BURLINGTON COAT FACTORY WAREHOUSE CORP
Form DEFM14A
March 13, 2006
Table of Contents

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) Of the

Securities Exchange Act of 1934

Filed by the Registrant x Filed by a Party other than the Registrant ¨

Check the appropriate box:

¨ Preliminary Proxy Statement

¨ **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

x Definitive Proxy Statement

¨ Definitive Additional Materials

¨ Soliciting Material Pursuant to Section 240.14a-12

BURLINGTON COAT FACTORY WAREHOUSE CORPORATION

(Name of Registrant as Specified In Its Charter)

N/A

(Name of Person(s) Filing Proxy Statement, if other than Registrant)

Payment of Filing Fee (Check the appropriate box):

¨ No fee required.

¨ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

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

2) Aggregate number of securities to which transaction applies:

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

4) Proposed maximum aggregate value of transaction:

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1) Amount Previously Paid:

2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4) Date Filed:

Table of Contents

BURLINGTON COAT FACTORY WAREHOUSE CORPORATION

1830 ROUTE 130

BURLINGTON, NEW JERSEY 08016

March 10, 2006

Dear Stockholder:

You are cordially invited to attend the special meeting of stockholders of Burlington Coat Factory Warehouse Corporation (the Company) to be held at 9:00 a.m., Eastern Time, on Monday, April 10, 2006 at the offices of the Company, 1830 Route 130, Burlington, New Jersey 08016.

At the special meeting you will be asked to consider and vote upon a proposal to adopt an Agreement and Plan of Merger, dated as of January 18, 2006 (as it may be amended from time to time, the Merger Agreement), pursuant to which BCFWC Acquisition, Inc., a Delaware corporation, has agreed to acquire the Company in a cash merger. BCFWC Acquisition, Inc. is a new corporation formed for this purpose by Bain Capital Partners, LLC. If the Company s stockholders adopt the Merger Agreement and the merger is completed, you will receive $45.50 in cash, without interest, for each share of the Company s common stock you own (unless you have properly exercised your appraisal rights with respect to the merger).

Your Board of Directors has unanimously determined that the Merger Agreement is advisable, has approved and adopted the Merger Agreement and recommends that you vote FOR the adoption of the Merger Agreement.

The accompanying proxy statement provides you with detailed information about the proposed merger and the special meeting. Please give this material your careful attention. You may also obtain more information about the Company from documents we have filed with the Securities and Exchange Commission.

Your Board of Directors has fixed the close of business on March 8, 2006 as the record date for the determination of stockholders entitled to notice of, and to vote at, the special meeting. Whether or not you plan to attend the special meeting, please fill in, date, sign and return the enclosed proxy which is solicited by, and on behalf of, the Board of Directors. The failure to vote has the same effect as a vote against the adoption of the Merger Agreement.

Thank you for your cooperation and continued support.

Sincerely,

Monroe G. Milstein

Chairman of the Board, Chief Executive Officer

and President

Burlington, New Jersey

March 10, 2006

THIS PROXY STATEMENT IS DATED MARCH 10, 2006 AND IS FIRST BEING MAILED TO STOCKHOLDERS ON OR ABOUT MARCH 13, 2006.

Table of Contents

BURLINGTON COAT FACTORY WAREHOUSE CORPORATION

1830 ROUTE 130

BURLINGTON, NEW JERSEY 08016

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

Burlington, New Jersey

March 10, 2006

To the Stockholders of

BURLINGTON COAT FACTORY WAREHOUSE CORPORATION

NOTICE IS HEREBY GIVEN that a special meeting of stockholders of Burlington Coat Factory Warehouse Corporation, a Delaware corporation (the Company), will be held at 9:00 a.m., Eastern Time, on Monday, April 10, 2006 at the offices of the Company, 1830 Route 130, Burlington, New Jersey 08016 for the following purposes:

1. To consider and vote upon a proposal to adopt the Agreement and Plan of Merger, dated as of January 18, 2006 (as it may be amended from time to time, the Merger Agreement), by and among the Company, BCFWC Acquisition, Inc., a Delaware corporation (Parent), and BCFWC Mergersub, Inc., a Delaware corporation and a wholly-owned subsidiary of Parent (Merger Sub). A copy of the Merger Agreement is attached as Appendix A to the accompanying proxy statement. Pursuant to the terms of the Merger Agreement, Merger Sub will merge with and into the Company, with the Company continuing as the surviving corporation and becoming a wholly-owned subsidiary of Parent, and each share of common stock of the Company, other than those shares held by stockholders, if any, who properly exercise their appraisal rights under Delaware law, will be converted into the right to receive $45.50 in cash without interest.

2. To transact such other business as may properly come before the special meeting or any adjournment or postponement of the meeting.

Only stockholders of record at the close of business on March 8, 2006 are entitled to notice of and to vote at the special meeting and at any adjournment or postponement of the special meeting. All stockholders of record are cordially invited to attend the special meeting in person. Whether or not you plan to attend the special meeting, you are urged to vote your shares by marking, signing, dating and returning the proxy card as promptly as possible in the postage prepaid envelope enclosed for that purpose. The failure to vote has the same effect as a vote against the adoption of the Merger Agreement. Any stockholder attending the special meeting may vote in person even if he or she has returned a proxy card.

The Company s stockholders have the right to dissent from the merger and obtain payment in cash of the fair value of their shares of common stock under applicable provisions of Delaware law. In order to perfect and exercise appraisal rights, stockholders must give written demand for appraisal of their shares before the taking of the vote on the merger at the special meeting and must not vote in favor of the merger. A copy of the applicable Delaware statutory provisions is included as Appendix D to the accompanying proxy statement, and a summary of these provisions can be found under Dissenters Rights of Appraisal in the accompanying proxy statement.

By Order of the Board of Directors

Paul C. Tang

Secretary

Please do not send your stock certificates at this time. If the Merger Agreement is adopted, you will be sent instructions regarding the surrender of your stock certificates.

Table of Contents

TABLE OF CONTENTS

	Page
SUMMARY	3
CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING INFORMATION	8
THE PARTIES TO THE MERGER	9
Burlington Coat Factory Warehouse Corporation	9
BCFWC Acquisition, Inc.	9
BCFWC Mergersub, Inc.	10
THE SPECIAL MEETING	10
Time, Place and Purpose of the Special Meeting	10
Who Can Vote at the Special Meeting	10
Vote Required	10
Voting By Proxy	11
THE MERGER	11
Background of the Merger	11
Reasons for the Merger	16
Recommendation of the Board of Directors	18
Interests of the Company s Directors and Executive Officers in the Merger	18
Treatment of Stock Options	18
Indemnification and Insurance	19
Audit Committee Shares	19
Potential Employment Arrangements	19
Death Benefit Agreements	20
FINANCING	20
ABL Facility	21
Term Loan Facility	21
Notes	22
Bridge Facilities	22
OPINION OF THE COMPANY S FINANCIAL ADVISOR	22
Historical Premium Analysis	24
Implied Transaction Multiples Analysis	24
Historical Trading Multiples Analysis	25
Selected Companies Analysis	25
Off-Price Retailers	25
Mass-Market Retailers	25
Department Stores	25
Selected Transactions Analysis	27
General Department Stores	28
High-End Department Stores	28
Discounted Cash Flow Analysis	29
Present Value of Future Stock Price Analysis	30
Leveraged Buyout Analysis	31
MATERIAL UNITED STATES FEDERAL INCOME TAX CONSEQUENCES	33
REGULATORY APPROVALS	34
LITIGATION	34
THE MERGER AGREEMENT	34
Effective Time	35
The Structure	35
Treatment of Stock and Options	35
Company Common Stock	35
Company Stock Options	35

Table of Contents

	Page
Exchange and Payment Procedures	36
Representations and Warranties	37
Conduct of the Company s Business Pending the Merger	39
No Solicitation of Alternative Proposals	40
Employee Benefit Plans	42
Indemnification; Directors and Officers Insurance	43
Access to Information, Financing and Cooperation	43
Additional Covenants	44
Stockholders Meeting	44
Further Assurances	45
Obligations of Merger Sub	45
Conditions to the Merger	45
Termination	46
Termination Fees	47
Amendment and Waiver	48
THE VOTING AGREEMENT	49
MARKET PRICE OF COMPANY COMMON STOCK	50
SECURITY OWNERSHIP BY CERTAIN BENEFICIAL OWNERS AND MANAGEMENT	50
DISSENTERS RIGHTS OF APPRAISAL	54
SUBMISSION OF STOCKHOLDER PROPOSALS	57
OTHER MATTERS	57
Other Business at the Special Meeting	57
Multiple Stockholders Sharing One Address	57
WHERE YOU CAN FIND ADDITIONAL INFORMATION	57

APPENDIX A Agreement and Plan of Merger
Exhibit A to Merger Agreement Form of Non-Competition Agreement
Exhibit B to Merger Agreement Form of Restated Certificate of Incorporation
Exhibit C to Merger Agreement Form of By-Laws
APPENDIX B Voting Agreement
APPENDIX C Opinion of the Company s Financial Advisor
APPENDIX D Section 262 of the Delaware General Corporation Law

Table of Contents

QUESTIONS AND ANSWERS ABOUT THE SPECIAL MEETING AND THE MERGER

The following questions and answers address briefly some questions you may have regarding the special meeting and the proposed merger. These questions and answers may not address all questions that may be important to you as a stockholder of Burlington Coat Factory Warehouse Corporation. Please refer to the more detailed information contained elsewhere in this proxy statement, the appendices to this proxy statement and the documents referred to or incorporated by reference in this proxy statement. In this proxy statement, the terms Company, we, our, ours, and us refer to Burlington Coat Factory Warehouse Corporation.

Q: What is the proposed transaction?

A: The proposed transaction is the acquisition of the Company pursuant to an Agreement and Plan of Merger (as it may be amended from time to time, the Merger Agreement), dated as of January 18, 2006, by and among the Company, BCFWC Acquisition, Inc. (Parent), and BCFWC Mergersub, a wholly-owned subsidiary of Parent (Merger Sub). Parent and Merger Sub are newly-formed affiliates of Bain Capital Partners, LLC. If the Merger Agreement is adopted by the Company s stockholders and the other closing conditions under the Merger Agreement have been satisfied or waived, Merger Sub will merge with and into the Company (the Merger). The Company will be the surviving corporation in the Merger (the surviving corporation) and will become a wholly-owned subsidiary of Parent.

Q: What will I receive in the Merger?

A: Upon completion of the Merger, you will receive $45.50 in cash, without interest, for each share of our common stock that you own. For example, if you own 100 shares of our common stock, you will receive $4,550 in cash in exchange for your Company shares.

Q: Where and when is the special meeting?

A: The special meeting will be held at 9:00 a.m., Eastern Time, on Monday, April 10, 2006 at the offices of the Company, 1830 Route 130, Burlington, New Jersey 08016.

Q: What vote of our stockholders is required to adopt the Merger Agreement?

A: For us to complete the Merger, stockholders holding at least a majority of the shares of our common stock outstanding at the close of business on the record date must vote FOR the adoption of the Merger Agreement. Accordingly, failure to vote or an abstention will have the same effect as a vote against adoption of the Merger Agreement. Members of the Milstein family and affiliated entities, representing approximately 60.9% of the outstanding shares of our common stock, have entered into a voting agreement with Parent pursuant to which they have agreed to vote (and have granted Parent a proxy to vote) all their shares in favor of the adoption of the Merger Agreement, unless the Merger Agreement is terminated in accordance with its terms.

Q: How does the Company s Board of Directors recommend that I vote?

A: Our Board of Directors unanimously recommends that our stockholders vote FOR the adoption of the Merger Agreement. You should read The Merger Reasons for the Merger for a discussion of the factors that our Board of Directors considered in deciding to recommend the adoption of the Merger Agreement.

Q: What do I need to do now?

A: We urge you to read this proxy statement carefully, including its appendices, and to consider how the Merger affects you. If you are a stockholder of record, then you can ensure that your shares are voted at the special meeting by submitting your proxy via the mail, by marking, signing, dating and mailing each proxy card and returning it in the envelope provided.

Table of Contents

Q: If my shares are held in street name by my broker, will my broker vote my shares for me?

A: Yes, but only if you provide instructions to your broker on how to vote. You should follow the directions provided by your broker regarding how to instruct your broker to vote your shares. Without those instructions, your shares will not be voted, which will have the same effect as voting against the Merger.

Q: How do I revoke or change my vote?

A: You can change your vote at any time before your proxy is voted at the special meeting. You may revoke your proxy by notifying the Secretary of the Company in writing or by submitting a new proxy by mail, in each case, dated after the date of the proxy being revoked. In addition, your proxy may be revoked by attending the special meeting and voting in person. However, simply attending the special meeting will not revoke your proxy. If you have instructed a broker to vote your shares, the above-described options for changing your vote do not apply, and instead you must follow the instructions received from your broker to change your vote.

Q: What does it mean if I get more than one proxy card?

A: If your shares are registered differently and are in more than one account, you will receive more than one card. Please complete and return all of the proxy cards you receive to ensure that all of your shares are voted.

Q: When do you expect the Merger to be completed?

A: We are working to complete the Merger as soon as possible, subject to receipt of stockholder approval and satisfaction of the other closing conditions under the Merger Agreement. See The Merger Agreement Conditions to the Merger.

Q: Should I send in my stock certificates now?

A: No. Shortly after the Merger is completed, you will receive a letter of transmittal with instructions informing you how to send in your stock certificates to the paying agent in order to receive the Merger consideration. You should use the letter of transmittal to exchange stock certificates for the Merger consideration to which you are entitled as a result of the Merger. DO NOT SEND ANY STOCK CERTIFICATES WITH YOUR PROXY.

Q: Who can help answer my other questions?

A: If you have more questions about the Merger, need assistance in submitting your proxy or voting your shares or need additional copies of the proxy statement or the enclosed proxy card, you should contact the Secretary of the Company, telephone: (609) 387-7800. If your broker holds your shares, you should also call your broker for additional information.

Table of Contents

SUMMARY

This summary highlights selected information from the proxy statement and may not contain all of the information that is important to you. You should carefully read the entire proxy statement to fully understand the Merger. The Merger Agreement is attached as Appendix A to this proxy statement. We encourage you to read the Merger Agreement because it is the legal document that governs the Merger. Each item in this summary includes a page reference directing you to a more complete description of that item.

PARTIES TO THE MERGER (PAGE 9)

Burlington Coat Factory Warehouse Corporation

1830 Route 130

Burlington, New Jersey 08016

Telephone: (609) 387-7800

The Company offers a broad selection of branded apparel and other merchandise at everyday low pricing across many product divisions, including coats, ladies sportswear, menswear, family footwear, baby furniture and accessories, and home decor and gifts. Burlington Coat Factory, founded in 1972 by the Milstein family, has expanded from a single store selling coats to a multi-department retail chain with 366 stores as of March 1, 2006 (exclusive of three stores temporarily closed due to damage caused by Hurricanes Katrina and Wilma) in 42 states, predominantly under the Burlington Coat Factory name. The Company also offers merchandise for sale through its Internet subsidiary, Burlington Coat Factory Direct Corporation, on the worldwide web (www.burlingtoncoatfactory.com and www.babydepot.com). The Company s policy of buying significant quantities of merchandise throughout the year, maintaining inventory control and using a no-frills merchandising approach, allows it to offer merchandise at prices below traditional full retail prices. The Company is incorporated in the state of Delaware.

BCFWC Acquisition, Inc.

111 Huntington Avenue

Boston, Massachusetts 02199

Telephone: (617) 516-2000

Parent is a Delaware corporation formed by Bain Capital Partners, LLC (Bain Capital). Parent was organized solely for the purpose of entering into the Merger Agreement and consummating the transactions contemplated by the Merger Agreement. It has not conducted any activities to date other than activities incidental to its formation and in connection with the transactions contemplated by the Merger Agreement.

BCFWC Mergersub, Inc.

111 Huntington Avenue

Boston, Massachusetts 02199

Telephone: (617) 516-2000

Merger Sub is a Delaware corporation wholly-owned by Parent. Merger Sub was organized solely for the purpose of entering into the Merger Agreement and consummating the transactions contemplated by the Merger Agreement. It has not conducted any activities to date other than activities incidental to its formation and in connection with the transactions contemplated by the Merger Agreement.

THE MERGER (PAGES 11 AND 34)

You are being asked to vote to adopt the Merger Agreement. The Merger Agreement provides that Merger Sub will be merged with and into the Company, and each outstanding share of the common stock, par value $1.00 per share, of the Company (Company common stock) (other than shares held in the treasury of the

Table of Contents

Company and other than shares held by a stockholder who properly demands statutory appraisal rights), will be converted into the right to receive $45.50 in cash, without interest.

THE SPECIAL MEETING OF STOCKHOLDERS (PAGE 10)

Place, Date and Time. The special meeting will be held at 9:00 a.m., Eastern Time, on Monday, April 10, 2006 at the offices of the Company, 1830 Route 130, Burlington, New Jersey 08016.

What Vote is Required for Adoption of the Merger Agreement. The adoption of the Merger Agreement requires the approval of the holders of a majority of the outstanding shares of Company common stock entitled to vote thereon. The failure to vote has the same effect as a vote against adoption of the Merger Agreement. Stockholders who together own approximately 60.9% of the outstanding shares of Company common stock have agreed to vote (and have granted Parent a proxy to vote) all their shares in favor of the adoption of the Merger Agreement. See The Voting Agreement.

Who Can Vote at the Meeting. You can vote at the special meeting all of the shares of Company common stock you own of record as of March 8, 2006, which is the record date for the special meeting. If you own shares that are registered in someone else s name (for example, a broker), you need to direct that person to vote those shares or obtain an authorization from them and vote the shares yourself at the meeting. As of the close of business on March 8, 2006, there were 44,770,813 shares of Company common stock outstanding held by approximately 209 holders of record.

Procedure for Voting. You can vote your shares by attending the special meeting and voting in person or by mailing the enclosed proxy card. You may revoke your proxy at any time before the vote is taken at the meeting. To revoke your proxy, you must either advise the Secretary of the Company in writing, or deliver a new proxy dated after the date of the proxy being revoked, before your Company common stock has been voted at the special meeting, or attend the meeting and vote your shares in person. Merely attending the special meeting will not constitute revocation of your proxy.

If your shares are held in street name by your broker, you should instruct your broker on how to vote your shares using the instructions provided by your broker. If you do not instruct your broker to vote your shares, it has the same effect as a vote AGAINST adoption of the Merger Agreement.

EFFECTIVE TIME OF THE MERGER (PAGE 35)

We are working to complete the Merger as soon as possible, subject to receipt of stockholder approval and satisfaction of the closing conditions under the Merger Agreement, including the conditions described below under The Merger Agreement Conditions to the Merger.

BOARD RECOMMENDATION (PAGE 18)

After careful consideration, the Company s Board of Directors (the Board of Directors), by unanimous vote:

has determined that the Merger Agreement is advisable;

has approved the Merger Agreement, the Merger and the other transactions contemplated by the Merger Agreement; and

recommends that the Company s stockholders vote FOR the adoption of the Merger Agreement.

FAIRNESS OPINION (PAGE 22)

Goldman, Sachs & Co. (Goldman Sachs) delivered its opinion to the Board of Directors that, as of January 18, 2006 and based upon and subject to the factors and assumptions set forth therein, the $45.50 per share in cash to be received by the holders of the outstanding shares of Company common stock pursuant to the Merger Agreement was fair from a financial point of view to those holders.

Table of Contents

The full text of the written opinion of Goldman Sachs, dated January 18, 2006, which sets forth assumptions made, procedures followed, matters considered and limitations on the review undertaken in connection with the opinion, is attached as Appendix C to this proxy statement. Goldman Sachs provided its opinion for the information and assistance of the Board of Directors in connection with its consideration of the Merger. The Goldman Sachs opinion is not a recommendation as to how any holder of Company common stock should vote with respect to the Merger.

FINANCING (PAGE 20)

In connection with the execution and delivery of the Merger Agreement, Parent obtained commitments to provide approximately $2.075 billion in debt financing, not all of which is expected to be drawn at the closing of the Merger. The debt financing consists of (a) an $800 million senior secured revolving credit facility, (b) a $775 million senior secured term loan facility and (c) either (i) a combination of $200 million in gross proceeds from the issuance and sale of senior unsecured notes and $300 million in gross proceeds from the issuance and sale of senior subordinated unsecured notes or (ii) if such notes are not issued, then $200 million of senior unsecured bridge loans under a senior bridge facility and $300 million of senior subordinated unsecured bridge loans under a subordinated bridge facility. In addition, Parent has obtained an aggregate of up to $500 million in equity commitments from affiliates of Bain Capital.

