

## THE TALENT

# Dealmaker of the Week: Julie Jones of Ropes & Gray

Posted by Drew Combs

Tuesday's announcement that two private equity firms will acquire prep clothing company J. Crew Group, Inc., for \$3 billion put Ropes & Gray's Julie Jones in the middle of a big clothing deal for the second time in a month. In October, the Boston-based corporate partner was part of a Ropes team that advised Bain Capital in its \$1.8 billion acquisition of kids clothier Gymboree Corp.

Though the companies changing hands in the two deals cater to different ages and styles, Jones—who advised TPG Capital, one of the two J. Crew buyers—there were overlapping challenges.

“There are issues like leases and wage and hour claims that you have to jump on in a retail transaction,” she says, “We pride ourselves on our ability to get our arms around the legal diligence issues that impact retailers.”

In the J.Crew deal, the clothing retailer agreed to sell itself to TPG and Leonard Green & Partners for \$43.50 a share—a 16 percent premium over Monday's closing price. The deal won't be final until the end of a “go shop” period meant to give other prospective buyers a chance to bid J. Crew. That period ends on January 15, 2011.

In addition to the standard retail-sector challenges, Jones says, the J. Crew deal was complicated in other ways. The complications included: TPG's pre-existing relationship with J. Crew (the private equity firm once held a majority stake the company and took it public); the presence of TPG founding partner James Coulter on J. Crew's board; and the issue of retaining the services J. Crew's chairman and chief executive Millard “Mickey” Drexler post-deal.

“There was a great special committee process set-up and all sides were committed to being careful about fiduciary duty issues,” Jones says.

For Jones, the transaction's early stages involved working out standard acquisitions issues such as valuation with a Cravath Swine & Moore-represented special committee of the J. Crew board that did not include Coulter.

Jones also had to negotiate employment and equity issues with Drexler, one of J. Crew's largest shareholders (Drexler was represented by Willkie Farr & Gallagher).

“We had to cut an arrangement to make sure we had a partnership with [Drexler] because without him this is not as attractive a proposition,” says Jones, who worked on the deal with fellow Ropes &

Gray partner Byung Choi.

Leonard Green & Partners was advised on the deal by attorneys at Latham & Watkins; Cleary Gottlieb Steen & Hamilton advised J. Crew.



New York-based J. Crew, known for its slightly modern interpretation of American classics, has benefited recently from Michelle Obama's devotion to the brand. The company has more than 300 physical stores throughout the United States, but is perhaps better known for a mail-order business that rose to prominence in the 1980s.

J. Crew's association with TPG goes back more than a decade. The private equity firm acquired a majority stake in the retailer in 1997, took J. Crew public in 2006, and sold off its remaining stake in the company last year. TPG was instrumental in bringing in Drexler, a former Ann Taylor and Gap, Inc., chief executive who is credited with turning around the then-moribund J. Crew.

Under Drexler's leadership the company's net income has almost doubled over the past three years, to \$123.4 million. In recent years, the company has also revived Madewell, a label originally founded in 1939, to target women 18–40. And in May, J. Crew opened a bridal boutique. On Tuesday, the company also announced third quarter results saw net income decline 14 percent, while revenue increased 4 percent to \$429.3 million.

Jones, who is co-chair of Ropes & Gray's securities and public companies practice, describes her practice as something of a hybrid that finds her working with both public companies and private equity investors. Much of her work recently has involved either taking companies public or acquiring those that already are.

Jones has had a busy year. In March, she advised TPG in a Starwood Capital-led effort to buy bankrupt Extended Stay Hotels. And in April Jones represented THL Partners in its bid to acquire fast food company CKE Restaurants.

Rival bidders triumphed in those two deals—a Centerbridge Partners-led group bought Extended Stay out of bankruptcy; Apollo Management wound up claiming CKE—but not on the last two. Says Jones: “I never know what's next.”