM	(1.9%)	5.3%	NA
Wet Seal	96%	186%	406	296	0.5x	0.5x	17.3x	9.2x	NM	28.3x	3.0%	5.5%	NA
Destination Maternity	99%	155%	354	343	0.6x	0.6x	6.2x	NA	14.3x	12.8x	10.2%	NA	NA
Christopher & Banks	95%	747%	288	248	0.6x	0.5x	13.9x	9.2x	NM	21.7x	4.0%	5.7%	NA
Casual Male	92%	177%	246	238	0.6x	0.5x	12.3x	10.1x	NM	35.7x	4.6%	5.1%	NA
Citi Trends	76%	128%	192	142	0.2x	0.2x	5.5x	4.5x	NM	48.0x	4.0%	4.7%	NA
Pacific Sunwear	95%	229%	204	235	0.3x	0.3x	NM	9.5x	NM	NM	0.9%	3.0%	NA
Mid-Cap Peers Median	**94%**	**155%**			**0.6x**	**0.5x**	**6.3x**	**9.2x**	**14.3x**	**21.7x**	**4.0%**	**5.3%**	**NA**

Source: Company Filings, Factset market data as of May 21, 2013
Notes: Financial results for a stated year represent financials for the 12 month period ending January 31 of the following year

PERELLA WEINBERG PARTNERS

Searchable text for slide 0036: COMPARABLE COMPANY ANALYSIS – KEY METRICS Source: Company Filings, Factset market data as of May 21, 2013 Notes: Financial results for a stated year represent financials for the 12 month period ending January 31 of the following year

DRAFT

COMPARABLE COMPANY ANALYSIS – KEY METRICS (CONT'D)

Company	% of 52 Week High	% of 52 Week Low	Market Cap.	Ent. Value	EV/Revenues 2013E	EV/Revenues 2014E	EV / EBITDA 2013E	EV / EBITDA 2014E	P / EPS 2013E	P / EPS 2014E	EBITDA Margin 2013E	EBITDA Margin 2014E	PEG
Large-Cap Retailers Peers													
Gap Inc.	100%	167%	$20,050	$19,786	1.2x	1.2x	7.6x	7.1x	15.5x	13.9x	15.9%	16.5%	1.3x
Limited Brands	97%	129%	15,595	19,299	1.8x	1.7x	9.0x	8.2x	16.6x	14.8x	19.7%	20.3%	1.5x
Urban Outfitters	96%	169%	6,520	6,046	1.9x	1.7x	10.6x	9.2x	22.8x	19.3x	18.1%	18.9%	1.5x
Chico's	99%	146%	3,308	2,978	1.1x	1.0x	6.9x	6.0x	16.1x	13.9x	15.4%	15.9%	1.1x
Guess? Inc.	89%	134%	2,599	2,287	0.9x	0.9x	7.2x	6.4x	16.9x	15.3x	12.2%	13.3%	1.5x
Buckle	100%	156%	2,756	2,612	2.3x	2.2x	8.6x	8.3x	15.8x	15.2x	26.2%	26.1%	2.6x
Ann	79%	131%	1,480	1,313	0.5x	0.5x	4.7x	4.3x	14.3x	12.3x	11.0%	11.4%	1.4x
Large-Cap Peers Median	**97%**	**146%**			**1.2x**	**1.2x**	**7.6x**	**7.1x**	**16.1x**	**14.8x**	**15.9%**	**16.5%**	**1.5x**
High-Growth Peers													
Lululemon	99%	156%	$9,230	$8,639	5.3x	4.4x	18.6x	14.5x	41.2x	31.4x	28.4%	30.0%	2.0x
Fossil	94%	172%	6,416	6,336	2.0x	1.8x	10.4x	9.3x	17.3x	15.3x	19.1%	19.3%	1.1x
Under Armour	100%	146%	7,055	6,860	3.0x	2.5x	21.5x	17.4x	43.1x	34.2x	14.0%	14.5%	2.1x
TUMI	91%	171%	1,689	1,694	3.5x	3.0x	15.0x	12.5x	27.8x	22.8x	23.3%	24.0%	1.6x
Francesca's	85%	151%	1,441	1,411	3.8x	3.1x	13.4x	10.9x	24.3x	19.9x	28.4%	28.7%	0.9x
Vera Bradley	80%	130%	1,006	1,012	1.7x	1.5x	7.5x	6.9x	13.5x	11.8x	22.9%	22.1%	0.8x
High-Growth Peers Median	**93%**	**154%**			**3.3x**	**2.8x**	**14.2x**	**11.7x**	**26.1x**	**21.3x**	**23.1%**	**23.1%**	**1.4x**
Off-Price Peers													
TJX	100%	131%	$40,457	$39,184	1.4x	1.4x	10.1x	9.3x	18.5x	16.4x	14.3%	14.6%	1.6x
Ross Stores	93%	127%	14,950	14,452	1.4x	1.3x	9.1x	8.4x	17.1x	15.2x	15.5%	15.6%	1.3x
ASNA	91%	127%	3,369	3,321	0.7x	0.7x	6.2x	5.5x	14.4x	11.9x	10.9%	11.9%	NA
Off-Price Peers Median	**93%**	**127%**			**1.4x**	**1.3x**	**9.1x**	**8.4x**	**17.1x**	**15.2x**	**14.3%**	**14.6%**	**1.5x**
Blended Mean	**90.9%**	**170.8%**			**1.4x**	**1.2x**	**9.6x**	**8.4x**	**20.2x**	**19.3x**	**13.6%**	**14.6%**	**1.5x**
Blended Median	**93.7%**	**148.5%**			**0.9x**	**0.9x**	**8.3x**	**8.3x**	**16.9x**	**15.3x**	**14.2%**	**14.4%**	**1.4x**