VOTING AGREEMENT (PAGE 49)

In connection with the Merger, Samgray, L.P., Article Sixth Trust, MM 2005 Intangibles Trust, MHLAS Limited Partnership No. 1, MH Family LLC, Andrew Milstein, Stephen Milstein and Lazer Milstein (the Milstein Stockholders) have entered into a voting agreement with Parent, dated as of January 18, 2006 (as it may be amended from time to time, the Voting Agreement). Pursuant to the Voting Agreement, the Milstein Stockholders have agreed to vote (and have granted to Parent a proxy to vote) all their shares of Company common stock in favor of the adoption of the Merger Agreement, unless the Merger Agreement is terminated in accordance with its terms. As of March 8, 2006, 27,251,340 shares of Company common stock, or approximately 60.9% of the outstanding shares, were subject to the Voting Agreement. A copy of the Voting Agreement is attached as Appendix B to this proxy statement.

TREATMENT OF STOCK OPTIONS (PAGE 35)

The Merger Agreement provides that each outstanding stock option that remains unexercised as of the completion of the Merger, whether or not the option is vested and exercisable, will be canceled, and the holder of such stock option will be entitled to receive a cash payment, without interest and less applicable withholding taxes, equal to the product of:

- the number of shares of Company common stock subject to the option as of the effective time of the Merger, multiplied by

- the excess, if any, of the greater of (A) $45.50 or (B) in the case of any nonqualified stock option, the Adjusted Fair Market Value (as defined in the applicable Company option plan) of each share of Company common stock subject to such option, over the exercise price per share of Company common stock subject to such option.

If the amount of such product is zero, no payment will be made.

INTERESTS OF DIRECTORS AND EXECUTIVE OFFICERS IN THE MERGER (PAGE 18)

In considering the recommendation of the Board of Directors with respect to the Merger, you should be aware that some of the Company s directors and executive officers have interests in the Merger that may be different from, or in addition to, the interests of our stockholders generally. These interests, to the extent material, are described below under The Merger Interests of the Company s Directors and Executive Officers in the Merger. The Board of Directors was aware of these interests and considered them, among other matters, in approving the Merger Agreement and the Merger.

SHARES HELD BY DIRECTORS AND EXECUTIVE OFFICERS (PAGES 49 AND 50)

As of March 8, 2006, the directors and executive officers of the Company owned approximately 61.1% of the shares of Company common stock entitled to vote at the special meeting. Each of them has advised us that they plan to vote all of their shares in favor of the adoption of the Merger Agreement. Certain directors and executive officers are also parties to the Voting Agreement.

MATERIAL UNITED STATES FEDERAL INCOME TAX CONSEQUENCES (PAGE 33)

The Merger will be a taxable transaction to you. For United States federal income tax purposes, your receipt of cash in exchange for your shares of Company common stock generally will result in your recognizing gain or loss measured by the difference, if any, between the cash you receive in the Merger and your tax basis in your shares of Company common stock. You should consult your own tax advisor for a full understanding of the Merger s tax consequences that are particular to you.

PROCEDURE FOR RECEIVING MERGER CONSIDERATION (PAGE 36)

Parent will appoint a paying agent reasonably acceptable to us to coordinate the payment of the cash Merger consideration following the Merger. Promptly after the effective time of the Merger, the paying agent will mail a letter of transmittal and instructions to you and the other stockholders. The letter of transmittal and instructions will tell you how to surrender your Company common stock certificates in exchange for the Merger consideration. Please do not send in your share certificates now.

NO SOLICITATION OF ALTERNATIVE PROPOSALS (PAGE 40)

The Merger Agreement contains certain restrictions on our ability to solicit or engage in discussions or negotiations with a third party regarding specified transactions involving the Company. Notwithstanding these restrictions, under certain circumstances, the Board of Directors may (i) respond to an unsolicited bona fide written proposal for an alternative acquisition or terminate the Merger Agreement and (ii) enter into an agreement with respect to a superior proposal (in which case the Company will be required to pay a $70 million termination fee to Parent). If the Merger Agreement terminates, the Voting Agreement will also terminate.

CONDITIONS TO COMPLETING THE MERGER (PAGE 45)

Before we can complete the Merger, a number of conditions must be satisfied. These conditions include:

- adoption of the Merger Agreement by our stockholders;

no governmental entity having enacted any law or regulation, or issued any judgment, order, writ, decree or injunction, that prohibits the completion of the Merger;

the performance, in all material respects, by all parties to the Merger Agreement of their respective agreements and covenants in the Merger Agreement, and the representations and warranties of the Company, Parent and Merger Sub in the Merger Agreement being true and correct, subject to various materiality qualifications;

the expiration or termination of any applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the HSR Act) (this condition was satisfied on February 10, 2006);

Monroe Milstein, Andrew Milstein and Stephen Milstein having entered into non-competition and non-solicitation agreements with Parent;

no governmental entity having initiated any proceeding or investigation seeking to prevent the completion of the Merger; and

holders of no more than 5% of the outstanding shares of Company common stock having exercised (and not withdrawn or failed to perfect) appraisal rights under Delaware law.

TERMINATION OF THE MERGER AGREEMENT (PAGE 46)

The Company and Parent can agree to terminate the Merger Agreement without completing the Merger, even if our stockholders have adopted the Merger Agreement. The Merger Agreement may also be terminated in certain other circumstances, including:

- by either Parent or the Company, if:
  - any governmental entity has issued an order, decree or ruling or taken any other action permanently restraining, enjoining or otherwise prohibiting the Merger and such order or other action is final and non-appealable;
  - the closing has not occurred on or before June 30, 2006, except that under certain conditions such date will be extended to August 14, 2006 (the Outside Date);
  - any state or federal law, order, rule or regulation is adopted or issued which has the effect of prohibiting the Merger;
  - our stockholders do not adopt the Merger Agreement at the special meeting or any postponement or adjournment thereof;
  - there is a material breach by the non-terminating party of any of its representations, warranties, covenants or agreements in the Merger Agreement such that the closing conditions would not be satisfied and such breach has not been cured within 45 days following notice by the terminating party or cannot be cured by the Outside Date;
- by the Company, if the Company s Board of Directors approves a superior proposal in accordance with the terms of the Merger Agreement; and
- by Parent, if the Company s Board of Directors withdraws or modifies in a manner adverse to Parent its recommendation that the Company s stockholders adopt the Merger Agreement or recommends to stockholders an alternative proposal or superior proposal, or the Company enters into a definitive agreement with respect thereto.

TERMINATION FEES (PAGE 47)

We will be required to pay a termination fee of $70 million to Parent if the Merger Agreement is terminated under certain circumstances, and Parent will be required to pay a termination fee of $70 million to us if the Merger Agreement is terminated under certain other circumstances.

THE COMPANY S STOCK PRICE (PAGE 50)

The Company common stock is listed on the New York Stock Exchange (NYSE) under the trading symbol BCF. On June 24, 2005, which was the trading day immediately prior to the date on which we announced that the Board of Directors was exploring possible strategic alternatives for the Company to enhance stockholder value, the Company common stock closed at $36.04 per share. On January 17, 2006, which was the last trading day before we announced the Merger Agreement, the Company common stock closed at $44.58 per share. On March 9, 2006, which was the last trading day before this proxy statement was printed, the closing price per share of Company common stock on the NYSE was $45.20.

DISSENTERS RIGHTS OF APPRAISAL (PAGE 54)

The Delaware General Corporation Law (DGCL) provides you with appraisal rights in the Merger. This means that if you are not satisfied with the amount you are receiving in the Merger, you are entitled to have the

Table of Contents

value of your shares determined by the Delaware Court of Chancery and to receive payment based on that valuation. The ultimate amount you receive as a dissenting stockholder in an appraisal proceeding may be more or less than, or the same as, the amount you would have received in the Merger. To exercise your appraisal rights, you must deliver a written demand for appraisal to the Company before the Merger Agreement is voted on at the special meeting and you must not vote in favor of the adoption of the Merger Agreement. Your failure to follow exactly the procedures specified under Delaware law will result in the loss of your appraisal rights.

QUESTIONS

If you have additional questions about the Merger or other matters discussed in this proxy statement after reading this proxy statement, you should contact:

Burlington Coat Factory Warehouse Corporation

1830 Route 130

Burlington, NJ 08016

Attention: Secretary of the Company

Telephone: (609) 387-7800

CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING INFORMATION

This proxy statement, and the documents to which we refer you in this proxy statement, contain forward looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the Securities Act), and Section 21E of the Securities Exchange Act of 1934, as amended (the Exchange Act), which are intended to be covered by the safe harbors created thereby. There are forward looking statements throughout this proxy statement, including, among others, under the headings Questions and Answers About the Special Meeting and the Merger, Summary, The Merger, Opinion of the Company s Financial Advisor, Regulatory Approvals and Litigation, and in statements co the words believes, expects, anticipates, intends, estimates or other similar expressions.

You should be aware that forward-looking statements involve known and unknown risks and uncertainties. Although we believe that the expectations reflected in these forward-looking statements are reasonable, we cannot assure you that the actual results or developments we anticipate will be realized, or even if realized, that they will have the expected effects on the business or operations of the Company. These forward-looking statements speak only as of the date on which the statements were made.

In addition to other factors and matters contained or incorporated in this document, we believe the following factors could cause actual results to differ materially from those discussed in the forward-looking statements:

- the timing of, and regulatory and other conditions associated with, the completion of the Merger;

volatility in the stock markets;

proposed store openings and closings;

proposed capital expenditures;

projected financing requirements;

proposed developmental projects;

projected sales and earnings, and the Company s ability to maintain selling margins;

general economic conditions;

consumer demand;

consumer preferences;

Table of Contents

weather patterns;

competitive factors, including pricing and promotional activities of major competitors;

the availability of desirable store locations on suitable terms;

the availability, selection and purchasing of attractive merchandise on favorable terms;

import risks;

the Company s ability to control costs and expenses;

unforeseen computer related problems;

any unforeseen material loss or casualty;

the effect of inflation; and

other factors that may be described in the Company s filings with the Securities and Exchange Commission (the SEC).

The internal financial information that the Company provided to Goldman Sachs in connection with its opinion described below under Opinion of the Company s Financial Advisor was prepared by the Company s management. As a matter of policy, the Company does not publicly disclose internal management forecasts, projections or estimates of the type furnished to Goldman Sachs in connection with its opinion, and such forecasts, projections and estimates were not prepared with a view towards public disclosure. These forecasts, projections and estimates were based on numerous variables and assumptions which are inherently uncertain and many of which are beyond the control of the Company, including, without limitation, factors related to general economic, business, regulatory, and competitive conditions. They involve significant elements of subjective judgment which may or may not be correct. Accordingly, actual results can be expected to vary from those set forth in or implied by such forecasts, projections and estimates, and such variations may be material.

THE PARTIES TO THE MERGER

Burlington Coat Factory Warehouse Corporation

The Company offers a broad selection of branded apparel and other merchandise at everyday low pricing across many product divisions, including coats, ladies sportswear, menswear, family footwear, baby furniture and accessories, and home decor and gifts. Burlington Coat Factory, founded in 1972 by the Milstein family, has expanded from a single store selling coats to a multi-department retail chain with 366 stores as of March 1, 2006 (exclusive of three stores temporarily closed due to damage caused by Hurricanes Katrina and Wilma) in 42 states, predominantly under the Burlington Coat Factory name. The Company also offers merchandise for sale through its Internet subsidiary,

Burlington Coat Factory Direct Corporation, on the worldwide web (www.burlingtoncoatfactory.com and www.babydepot.com). The Company s policy of buying significant quantities of merchandise throughout the year, maintaining inventory control and using a no-frills merchandising approach, allows it to offer merchandise at prices below traditional full retail prices. The Company is a Delaware corporation with its principal executive offices at 1830 Route 130, Burlington, New Jersey 08016. The Company s telephone number is (609) 387-7800.

BCFWC Acquisition, Inc.

Parent is a Delaware corporation with its principal executive offices at 111 Huntington Avenue, Boston, Massachusetts 02199. Parent s telephone number is (617) 516-2000. Parent was formed solely for the purpose of entering into the Merger Agreement and consummating the transactions contemplated by the Merger Agreement. It has not conducted any activities to date other than activities incidental to its formation and in connection with the transactions contemplated by the Merger Agreement.

Table of Contents

BCFWC Mergersub, Inc.

Merger Sub is a Delaware corporation and a wholly-owned subsidiary of Parent. Merger Sub s principal executive offices are located at 111 Huntington Avenue, Boston, Massachusetts 02199 and its telephone number is (617) 516-2000. Merger Sub was formed solely for the purpose of entering into the Merger Agreement and consummating the transactions contemplated by the Merger Agreement. It has not conducted any activities to date other than activities incidental to its formation and in connection with the transactions contemplated by the Merger Agreement. Under the terms of the Merger Agreement, Merger Sub will merge with and into the Company. The Company will survive the Merger and Merger Sub will cease to exist.

Parent and Merger Sub were formed by Bain Capital Partners, LLC (Bain Capital). Bain Capital is a global private investment firm that manages several pools of capital including private equity, venture capital, public equity and leveraged debt assets with more than $27 billion in assets under management. Since its inception in 1984, Bain Capital has made private equity investments and add-on acquisitions in over 230 companies around the world, including such leading retailers and consumer companies as Toys R Us, Burger King, Staples, Shopper s Drug Mart, Brookstone, Domino s Pizza, Sealy Corp., Sports Authority, Duane Reade and Dollarama. Headquartered in Boston, Bain Capital has offices in New York, London, Munich, Hong Kong, Shanghai and Tokyo.

THE SPECIAL MEETING

Time, Place and Purpose of the Special Meeting

The special meeting will be held at 9:00 a.m. Eastern Time, on Monday, April 10, 2006 at the offices of the Company, 1830 Route 130, Burlington, New Jersey 08016. The purpose of the special meeting is to consider and vote on the proposal to adopt the Merger Agreement.

Who Can Vote at the Special Meeting

The holders of record of Company common stock as of the close of business on March 8, 2006, which is the record date for the special meeting, are entitled to receive notice of and to vote at the special meeting. If you own shares that are registered in someone else s name (for example, a broker), you need to direct that person to vote those shares or obtain an authorization from them and vote the shares yourself at the meeting. On the record date, there were 44,770,813 shares of Company common stock outstanding held by approximately 209 holders of record.

Vote Required

The adoption of the Merger Agreement requires the affirmative vote of the holders of a majority of the outstanding shares of Company common stock entitled to vote. Each share of Company common stock is entitled to one vote. Failure to return a properly executed proxy card or to vote in person will have the same effect as a vote AGAINST the adoption of the Merger Agreement. Stockholders who together own approximately 60.9% of the outstanding shares of Company common stock have agreed to vote in favor of the adoption of the Merger Agreement. See The Voting Agreement.

Under the rules of the NYSE, brokers who hold shares in street name for customers have the authority to vote on routine proposals when they have not received instructions from beneficial owners. However, brokers are precluded from exercising their voting discretion with respect to the approval of non-routine matters such as the adoption of the Merger Agreement and, as a result, absent specific instructions from the beneficial owner of such shares, brokers are not empowered to vote those shares, referred to generally as broker non-votes. Abstentions and broker non-votes will be treated as shares that are present and entitled to vote at the special meeting for purposes of determining whether a quorum exists and will have the same effect as votes AGAINST adoption of the Merger Agreement.

Table of Contents

The holders of a majority of the outstanding shares of Company common stock entitled to be cast as of the record date, represented in person or by proxy, will constitute a quorum for purposes of the special meeting. A quorum is necessary to hold the special meeting. Once a share is represented at the special meeting, it will be counted for the purpose of determining a quorum and any adjournment of the special meeting, unless the holder is present solely to object to the special meeting. However, if a new record date is set for an adjourned meeting, then a new quorum will have to be established.

Voting By Proxy

This proxy statement is being sent to you on behalf of the Board of Directors for the purpose of requesting that you allow your shares of Company common stock to be represented at the special meeting by the persons named in the enclosed proxy card. All shares of Company common stock represented at the meeting by proxies voted by properly executed proxy cards will be voted in accordance with the instructions indicated on that proxy. If you sign and return a proxy card without giving voting instructions, your shares will be voted as recommended by the Board of Directors. **The Board recommends a vote FOR adoption of the Merger Agreement.**

The persons named in the proxy card will use their own judgment to determine how to vote your shares regarding any matters not described in this proxy statement that are properly presented at the special meeting. The Company does not know of any matter to be presented at the meeting other than the proposal to adopt the Merger Agreement.

You may revoke your proxy at any time before the vote is taken at the meeting. To revoke your proxy, you must either advise the Secretary of the Company in writing, deliver a proxy dated after the date of the proxy you wish to revoke or attend the meeting and vote your shares in person. Merely attending the special meeting will not constitute revocation of your proxy.

If your Company common stock is held in street name, you will receive instructions from your broker, bank or other nominee that you must follow to have your shares voted. If you do not instruct your broker to vote your shares, it has the same effect as a vote AGAINST adoption of the Merger Agreement.

The Company will pay the cost of this proxy solicitation. In addition to soliciting proxies by mail, directors, officers and employees of the Company may solicit proxies personally and by telephone. None of these persons will receive additional or special compensation for soliciting proxies. The Company will, upon request, reimburse brokers, banks and other nominees for their expenses in sending proxy materials to their customers who are beneficial owners and obtaining their voting instructions.

THE MERGER

The discussion of the Merger in this proxy statement is qualified by reference to the Merger Agreement and the Voting Agreement, which are attached to this proxy statement as Appendices A and B, respectively. You should read each agreement carefully.

Background of the Merger

Beginning in late 2004, the Company on several occasions received preliminary, non-binding expressions of interest by or on behalf of a certain third party to acquire the Company at a purchase price ranging from $23.00 per share up to amounts in the low $30s per share. These expressions of interest, which ultimately contemplated different forms of consideration for the Milstein family (whose consideration would include non-cash consideration) and the other Company stockholders (who would receive cash), were not pursued by the Company. Prior to the Board of Directors consideration of strategic alternatives described below, which resulted in the Company s entry into the Merger Agreement, the Company did not have any formal policy for dealing

Table of Contents

with proposals or expressions of interest received by the Company regarding any sale, lease, transfer or other disposition of the Company or any of its assets.

On February 10, 2005, in response to a request by Monroe Milstein that the Company consider paying a special cash dividend to the holders of Company common stock (a Special Dividend) of up to $6.00 per share, the Board of Directors appointed a special committee of three independent directors, Messrs. Harvey Morgan, Irving Drillings and Roman Ferber (the Special Committee), to consider such dividend. Mr. Milstein felt that it would be desirable for the Company to consider a Special Dividend of up to $6.00 per share in light of the Company s current cash position and debt structure, his belief that investors might view such action favorably, and to facilitate tax planning for the Milstein family. After considering, among other things, the size of the potential Special Dividend and the fact that the request had been made by, and such dividend might benefit, one of the Company s principal stockholders, the Board of Directors formed the Special Committee.

While the study of a potential Special Dividend was pending, at a meeting of the Board of Directors on May 25, 2005, the Board of Directors discussed and unanimously approved a proposal to explore possible strategic alternatives for the Company to enhance stockholder value. The Board of Directors took such action because it believed that it would be in the interests of stockholders for the Board of Directors to explore possible strategic alternatives for the Company to enhance stockholder value. The Board of Directors did not approve such proposal in response to any expression of interest, proposal or offer by any party to acquire the Company or any of its shares or assets. The Board of Directors also determined that the Special Committee s study of a potential Special Dividend should proceed simultaneously with the consideration of strategic alternatives, which would be undertaken and overseen by the entire Board of Directors. The Company retained Goldman Sachs as the Company s financial advisor, and Hughes Hubbard & Reed LLP (Hughes Hubbard) as the Company s legal counsel, to assist in the possible strategic alternative process.

On June 27, 2005, the Company announced to the public that its Board of Directors was exploring possible strategic alternatives for the Company to enhance stockholder value and had retained Goldman Sachs as its financial advisor to assist in that process. The Company stated that no decision had been made to engage in a transaction or transactions resulting from the Board s exploration of strategic alternatives, and that there could be no assurance that any transaction would occur or, if undertaken, the terms or timing thereof.

The Special Committee continued its study of a potential Special Dividend with the assistance of special legal counsel and a financial advisor retained by it. The Special Committee considered, among other things, whether a Special Dividend might adversely affect the possible sale of the Company. Hughes Hubbard did not serve as legal counsel to the Special Committee. Goldman Sachs did not serve as financial advisor to the Special Committee and did not provide advice to the Special Committee with respect to the advisability of a Special Dividend but did generally discuss the potential impact, or lack thereof, of a possible Special Dividend on the possible strategic alternative process.

At a meeting of the Board of Directors on July 28, 2005, the Special Committee reported that it had considered a Special Dividend of $5.00 per share and did not recommend the payment of a dividend in such amount, but would consider a modified proposal to pay a Special Dividend of $4.20 per share. After further deliberation and meetings with its counsel and financial advisor, the Special Committee reported that it could recommend to the Board of Directors that the Board of Directors declare a Special Dividend in the amount of $4.20 per share. The Board of Directors decided to defer consideration of the declaration of such Special Dividend pending the determination of full fiscal year net earnings and the completion of the audit of the Company s financial statements for the fiscal year ended May 28, 2005. On November 14, 2005, the Board of Directors declared a regular annual cash dividend to stockholders in the amount of $0.04 per share, which dividend was paid on January 9, 2006. Pursuant to the Merger Agreement, the Board of Directors may not declare any further dividends without Parent s consent. See The Merger Agreement Conduct of the Company s Business Pending the Merger.

