

J. CREW

GROUP

To: Associates and Insured Dependents

From: Benefits Department

Subject: Continuation Coverage Rights Under COBRA

Introduction

You are receiving this notice because you have recently become eligible and/ or covered under the Group Insurance Plan for Associates of J. Crew Group, Inc., Its Affiliates and Subsidiaries (the “Plan”). This notice contains important information about your right to COBRA continuation coverage, which is a temporary extension of group health coverage under the Plan. **This notice generally explains COBRA continuation coverage, when it may become available to you and your family, and what you need to do to protect the right to receive it.**

The right to COBRA continuation coverage was created by a federal law, the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA). COBRA continuation coverage can become available to you when you would otherwise lose your group health coverage. It can also become available to other members of your family who are covered under the Plan when they would otherwise lose their group health coverage. Nothing in this notice expands your rights beyond COBRA’s requirements. For additional information about your rights and obligations under the Plan and under federal law, you should review the Plan’s Summary Plan Description or contact the Plan Administrator.

You may have other options available to you and your family when you lose group health coverage. For example, you may buy coverage through the Health Insurance Marketplace in your state (the “Marketplace”). In the Marketplace, you could be eligible for a new kind of tax credit that lowers your monthly premiums right away, and you can see what your premium, deductibles and out-of-pocket costs will be before you make a decision to enroll. Being eligible for COBRA does not limit your eligibility for coverage for a tax credit through the Marketplace. Additionally, you may qualify for a special enrollment opportunity for another group health plan for which you are eligible (such as a spouse’s plan), even if the plan generally does not accept late enrollees, if you request enrollment within 30 days.

What is COBRA Continuation Coverage?

COBRA continuation coverage is a continuation of Plan group health coverage when coverage would otherwise end because of a life event known as a “qualifying event.” Specific qualifying events are listed later in this notice. After a qualifying event occurs and any required notice is timely provided to the Plan Administrator, COBRA continuation coverage must be offered to each person who is a “qualified beneficiary.” You, your spouse, and your dependent children could become qualified beneficiaries if coverage under the Plan is lost because of the qualifying event. Under the Plan, qualified beneficiaries who elect COBRA continuation coverage must pay for COBRA continuation coverage.

If you are an employee, you will become a qualified beneficiary if you lose your coverage under the Plan because either one of the following qualifying events happens:

- Your hours of employment are reduced; or
- Your employment ends for any reason other than your gross misconduct.

If you are the spouse of an employee, you will become a qualified beneficiary if you lose your coverage under the Plan because any of the following qualifying events happens:

- Your spouse dies;
- Your spouse's hours of employment are reduced;
- Your spouse's employment ends for any reason other than his or her gross misconduct;
- Your spouse becomes entitled to Medicare benefits (under Part A, Part B, or both); or
- You become divorced or legally separated from your spouse.

Your dependent children will become qualified beneficiaries if they lose coverage under the Plan because any of the following qualifying events happens:

- The parent-employee dies;
- The parent-employee's hours of employment are reduced;
- The parent-employee's employment ends for any reason other than his or her gross misconduct;
- The parent-employee becomes entitled to Medicare benefits (Part A, Part B, or both);
- The parents become divorced or legally separated; or
- The child stops being eligible for coverage under the plan as a "dependent child."

When is COBRA Coverage Available?

The Plan will offer COBRA continuation coverage to qualified beneficiaries only after the Plan Administrator has been notified that a qualifying event has occurred. When the qualifying event is the end of employment or reduction of hours of employment, death of the employee, or the employee's becoming entitled to Medicare benefits (under Part A, Part B, or both), the employer must notify the Plan Administrator of the qualifying event.

You Must Give Notice of Some Qualifying Events

For the other qualifying events (divorce or legal separation of the employee and spouse or a dependent child's losing eligibility for coverage as a dependent child), you must notify the Plan Administrator in writing within 60 days after the later of 1) the date the qualifying event occurs or 2) the date on which the qualified beneficiary would lose group health coverage under the Plan as a result of the qualifying event. You must mail or email this notice to the Plan Administrator.

How is COBRA Coverage Provided?

Once the Plan Administrator receives notice that a qualifying event has occurred, COBRA continuation coverage will be offered to each of the qualified beneficiaries. Each qualified beneficiary will have an independent right to elect COBRA continuation coverage. Covered employees may elect COBRA continuation coverage on behalf of their spouse, and parents may elect COBRA continuation coverage on behalf of their children.