Source: Company Filings, Factset market data as of May 21, 2013
Notes: Financial results for a stated year represent financials for the 12 month period ending January 31 of the following year

PERELLA WEINBERG PARTNERS

Searchable text for slide0037: COMPARABLE COMPANY ANALYSIS – KEY METRICS (CONT'D) Source: Company Filings, Factset market data as of May 21, 2013 Notes: Financial results for a stated year represent financials for the 12 month period ending January 31 of the following year

DRAFT

LEGAL NOTICE

This presentation, any supplemental information or documents provided herewith and any attendant oral commentary (collectively this "Presentation"), has been provided to you by Perella Weinberg Partners LP and its affiliates (collectively "**Perella Weinberg Partners**" or the "**Firm**") and may not be used or relied upon for any purpose without the written consent of Perella Weinberg Partners. The information contained herein (the "Information") is confidential. By accepting this Information, you agree that you and your directors, partners, officers, employees, attorney(s), agents and representatives agree to use it for informational purposes only and will not divulge any such Information to any other party. This presentation has not been prepared with a view toward public disclosure under state or federal securities laws or otherwise. Reproduction, dissemination, quotation, summarization or reference to this Information, in whole or in part, is prohibited. These contents are proprietary and a product of Perella Weinberg Partners. **The Information contained herein is not an offer to buy or sell or a solicitation of an offer to buy or sell any corporate advisory services or security or to participate in any corporate advisory services or trading strategy and is not a commitment by the firm (or any affiliate) to provide or arrange any financing for any transaction or to purchase any security in connection**. Any decision regarding corporate advisory services or to invest in the investments described herein should be made after, as applicable, conducting such investigations as you deem necessary and consulting the investor's own investment, legal, accounting and tax advisors in order to make an independent determination of the suitability and consequences of an investment or service.

The information used in preparing these materials may have been obtained from or through you or your representatives or from public sources. Perella Weinberg Partners assumes no responsibility for independent investigation or verification of such information and has relied on such information being complete and accurate in all material respects. To the extent such information includes estimates and/or forecasts of future financial performance prepared by or reviewed or discussed with the managements of your company and/or other potential transaction participants or obtained from public sources, we have assumed that such estimates and forecasts have been reasonably prepared on bases reflecting the best currently available estimates and judgments of such managements (or, with respect to estimates and forecasts obtained from public sources, represent reasonable estimates). The Firm has no obligation (express or implied) to update any or all of the Information or to advise you of any changes; nor do we make any express or implied warranties or representations as to the completeness or accuracy of the information or accept responsibility for errors.

Nothing contained herein should be construed as tax, accounting or legal advice. You (and each of your employees, representatives or other agents) may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure of the transactions contemplated by these materials and all materials of any kind (including opinions or other tax analyses) that are provided to you relating to such tax treatment and structure. For this purpose, the tax treatment of a transaction is the purported or claimed U.S. federal income tax treatment of the transaction and the tax structure of a transaction is any fact that may be relevant to understanding the purported or claimed U.S. federal income tax treatment of the transaction.

These materials were designed for use by specific persons familiar with the business and affairs of the Company and are being furnished and should be considered only in connection with other information, oral or written, being provided by Perella Weinberg Partners in connection herewith. These materials are not intended to provide the sole basis for evaluating, and should not be considered a recommendation with respect to, any transaction or other matter. Prior to entering into any transaction the Company should determine, without reliance on the Firm or its affiliates, the economic risks and merits as well as the legal, tax and accounting characterizations and consequences of any such transaction. In this regard, by accepting the Information, the Company acknowledges that (a) the Firm is not in the business of providing (and the Company is not relying on the Firm for) legal, tax or accounting advice, (b) there may be legal, tax or accounting risks associated with any transaction, (c) the Company should receive (and rely on) separate and qualified legal, tax and accounting advice and (d) the Company should apprise senior management as to such legal, tax and accounting advice (and any risks associated with any transaction) and the Firm's disclaimer as to these matters. Perella Weinberg Partners is not acting in any other capacity as a fiduciary to the Company.

In the ordinary course of our business activities, Perella Weinberg Partners or its affiliates may at any time hold long or short positions, and may trade or otherwise effect transactions, for our own account or the accounts of customers, in debt or equity or other securities (or related derivative securities) or financial instruments (including bank loans or other obligations) of the Company, potential counterparties, or any other company that may be involved in a transaction or any of their respective affiliates.

[illegible]
potential counterparties, or any other company that may be involved in a transaction or any of their respective affiliates. LEGAL NOTICE