Table of Contents

Throughout the summer of 2005, the Company consulted with Goldman Sachs and Hughes Hubbard concerning the Board of Directors exploration of strategic alternatives. Beginning in August 2005, Goldman Sachs, at the direction of the Board of Directors, contacted on behalf of the Company and on a confidential basis more than 40 parties (most of which were possible financial bidders) that the Board of Directors selected to be contacted on the basis of various discussions between Goldman Sachs and Company management, discussions between Company management and the Board of Directors, and inbound inquiries from certain of the parties. The parties were identified, on the basis of observations of Goldman Sachs based on its experience in such matters, industry knowledge of Company management and Goldman Sachs and other factors (including inquiries received by Goldman Sachs or the Company both prior to and following the Company s press release on June 27, 2005), as parties that might be interested in acquiring the Company. Of the more than 40 parties contacted by Goldman Sachs on behalf of the Company, 30 expressed interest in participating in the process and were provided with materials containing publicly available information concerning the Company. At the direction of the Board of Directors, two possible corporate bidders were not invited into the process because they were competitors of the Company and their inclusion in the process and access to competitive information could, in management s view, among other things, have a very damaging effect on the Company and stockholder value, but other possible corporate bidders were contacted. With respect to the two excluded parties, neither party, after being informed of the Board of Directors decision, requested the Board of Directors to reconsider its decision and neither has submitted a proposal to acquire the Company.

Of the 30 parties that were provided with materials containing publicly available information concerning the Company, 18 prospective financial bidders and four prospective corporate bidders negotiated and entered into confidentiality agreements with the Company for the purpose of facilitating the delivery of confidential information. Following execution of their respective confidentiality agreements, beginning in mid-September 2005, each of the 22 prospective bidders (including Bain Capital) received a confidential memorandum from Goldman Sachs on behalf of the Company.

On September 23, 2005, the Board of Directors appointed Alan Silverglat as a new independent director. On November 8, 2005, the Company held its annual meeting of stockholders, at which the following directors were elected: Irving Drillings, Roman Ferber, Andrew Milstein, Monroe G. Milstein, Stephen Milstein, Mark A. Nesci, and Alan Silverglat.

On or about September 27, 2005, Goldman Sachs, at the direction of the Company, sent letters to the 22 prospective bidders inviting preliminary indications of interest by October 17, 2005.

On or about October 17, 2005, the Company received four preliminary indications of interest. Of the 22 prospective bidders, two parties (Bain Capital and a second party referred to below as Bidder 2) submitted indications of interest individually and four parties formed two groups, consisting of two parties each. Each group (referred to below as Bidder 3 and Bidder 4) submitted an indication of interest. All of the preliminary indications of interest contemplated the acquisition of the Company in a cash transaction.

At a meeting of the Board of Directors on October 20, 2005, management, Goldman Sachs and Hughes Hubbard provided the Board of Directors with an update regarding the potential sale process and the preliminary indications of interest that had been received. Goldman Sachs reviewed the details of each of the four preliminary indications of interest and, among other things, provided the directors with a discussion of certain financial information and information regarding the preliminary bidders, and Goldman Sachs preliminary assessment, based on current market conditions and other factors, of the ability of each of the preliminary bidders to finance a potential acquisition of the Company. Goldman Sachs recommended that the Company invite all the preliminary bidders to move to the next round of the Board s process of exploring strategic alternatives and proceed with due diligence. The Board unanimously approved Goldman Sachs recommendation.

Representatives of the parties that had submitted preliminary indications of interest were then invited to conduct due diligence investigations of the Company, which continued until the submission of definitive

proposals on January 10, 2006. In addition, beginning in late October 2005, the Company made management presentations to such parties.

In early November 2005, Bidder 4 informed Goldman Sachs that it had determined not to proceed further in the process. On November 22, 2005, at the direction of the Company, Goldman Sachs sent to Bain Capital, Bidder 2 and Bidder 3 a letter setting forth instructions for submitting definitive proposals, along with a draft merger agreement prepared by Hughes Hubbard. Recipients were requested (i) to submit a copy of the draft merger agreement marked with any proposed changes to the Company in care of Hughes Hubbard on or before December 28, 2005 and (ii) to submit their definitive proposal to the Company in care of Goldman Sachs on or before the bidding deadline of January 10, 2006, with such proposal to include confirmation of fully committed financing, including copies of commitment letters with any external financing sources.

On or about December 28, 2005, Bain Capital and Bidder 2 submitted their comments on the draft merger agreement. Bidder 3 did not submit comments and did not participate further in the process, after informing Goldman Sachs that it was suspending due diligence due to concerns that the Company s stock was trading at too high a value.

At the request of the Company, based on the markups received and discussions with management, Hughes Hubbard prepared a revised draft of the merger agreement for Bain Capital, and a revised draft of the merger agreement for Bidder 2, which it delivered to each of them on January 4, 2006 and offered to discuss with them prior to the January 10, 2006 bidding deadline. Thereafter, Hughes Hubbard was contacted by counsel to Bain Capital, Kirkland & Ellis LLP (Kirkland), and, following discussions with such counsel, prepared a revised draft of the merger agreement for Bain Capital, which it delivered to Kirkland on January 9, 2006. Kirkland, Hughes Hubbard and Phillips Nizer LLP (counsel to Messrs. Monroe, Andrew and Stephen Milstein and the other Milstein Stockholders referred to below under The Voting Agreement) also commenced discussions on the draft voting agreement prepared by Kirkland and contemplated by Bain Capital s markup of the draft merger agreement as a condition to its willingness to enter into a merger agreement with the Company. Counsel for Bidder 2 did not contact Hughes Hubbard to engage in discussions on the draft merger agreement delivered to them on January 4, 2006.

On January 10, 2006, Bain Capital submitted a definitive proposal to acquire the Company in a cash merger for a price of $43.65 per share. Bidder 2 (together with a real estate partner) submitted a definitive proposal to acquire the Company in a cash merger for a price of $42.00 per share. Each proposal included copies of executed equity and debt commitment letters and a markup reflecting the bidder s comments on the most recent draft of the merger agreement that the bidder had received from Hughes Hubbard. The Company had informed the bidders that it was contemplating possible sale bonus payments to employees, and each bidder communicated that the cash merger consideration would be reduced by up to the amount of any such bonuses paid.

At a meeting of the Board of Directors on January 12, 2006, management, Goldman Sachs and Hughes Hubbard discussed the two proposals with the Board of Directors. Goldman Sachs reviewed with the Board of Directors, among other things, the financial aspects of the proposals, the financing commitments submitted by the bidders and certain preliminary financial analyses undertaken by Goldman Sachs. Hughes Hubbard discussed, among other things, the legal aspects of the proposals (including the Board of Directors fiduciary duties under Delaware law), the status of the negotiations with respect to the merger documentation, and the current drafts of such documentation. Management and the advisors responded to numerous questions from the Board of Directors. Following additional discussion and deliberation, the Board of Directors instructed Goldman Sachs to inform each bidder that the Board of Directors would not consider its proposal further unless the bidder increased its proposed merger price. In seeking higher proposals from the bidders, the Board of Directors did not set a price at which it would be willing to approve the sale of the Company.

On January 13, 2006, Bidder 2 withdrew from the negotiations after informing Goldman Sachs that it was prepared to pay only up to, but not more than, $43.00 per share in cash to acquire the Company. Negotiations

with Bain Capital and its counsel continued with respect to the merger consideration and merger documentation, including negotiations between Kirkland and Phillips Nizer with respect to a draft form of non-competition and non-solicitation agreement prepared by Kirkland and contemplated by Bain Capital s markup of the draft merger agreement to be entered into between the Company and each of Monroe Milstein, Andrew Milstein and Stephen Milstein at or prior to the closing of the proposed merger as a condition to Bain Capital s obligations to consummate the merger (the Non-Competition Agreements). Bain Capital s willingness to enter into a merger agreement with the Company was conditioned on the negotiation of the proposed Non-Competition Agreements to its satisfaction. (For a discussion of the Non-Competition Agreements as finally negotiated, see The Merger Agreement Conditions to the Merger.)

On January 14, 2006, Bain Capital informed Goldman Sachs that it was prepared (i) to increase the proposed merger price to $44.50 per share in cash, provided that Monroe, Andrew and Stephen Milstein purchased $25 million of preferred stock of the Company, Parent or an affiliate of Parent in connection with the closing of the Merger, (ii) to provide aggregate payments to Monroe Milstein, Andrew Milstein and Stephen Milstein under the proposed Non-Competition Agreements of $15 million over a three-year non-competition period, and (iii) to refrain from reducing the cash merger consideration if sale bonuses were paid in an amount not to exceed $20 million. Bain Capital s proposal was rejected and negotiations continued.

During the ensuing negotiations, Bain Capital proposed an increase in the merger price to $45.25 per share in cash, without any requirement for the Milsteins to purchase preferred stock and without any payments being made for the Non-Competition Agreements or sale bonuses. That proposal was also rejected.

Shortly thereafter, representatives of Bain Capital informed Goldman Sachs that Bain Capital was prepared to increase the proposed merger price to $45.50 per share in cash, provided that all remaining contractual issues were resolved to its satisfaction. The parties then continued their negotiations through the night of January 16, 2006 and into January 17, 2006.

At a meeting of the Board of Directors in the evening on January 17, 2006, Goldman Sachs discussed with the Board of Directors, among other things, the financial aspects of Bain Capital s merger proposal, the financing commitments submitted by Bain Capital and certain financial analyses undertaken by Goldman Sachs in connection with its fairness opinion referred to below. Goldman Sachs delivered to the Board of Directors its oral opinion, confirmed by delivery of a written opinion dated January 18, 2006, to the effect that, as of such date and based upon and subject to the factors and assumptions set forth in such opinion, the $45.50 per share in cash to be received by the holders of the outstanding shares of Company common stock pursuant to the proposed merger agreement was fair from a financial point of view to such holders. Hughes Hubbard discussed with the Board of Directors, among other things, the legal aspects of Bain Capital s merger proposal (including the directors fiduciary duties under Delaware law), the terms of the proposed merger documentation (including, if a party other than Bain Capital were to make an alternative proposal to acquire the Company, the Company s ability under certain circumstances to engage in substantive discussions and negotiations with such party and to terminate the merger agreement, and pay a $70 million termination fee, in order to accept a superior offer), changes in the documentation since the review by the Board of Directors on January 12, 2006, and the financing commitments submitted by Bain Capital. With respect to the proposed Non-Competition Agreements, the Board of Directors was advised that Bain Capital s willingness to enter into the proposed merger agreement was conditioned upon the entry into the Non-Competition Agreements being a condition to the merger, and that Monroe Milstein, Andrew Milstein and Stephen Milstein would not receive any payment from the Company, Bain Capital or any of their affiliates under or in respect of such agreements. Management and the advisors responded to numerous questions from the Board of Directors. Following additional discussion and deliberation, the Board of Directors unanimously approved the Merger Agreement, the Merger and the other transactions contemplated by the Merger Agreement and unanimously resolved to recommend that the stockholders of the Company vote to adopt the Merger Agreement.

On January 18, 2006, prior to the opening of trading on the NYSE, (i) the Company, Parent and Merger Sub executed the Merger Agreement and (ii) Parent and the Milstein Stockholders executed the Voting Agreement.

15

Table of Contents

The Company and Parent thereupon issued a joint press release announcing the execution of the Merger Agreement and the Voting Agreement.

Reasons for the Merger

The Board of Directors consulted with senior management and the Company s financial and legal advisors and considered a number of factors in reaching its decision to approve the Merger Agreement and the transactions contemplated by the Merger Agreement, and to recommend that the Company s stockholders vote FOR the adoption of the Merger Agreement. These factors included, without limitation, the following:

the price being paid for each share of Company common stock in the Merger (1) represented a substantial premium to historic trading prices, for example, a premium of over 26% over the closing price of $36.04 on the NYSE on June 24, 2005 (the trading day immediately prior to the date on which the Company announced that the Board of Directors was exploring possible strategic alternatives for the Company to enhance stockholder value) and a premium of over 96% over the average closing price of $23.16 on the NYSE for the one year ended May 20, 2005 (the last trading day prior to an unexplained increase in trading volume of Company common stock), and (2) was higher than the highest price at which our shares had ever traded;

the presentations made by Goldman Sachs, the Company s financial advisor, and Goldman Sachs oral opinion (subsequently confirmed by delivery of a written opinion dated January 18, 2006), to the effect that, as of such date and based upon and subject to the matters described in its opinion, the $45.50 per share in cash to be received by the holders of Company common stock pursuant to the Merger Agreement was fair from a financial point of view to such holders (the full text of the written opinion of Goldman Sachs is attached as Appendix C to this proxy statement);

the financial aspects and other terms of the final bids received from Bain Capital and from a second bidding party with respect to the sale of the Company, including the superiority of the price proposed by Bain Capital compared with the price proposed by the second bidder;

the possible alternatives to the sale of the Company, including continuing to operate the Company on a stand-alone basis and the possible payment of a Special Dividend, and the risks associated with such alternatives, each of which the Board of Directors determined not to pursue in light of its belief that the sale of the Company to Parent maximized stockholder value and represented the best transaction reasonably available to stockholders;

the Company s business, current financial condition and results of operations and future prospects;

the fact that the Merger consideration is all cash, which provides certainty of value to our stockholders, and treats all stockholders on the same basis;

the fact that the Company, in connection with the Board of Directors consideration of strategic alternatives, conducted an extensive process for the acquisition of the Company involving more than 40 parties and entered into confidentiality agreements and sent confidential information to 22 parties that resulted in two definitive proposals to acquire the Company;

the limited number and nature of the conditions to Parent s obligation to consummate the Merger and the limited risk of non-satisfaction of these conditions, including the likelihood that the Merger would be approved by the requisite regulatory authorities;

the absence of a financing condition to the Merger Agreement and Goldman Sachs observations that the debt and equity commitment letters obtained by Parent, in their experience, contained generally customary conditions;

the inclusion in the Merger Agreement of a provision obligating Parent to pay a $70 million termination fee to the Company if the Merger Agreement is terminated by Parent or the Company under certain circumstances;

Table of Contents

the provisions of the Merger Agreement that allow the Company, under certain circumstances, to furnish information to and conduct negotiations with third parties;

the provisions of the Merger Agreement that allow the Board of Directors, under certain circumstances, to change its recommendation that the Company s stockholders vote in favor of the adoption of the Merger Agreement;

the other terms of the Merger Agreement, including the ability of the Board of Directors to terminate the Merger Agreement in order to accept a superior proposal (subject to the Company paying Parent a $70 million termination fee);

the Board of Directors understanding that such $70 million termination fee, and the circumstances when such fee is payable, are reasonable in light of the benefits of the Merger, the auction process conducted by the Company, with the assistance of Goldman Sachs, and commercial practice;

the terms of the Voting Agreement, including the fact that the Voting Agreement will terminate if the Merger Agreement terminates; and

the ability of the Company s stockholders to exercise appraisal rights under Section 262 of the DGCL.

The Board of Directors also took into account a number of potentially adverse factors concerning the Merger including, without limitation, the following:

the risk that the Merger might not be completed in a timely manner or at all, including the risk that the Merger will not occur if Parent does not obtain the requisite financing notwithstanding the absence of a financing condition to the Merger Agreement;

the fact that Parent and Merger Sub are newly-formed corporations with essentially no assets, and the $70 million termination fee payable by Parent to the Company under certain circumstances serves as a contractual limitation on our ability to recover damages in connection with an uncured breach of the Merger Agreement by Parent or Merger Sub;

the opportunities for growth and the potential for increased stockholder value if the Company were to remain independent;

the Merger consideration consists of cash and will therefore be taxable to our stockholders for U.S. federal income tax purposes, and because stockholders are receiving cash for their stock, they will not participate in the future growth of the Company;

the requirement that the Company pay Parent a $70 million termination fee in order for the Board of Directors to accept a superior proposal (or under certain other circumstances);

the inclusion in the Merger Agreement of a condition to Parent s obligations that holders of no more than 5% of the outstanding shares of Company common stock exercise (and do not withdraw or fail to perfect) appraisal rights in accordance with Section 262 of the DGCL;

the interests of the Company s directors and executive officers in the Merger (see Interests of the Company s Directors and Executive Officers in the Merger); and

diverting management focus and resources from other strategic opportunities and from operational matters while working to implement the Merger, and the possibility of management and employee disruption associated with the Merger.

The foregoing discussion of the information and factors considered by the Board of Directors, while not exhaustive, includes the material factors considered by the Board of Directors. In view of the variety of factors considered in connection with its evaluation of the Merger, the Board of Directors did not find it practicable to, and did not, quantify or otherwise assign relative or specific weight or values to any of these factors, and individual directors may have given different weights to different factors.

Table of Contents

Recommendation of the Board of Directors

After careful consideration, the Board of Directors, by unanimous vote:

has determined that the Merger Agreement is advisable;

has approved the Merger Agreement, the Merger and the other transactions contemplated by the Merger Agreement; and

recommends that the Company s stockholders vote FOR the adoption of the Merger Agreement.

Interests of the Company s Directors and Executive Officers in the Merger

In considering the recommendation of the Board of Directors with respect to the Merger, you should be aware that some of the Company s directors and executive officers have interests in the Merger that may be different from, or in addition to, the interests of our stockholders generally. These interests, to the extent material, are described below. The Board of Directors was aware of these interests and considered them, among other matters, in approving the Merger Agreement and the Merger.

Treatment of Stock Options

As of the record date, there were approximately 364,400 shares of Company common stock subject to stock options granted to our executive officers under the Company s stock option plans. (No stock options are held by our non-employee directors.) All such stock options are vested and exercisable. Each outstanding stock option that remains unexercised as of the effective time of the Merger will be canceled, and the holder of such stock option will be entitled to receive a cash payment, without interest and less applicable withholding taxes, equal to the product of:

the number of shares of Company common stock subject to the option as of the effective time of the Merger, multiplied by

the excess, if any, of the greater of (A) $45.50 or (B) in the case of any nonqualified stock option, the Adjusted Fair Market Value (as defined in the applicable Company option plan) of each share of Company common stock subject to such option, over the exercise price per share of Company common stock subject to such option.

If the amount of such product is zero, no payment will be made.

The following table summarizes the options, all of which have exercise prices of less than $45.50 per share, held by our executive officers as of March 8, 2006 and the approximate consideration that each of them will receive pursuant to the Merger Agreement in connection with the cancellation of their options, based on the weighted average exercise prices of the options:

	No. of Shares Underlying Vested Options	Weighted Average Exercise Price of Vested Options	Resulting Approximate Consideration
Executive Officers:			
Mark A. Nesci	152,000	$ 17.59	$ 4,242,320
Andrew R. Milstein	67,200	$ 17.11	$ 1,907,808
Stephen E. Milstein	67,200	$ 17.11	$ 1,907,808
Steve Koster	25,000	$ 17.14	$ 709,000
Robert Grapski	23,600	$ 18.49	$ 637,436
Paul C. Tang	17,400	$ 18.83	$ 464,058
Robert LaPenta	12,000	$ 20.21	$ 303,480

Table of Contents

Indemnification and Insurance

The Merger Agreement provides that, after the Merger, Parent and the surviving corporation will, jointly and severally, and Parent will cause the surviving corporation to, indemnify and hold harmless the individuals who are now, or have been at any time prior to the execution of the Merger Agreement or who become such prior to the effective time of the Merger, a director or officer of the Company or any of the Company s subsidiaries, or an employee of the Company or any of its subsidiaries providing services to or for such a director or officer in connection with the Merger Agreement or any of the transactions contemplated by the Merger Agreement, against costs and liabilities incurred in connection with any pending, threatened or completed claim, action, suit, proceeding or investigation arising out of or pertaining to (i) the fact that such individual is or was an officer, director, employee, fiduciary or agent of the Company or any of its subsidiaries, or (ii) matters occurring or existing at or prior to the effective time of the Merger (including acts or omissions occurring in connection with the Merger Agreement and the transactions contemplated thereby), whether asserted or claimed prior to, at or after the effective time of the Merger.

The Merger Agreement provides that the surviving corporation will provide, for a period of six years after the Merger becomes effective, directors and officers liability insurance for the benefit of those persons covered under our officers and directors liability insurance policy on terms with respect to coverage and amounts no less favorable than those of the policy in effect as of the execution of the Merger Agreement, provided that, subject to certain exceptions, the surviving corporation will not be obligated to pay premiums in excess of 300% of the annualized policy premium based on a rate as of the execution of the Merger Agreement. Notwithstanding the foregoing, prior to the effective time of the Merger the Company is permitted to purchase prepaid tail policies in favor of such indemnified persons with respect to the matters referred to above (provided that the annual premium for such tail policy may not exceed 300% of the annualized policy premium based on a rate as of the execution of the Merger Agreement), in which case Parent has agreed to maintain such tail policies in effect and continue to honor the obligations under such policies.