COBRA continuation coverage is a temporary continuation of coverage. When the qualifying event is the death of the employee, the employee's becoming entitled to Medicare benefits (under Part A, Part B, or both), the employee's divorce or legal separation, or a dependent child's losing eligibility as a dependent child, COBRA continuation coverage can last for up to a total of 36 months. When the qualifying event is the end of employment or reduction of the employee's hours of employment, and the employee became entitled to Medicare benefits less than 18 months before the qualifying event, COBRA continuation coverage for qualified beneficiaries other than the employee can last until up to 36 months after the date of Medicare entitlement. For example, if a covered employee becomes entitled to Medicare 8 months before the date on which his employment terminates, COBRA continuation coverage for his spouse and children can last up to 36 months after the date of Medicare entitlement, which is equal to 28 months after the date of the qualifying event (36 months minus 8 months).

Otherwise, when the qualifying event is the end of employment or reduction of the employee's hours of employment, COBRA continuation coverage generally can last for only up to a total of 18 months.

For any qualifying event, COBRA continuation coverage under the Plan's health flexible spending account, if available, can last only until the end of the year in which the qualifying event occurs.

There are two ways in which the 18-month period of COBRA continuation coverage resulting from a termination of employment or reduction of hours can be extended. (The period of coverage under the Plan's health flexible spending account cannot be extended under any circumstances.)

Disability extension of 18-month period of continuation coverage

If you or anyone in your family covered under the Plan is determined by the Social Security Administration to be disabled and you notify the Plan Administrator in a timely fashion, you and your entire family may be entitled to receive up to an additional 11 months of COBRA continuation coverage, for a total maximum of 29 months. The disability would have to have started at some time during the first 60 days of COBRA continuation coverage and must last at least until the end of the 18-month period of continuation coverage. A disability extension is available only if you notify the Plan Administrator of the Social Security Administration's determination of disability before the end of the 18-month period of continuation coverage and within 60 days after the latest of 1) the date of the disability determination by the Social Security Administration, 2) the date of the qualifying event, or 3) the date on which the qualified beneficiary would lose group health coverage under the Plan as a result of the qualifying event. You must mail a copy of your Disability Award letter from the Social Security Administration to the Plan Administrator

Second qualifying event extension of 18-month period of continuation coverage

If your family experiences another qualifying event while receiving 18 months continuation coverage, the spouse and dependent children in your family can get up to 18 additional months of COBRA continuation coverage, for a maximum of 36 months, if notice of the second qualifying event is properly given to the Plan. This extension may be available to the spouse and any dependent children receiving continuation coverage if the employee or former employee dies, becomes entitled to Medicare benefits (under Part A, Part B, or both), or gets divorced or legally separated, or if the dependent child stops being eligible under the Plan as a dependent child, but only if the event would have caused the spouse or dependent child to lose coverage under the Plan had the first qualifying event not occurred. This extension is available only if you notify the Plan Administrator of the second qualifying event within 60 days of the date of the second qualifying event. You must mail this notice to Plan Administrator.

The law provides that continuation coverage may be cut short for any of the following:

- J.Crew no longer provides group health coverage (including under successor plans) to any of its employees;
- The premium for continuation coverage is not paid on time;
- The qualified beneficiary becomes covered, after the date he or she elects COBRA coverage, under another group health plan;
- The qualified beneficiary becomes entitled to Medicare after the date he or she elects COBRA coverage; or
- The qualified beneficiary extends coverage for up to 29 months due to disability and there has been a final determination that the individual is no longer disabled.

Are There Other Coverage Options Besides COBRA Continuation Coverage?

Yes, instead of enrolling in COBRA continuation coverage, you and your family may be able to enroll in coverage through the Health Insurance Marketplace, Medicaid, or other group health plan coverage options (such as a spouse's plan) through a "special enrollment period." Some of these options may cost less than COBRA continuation coverage. You can learn more about many of these options at www.healthcare.gov.

Keep Your Plan Informed of Address Changes

In order to protect your family's rights, you should keep the Plan Administrator informed of any changes in the addresses of family members. You should also keep a copy, for your records, of any notices you send to the Plan Administrator.

If You Have Questions

Questions concerning your Plan or your COBRA continuation coverage rights should be addressed to the contact or contacts identified below. For more information about your rights under ERISA, including COBRA, the Health Insurance Portability and Accountability Act (HIPAA), and other laws affecting group health plans, contact the nearest Regional or District Office of the U.S. Department of Labor's Employee Benefits Security Administration (EBSA) in your area or visit the EBSA website at www.dol.gov/ebsa or call their toll-free number at 1-866-444-3272. For more information about health insurance options available through the Health Insurance Marketplace, visit www.healthcare.gov.

This notice does not fully describe continuation coverage or other rights under the Plan. More complete information regarding such rights is available from the Benefits Department and is in the Plan's summary plan description.

Plan Contact Information

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