Parent and Merger Sub have also agreed (i) to continue in effect for at least six years after the effective time of the Merger all rights to indemnification existing in favor of, and all exculpations and limitations of the personal liability of, the directors, officers, employees, fiduciaries and agents of the Company and its subsidiaries in the Company s certificate of incorporation as of the effective time of the Merger with respect to matters occurring at or prior to the effective time of the Merger and (ii) to honor the Company s indemnification agreements with the Company s directors (including one former director, Harvey Morgan) and with certain officers, including Messrs. Tang, Grapski, Koster and LaPenta. Each such indemnification agreement provides, among other things, that the Company will indemnify such indemnified person to the fullest extent permitted by the DGCL, including advancement of legal fees and other expenses incurred by the indemnified person in connection with any legal proceedings arising out the indemnified person s service as director and/or officer, subject to certain exclusions and procedures set forth in the indemnification agreement.

Audit Committee Shares

The Company typically issues, after the end of each fiscal year, up to 100 shares of Company common stock to each of the three members of the Audit Committee of the Board of Directors as payment for services rendered during such fiscal year. With respect to the current fiscal year (ending June 3, 2006), the Company issued such shares on March 3, 2006, for an aggregate issuance of 300 shares to Messrs. Silverglat, Drillings and Ferber.

Potential Employment Arrangements

As of the date of this proxy statement, (i) none of the Company s executive officers has entered into any employment or separation agreements with the Company or any of its subsidiaries in anticipation of the Merger and (ii) none of the Company s directors or executive officers has entered into any agreements with Parent or any of its affiliates (including Bain Capital) in anticipation of the Merger (except, in the case of Monroe Milstein, Andrew Milstein and Stephen Milstein, for the Voting Agreement with Parent described under The Voting Agreement).

Although no such agreements currently exist, the Merger Agreement permits the Company to enter into agreements with certain employees (including each of Messrs. Nesci, Tang, Grapski, Koster and LaPenta) on terms and conditions agreed to by the Company and Parent. The Merger Agreement also prohibits the Company from adopting any benefit plans for its directors, officers or employees without Parent s consent. Such agreements or plans, if entered into or adopted, may provide for bonus and/or separation payments to the individuals named above. See The Merger Agreement Conduct of the Company s Business Pending the Merger.

Death Benefit Agreements

On November 8, 2005, the Company entered into death benefit agreements with each of Mark Nesci, Andrew Milstein and Stephen Milstein. Each such agreement provides that, subject to certain conditions set forth in the agreement, the Company will pay to the executive s estate or designated beneficiary a death benefit in the amount of $1,000,000 (less applicable withholding taxes) payable at the election of the payee in either (i) a single lump sum, (ii) five equal annual installments (together, in the case of each installment after the first, with interest on the unpaid balance) or (iii) the form of an annuity selected by the payee to be purchased by the Company. Each death benefit agreement also provides that, in the event that the applicable executive is terminated without cause (as defined in such agreement), the death benefit will continue to be payable. Accordingly, if any of the executives named above are terminated without cause following the Merger, the death benefit would continue to be payable to them.

FINANCING

In connection with the Merger, Parent will cause approximately $2.05 billion to be paid to the Company s stockholders and holders of Company stock options. See The Merger Agreement Treatment of Stock and Options. These payments are expected to be funded by a combination of equity contributions by affiliates of Bain Capital to Parent and debt financing (the Financing). Bain Capital Fund VIII, L.P., an affiliate of Bain Capital, has agreed to contribute, subject to the satisfaction of certain conditions, up to $500 million of equity to Parent and the remaining funds necessary to finance the Merger are expected to be obtained through Parent s and its subsidiaries debt financing.

Parent has obtained equity and debt financing commitments for the transactions contemplated by the Merger Agreement, which commitments are subject to customary conditions. After giving effect to contemplated draws by the subsidiaries of the Company or Parent and its affiliates under the new debt commitments, Parent currently expects total existing and new debt outstanding at the closing of the Merger will be approximately $1.5 billion.

In its equity commitment letter with Parent (the Equity Commitment), Bain Capital Fund VIII, L.P. has agreed that the Company is entitled to enforce the equity commitment in the event that the Company or Parent purports to, and is entitled to, terminate the Merger Agreement under circumstances giving rise to Parent s obligation to pay to the Company a $70 million termination fee as described below under The Merger Agreement Termination Fees (provided that the maximum amount that the Company may recover thereunder is $70 million).

In connection with the execution and delivery of the Merger Agreement, Parent obtained commitments to provide approximately $2.075 billion in debt financing (the Debt Commitments and, together with the Equity Commitment, the Financing Commitments), not all of which is expected to be drawn at the closing of the Merger. The Financing Commitments consist of (a) an $800 million senior secured revolving credit facility (the ABL Facility), (b) a $775 million senior secured term loan facility (the Term Loan Facility) and (c) either (i) a combination of $200 million in gross proceeds from the issuance and sale of senior unsecured notes (the Senior Notes) and $300 million in gross proceeds from the issuance and sale of senior subordinated unsecured notes (the Senior Subordinated Notes and, together with the Senior Notes, the Notes) or (ii) if the Notes are

Table of Contents

not issued, then $200 million of senior unsecured bridge loans under a senior bridge facility (the Senior Bridge Facility) and $300 million of senior subordinated unsecured bridge loans under a subordinated bridge facility (the Subordinated Bridge Facility and, together with the Senior Bridge Facility, the Bridge Facilities). Parent expects to use the ABL Facility, the Term Loan Facility and the Bridge Facilities, together with Bain Capital Fund VIII, L.P. s equity investment, to finance the Merger.

ABL Facility

The commitments to provide the ABL Facility were issued by Bank of America, N.A. and Bear Stearns Corporate Lending Inc. Banc of America Securities LLC and Bear, Stearns & Co. Inc. have agreed to act as joint lead arrangers and joint bookrunners for the ABL Facility. Borrowings under the ABL Facility are limited by a borrowing base which is calculated periodically based on specified percentages of the value of eligible inventory and eligible credit card receivables, subject to certain reserves and other adjustments. The ABL Facility will be an obligation of the Company, and certain U.S. subsidiaries of the Company will either be co-obligors or guarantors of the facility. The ABL Facility will be secured by (a) a perfected first priority lien on all inventory, accounts and personal property related to inventory and accounts of the Company and such subsidiaries and (b) a perfected second priority lien on substantially all other real and personal property of the Company and such subsidiaries, in each case subject to various limitations and exceptions. The ABL Facility commitments are conditioned on the Merger being consummated by June 30, 2006 (which date may be extended 45 days under certain conditions in accordance with the terms of the Merger Agreement), as well as other customary conditions including:

- the absence of a Company Material Adverse Effect (as defined in the Merger Agreement);
- the creation of security interests;
- the execution of satisfactory definitive documentation;
- receipt of at least 20% of the total capitalization of Parent and its subsidiaries in cash proceeds of a common equity contribution from equity investors, including affiliates of Bain Capital;
- receipt of certain proceeds from the Term Loan Facility;
- receipt of certain proceeds from either the issuance and sale of the Notes or from the Bridge Facilities;
- receipt of all consents and approvals that, individually or in the aggregate, are material to the Company and its subsidiaries, taken as a whole;
- the contemporaneous consummation of the Merger and the absence of any material amendments or waivers to the Merger Agreement to the extent materially adverse to the lenders which have not been approved by specified representatives of the lenders; and
- the absence of any event of default after giving effect to the Merger and the Financing.

Term Loan Facility

The commitments to provide the Term Loan Facility were issued by Bear Stearns Corporate Lending Inc. and Bank of America, N.A. Bear, Stearns & Co. Inc. and Banc of America Securities LLC have agreed to act as joint lead arrangers and joint bookrunners for the Term Loan Facility. Borrowings under the Term Loan Facility will be available in a single drawing on the closing date of the Financing. The Term Loan Facility will be an obligation of the Company, and certain U.S. subsidiaries of the Company will either be co-obligors or guarantors of the facility. The Term Loan Facility will be secured by (a) a perfected first priority lien on substantially all real and personal property (other than inventory, accounts and personal property related to inventory and accounts) of the Company and such subsidiaries and (b) a perfected second priority lien on all inventory and accounts of the Company and such subsidiaries, in each case subject to various limitations and exceptions. Bain Capital has informed the Company that up to $100 million of the Term Loan Facility may be transferred to the Notes and/or

the Bridge Facilities at or prior to the closing of the Financing; provided, that if Banc of America Securities LLC and Bear, Stearns & Co. have not been afforded at least 20 days following the completion of the confidential information memorandum relating to the Financing to syndicate the ABL Facility, Term Loan Facility and Bridge Facilities, then such option shall survive until the earlier of completion of a successful bank syndication or 20 days after the closing of the Financing. The Term Loan Facility commitments are subject to the same conditions as the ABL Facility commitments, as well as receipt of certain proceeds from the ABL Facility.

Notes

Banc of America Securities LLC and Bear, Stearns & Co. Inc. have agreed to act as co-underwriters, co-initial purchasers, joint arrangers and co-placements agents for the Notes or, if any Bridge Facility is funded, the unsecured senior notes, senior subordinated notes or any other debt securities or combination of debt securities of the Company or any of its subsidiaries that may be issued thereafter to refinance any loans made under the Bridge Facilities. The Notes will be obligations of the Company and will be guaranteed by certain U.S. subsidiaries of the Company, and are subject to the same conditions as the ABL Facility commitments, as well as receipt of certain proceeds from the ABL Facility.

Bridge Facilities

The commitments to provide the Bridge Facilities were issued by Banc of America Bridge LLC and Bear Stearns Corporate Lending Inc. Banc of America Securities LLC and Bear, Stearns & Co. Inc. have agreed to act as joint lead arrangers and joint bookrunners for each Bridge Facility. In the absence of the consummation of the issuance and sale of the Notes, the Bridge Facilities will be obligations of the Company and will be guaranteed by certain U.S. subsidiaries of the Company, and are subject to the same conditions as the ABL Facility commitments, as well as receipt of certain proceeds from the ABL Facility and the requirements to provide Banc of America Securities LLC and Bear, Stearns & Co. Inc. with a completed printed preliminary prospectus or preliminary offering memorandum or preliminary private placement memorandum at least 30 days prior to the closing of the Financing and with at least a 20-day marketing period for the Notes following the receipt of such completed printed preliminary prospectus or preliminary offering memorandum or preliminary private placement memorandum.

On February 15, 2006, (i) Wachovia Bank, National Association became a party to the commitments for the ABL Facility and the Term Loan Facility and (ii) Wachovia Investment Holdings, LLC became a party to the commitments for the Bridge Facilities, in each case committing to provide 15% of the financings contemplated by each such facility. The commitments of (i) Bank of America, N.A. and Bear Stearns Corporate Lending Inc. under each of the ABL Facility and Term Loan Facility and (ii) Banc of America Bridge LLC and Bear Stearns Corporate Lending Inc. under each Bridge Facility, in each case were ratably reduced. In addition, Parent offered to retain Wachovia Capital Markets, LLC to act as a joint bookrunning managing underwriter, joint bookrunning managing placement agent or joint bookrunning managing initial purchaser for the Notes or, if any Bridge Facility is funded, the unsecured senior notes, senior subordinated notes or any other debt securities or combination of debt securities of the Company or any of its subsidiaries that may be issued thereafter to refinance any loans made under the Bridge Facilities.

OPINION OF THE COMPANY S FINANCIAL ADVISOR

On January 17, 2006, Goldman Sachs rendered its oral opinion, subsequently confirmed by delivery of its written opinion, dated January 18, 2006, to the Board of Directors that, as of the date of its opinion and based upon and subject to the factors and assumptions set forth in the opinion, the $45.50 per share in cash to be received by the holders of the outstanding shares of Company common stock pursuant to the Merger Agreement was fair from a financial point of view to those holders.

Table of Contents

The full text of the written opinion of Goldman Sachs, dated January 18, 2006, which sets forth the assumptions made, procedures followed, matters considered, and limitations on the review undertaken in connection with the opinion, is attached as Appendix C to this proxy statement. Goldman Sachs provided its opinion for the information and assistance of the Board of Directors in connection with its consideration of the Merger. Goldman Sachs opinion is not a recommendation as to how any holder of Company common stock should vote with respect to the Merger.

In connection with rendering the opinion described above and performing its related financial analyses, Goldman Sachs reviewed, among other things:

- the Merger Agreement;
- annual reports to stockholders and Annual Reports on Form 10-K of the Company for the five fiscal years ended May 28, 2005;
- certain interim reports to stockholders and Quarterly Reports on Form 10-Q of the Company;
- certain other communications from the Company to its stockholders; and
- certain internal financial analyses and forecasts for the Company prepared by its management.

Goldman Sachs also held discussions with members of the senior management of the Company regarding their assessment of the past and current business operations, financial condition and future prospects of the Company.

In addition, Goldman Sachs:

- reviewed the reported price and trading activity for Company common stock;
- compared certain financial and stock market information for the Company with similar information for certain other companies the securities of which are publicly traded;
- reviewed the financial terms of certain recent business combinations in the retail industry specifically and in other industries generally; and
- performed such other studies and analyses, and considered such other factors, as Goldman Sachs considered appropriate.

Goldman Sachs relied upon the accuracy and completeness of all of the financial, accounting, legal, tax and other information discussed with or reviewed by it and assumed such accuracy and completeness for purposes of rendering its opinion. In that regard, Goldman Sachs assumed, with the consent of the Board of Directors, that the internal financial forecasts prepared by the management of the Company were reasonably prepared on a basis reflecting the best currently available estimates and judgments of the Company. In addition, Goldman Sachs did not make an

independent evaluation or appraisal of the assets and liabilities (including any contingent, derivative or off-balance sheet assets and liabilities) of the Company or any of its subsidiaries and Goldman Sachs was not furnished with any such evaluation or appraisal. Goldman Sachs opinion does not address the underlying business decision of the Company to engage in the Merger.

The following is a summary of the material financial analyses presented by Goldman Sachs to the Board of Directors in connection with rendering its opinion. The following summary, however, does not purport to be a complete description of the financial analyses performed by Goldman Sachs. The order of analyses described does not represent the relative importance or weight given to those analyses by Goldman Sachs. Some of the summaries of the financial analyses include information presented in tabular format. The tables must be read together with the full text of each summary and are alone not a complete description of Goldman Sachs financial analyses. Except as otherwise noted, the following quantitative information, to the extent that it is based on market data, is based on market data as it existed on or before January 17, 2006, and is not necessarily indicative of current market conditions.

Table of Contents

Historical Premium Analysis

Goldman Sachs calculated the implied premia represented by the $45.50 per share purchase price to be received by the holders of Company common stock pursuant to the Merger Agreement based on the following trading prices for Company common stock:

the closing price on January 13, 2006, the latest practicable trading day before Goldman Sachs made its presentation of its financial analyses to the Board of Directors;

the trading price prior to the Company s announcement on June 27, 2005 that the Board of Directors was considering possible strategic alternatives for the Company to enhance stockholder value;

the closing price on May 20, 2005, the last trading day prior to an unexplained increase in trading volume of Company common stock; and

the average of closing prices for the one year period ended May 20, 2005.

The results of Goldman Sachs calculations are reflected below:

	Stock Price or Average of Closing Prices		Implied Premium
January 13, 2006	$	44.14	3.1%
Pre-June 27, 2005 announcement	$	36.04	26.2%
May 20, 2005	$	29.92	52.1%
One year ended May 20, 2005	$	23.16	96.5%

Implied Transaction Multiples Analysis

Goldman Sachs calculated and compared various implied transaction multiples based on the fully diluted equity consideration to be received by the holders of the outstanding shares of Company common stock, giving effect to stock options that are or would become exercisable based on the Merger Agreement, or equity value, and the enterprise value of the Company, which is equity value, plus book value of net debt (which is total debt and estimated transaction expenses less cash and cash equivalents). Goldman Sachs calculated equity value, enterprise value and the various multiples referred to below based on the Company s latest publicly available information for historical results and projections prepared by the Company s management for estimated future results. The following multiples were calculated for the Company:

enterprise value as a multiple of net sales and earnings before interest, taxes, depreciation and amortization, or EBITDA;

adjusted enterprise value, which is the enterprise value of the Company adjusted to include capitalized operating lease obligations, as a multiple of earnings before interest, taxes, depreciation, amortization and rent, or EBITDAR; and

equity value as a multiple of net income.

Each of the multiples was calculated for the latest 12 months, or LTM, ended November 30, 2005 and for each of fiscal years 2006 and 2007. The following table sets forth the results of this analysis:

	Enterprise Value as a Multiple of		**Adjusted Enterprise Value as a Multiple of**	**Equity Value as a Multiple of**
	Net Sales	**EBITDA**	**EBITDAR**	**Net Income**
LTM, November 30, 2005	0.6x	6.8x	7.2x	18.5x
FY 2006E	0.5x	6.8x	7.1x	18.7x
FY 2007E	0.5x	6.4x	6.6x	17.4x

Table of Contents

Historical Trading Multiples Analysis

Goldman Sachs calculated and compared LTM EBITDA as a multiple of historical trading price for the Company against LTM EBITDA as a multiple of trading price for a composite average of two selected comparable companies, Ross Stores and TJX Companies, or the Average Comparable Multiple, over the five-year period between January 12, 2001 and January 12, 2006. Historical financial results utilized by Goldman Sachs for purposes of this analysis were based upon information provided by FactSet Research Systems (a data service that compiles historical and estimated financial data), or FactSet, and historical trading price information was based upon publicly available information. The results of this analysis indicated that the average value of the ratio of the Company s LTM EBITDA as a multiple of trading price to the Average Comparable Multiple during the five-year period was 0.55.

Goldman Sachs also calculated and compared the ratio of the trading price per share to estimated earnings per share for the next company fiscal year, or the One Year Forward P/E Multiple, for the Company to the One Year Forward P/E Multiple for a composite average of two selected comparable companies, Ross Stores and TJX Companies, or the Average Comparable One Year Forward P/E Multiple, over the five-year period between January 12, 2001 and January 12, 2006. Historical financial results utilized by Goldman Sachs for purposes of this analysis were based upon information provided by FactSet, estimates of one year forward earnings were based on median estimates provided by FactSet and historical trading price information was based upon publicly available information. The results of this analysis indicated that the average value of the Company s One Year Forward P/E Multiple to the Average Comparable One Year Forward P/E Multiple during the five-year period was 0.75.

Selected Companies Analysis

Goldman Sachs compared selected publicly available financial information, ratios and multiples for the Company and the following selected publicly traded retail companies, certain of which companies were designated Off-Price retailers because these companies generally sell branded merchandise at prices significantly below full retail prices, others of which were designated Mass Market retailers because these companies maintain larger footprint retail locations in which they sell a broad range of hardlines and softlines merchandise typically at reduced prices and others of which were designated Department Stores because these companies sell a broad range of apparel for men, women and children in a larger-footprint format.

Off-Price Retailers

Retail Ventures, Inc.

Ross Stores, Inc.

Stein Mart, Inc.

The TJX Companies, Inc.

Mass-Market Retailers

J.C. Penney Corporation, Inc.

Kohl s Corporation

Sears Holdings Corp.

Department Stores

The Bon-Ton Stores, Inc.

Dillard s, Inc.

Federated Department Stores, Inc.

Gottschalks Inc.

25

Table of Contents

Although none of the selected companies are directly comparable to the Company, the companies included were chosen because they are publicly traded companies with operations that for purposes of analysis may be considered similar to certain operations of the Company.

Goldman Sachs calculated and compared various public market multiples and ratios of the selected companies based on information it obtained from SEC filings and median estimates provided by the Institutional Brokerage Estimate System (a data service that compiles estimates issued by securities analysts), or IBES. Historical financial results utilized by Goldman Sachs for purposes of this analysis were based upon information contained in the applicable company s latest publicly available financial statements prior to January 13, 2006. The LTM period for this analysis refers to the LTM period from the most recent publicly available information for the Company and the selected companies as of January 13, 2006. Estimates of future results used by Goldman Sachs in this analysis, for the selected companies and the Company, were based on median estimates provided by IBES and calendarized to year-end December 31. With respect to the Company and the selected companies, Goldman Sachs calculated:

the enterprise value, which is equity market capitalization for each company, calculated using the per share closing trading price as of January 13, 2006 and fully diluted shares outstanding based on each company s latest publicly available information, plus book value of net debt, which is total debt less cash and cash equivalents, as a multiple of LTM sales, LTM EBITDA, estimated 2006 and 2007 EBITDA, LTM EBITDAR and LTM earnings before interest and taxes, or EBIT;

the ratio of the price per share to the estimated 2006 and 2007 earnings per share, or P/E multiple;

the ratio of the estimated 2006 P/E multiple to the five-year earnings per share estimated compound annual growth rate, or CAGR;

LTM EBITDA and EBIT margins, calculated by dividing each company s LTM EBITDA and EBIT by its LTM sales; and

the dividend yield as of January 13, 2006.

The results of these analyses are summarized in the following tables:

	Enterprise Value Multiples						Calendarized P/E Multiples	
	Sales LTM	EBITDA LTM	EBITDA 2006E	EBITDA 2007E	EBITDAR LTM	EBIT LTM	2006E	2007E
Off-Price Retailers								
Retail Ventures, Inc.	0.3x	20.1x	5.3x	5.0x	10.3x	N.A.	50.4x	36.6x
Ross Stores, Inc.	0.9x	11.0x	8.8x	7.9x	10.0x	15.0x	17.9x	14.7x
Stein Mart, Inc.	0.5x	6.9x	6.0x	5.2x	7.3x	8.4x	13.4x	11.4x
The TJX Companies, Inc.	0.8x	9.2x	8.2x	7.3x	8.8x	11.8x	16.0x	13.7x
High	0.9x	20.1x	8.8x	7.9x	10.3x	15.0x	50.4x	36.6x
Mean	0.6x	11.8x	7.1x	6.3x	9.1x	11.7x	24.4x	19.1x
Median	0.6x	10.1x	7.1x	6.2x	9.4x	11.8x	16.9x	14.2x
Low	0.3x	6.9x	5.3x	5.0x	7.3x	8.4x	13.4x	11.4x

26

	Enterprise Value Multiples						Calendarized P/E Multiples	
	Sales	EBITDA			EBITDAR	EBIT		
	LTM	LTM	2006E	2007E	LTM	LTM	2006E	2007E
Mass-Market Retailers								
J.C. Penney Corporation	0.8x	7.8x	7.1x	6.4x	7.8x	9.8x	14.0x	12.4x
Kohl s Corporation	1.3x	10.2x	8.6x	7.2x	9.9x	12.7x	16.3x	13.8x
Sears Holding Corp.	0.5x	7.1x	7.4x	6.7x	N.A.	9.5x	17.0x	12.6x
High	1.3x	10.2x	8.6x	7.2x	9.9x	12.7x	17.0x	13.8x
Mean	0.9x	8.4x	7.7x	6.7x	8.9x	10.6x	15.8x	13.0x
Median	0.8x	7.8x	7.4x	6.7x	8.9x	9.8x	16.3x	12.6x
Low	0.5x	7.1x	7.1x	6.4x	7.8x	9.5x	14.0x	12.4x
Department Stores								
The Bon-Ton Stores, Inc.	0.4x	9.9x	N.A.	N.A.	N.A.	22.3x	N.A.	N.A.
Dillard s, Inc.	0.5x	6.3x	6.5x	6.1x	6.4x	14.2x	20.0x	19.1x
Federated Department Stores, Inc.	1.0x	8.0x	8.3x	7.4x	8.0x	12.5x	15.1x	11.3x
Gottschalk s, Inc.	0.2x	4.2x	N.A.	N.A.	6.0x	7.5x	12.4x	12.1x
High	1.0x	9.9x	8.3x	7.4x	8.0x	22.3x	20.0x	19.1x
Mean	0.5x	7.1x	7.4x	6.8x	6.8x	14.1x	15.8x	14.2x
Median	0.4x	7.2x	7.4x	6.8x	6.4x	13.4x	15.1x	12.1x
Low	0.2x	4.2x	6.5x	6.1x	6.0x	7.5x	12.4x	11.3x
Burlington Coat Factory Warehouse Corporation	0.5x	6.5x	6.3x	5.5x	7.0x	9.6x	15.6x	14.0x

	2007 PE/ 5-Year EPS CAGR	LTM Margins		Dividend Yield
		EBITDA	EBIT	
Off-Price Retailers				
Retail Ventures, Inc.	N.A.	1.3%	(0.8)%	0.0%
Ross Stores, Inc.	1.0x	8.5%	6.2%	0.8%
Stein Mart, Inc.	0.7x	6.8%	5.6%	1.4%
The TJX Companies, Inc.	1.0x	8.8%	6.8%	1.0%
High	1.0x	8.8%	6.8%	1.4%
Mean	0.9x	6.3%	4.5%	0.8%
Median	1.0x	7.6%	5.9%	0.9%
Low	0.7x	1.3%	(0.8)%	0.0%
Mass-Market Retailers				
J.C. Penney Corporation	0.8x	10.1%	8.1%	0.9%
Kohl s Corporation	0.8x	13.2%	10.6%	0.0%
Sears Holding Corp.	1.3x	7.1%	5.3%	0.0%
High	1.3x	13.2%	10.6%	0.9%
Mean	1.0x	10.1%	8.0%	0.3%
Median	0.8x	10.1%	8.1%	0.0%
Low	0.8x	7.1%	5.3%	0.0%

	2007 PE/ 5-Year EPS CAGR	LTM Margins		Dividend Yield
		EBITDA	EBIT	
Department Stores				
The Bon-Ton Stores, Inc.	N.A.	4.0%	1.8%	0.5%
Dillard s, Inc.	3.5x	7.4%	3.3%	0.6%
Federated Department Stores, Inc.	1.0x	12.9%	8.3%	1.3%
Gottschalk s, Inc.	N.A.	4.4%	2.5%	0.0%
High	3.5x	12.9%	8.3%	1.3%

Mean	2.2x	7.2%	4.0%	0.6%
Median	2.2x	5.9%	2.9%	0.5%
Low	1.0x	4.0%	1.8%	0.0%
Burlington Coat Factory Warehouse Corporation	1.4x	8.3%	5.6%	0.1%

Selected Transactions Analysis

Goldman Sachs reviewed available information for the following announced merger or acquisition transactions in the U.S. involving companies in the retail industry, with certain of these companies being

classified as General Department Stores because of the generally lower to moderate price points at which these companies sell their merchandise and certain other of these companies being classified as High-End Department Stores because of the higher typical price points at which these companies sell their merchandise. While none of the companies participating in the selected transactions are directly comparable to the Company, the companies participating in the selected transactions are publicly traded companies with operations that, for purposes of analysis, may be considered similar to certain operations of the Company. These transactions (listed by acquirer/target and month and year announced) included:

General Department Stores

Apollo Management & Silver Point Capital/Linens N Things, Inc. (November 2005)

Maple Leaf Heritage Investments (Hostile Bid)/Hudson s Bay Company (October 2005)

Prentice Capital Management & GMM Capital/Goody s Family Clothing, Inc. (October 2005)

Sun Capital Partners /Shopko Stores, Inc. (October 2005)

Trimaran Capital & Kier Group/Fortunoff Fine Jewelry & Silverware, Inc. (November 2004)

K-Mart Holding Corp./Sears, Roebuck & Co. (November 2004)

Investor Group/Mervyn s LLC (July 2004)

High-End Department Stores

The Bon-Ton Stores, Inc./Northern Department Store Group (Saks Incorporated) (October 2005)

Warburg Pincus & Texas Pacific Group/The Neiman Marcus Group, Inc. (May 2005)

Belk, Inc./Profitt s & McRae s (Saks Incorporated) (April 2005)

Federated Department Stores, Inc./The May Department Stores Company (February 2005)

Jones Apparel Group, Inc./Barney s New York, Inc. (November 2004)

The May Department Stores Company/Marshall Field s (Target Corporation) (June 2004)

The May Department Stores Company / Saks Incorporated (9 stores) (January 2001)

Goldman Sachs calculated and compared the transaction value as a multiple of the target company s publicly reported LTM sales, LTM EBITDA and LTM EBITDAR prior to announcement of the applicable transaction. For purposes of this analysis, the transaction value of each target company was calculated by adding the announced transaction price for the equity of the target company to the book value of the company s net debt as disclosed in the company s most recent SEC filings prior to the announcement of the applicable transaction. Goldman Sachs also calculated and compared the EBITDA margin, which is LTM EBITDA divided by LTM sales, for each of the selected target companies. The following table sets forth the results of this analysis:

	Transaction Value as a Multiple of			
	LTM Sales	**LTM EBITDA**	**EBITDAR**	**EBITDA Margin**
General Department Stores				
Apollo Management & Silver Point Capital/ Linens N Things, Inc.	0.5x	8.7x	8.3x	5.6%
Maple Leaf Heritage Investments (Hostile Bid)/ Hudson s Bay Company	0.2x	5.5x	6.7x	4.2%
Prentice Capital Management & GMM Capital/ Goody s Family Clothing, Inc.	0.2x	9.6x	8.4x	2.0%
Sun Capital Partners/ ShopKo Stores, Inc.	0.4x	5.9x	6.1x	6.2%
Trimaran Capital & Kier Group/ Fortunoff Fine Jewelry & Silverware, Inc.	0.5x	6.5x	6.5x	7.7%
K-Mart Holding Corp./ Sears Roebuck & Co.	0.4x	7.5x	7.6x	5.5%
Investor Group/ Mervyn s LLC	0.5x	5.9x	6.1x	7.9%
Mean	0.4x	7.1x	7.1x	5.6%
Median	0.4x	6.5x	6.7x	5.6%
High	0.5x	9.6x	8.4x	7.9%
Low	0.2x	5.5x	6.1x	2.0%

Table of Contents

	Transaction Value as a Multiple of			
	LTM Sales	LTM EBITDA	EBITDAR	EBITDA Margin
High-End Department Stores				
The Bon-Ton Stores, Inc./ Northern Department Stores Group (Saks Incorporated)	0.5x	N.A.	N.A.	N.A.
Warburg Pincus & Texas Pacific Group/ The Neiman Marcus Group, Inc.	1.4x	10.3x	10.0x	13.6%
Belk, Inc./ Proffitt s & McRae s (Saks Incorporated)	0.9x	N.A.	N.A.	N.A.
Federated Department Stores, Inc./ The May Department Stores Company	1.1x	8.6x	8.5x	12.6%
Jones Apparel Group/ Barney s New York, Inc.	0.8x	7.3x	7.5x	11.2%
The May Department Stores Company/ Marshall Field s	1.2x	14.4x	14.4x	8.6%
The May Department Stores Company/ Saks Incorporated (9 Stores)	1.5x	N.A.	N.A.	N.A.
Mean	1.1x	10.1x	10.1x	11.5%
Median	1.1x	9.4x	9.3x	11.9%
High	1.5x	14.4x	14.4x	13.6%
Low	0.5x	7.3x	7.5x	8.6%

Discounted Cash Flow Analysis

Goldman Sachs performed an illustrative discounted cash flow analysis to determine a range of implied present values per share of Company common stock. All cash flows were discounted to the end of February 2006 and terminal values were based upon estimated fiscal year 2010 EBITDA multiples. Forecasted financial information used in this analysis was based on projections provided by the management of the Company, which consisted of a higher growth case and a lower growth case. The differentials between the higher growth case and the lower growth case were based on different rates for annual same store sales growth. Goldman Sachs used discount rates ranging from 8.5% to 10.5%, reflecting estimates of the weighted average cost of capital of the Company, forecasts of the Company s EBITDA through December 31, 2010 provided by the Company s management and terminal EBITDA multiples ranging from 4.5x to 6.5x. This analysis resulted in a range of implied present values of $38.92 to $53.29 per share of Company common stock under the higher growth case and a range of implied present values of $34.06 to $46.43 per share of Company common stock under the lower growth case. The results of these analyses were as follows:

Higher Growth Case

Implied Per Share Present Value Indications

Discount Rate	Terminal Multiple of 2010E EBITDA				
	4.5x	**5.0x**	**5.5x**	**6.0x**	**6.5x**
10.5%	38.92	41.68	44.45	47.22	49.99
10.0%	39.50	42.32	45.14	47.96	50.78
9.5%	40.09	42.97	45.85	48.72	51.60
9.0%	40.70	43.63	46.57	49.50	52.43
8.5%	41.32	44.31	47.30	50.30	53.29

Lower Growth Case

Implied Per Share Present Value Indications

Discount Rate	Terminal Multiple of 2010E EBITDA				
	4.5x	**5.0x**	**5.5x**	**6.0x**	**6.5x**
10.5%	34.06	36.45	38.83	41.21	43.60
10.0%	34.56	36.99	39.42	41.85	44.28
9.5%	35.07	37.55	40.02	42.50	44.98
9.0%	35.59	38.12	40.64	43.17	45.70
8.5%	36.12	38.70	41.28	43.85	46.43

Table of Contents

Using the same set of projections, Goldman Sachs also performed a sensitivity analysis to analyze the effect of increases or decreases in net sales growth and EBIT margin. The analysis utilized a 9.5% discount rate and a terminal EBITDA multiple of 5.5x, and used a range in sales growth from -1.0% to 1.0% and a range of EBIT margin from -2.0% to 2.0%. This resulted in a range of implied present values of $32.67 to $60.06 per share of Company common stock under the higher growth case and a range of implied present values of $28.14 to $52.87 per share of Company common stock under the lower growth case. The results of these analyses were as follows:

Higher Growth Case

Implied Per Share Present Value Indications

Change in EBIT Margin	Change in Net Sales Growth				
	(1.0)%	(0.5)%	0.0%	0.5%	1.0%
(2.0)%	32.67	33.21	33.75	34.31	34.87
(1.0)%	38.47	39.13	39.80	40.48	41.17
0.0%	44.28	45.05	45.85	46.65	47.47
1.0%	50.08	50.98	51.89	52.82	53.76
2.0%	55.89	56.90	57.94	58.99	60.06

Lower Growth Case

Implied Per Share Present Value Indications

Change in EBIT Margin	Change in Net Sales Growth				
	(1.0)%	(0.5)%	0.0%	0.5%	1.0%
(2.0)%	28.14	28.59	29.04	29.51	29.98
(1.0)%	33.41	33.97	34.53	35.11	35.70
0.0%	38.68	39.34	40.02	40.72	41.42
1.0%	43.94	44.72	45.52	46.32	47.14
2.0%	49.21	50.10	51.01	51.93	52.87

Present Value of Future Stock Price Analysis

Goldman Sachs performed an illustrative present value of future stock price analysis, which is designed to provide an indication of the potential future value of a company s equity as a function of the company s estimated future earnings and its assumed price to forward earnings per share multiple. For this analysis, Goldman Sachs used the financial projections for the Company prepared by the management of the Company, which consisted of a higher growth case and a lower growth case. The differentials between the higher growth case and the lower growth case were based on different rates for annual same store sales growth. Goldman Sachs first calculated implied per share equity values for Company common stock for the end of each of fiscal years 2006 and 2007 by applying price to forward earnings per share multiples ranging from 13.0x to 17.0x to estimates prepared by the Company s management of fiscal year 2006 and 2007 earnings per share in the higher growth case and the lower growth case. Goldman Sachs then calculated present values of those implied per share equity values for Company common stock using discount rates ranging from 8.5% to 10.5% based on estimates relating to the Company s cost of equity capital. The results of this analysis were as follows:

2006E Higher Growth Case

Implied Per Share Present Value Indications

Discount Rate	**Forward P/E Multiple**				
	13.0x	**14.0x**	**15.0x**	**16.0x**	**17.0x**
8.5%	31.18	33.57	35.97	38.37	40.77
9.0%	31.13	33.52	35.92	38.31	40.71
9.5%	31.08	33.47	35.86	38.25	40.64
10.0%	31.03	33.42	35.81	38.20	40.58
10.5%	30.99	33.37	35.75	38.14	40.52

Table of Contents

2006E Lower Growth Case

Implied Per Share Present Value Indications

Discount Rate	Forward P/E Multiple				
	13.0x	**14.0x**	**15.0x**	**16.0x**	**17.0x**
8.5%	29.62	31.90	34.18	36.46	38.73
9.0%	29.57	31.85	34.12	36.40	38.67
9.5%	29.53	31.80	34.07	36.34	38.62
10.0%	29.48	31.75	34.02	36.29	38.56
10.5%	29.44	31.70	33.97	36.23	38.50

2007E Higher Growth Case

Implied Per Share Present Value Indications

Discount Rate	Forward P/E Multiple				
	13.0x	**14.0x**	**15.0x**	**16.0x**	**17.0x**
8.5%	30.96	33.34	35.72	38.10	40.48
9.0%	30.77	33.13	35.50	37.87	40.23
9.5%	30.58	32.93	35.28	37.64	39.99
10.0%	30.39	32.73	35.07	37.41	39.75
10.5%	30.21	32.54	34.86	37.18	39.51

2007E Lower Growth Case

Implied Per Share Present Value Indications

Discount Rate	Forward P/E Multiple				
	13.0x	**14.0x**	**15.0x**	**16.0x**	**17.0x**
8.5%	28.37	30.56	32.74	34.92	37.10
9.0%	28.20	30.37	32.54	34.71	36.88
9.5%	28.03	30.18	32.34	34.50	36.65
10.0%	27.86	30.00	32.14	34.29	36.43
10.5%	27.69	29.82	31.95	34.08	36.21

Leveraged Buyout Analysis

Goldman Sachs performed an analysis of the range of equity returns that could theoretically be realized if the Company were acquired as of January 13, 2006, in a leveraged buyout at a price per share of Company common stock of $45.50 and resold by the acquirer at the end of fiscal year 2008, 2009 or 2010, based on exit multiples of the Company s management s estimated EBITDA ranging from 5.5x to 7.5x. The following tables set forth the results of this analysis:

	Higher Growth Case			Lower Growth Case		
Exit Year	**Trailing EBITDA Exit Multiple**			**Trailing EBITDA Exit Multiple**		
	5.5x	**6.5x**	**7.5x**	**5.5x**	**6.5x**	**7.5x**
FY2008E	0.5%	19.8%	34.4%	-14.1%	8.7%	24.6%
FY2009E	10.6%	22.6%	31.9%	-2.0%	12.6%	23.0%
FY2010E	15.6%	23.7%	30.1%	4.2%	14.3%	21.7%

The preparation of a fairness opinion is a complex process and is not necessarily susceptible to partial analysis or summary description. Selecting portions of the analyses or of the summary set forth above, without considering the analyses as a whole, could create an incomplete view of the processes underlying Goldman

Sachs opinion. In arriving at its fairness determination, Goldman Sachs considered the results of all the analyses and did not attribute any particular weight to any factor or analysis considered by it. Rather, Goldman Sachs made its determination as to fairness on the basis of its experience and professional judgment after considering the results of all the analyses. No company or transaction used in the above analyses as a comparison is directly comparable to the Company or the Merger.

Goldman Sachs prepared these analyses for purposes of Goldman Sachs providing its opinion to the Board of Directors as to the fairness from a financial point of view of the $45.50 per share in cash to be received by the holders of the outstanding shares of Company common stock pursuant to the Merger Agreement. These analyses do not purport to be appraisals nor do they necessarily reflect the prices at which businesses or securities actually may be sold. Analyses based upon forecasts of future results are not necessarily indicative of actual future results, which may be significantly more or less favorable than suggested by these analyses. Because these analyses are inherently subject to uncertainty, being based upon numerous factors or events beyond the control of the parties or their respective advisors, none of the Company, Goldman Sachs or any other person assumes responsibility if future results are materially different from those forecast. As described above, Goldman Sachs opinion to the Board of Directors was one of many factors taken into consideration by the Board of Directors in making its determination to approve the Merger Agreement.

The Merger consideration was determined through arms -length negotiations between the Company and Bain Capital and was approved by the Board of Directors. Goldman Sachs provided advice to the Company during these negotiations. Goldman Sachs did not, however, recommend any specific amount of consideration to the Company or its Board of Directors or that any specific amount of consideration constituted the only appropriate consideration for the Merger.

Goldman Sachs and its affiliates, as part of their investment banking business, are continually engaged in performing financial analyses with respect to businesses and their securities in connection with mergers and acquisitions, negotiated underwritings, competitive biddings, secondary distributions of listed and unlisted securities, private placements and other transactions as well as for estate, corporate and other purposes. Goldman Sachs has acted as financial advisor to the Company in connection with, and has participated in certain of the negotiations leading to, the proposed Merger.

In addition, Goldman Sachs has provided and is currently providing certain investment banking services to Bain Capital and its affiliates, including having acted as joint lead manager with respect to a high yield offering by Houghton Mifflin Company, a portfolio company of Bain Capital, or Houghton Mifflin, of its 8.250% Senior Notes due 2011 (aggregate principal amount $1,000,000,000) in January 2003; having acted as lead manager with respect to a high yield offering by Sealy Corporation, a former portfolio company of Bain Capital, or Sealy, of its 9.875% Senior Sub Notes due 2007 (aggregate principal amount $50,000,000) in April 2003; having acted as co-manager with respect to a high-yield offering by Domino s Pizza LLC, a wholly-owned subsidiary of Domino s Pizza Inc., an affiliate of Bain Capital, of its 8 1/4% Senior Subordinated Notes due 2011 (aggregate principal amount $403,000,000) in June 2003; having acted as co-manager with respect to a high-yield offering by Houghton Mifflin of its 11 1/2% Senior Discount Notes due 2013 (aggregate principal amount $265,000,000) in September 2003; having acted as co-financial advisor to Sealy in connection with its sale in April 2004; having extended a bank loan (aggregate principal amount $70,000,000) to Maxim Crane Works, a portfolio company of Bain Capital, in July 2004; and having acted as financial advisor to Modus Media International Holdings, a former portfolio company of Bain Capital, in connection with its sale in August 2004. Goldman Sachs also may provide investment banking services to the Company and Bain Capital and its affiliates in the future. In connection with the above-described investment banking services Goldman Sachs has received, and may receive, compensation. Affiliates of Goldman Sachs have co-invested with Bain Capital or its affiliates from time to time and may do so in the future.

The Company selected Goldman Sachs as its financial advisor because it is an internationally recognized investment banking firm that has substantial experience in transactions similar to the Merger. Pursuant to a letter agreement, dated June 10, 2005, the Company engaged Goldman Sachs to act as its financial advisor in

32

connection with the exploration of possible strategic alternatives, including the possible merger or sale of all or a portion of the Company. Pursuant to the terms of this letter agreement, Goldman Sachs is entitled to receive a transaction fee of approximately $11.7 million. The entire transaction fee is subject to and payable only upon the completion of the Merger. Goldman Sachs may also receive, upon completion of the Merger, an additional fee of up to 0.30% of the aggregate consideration paid to the holders of Company common stock in the Merger, which additional fee is payable in the sole discretion of the Company. In addition, Goldman Sachs received a fee of $1,000,000 upon delivery of its fairness opinion, which is creditable against the transaction fee. The Company has also agreed to reimburse Goldman Sachs for its reasonable expenses, including attorneys fees and disbursements, and to indemnify Goldman Sachs against various liabilities, including certain liabilities under the federal securities laws.

MATERIAL UNITED STATES FEDERAL INCOME TAX CONSEQUENCES

The following is a summary of United States federal income tax consequences of the Merger relevant to beneficial holders of Company common stock whose shares are converted to cash in the Merger. The discussion is for general information only and does not purport to consider all aspects of federal income taxation that might be relevant to beneficial holders of Company common stock. The discussion is based on current provisions of the Internal Revenue Code of 1986, as amended (the Code), existing, proposed and temporary regulations promulgated thereunder, rulings, administrative pronouncements and judicial decisions, changes to which could materially affect the tax consequences described herein and could be made on a retroactive basis. The discussion applies only to beneficial holders of Company common stock in whose hands shares are capital assets within the meaning of Section 1221 of the Code and may not apply to beneficial holders who acquired their shares pursuant to the exercise of employee stock options or other compensation arrangements with the Company or hold their shares as part of a hedge, straddle or conversion transaction or who are subject to special tax treatment under the Code (such as dealers in securities or foreign currency, insurance companies, other financial institutions, regulated investment companies, tax-exempt entities, S corporations, partnerships and taxpayers subject to the alternative minimum tax). In addition, this discussion does not discuss the federal income tax consequences to a beneficial holder of Company common stock who, for United States federal income tax purposes, is a non-resident alien individual, a foreign corporation, a foreign partnership or a foreign estate or trust, nor does it consider the effect of any state, local or foreign tax laws.

The receipt of cash for Company common stock pursuant to the Merger will be a taxable transaction for United States federal income tax purposes. In general, a beneficial holder who receives cash in exchange for shares pursuant to the Merger will recognize gain or loss for federal income tax purposes equal to the difference, if any, between the amount of cash received and the beneficial holder s adjusted tax basis in the shares surrendered for cash pursuant to the Merger. Gain or loss will be determined separately for each block of shares (i.e., shares acquired at the same price per share in a single transaction) surrendered for cash pursuant to the Merger. Such gain or loss will be capital gain or loss, and will be long-term capital gain or loss if the beneficial holder s holding period for such shares is more than one year at the time of consummation of the Merger. The maximum federal income tax rate on net long-term capital gain recognized by individuals is 15% under current law.

Backup withholding at a 28% rate may apply to cash payments a beneficial holder of shares receives pursuant to the Merger. Backup withholding generally will apply only if the beneficial holder fails to furnish a correct taxpayer identification number or otherwise fails to comply with applicable backup withholding rules and certification requirements. Each beneficial holder should complete and sign the substitute Form W-9 that will be part of the letter of transmittal to be returned to the exchange agent in order to provide the information and certification necessary to avoid backup withholding, unless an applicable exemption exists and is otherwise proved in a manner acceptable to the exchange agent. Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules will be allowable as a refund or credit against a beneficial holder s United States federal income tax liability provided the required information is furnished to the Internal Revenue Service.

Table of Contents

Because individual circumstances may differ, each beneficial holder of shares is urged to consult such beneficial holder s own tax advisor as to the particular tax consequences to such beneficial holder of the Merger, including the application and effect of state, local, foreign and other tax laws.

REGULATORY APPROVALS

Under the HSR Act and the rules promulgated thereunder, the Company cannot complete the Merger until it notifies and furnishes information to the Federal Trade Commission (the FTC) and the Antitrust Division of the U.S. Department of Justice, and specified waiting period requirements are satisfied. The Company filed notification and report forms under the HSR Act with the FTC and the Antitrust Division on February 1, 2006, and requested early termination of the waiting period. The FTC granted early termination of the waiting period on February 10, 2006.

LITIGATION

On January 27, 2006 a purported class action complaint was filed by putative stockholders of the Company in the Superior Court of New Jersey in and for Burlington County against the Company and its directors (the Individual Defendants) challenging the proposed Merger. *Lemon Bay Partners v. Burlington Coat Factory Warehouse Corporation et al. (CA No. Bur. C-000014-06).* On March 7, 2006, plaintiff served the Company and the Individual Defendants with a First Amended Shareholder Class Action Complaint (the Complaint).

The Complaint asserts on behalf of a purported class of Company stockholders a claim against the Individual Defendants for alleged breaches of fiduciary duties in connection with the proposed Merger. The Complaint alleges, among other things, that the consideration to be paid to holders of Company common stock in the Merger is inadequate. The Complaint further alleges that the Company and the Individual Defendants have breached a disclosure duty to the Company s stockholders by failing to provide them with material information and/or providing them with misleading information concerning the proposed Merger in the Company s proxy statement. The Complaint also asserts a claim against Bain Capital for aiding and abetting the alleged breaches of fiduciary duties by the Individual Defendants.

The Complaint seeks, among other things, to enjoin the consummation of the Merger, that the transaction be rescinded if it is not enjoined, and an award of compensatory and recissory damages as well as attorneys fees. The Company and the Individual Defendants believe that the Complaint is without merit and intend to defend the lawsuit vigorously.

THE MERGER AGREEMENT

This section describes the material terms of the Merger Agreement. The description in this section and elsewhere in this proxy statement is qualified in its entirety by reference to the Merger Agreement, a copy of which is attached to this proxy statement as Appendix A and which we incorporate by reference into this document. This summary does not purport to be complete and may not contain all of the information about the Merger Agreement that is important to you. We encourage you to read carefully the Merger Agreement in its entirety.

The Merger Agreement has been included to provide you with information regarding its terms and is not intended to provide any other factual information about the Company, Parent, Merger Sub, Bain Capital or their affiliates. The Merger Agreement contains representations and warranties the parties thereto made to and solely for the benefit of each other. The assertions embodied in those representations and warranties are qualified by information in a confidential disclosure schedule that the parties have exchanged in connection with signing the

Merger Agreement and that modifies, qualifies and creates exceptions to the representations and warranties contained in the Merger Agreement. Accordingly, you should not rely on the representations and warranties as characterizations of the actual state of facts, since (i) they were made only as of the date of the Merger Agreement or a prior, specified date, (ii) in some cases they are subject to qualifications with respect to materiality, knowledge and/or other matters, and (iii) they are modified in important part by the underlying disclosure schedule. This disclosure schedule contains information that has been included in the Company s prior public disclosures, as well as non-public information. Moreover, information concerning the subject matter of the representations and warranties may have changed since the date of the Merger Agreement, which subsequent information may or may not be fully reflected in the Company s public disclosures.

Effective Time

The effective time of the Merger will occur at the time that the Company files a Certificate of Merger with the Secretary of State of the State of Delaware on the closing date of the Merger or such later time as provided in the Certificate of Merger and agreed to by Parent and the Company. The closing date will occur as soon as practicable, but in no event later than on the second business day, after all of the conditions to the Merger set forth in the Merger Agreement have been satisfied or waived, or such other date as Parent and the Company may agree.

The Structure

At the effective time of the Merger, Merger Sub will merge with and into the Company. The Company will survive the Merger and continue to exist after the Merger as a wholly-owned subsidiary of Parent. All of the Company s and Merger Sub s properties, assets, rights, privileges, immunities, powers and franchises, and all of their debts, liabilities, and duties, will become those of the surviving corporation.

Treatment of Stock and Options

Company Common Stock

At the effective time of the Merger, each share of Company common stock issued and outstanding immediately prior to the effective time of the Merger will automatically be converted into the right to receive $45.50 in cash, without interest, other than shares of Company common stock:

- held in the Company s treasury immediately prior to the effective time of the Merger, which shares will be canceled without conversion or consideration; and

- held by stockholders who have properly demanded and perfected their appraisal rights in accordance with Delaware law, which shares will be entitled to only such rights as are granted by Delaware law.

All such shares, when so converted, will automatically be cancelled and retired and cease to exist. After the effective time of the Merger, each outstanding stock certificate representing shares of Company common stock converted in the Merger will represent only the right to receive the Merger consideration.

Company Stock Options

At the effective time of the Merger, each outstanding option to buy shares of Company common stock granted under the Company s stock option plans, whether or not vested and exercisable, will be canceled, and the holder of each stock option will be entitled to receive from the surviving corporation as promptly as practicable thereafter an amount in cash, without interest and less applicable withholding taxes, equal to the product of:

the number of shares of Company common stock subject to each option as of the effective time of the Merger, multiplied by

the excess, if any, of the greater of (A) $45.50 or (B) in the case of any nonqualified stock option, the Adjusted Fair Market Value (as defined in the applicable Company option plan) of each share of Company common stock subject to such option, over the exercise price per share of Company common stock subject to such option.

If the amount of such product is zero, no payment will be made.

Exchange and Payment Procedures

At or prior to the effective time of the Merger, Parent will, or will cause the surviving corporation to, deposit in trust an amount of cash sufficient to pay the Merger consideration to each holder of shares of Company common stock with a bank or trust company (the paying agent) reasonably acceptable to us. Promptly after the effective time of the Merger, the paying agent will mail a letter of transmittal and instructions to you and the other stockholders. The letter of transmittal and instructions will tell you how to surrender your common stock certificates in exchange for the Merger consideration.

You should not return your stock certificates with the enclosed proxy card, and you should not forward your stock certificates to the paying agent without a letter of transmittal.

You will not be entitled to receive the Merger consideration until you surrender your stock certificate or certificates to the paying agent, together with a duly completed and executed letter of transmittal and any other documents as the paying agent may reasonably require. The Merger consideration may be paid to a person other than the person in whose name the corresponding certificate is registered if the certificate is properly endorsed or is otherwise in the proper form for transfer. In addition, the person who surrenders such certificate must either pay any transfer or other applicable taxes or establish to the satisfaction of the surviving corporation that such taxes have been paid or are not applicable.

The paying agent, Parent and/or the surviving corporation will be entitled to deduct and withhold, and pay to the appropriate taxing authorities, any applicable taxes from the Merger consideration. Any sum which is withheld and paid to a taxing authority by the paying agent, Parent and/or the surviving corporation will be deemed to have been paid to the person with regard to whom it is withheld.

At the effective time of the Merger, our stock transfer books will be closed, and there will be no further registration of transfers of shares of Company common stock outstanding prior to the Merger. If, after the effective time of the Merger, certificates are presented to the surviving corporation for transfer, they will be canceled and exchanged for the Merger consideration.

The paying agent and the surviving corporation will not be liable to any person for any cash delivered to a public official pursuant to any applicable abandoned property, escheat or similar law. Any portion of the Merger consideration deposited with the paying agent that remains undistributed to the holders of certificates evidencing shares of our common stock for six months after the effective time of the Merger will be delivered, upon demand, to the surviving corporation. Holders of certificates who have not surrendered their certificates prior to the delivery of such funds to the surviving corporation may only look to the surviving corporation, as general creditors, for the payment of the Merger consideration. Any portion of the Merger consideration that remains unclaimed as of a date that is immediately prior to such time as such amounts would otherwise escheat to or become property of any governmental entity will, to the extent permitted by applicable law, become the property of the surviving corporation free and clear of any claims or interest of any person previously entitled to the Merger consideration.

If your certificates have been lost, stolen or destroyed, upon making an affidavit of that fact, and if required by Parent or the surviving corporation, posting a bond as indemnity against any claim with respect to the certificates, the exchange agent will issue Merger consideration in exchange for your lost, stolen, or destroyed stock certificates.

For information with respect to dissenters rights of appraisal under the DGCL, see Dissenters Rights of Appraisal.

Representations and Warranties

The Company makes various representations and warranties in the Merger Agreement that are subject, in some cases, to exceptions and qualifications. Our representations and warranties relate to, among other things:

- the Company and its subsidiaries due incorporation, valid existence, good standing and qualification to do business;
- our certificate of incorporation and bylaws;
- our capitalization, including in particular the number of shares of Company common stock and stock options;
- our subsidiaries;
- our corporate power and authority to enter into the Merger Agreement and to consummate the transactions contemplated by the Merger Agreement;
- the required vote of our stockholders in connection with the adoption of the Merger Agreement;
- the approval and recommendation by the Board of Directors of the Merger Agreement, the Merger and the other transactions contemplated by the Merger Agreement;
- the required consents and approvals of governmental entities in connection with the transactions contemplated by the Merger Agreement;
- the absence of certain specified violations of, or conflicts with, our governing documents, applicable law or certain agreements as a result of entering into the Merger Agreement and consummating the Merger;
- our SEC periodic reports for the fiscal year ended May 29, 2004 and each fiscal period thereafter, including the financial statements contained therein;
- our disclosure controls and procedures and internal controls over financial reporting;
- our compliance with the Sarbanes-Oxley Act of 2002;

the absence of certain undisclosed liabilities;

the absence of a Company Material Adverse Effect and certain other changes or events related to the Company or its subsidiaries since November 26, 2005;

legal proceedings and governmental orders;

tangible personal property and real property;

taxes;

compliance with applicable laws and permits;

employment and labor matters affecting the Company or its subsidiaries, including matters relating to the Company or its subsidiaries employee benefit plans;

material contracts;

intellectual property;

environmental matters;

affiliate transactions;

the receipt by the Board of Directors of a fairness opinion from Goldman Sachs;

- the inapplicability to the Merger Agreement and the Merger of restrictions imposed on business combinations by Section 203 of the DGCL; and

- the absence of undisclosed broker s fees.

For purposes of the Merger Agreement, Company Material Adverse Effect means a material adverse effect on the assets and liabilities (taken as a whole), business, results of operations or financial condition, in each case, of the Company and its subsidiaries, taken as a whole, or on the Company s ability to perform its obligations under the Merger Agreement. However, any adverse effect arising out of, resulting from or attributable to any one or more of the following matters will not be taken into account in determining whether there has been a Company Material Adverse Effect and will not constitute a Company Material Adverse Effect:

- general changes in economic, regulatory or political conditions or financial or securities markets, unless such changes would reasonably be expected to have a materially disproportionate impact on the Company and its subsidiaries (taken as a whole) assets and liabilities (taken as a whole), business, results of operations or financial condition, relative to other industry participants;

- general changes in conditions affecting any of the industries or markets in which we operate, unless such changes would reasonably be expected to have a materially disproportionate impact on the Company and its subsidiaries (taken as a whole) assets and liabilities (taken as a whole), business, results of operations or financial condition, relative to other industry participants;

- the announcement or execution of the Merger Agreement or the consummation of any of the transactions contemplated by it;

- any change in the market price or trading volume of the Company s securities;

- any change in any laws or generally accepted accounting principles or their interpretation;

- any fluctuation in sales or earnings that is consistent with the Company s past operating history;

- the failure of the Company to meet analysts expectations; or

- any failures of the Company to take any action described in the section below headed Conduct of the Company s Business Pending the Merger due to Parent s withholding of consent to such action following written notice from the Company that the withholding of such consent would reasonably be expected to have a Company Material Adverse Effect.

The Merger Agreement also contains various representations and warranties made by Parent and Merger Sub that are subject, in some cases, to exceptions and qualifications. The representations and warranties relate to, among other things:

- their due incorporation, valid existence and good standing;

- their corporate power and authority to enter into the Merger Agreement and to consummate the transactions contemplated by the Merger Agreement;

the required consents and approvals of governmental entities in connection with the transactions contemplated by the Merger Agreement;

the absence of any certain specified violations of, or conflicts with, their governing documents, applicable law or certain agreements as a result of entering into the Merger Agreement and consummating the Merger;

purpose and capitalization of Merger Sub;

Parent s financing for the Merger;

their lack of ownership of Company common stock;

the absence of any undisclosed agreements between Parent or Merger Sub and any officer or director of the Company;

- the absence of undisclosed broker s fees; and
- the solvency of Parent and the surviving corporation as of the effective time of the Merger (and giving effect to the consummation of the Merger and the other transactions contemplated by the Merger Agreement).

The representations and warranties in the Merger Agreement of each of the Company, Parent and Merger Sub will expire upon the effective time of the Merger.

Conduct of the Company s Business Pending the Merger

Under the Merger Agreement, the Company has agreed that, subject to certain exceptions, between January 18, 2006 and the completion of the Merger, unless Parent gives its prior consent:

- the Company and its subsidiaries will conduct business in all material respects in the ordinary course of business; and
- the Company will use reasonable best efforts to preserve substantially intact their business organizations and the goodwill of those having business relationships with them and retain the services of their present officers and key employees.

The Company has also agreed that, during the same time period, subject to certain exceptions, neither the Company nor any of its subsidiaries will take any of the following actions, unless Parent gives its prior written consent:

- issue additional shares of, grant options or rights to acquire, or take certain other actions that would encumber, its capital stock;
- redeem outstanding shares of its capital stock;
- split, combine, subdivide or reclassify any shares of its capital stock or declare, or pay any dividend distribution;
- incur indebtedness, or guarantee any indebtedness, in excess of $2,500,000 in the aggregate (other than borrowings under the Company s existing letter of credit and line of credit facilities and guaranties of real property leases in the ordinary course of business) or make certain loans, advances or capital contributions;
- sell or otherwise transfer or dispose of any of its properties or assets with a value in excess of $3,000,000 other than to the Company or a wholly-owned subsidiary of the Company, or cancel or assign any indebtedness in excess of $3,000,000 (subject to certain exceptions);
- grant a license to any material intellectual property;

enter into any contract containing any non-competition covenant (other than real property leases in the ordinary course of business);

make any material acquisition or investment other than

purchases of inventory, supplies and other assets in the ordinary course of business and investments made in accordance with the Company s cash management policies in the ordinary course of business consistent with past practice, or

to the extent contemplated by the Company s capital expenditure budget for fiscal years 2006 or 2007;

increase the rate or terms of compensation payable by it to any of its directors, officers or employees;

enter into any employment or severance agreement with or grant or increase the rate or terms of any bonus, pension, severance or other employee benefit plan or arrangement with, for or in respect of any

of its directors, officers or employees or make any severance or termination payment to any such person, except that we may enter into employment agreements with certain specified persons (see The Merger Interests of the Company s Directors and Executive Officers in the Merger Potential Employment Arrangements);

enter into, terminate, amend or waive provisions under any collective bargaining agreement or benefit plan;

amend the Company s certificate of incorporation or bylaws;

make any change in accounting policies or procedures, except as required by generally accepted accounting principles or by a governmental entity;

except as required by applicable law, make or change any election in respect of taxes or adopt or change any material accounting method in respect of taxes; enter into any tax allocation agreement, tax sharing agreement or closing agreement; or settle or compromise any claim, notice, audit report or assessment in respect of taxes individually in excess of $500,000 or in the aggregate in excess of $2,000,000;

write up, write down or write off the book value of any assets, individually or in the aggregate, in excess of $1,000,000, except in accordance with generally accepted accounting principles;

except as permitted by the non-solicitation provisions of the Merger Agreement (described below in the section headed No Solicitation of Alternative Proposals), take any action to exempt any person (other than Parent or Merger Sub) from state laws that purport to limit or restrict business combinations or the ability to acquire or vote shares;

implement any layoff of employees that would implicate the Worker Adjustment and Retraining Notification Act of 1988, as amended;

settle any litigation that is not covered by insurance for an amount in excess of $1,000,000 per litigation;

amend, modify in any material respect or terminate (other than in accordance with its terms) any contract pursuant to which it has expended in fiscal year 2005, or expects to expend in fiscal year 2006, in excess of $1,500,000;

enter into any contract under which it expects to expend in excess of $1,500,000 during fiscal year 2006, other than

purchases of inventory, supplies and assets in the ordinary course of business;

to the extent contemplated by the Company s budget for fiscal year 2006; and

contracts contemplated and not prohibited by other specific provisions of such covenant; or

commit to take any of the actions described above.

No Solicitation of Alternative Proposals

We have agreed that the Company and its subsidiaries, and their respective officers, directors, agents and representatives, will not, and we are required to use our reasonable best efforts to cause the Company and its subsidiaries other employees not to:

- initiate or solicit (including by furnishing non-public information) or knowingly take any other action to facilitate the making of any proposal or offer that constitutes, or is reasonably expected to lead to, an Alternative Proposal (described below); or

- engage in any substantive discussions or any negotiations concerning, or provide any non-public information with respect to, an Alternative Proposal.

For purposes of the Merger Agreement, an Alternative Proposal is any offer, proposal or indication of interest that relates to:

- a transaction or series of transactions (including any merger, consolidation, recapitalization, liquidation or other direct or indirect business combination) involving the Company or the issuance or acquisition of shares of Company common stock or other equity securities of the Company representing 15% (in number or voting power) or more of the outstanding capital stock of the Company;
- any tender offer or exchange offer that, if consummated, would result in any person, together with all affiliates of such person, becoming the beneficial owner of shares of Company common stock or other equity securities of the Company representing 15% (in number or voting power) or more of the outstanding capital stock of the Company; or
- the acquisition, license, purchase or other disposition of 15% or more of the consolidated assets of the Company or of a business that constitutes 15% or more of the consolidated revenues or consolidated net income of the Company.

Prior to adoption of the Merger Agreement by our stockholders, we may engage in substantive discussions or negotiations with a person that makes a bona fide written Alternative Proposal (under circumstances in which the Company has complied with its non-solicitation obligations described above) and may furnish such person information concerning, and may afford it access to, the Company, its subsidiaries and their businesses, properties, assets, books and records if:

- the Board of Directors determines in its good faith judgment, after consultation with the Company s financial advisor and outside counsel, that such Alternative Proposal is, or is reasonably likely to lead to, a Superior Proposal (described below), and
- prior to furnishing such information or access to, or entering into substantive discussions or negotiations with, such person,
  - we receive a confidentiality agreement from such person that is not less restrictive than the confidentiality agreement we have entered into with Bain Capital, and
  - we notify Parent of our intent to furnish information to, or intent to enter into substantive discussions or negotiations with, such person.

For purposes of the Merger Agreement, Superior Proposal means any bona fide written Alternative Proposal (provided, that for purposes of this definition, the applicable percentages in the definition of Alternative Proposal are 50% rather than 15%) which the Board of Directors determines in good faith, after consultation with the Company s outside counsel and financial advisor,

- is reasonably capable of being consummated, and
- if consummated, would result in a transaction that is more favorable to the Company s stockholders (other than Parent, Merger Sub and their respective affiliates), from a financial point of view, than the Merger

taking into account, in each case, among other things, the terms of such Alternative Proposal and such legal, financial, regulatory, timing and other aspects of such Alternative Proposal, including the person making such Alternative Proposal, which the Board of Directors deems relevant.

Additionally, we may:

- comply with Rules 14e-2 and 14d-9 under the Exchange Act with regard to a tender or exchange offer, and make a stop-look-and-listen communication to the Company s stockholders of the nature contemplated by Rule 14d-9 under the Exchange Act; and

- make such other disclosures to the Company s stockholders, and take such other actions, as are required by law.

Except as required in order to comply with its fiduciary duties under applicable law (see Additional Covenants Stockholders Meeting) or as set forth below, the Board of Directors may not withdraw or modify its approval or recommendation of the Merger and the Merger Agreement. The Board of Directors also may not approve or recommend an Alternative Proposal or cause the Company or any of its subsidiaries to enter into any agreement (other than a confidentiality agreement described above) related to any Alternative Proposal. Notwithstanding the foregoing, at any time prior to the adoption of the Merger Agreement by the Company s stockholders, if the Board of Directors determines in its good faith judgment, after consultation with the Company s financial advisor and outside counsel, that any unsolicited Alternative Proposal is a Superior Proposal, the Board of Directors may:

withdraw or modify its approval or recommendation of the Merger and the Merger Agreement;

approve or recommend such Superior Proposal;

cause the Company or any of its subsidiaries to enter into an agreement with respect to such Superior Proposal; and

terminate the Merger Agreement, in which case the Company will be required to pay Parent a $70 million termination fee. See Termination and Termination Fees below.

Prior to terminating the Merger Agreement,

we must give Parent two business days notice, attaching the executed copy (or latest draft) of the Superior Proposal agreement (which notice must only be given once unless the Superior Proposal is modified in any material respect); and

if within those two business days, Parent makes an offer that the Board of Directors determines in good faith is at least as favorable to the Company s stockholders (other than Parent, Merger Sub and their respective affiliates), from a financial point of view, as the Superior Proposal, and Parent agrees in writing to all adjustments in the terms and conditions of the Merger Agreement necessary to reflect its offer, then our notice of termination will be rescinded and, if we have entered into a Superior Proposal agreement, we must promptly terminate the Superior Proposal agreement.

We have also agreed:

to cease any solicitation, discussions or negotiations by or on behalf of us with any person conducted prior to the execution of the Merger Agreement with respect to any Alternative Proposal; and

to promptly advise Parent in writing of any Alternative Proposal, specifying in writing the material terms of and the identity of the person making such Alternative Proposal.

Employee Benefit Plans

Under the Merger Agreement, Parent has agreed that it will, and will cause the surviving corporation to:

honor the terms of all of the Company s and its subsidiaries benefit plans;

for two years following the closing of the Merger, provide the surviving corporation and its subsidiaries employees compensation and employee benefits (other than any equity-based benefits) that, in the aggregate, are no less favorable than the compensation and employee benefits for such employees immediately prior to the closing of the Merger;

credit all service with the Company and its subsidiaries for all purposes under any employee benefit plan applicable to employees of the surviving corporation or its subsidiaries after the closing of the Merger to the extent recognized by us under a corresponding benefit plan;

in the plan year in which the closing of the Merger occurs, use reasonable best efforts to waive any pre-existing condition or limitation or exclusion with respect to the Company s and its subsidiaries

employees under any group health plan or other welfare benefit plan to the extent waived or satisfied under an analogous plan of the Company and its subsidiaries; and

in the plan year in which the closing of the Merger occurs, use reasonable best efforts to recognize the dollar amount of all expenses incurred by the Company s and its subsidiaries employees and their dependents for purposes of deductibles, co-payments and maximum out-of-pocket limits under any group health plan to the extent recognized under an analogous plan of the Company and its subsidiaries.

The foregoing will not be deemed for the benefit of, or enforceable by, or give any legal rights to, any person not a party to the Merger Agreement, including any employee of the surviving corporation.

Indemnification; Directors and Officers Insurance

The Merger Agreement provides that, after the Merger, Parent and the surviving corporation will, jointly and severally, and Parent will cause the surviving corporation to, undertake certain indemnification obligations with respect to individuals who are now, or have been at any time prior to the execution of the Merger Agreement, a director or officer of the Company or any of its subsidiaries, or an employee of the Company or any of its subsidiaries providing services to or for such a director or officer in connection with the Merger Agreement or any of the transactions contemplated by the Merger Agreement. Additionally, the Merger Agreement provides that the surviving corporation will provide for a period of six years after the Merger becomes effective, directors and officers liability insurance covering certain persons. See The Merger Interests of the Company s Directors and Executive Officers in the Merger Indemnification and Insurance for a more detailed discussion of these obligations.

Access to Information, Financing and Cooperation

Until the Merger is effective, on reasonable notice and subject to applicable law, the terms of the confidentiality agreement with Bain Capital and certain exceptions, we have agreed to afford Parent and its representatives, including its debt financing sources, reasonable access to our properties, books, contracts, commitments and records, and to our officers, directors, employees and representatives and to provide Parent or its representatives with certain documentation and information.

Parent and Merger Sub have agreed to use reasonable best efforts to obtain the Financing, including entering into definitive agreements on terms and conditions set forth in the Financing Commitments, or on the same or more favorable terms than those set forth in the Financing Commitments or other terms acceptable to Parent in its sole discretion. In the event that any portion of the Financing becomes unavailable, Parent and Merger Sub have agreed to use their reasonable best efforts to arrange to obtain alternate financing as promptly as practicable from alternative sources on the same or more favorable terms than those set forth in the Financing Commitments or other terms and conditions acceptable to Parent in its sole discretion. However, in no event will Bain Capital be required to provide a greater amount of equity financing than is contemplated by the Equity Commitment. See Financing.

Parent and Merger Sub have agreed to comply, and to cause their affiliates to, and to use reasonable best efforts to cause their representatives to, comply with the terms of the Financing Commitments, the definitive financing agreements, any alternate financing commitment and any related fee and engagement letters. Parent has also agreed to:

furnish complete, correct and executed copies of the definitive financing agreements to us promptly upon their execution;

give us prompt notice of any breach by any party of any of the Financing Commitments, any alternate financing commitment or the definitive financing agreements of which Parent or Merger Sub becomes aware or any termination thereof; and

otherwise at our reasonable request inform us of the status of its efforts to arrange the Financing.

We have agreed, and have agreed to cause our subsidiaries, to reasonably cooperate with Parent and its affiliates in connection with the Financing, including:

participation in due diligence sessions, meetings, drafting sessions, management preparation sessions, road shows and sessions with rating agencies;

assisting Parent in obtaining any title insurance, lien waivers, estoppels, affidavits, non-disturbance agreements, memoranda of leases, legal opinions, surveys or other documents or deliveries;

using reasonable best efforts to prepare certain business projections, financial statements, pro forma statements and other financial data;

the execution and delivery of underwriting or placement agreements, loan agreements, note purchase agreements, registration rights agreements, indentures and related documents (which will only be effective upon closing of the Merger), and using reasonable best efforts to obtain accountants comfort letters and consents, all as reasonably requested by Parent;

reasonably facilitating the pledging of collateral;

providing the financial information necessary for the satisfaction of the obligations and conditions set forth in the Debt Commitments (see Financing); and

reasonably cooperating with Parent s financing sources and their representatives in connection with an inventory appraisal and a field examination.

Parent has agreed that the requested financing cooperation will not unreasonably interfere with our ongoing operations and neither the Company nor its subsidiaries will be required to make any payment or expenditure in connection with the financing cooperation described above in excess of $250,000 in the aggregate. Parent has agreed to reimburse us for all reasonable out of pocket costs in excess of $250,000 promptly upon our request, and if the Merger Agreement is terminated by the Company due to Parent s or Merger Sub s uncured breach or by Parent because the Outside Date (as defined below under Termination) has been reached (see Termination), Parent will promptly reimburse us for all of our financing cooperation costs, including amounts below $250,000.

Additional Covenants

The Merger Agreement contains additional covenants regarding the conduct of the parties prior to the Merger, some of which are described below.

Stockholders Meeting

The Merger Agreement requires us to give notice of and hold the special meeting to consider the proposal to adopt the Merger Agreement. The Board of Directors is required to recommend that the Company s stockholders vote in favor of the adoption of the Merger Agreement, except that:

- The Board of Directors may withdraw, modify or amend its recommendation in connection with the Board of Director s approval of a Superior Proposal. See No Solicitation of Alternative Proposals.

- The Board of Directors may withdraw, modify or amend its recommendation other than in connection with an Alternative Proposal, if the Board of Directors determines in good faith (after consultation with the Company s outside counsel) that such action is required for the Board of Directors to comply with its fiduciary duties under applicable law. In such case, the Company is still required to hold the special meeting and the Voting Agreement will remain in effect. See The Voting Agreement.

Table of Contents

Further Assurances

The Company, Parent and Merger Sub have agreed to use all reasonable best efforts to take all actions necessary to comply with legal requirements, prepare and file all necessary documentation to obtain permits, consents, approvals and authorizations of all governmental entities necessary or advisable in connection with consummating the transactions contemplated in the Merger Agreement.

Obligations of Merger Sub

Prior to the effectiveness of the Merger or the termination of the Merger Agreement, Parent and Merger Sub have agreed that:

Merger Sub will not, and Parent will cause Merger Sub not to, undertake any businesses activities other than in connection with the Merger Agreement and the Merger;

Parent will take all actions necessary to cause Merger Sub to perform its obligations under the Merger Agreement and to consummate the Merger; and

Parent and Merger Sub will not engage in any action or enter into any transaction or permit any action to be taken or transaction to be entered into that could reasonably be expected to delay the consummation or adversely affect the Merger or any of the other transactions contemplated by the Merger Agreement.

Conditions to the Merger

The obligations of the parties to complete the Merger are subject to the satisfaction or waiver of the following mutual conditions:

Stockholder Approval. The adoption of the Merger Agreement by our stockholders.

Statutes. No statute, rule or regulation having been enacted or promulgated by a governmental entity that prohibits the completion of the Merger.

Injunctions. No judgment, order, writ, decree or injunction of any governmental entity being in effect that precludes, restrains, enjoins or prohibits the completion of the Merger.

HSR Act. Any applicable waiting period under the HSR Act having expired or been terminated (this condition was satisfied on February 10, 2006).

The obligations of Parent and Merger Sub to complete the Merger are subject to the satisfaction or waiver of the following additional conditions:

Performance and Obligations. The performance, in all material respects, by the Company of its agreements and covenants in the Merger Agreement.

Representations and Warranties.

The truth and correctness of the Company s representations and warranties on the day of the closing of the Merger (except for representations and warranties that expressly speak only as of a specific date or time, which need only be true and correct as of such date or time), subject to the following qualifications:

Our representations and warranties regarding certain matters relating to our due incorporation, existence, good standing and qualification to do business, certificate of incorporation and bylaws, capitalization, subsidiaries, power and authority, required vote of our stockholders in connection with the adoption of the Merger Agreement, affiliate transactions, receipt of Goldman Sachs fairness opinion, Section 203 of the DGCL and the absence of undisclosed broker s fees must be true and correct in all material respects;

our representations and warranties qualified with respect to a Company Material Adverse Effect must be true and correct in all respects (giving effect to that qualification); and

all of our other representations and warranties must be true and correct except where the failure of such representations and warranties to be so true and correct would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect (disregarding any materiality qualifications, other than provisions that expressly require the listing of material items on the Company s disclosure schedules or that expressly permit the exclusion of immaterial items from any such list).

Closing Certificate. Our delivery to Parent at the closing of a certificate with respect to the satisfaction of the conditions relating to our representations, warranties, covenants and agreements.

Non-Competition Agreements. Monroe Milstein, Andrew Milstein and Stephen Milstein having entered into Non-Competition Agreements with the Company, which agreements provide, among other things and subject to certain exceptions, that for one year after the Merger the Milsteins and their affiliates will not compete with the Company, and for three years after the Merger they will not disclose certain confidential information of the Company or solicit for employment or hire any employees of the Company. These agreements do not provide for any payments to the Milsteins. Monroe Milstein, Andrew Milstein and Stephen Milstein have indicated to the Company that they intend to enter into these agreements at the closing of the Merger. The form of Non-Competition Agreement is attached as Exhibit A to the Merger Agreement, which is attached to this proxy statement as Appendix A.

No Governmental Proceedings. No governmental entity having initiated any suit, proceeding, hearing or investigation involving the Company, Parent or Merger Sub where an unfavorable judgment, order, writ, decree or injunction would prevent the consummation of the transactions contemplated by the Merger Agreement, cause any of such transactions to be rescinded following consummation or affect adversely the right of Parent to own the capital stock of the surviving corporation and to operate its business.

Dissenting Shares. Holders of no more than 5% of the outstanding shares of Company common stock having exercised (and not withdrawn or failed to perfect) appraisal rights under Section 262 of the DGCL. See Dissenters Rights of Appraisal.

Our obligation to complete the Merger is subject to the following additional conditions:

Representations and Warranties. The truth and correctness in all material respects of Parent s and Merger Sub s representations and warranties on the day of the closing of the Merger (except for representations and warranties that expressly speak only as of a specific date or time, which need only be true and correct in all material respects as of such date or time), except that representations and warranties that contain qualifications with respect to materiality must be true and correct in all respects (giving effect to that qualification).

Performance and Obligations. The performance, in all material respects, by Parent and Merger Sub of their agreements and covenants in the Merger Agreement.

Closing Certificate. The delivery by Parent at the closing of the Merger of a certificate with respect to the satisfaction of the conditions relating to Parent s and Merger Sub s representations, warranties, covenants and agreements.

Termination

The Merger Agreement may be terminated and the Merger may be abandoned at any time prior to the effective time of the Merger, whether before or after stockholder approval has been obtained, as follows:

by mutual written consent of the parties;

by either the Company or Parent, if:

any governmental entity has issued an order, decree or ruling or taken any other action permanently restraining, enjoining or otherwise prohibiting the Merger and such order or other action is final and non-appealable;

the closing has not occurred on or before June 30, 2006, except that under certain conditions such date will be extended to August 14, 2006 (the Outside Date);

any state or federal law, order, rule or regulation is adopted or issued which has the effect of prohibiting the Merger;

the Company s stockholders do not adopt the Merger Agreement at the special meeting (or any postponement or adjournment thereof);

there is a material breach by the non-terminating party of any of its representations, warranties, covenants or agreements in the Merger Agreement such that the closing conditions with respect thereto would not be satisfied and such breach has not been cured within 45 days following notice by the terminating party or cannot be cured by the Outside Date;

by the Company, if the Board of Directors approves a Superior Proposal in accordance with the terms of the Merger Agreement described above under No Solicitation of Alternative Proposals ; and

by Parent, if the Board of Directors withdraws or modifies in a manner adverse to Parent its recommendation that the Company s stockholders adopt the Merger Agreement or recommends to stockholders an Alternative Proposal or Superior Proposal, or the Company enters into a definitive agreement with respect thereto.

In some cases, termination of the Merger Agreement may require us to pay a termination fee to Parent, or require Parent to pay a termination fee to us, as described below under Termination Fees.

Termination Fees

We have agreed to pay to Parent a termination fee of $70 million at or prior to termination of the Merger Agreement by the Company or within two business days of termination of the Merger Agreement by Parent if:

the Company terminates the Merger Agreement because the Board of Directors approves a Superior Proposal in accordance with the terms of the Merger Agreement described above under No Solicitation of Alternative Proposals ; or

Parent terminates the Merger Agreement because the Board of Directors withdraws or modifies in a manner adverse to Parent its recommendation that the Company s stockholders adopt the Merger Agreement or recommends to stockholders an Alternative Proposal or Superior Proposal, or the Company enters into a definitive agreement with respect thereto.

We have agreed to pay Parent a termination fee of $70 million within two business days after the consummation of the Alternative Proposal described below if:

(i) Parent or the Company terminates the Merger Agreement because the Merger has not been effected by the Outside Date (unless Parent is required to pay the Company a termination fee as described below) or (ii) Parent terminates the Merger Agreement because the Company s stockholders do not adopt the Merger Agreement at the special meeting (or any postponement or adjournment thereof),

and

at the time of termination an Alternative Proposal is outstanding (provided that, in this case, the applicable percentages in the definition of Alternative Proposal are 50% rather than 15%); and

the Company consummates a transaction agreement with respect to that Alternative Proposal within 12 months of the date of termination; or

Parent terminates the Merger Agreement due to a material, knowing breach by the Company of its representations, warranties, covenants or agreements in the Merger Agreement such that the closing conditions with respect thereto would not be satisfied (subject to the applicable cure period), and

at the time of termination an Alternative Proposal is outstanding (provided that, in this case, the applicable percentages in the definition of Alternative Proposal are 50% rather than 15%) ; and

the Company consummates a transaction agreement with respect to that Alternative Proposal within 12 months of the date of termination.

Parent has agreed to pay us a termination fee of $70 million within two business days of termination of the Merger Agreement if:

Parent terminates the Merger Agreement because the Merger has not been effected by the Outside Date and at the time of termination Parent or Merger Sub has breached its representations, warranties, covenants or agreements in the Merger Agreement such that the closing conditions with respect thereto would not be satisfied (subject to the applicable cure period);

the Company terminates the Merger Agreement because the Merger has not been effected by the Outside Date and at the time of such termination

the Merger Agreement has been adopted by the Company s stockholders;

no statue, rule or regulation has been enacted that prohibits the completion of the Merger;

no judgment, order, writ, decree or injunction is in effect that precludes the completion of the Merger;

we have not breached our representations, warranties, covenants or agreements under the Merger Agreement such that the closing conditions with respect thereto would not be satisfied;

we have obtained all governmental approvals we are required to obtain by the closing of the Merger;

Monroe Milstein, Andrew Milstein and Stephen Milstein have indicated in writing their willingness to enter into their Non-Competition Agreements; and

holders of no more than 5% of the outstanding shares of Company common stock shall have exercised (and not withdrawn or failed to perfect) appraisal rights under Section 262 of the DGCL; or

the Company terminates the Merger Agreement due to a breach by Parent or Merger Sub of any of its representations, warranties, covenants or agreements under the Merger Agreement such that the closing conditions with respect thereto would not be satisfied (subject to the applicable cure period).

Amendment and Waiver

Subject to applicable law, the Merger Agreement may be amended by the written agreement of the parties at any time prior to the effective time of the Merger, whether before or after the adoption of the Merger Agreement by our stockholders.

The Merger Agreement also provides that, at any time prior to the effective time of the Merger, any party may, by written agreement:

- extend the time for the performance of any of the obligations or other acts of the other parties to the Merger Agreement;
- waive any inaccuracies in the representations and warranties contained in the Merger Agreement or in any document delivered pursuant to the Merger Agreement; or
- waive compliance with any of the agreements or conditions contained in the Merger Agreement which may be legally waived.

Table of Contents

THE VOTING AGREEMENT

This section describes the Voting Agreement among Parent and the Milstein Stockholders. The description is not complete, and you should read the Voting Agreement for a more complete understanding of its terms. The complete text of the Voting Agreement is attached to this proxy statement as Appendix B and is incorporated by reference into this proxy statement.

Pursuant to the Voting Agreement, the Milstein Stockholders have agreed to vote or cause to be voted all of their shares of Company common stock in favor of the adoption of the Merger Agreement and, except with the written consent of Parent, against any Alternative Proposal. As of March 8, 2006, 27,251,340 shares of Company common stock, or approximately 60.9% of the outstanding shares, were subject to the Voting Agreement. The Voting Agreement will terminate on the earlier of the effective time of the Merger or the termination of the Merger Agreement. None of the Milstein Stockholders has received or will receive any compensation or other remuneration from the Company, Bain Capital or any of their affiliates for entering into the Voting Agreement.

Each Milstein Stockholder has irrevocably appointed Parent as his or its proxy to vote such stockholder s shares of Company common stock for the matters described above. In addition, each Milstein Stockholder has agreed generally that he or it will not:

- directly or indirectly transfer any shares of Company common stock other than (i) pursuant to the Merger Agreement, (ii) to any other Milstein Stockholder or (iii) to any third party that agrees to enter into a voting agreement with Parent that is identical to the Voting Agreement (provided, that prior to the date of this proxy statement, Parent consented to charitable donations by Andrew Milstein of 110,000 shares of Company common stock, by Stephen Milstein of 250,000 shares of Company common stock, by the MM 2005 Intangibles Trust of 115,000 shares of Company common stock, and by Lazer Milstein of 75,000 shares of Company common stock, in each case without requiring that the transferees enter into a voting agreement);

- directly or indirectly grant any proxies, deposit any shares of Company common stock into a voting trust or enter into a voting arrangement that would be inconsistent with or violate the terms of the Voting Agreement;

- take certain actions intended to facilitate any Alternative Proposal or to cause stockholders of the Company not to vote to adopt the Merger Agreement;

- initiate or solicit (including by way of furnishing non-public information) or knowingly take any other action that constitutes, or is reasonably expected to lead to, an Alternative Proposal; or

- engage in any substantive discussions or negotiations concerning, or provide any non-public information with respect to, an Alternative Proposal.

Notwithstanding the foregoing, if and to the extent that the Company is permitted under the terms of the Merger Agreement to provide information to and engage in substantive discussions and negotiations with any person regarding an Alternative Proposal, then the Milstein Stockholders may provide information to and engage in substantive discussions and negotiations with such person and its representatives. See The Merger Agreement No Solicitation of Alternative Proposals.

Pursuant to the Voting Agreement, the Milstein Stockholders have waived their dissenters rights of appraisal under the DGCL. See Dissenters Rights of Appraisal.

Table of Contents

MARKET PRICE OF COMPANY COMMON STOCK

Company common stock is listed on the NYSE under the trading symbol BCF. The following table sets forth, for the periods indicated, the high and low sales prices per share for Company common stock as reported on NYSE:

	HIGH	LOW
Fiscal 2004		
First Quarter Ended August 30, 2003	$ 20.87	$ 17.22
Second Quarter Ended November 29, 2003	$ 22.26	$ 18.70
Third Quarter Ended February 28, 2004	$ 21.68	$ 18.55
Fourth Quarter Ended May 29, 2004	$ 20.48	$ 17.52
Fiscal 2005		
First Quarter Ended August 28, 2004	$ 19.59	$ 17.50
Second Quarter Ended November 27, 2004	$ 24.12	$ 19.21
Third Quarter Ended February 26, 2005	$ 28.00	$ 21.36
Fourth Quarter Ended May 28, 2005	$ 32.85	$ 26.37
Fiscal 2006		
First Quarter Ended August 27, 2005	$ 44.08	$ 32.30
Second Quarter Ended November 26, 2005	$ 41.61	$ 34.32
Third Quarter Ended February 25, 2006	$ 45.40	$ 39.05
Fourth Quarter (through March 9, 2006)	$ 45.20	$ 44.95

On June 24, 2005, which was the trading day immediately prior to the date on which we announced that the Board of Directors was exploring possible strategic alternatives for the Company to enhance stockholder value, the closing price per share of Company common stock on the NYSE was $36.04 per share. On January 17, 2006, which was the last full trading day immediately preceding the public announcement of the proposed Merger, the closing price per share of Company common stock on the NYSE was $44.58. On March 9, 2006, which was the last trading day before this proxy statement was printed, the closing price per share of Company common stock on the NYSE was $45.20. You are encouraged to obtain current market quotations for Company common stock in connection with voting your shares.

As of March 8, 2006, there were 44,770,813 shares of Company common stock outstanding held by approximately 209 holders of record.

On November 14, 2005, the Board of Directors declared an annual cash dividend of $0.04 per share, which was paid on January 9, 2006 to stockholders of record on November 28, 2005. On August 5, 2004, the Board of Directors declared an annual cash dividend of $0.04 per share, which was paid on December 15, 2004 to stockholders of record on November 22, 2004. On August 14, 2003, the Board of Directors declared an annual cash dividend of $0.03 per share, which was paid on December 8, 2003 to stockholders of record on November 14, 2003. In addition, on January 10, 2005, the Board of Directors declared a special cash dividend of $0.56 per share, which was paid on February 21, 2005 to stockholders of record on January 20, 2005.

SECURITY OWNERSHIP BY CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

As of March 8, 2006, the Company had outstanding and entitled to vote (exclusive of treasury shares) 44,770,813 shares of Company common stock. The holders of Company common stock are entitled to vote as a single class and to one vote per share, exercisable in person or by proxy, at all meetings of stockholders.

To the knowledge of the Company, as of March 8, 2006, the following table sets forth the ownership of Company common stock by (i) each person owning more than 5% of the outstanding shares of Company

common stock, (ii) each director, (iii) our Chief Executive Officer and the next four most highly compensated executive officers, and (iv) all directors and executive officers as a group. Each of the Company s directors and executive officers has advised the Company that they plan to vote all of their shares of Company common stock in favor of the adoption of the Merger Agreement. Certain directors and executive officers are also parties to the Voting Agreement. See The Voting Agreement.

Name and Business Address of Beneficial Owner	Number of Shares of Common Stock Beneficially Owned(1)	Percent of Class
Samgray, L.P. (2)(3)(21)	12,000,000 (4)	26.8%
Article Sixth Trust (5)(21)	6,743,984 (4)	15.1%
Monroe G. Milstein (2)(6)(7)	840 (8)(9)(20)	*
Andrew R. Milstein (2)(3)(6)(7)(21)	25,482,284 (4)(10)(19)(20)	56.8%
Stephen E. Milstein (2)(3)(6)(7)(21)	25,750,938 (4)(11)(19)(20)	57.4%
Mark A. Nesci (2)(7)	188,815 (12)(13)(20)	*
Irving Drillings (7) 4740 South Ocean Blvd. Highland Beach, Florida 33487	1,400	*
Roman Ferber (7) 27 Harwood Road Monroe Township, NJ 08831	500	*
Alan G. Silverglat (7) 39 Briarcliff St. Louis, Missouri 63124	100	*
Paul C. Tang (2)	1,507,655 (14)(20)	3.4%
Steven Koster (2)	25,799 (15)(20)	*
Robert Grapski (2)	25,291 (16)(20)	*
Dimensional Fund Advisors Inc. (17) 1299 Ocean Avenue, 11th Floor Santa Monica, CA 90401	2,763,740	6.2%
All directors and executive officers as a group (10 persons)	27,691,684 (18)(20)	61.4%

* Less than 1%.

(1) Except as otherwise indicated, the persons named in the table have sole voting and investment power with respect to all shares of Company common stock shown as beneficially owned by them.

(2) Business address is 1830 Route 130, Burlington, New Jersey 08016.

(3) Samgray, L.P. (Samgray) is a Delaware limited partnership whose general partner is Latzim Family LLC (Latzim), a Delaware limited liability company. Latzim is controlled by its members, Messrs. Andrew R. Milstein, Stephen E. Milstein and Lazer Milstein who may be deemed to share beneficial ownership of the shares of Company common stock owned by Samgray.

(4) Samgray, L.P., Andrew R. Milstein, Stephen E. Milstein, Lazer Milstein and the Article Sixth Trust under the last will and testament of the late Henrietta Milstein have entered into a Voting Agreement dated as of September 23, 2004 (the 2004 Voting Agreement), pursuant to which the parties to the 2004 Voting Agreement have granted an irrevocable proxy to Andrew R. Milstein and Stephen E. Milstein, acting singly, but only in accordance with their unanimous determination, to vote the shares of Company common stock owned by such parties. In case of a deadlock as to how the shares will be voted, Lazer Milstein has the power to decide which position shall prevail. Lazer Milstein will be substituted as one of the proxy holders in case either Andrew R. Milstein or Stephen E. Milstein dies, becomes incapacitated or resigns. As of March 8, 2006, there were an aggregate of 25,255,938 shares of Company common stock subject to the 2004 Voting Agreement representing 56.4% of the issued and outstanding shares of Company common stock.

(5) Trust established under Article Sixth of the last will and testament of the late Henrietta Milstein to receive shares of Company common stock owned by Henrietta Milstein. Lazer Milstein is the trustee of the trust and has voting and dispositive power over the shares, subject to the 2004 Voting Agreement.

(6) Monroe G. Milstein is the father of Andrew, Lazer and Stephen Milstein. Each member of the Milstein family disclaims beneficial ownership of each other s shares of Company common stock.

(7) A director of the Company.

(8) Excludes (a) 308,014 shares of Company common stock representing Monroe G. Milstein s proportionate interest in 1,400,000 shares of Company common stock owned by MHLAS Limited Partnership Number One (MHLAS), of which Monroe G. Milstein is a limited partner, (b) 11,772,216 shares of Company common stock representing Monroe G. Milstein s proportionate interest in 12,000,000 shares of Company common stock owned by Samgray, L.P., of which Monroe G. Milstein is a limited partner, and (c) 352,001 shares owned by the MM 2005 Intangibles Trust, of which Monroe G. Milstein is settlor and beneficiary.

(9) Does not include 6,743,984 shares of Company common stock owned by the Article Sixth Trust, of which Monroe G. Milstein is a beneficiary. Monroe G. Milstein has certain limited dispositive rights with respect to the shares of Company common stock owned by the Article Sixth Trust as to which he disclaims beneficial ownership. Also does not include 2,000 shares of Company common stock held by the wife of Monroe G. Milstein, as to which shares Monroe G. Milstein disclaims beneficial ownership. Also excludes 1,430 shares of Company common stock held by The Estate of Henrietta Milstein. As executor of the Estate of Henrietta Milstein, Monroe G. Milstein has voting and dispositive power over such shares, but Monroe G. Milstein disclaims beneficial ownership of such shares, except to the extent of his pecuniary interest therein.

(10) Includes (a) 79,379 shares of Company common stock held by Andrew R. Milstein as trustee of the Stephen Milstein 1994 Trust, and (b) 13,032 shares of Company common stock held by Andrew R. Milstein as Trustee of the SGM 1995 Trust, trusts established for the benefit of the children of Stephen E. Milstein. Andrew R. Milstein holds voting and dispositive power with respect to the shares but disclaims any pecuniary interest in such shares. Also includes 67,200 shares of Company common stock underlying options granted to Andrew R. Milstein. Excludes 67,475 shares in which Andrew R. Milstein s spouse and Andrew R. Milstein may be deemed to have an indirect interest. Excludes 150,393 shares of Company common stock donated by Andrew R. Milstein to various trusts established for the benefit of the children of Andrew R. Milstein, as to which shares Andrew R. Milstein disclaims beneficial ownership.

(11) Includes (a) 16,068 shares of Company common stock held by Stephen E. Milstein as trustee under the trust agreement dated December 31, 1984 for the benefit of the niece of Stephen E. Milstein and daughter of Andrew R. Milstein, (b) 22,922 shares of Company common stock held by Stephen E. Milstein as trustee under the trust agreement dated November 4, 1988 for the benefit of the nephew of Stephen Milstein and son of Andrew R. Milstein, and (c) 352,001 shares held by Stephen E. Milstein as trustee of the MM 2005 Intangibles Trust for the benefit of Monroe G. Milstein. Stephen E. Milstein holds voting and dispositive power with respect to the shares but disclaims any pecuniary interest in such shares. Also includes 67,200 shares of Company common stock underlying options granted to Stephen E. Milstein. Excludes 126,976 shares of Company common stock donated by Stephen E. Milstein to a trust established for the benefit of his children, as to which shares Stephen E. Milstein disclaims beneficial ownership.

(12) Includes 152,000 shares of Company common stock underlying options granted to Mark A. Nesci.

(13) Includes 3,600 shares of Company common stock held by the minor children of Mark A. Nesci. Excludes 1,800 shares of Company common stock held by the wife of Mark A. Nesci, as to which shares Mark A. Nesci disclaims beneficial ownership.

(14) Includes 17,400 shares of Company common stock underlying options granted to Paul C. Tang. Also includes (a) 43,928 shares held by Paul C. Tang as trustee of the Andrew Milstein 1994 Trust, a trust established for the benefit of Andrew R. Milstein s children, and (b) 34,565 shares held by Paul C. Tang as

trustee of the Stephen E. Milstein 1999 Trust, a trust established for the benefit of Stephen E. Milstein s children. As trustee of these two trusts, Paul C. Tang has voting and dispositive power over the shares of Company common stock held in trust but disclaims any pecuniary interest in such shares. Also includes 1,400,000 shares of Company common stock held by MHLAS and 10,000 shares of Company common stock held by MH Family LLC (MHLLC). MHLAS is a Delaware limited partnership whose general partner is MHLLC, a Delaware limited liability company. MHLLC is controlled by the Henrietta Milstein 2000 Revocable Trust. Paul C. Tang is the trustee of such trust and in such capacity has voting and dispositive power over the shares of Company common stock owned by MHLLC and by MHLAS but disclaims any pecuniary interest in such shares.

(15) Includes 25,000 shares of Company common stock underlying options granted to Steven Koster.

(16) Includes 23,600 shares of Company common stock underlying options granted to Robert Grapski.

(17) Based on information contained in the Amendment to Schedule 13G filed with the United States Securities and Exchange Commission by Dimensional Fund Advisors Inc. on February 6, 2006.

(18) Includes 12,000,000 shares of Company common stock owned by Samgray, L.P., 6,743,984 shares owned by the Article Sixth Trust and 1,826,901 shares owned by Lazer Milstein with respect to which Andrew R. Milstein and Stephen E. Milstein may be deemed to share beneficial ownership. See footnote 4 above. Also includes an aggregate of 290,800 shares of Company common stock underlying options granted to certain officers and directors. Also includes 43,928 shares held by an officer of the Company as trustee of the Andrew Milstein 1994 Trust, a trust established for the benefit of Andrew R. Milstein s children, and 34,565 shares held by an officer of the Company as trustee of the Stephen E. Milstein 1999 Trust, a trust established for the benefit of Stephen E. Milstein s children. Also includes 1,400,000 shares of Company common stock held by MHLAS and 10,000 shares of Company common stock held by MHLLC. MHLAS is a Delaware limited partnership whose general partner is MHLLC, a Delaware limited liability company. MHLLC is controlled by the Henrietta Milstein 2000 Revocable Trust. Paul C. Tang, the general counsel of the Company, is the trustee of such trust and in such capacity has voting and dispositive power over the shares of Company common stock owned by MHLLC and by MHLAS but disclaims any pecuniary interest in such shares.

(19) Includes 36,000 shares of Company common stock owned by 1989 Milstein Holdings Co., of which Andrew R. Milstein and Stephen E. Milstein are co-trustees. As co-trustees, Andrew R. Milstein and Stephen E. Milstein have voting and dispositive power over these shares of Company common stock but disclaim any pecuniary interest in such shares.

(20) Includes shares of Company common stock attributable as of March 8, 2006 to the executive officer indicated by virtue of his participation in the Company s 401(k) and profit sharing plan (the Plan). Participants in the Plan own a portion of the Company Stock Fund, a Plan investment fund option which invests in Company common stock. The shares of Company common stock included are based upon the number of units in the Company Stock Fund owned by the participant on that date, and is subject to change daily based on a number of factors including, without limitation, fluctuation in the market value of the underlying shares, investment gains and losses of the cash portion of the Company Stock Fund and reinvestment of dividends.

(21) These shares of Company common stock are subject to the Voting Agreement, which includes a proxy given to Parent to vote such shares to approve the Merger Agreement during the term of the Voting Agreement. While, as a result, Parent may be deemed the beneficial owner of such shares of Company common stock (and the other shares of Company common stock owned by the other parties to the Voting Agreement), Parent disclaims any such beneficial ownership.

Table of Contents

DISSENTERS RIGHTS OF APPRAISAL

Under the DGCL, you have the right to demand appraisal in connection with the Merger and to receive, in lieu of the Merger consideration, payment in cash for the fair value of your common stock of the Company as determined by the Delaware Court of Chancery. The Company s stockholders electing to exercise appraisal rights must comply with the provisions of Section 262 of the DGCL in order to perfect their rights. The Company will require strict compliance with the statutory procedures.

The following is intended as a brief summary of the material provisions of the Delaware statutory procedures required to be followed by a stockholder in order to demand and perfect appraisal rights. This summary, however, is not a complete statement of all applicable requirements and is qualified in its entirety by reference to Section 262 of the DGCL, the full text of which appears in Appendix D to this proxy statement.

Section 262 requires that stockholders be notified that appraisal rights will be available not less than 20 days before the special meeting to vote on the adoption of the Merger Agreement. A copy of Section 262 must be included with such notice. This proxy statement constitutes the Company s notice to its stockholders of the availability of appraisal rights in connection with the Merger in compliance with the requirements of Section 262. If you wish to consider exercising your appraisal rights, you should carefully review the text of Section 262 contained in Appendix D since failure to timely and properly comply with the requirements of Section 262 will result in the loss of your appraisal rights under Delaware law.

If you elect to demand appraisal of your shares, you must satisfy each of the following conditions:

You must deliver to the Company a written demand for appraisal of your shares before the vote with respect to the Merger Agreement is taken at the special meeting. This written demand for appraisal must be in addition to and separate from any proxy or vote abstaining from or voting against the adoption of the Merger Agreement. Voting against or failing to vote for the adoption of the Merger Agreement by itself does not constitute a demand for appraisal within the meaning of Section 262.

You must not vote in favor of the adoption of the Merger Agreement. A vote in favor of the adoption of the Merger Agreement, by proxy or in person, will constitute a waiver of your appraisal rights in respect of the shares so voted and will nullify any previously filed written demands for appraisal.

You must continuously hold your shares through the effective time of the Merger.

If you fail to comply with any of these conditions and the Merger is completed, you will be entitled to receive the cash payment for your shares of Company common stock as provided for in the Merger Agreement if you are the holder of record at the effective time of the Merger, but you will have no appraisal rights with respect to your shares of Company common stock. A proxy card which is signed and does not contain voting instructions will, unless revoked, be voted FOR the adoption of the Merger Agreement and will constitute a waiver of your right of appraisal and will nullify any previous written demand for appraisal.

All demands for appraisal should be addressed to the Secretary of the Company at Burlington Coat Factory Warehouse Corporation, 1830 Route 130, Burlington, New Jersey 08016, and should be executed by, or on behalf of, the record holder of the shares in respect of which appraisal is being demanded. The demand must reasonably inform the Company of the identity of the stockholder and the intention of the stockholder to demand appraisal of his, her or its shares.

To be effective, a demand for appraisal by a holder of Company common stock must be made by, or on behalf of, such registered stockholder. The demand should set forth, fully and correctly, the registered stockholder s name as it appears on his or her stock certificate(s) and should specify the holder s mailing address and the number of shares registered in the holder s name. The demand must state that the person intends thereby to demand appraisal of the holder s shares in connection with the Merger. Beneficial owners who do not also

54

Table of Contents

hold the shares of record may not directly make appraisal demands to the Company. The beneficial holder must, in such cases, have the registered owner submit the required demand in respect of those shares. If shares are owned of record in a fiduciary capacity, such as by a trustee, guardian or custodian, execution of a demand for appraisal should be made in that capacity; and if the shares are owned of record by more than one person, as in a joint tenancy or tenancy in common, the demand should be executed by or for all joint owners. An authorized agent, including an authorized agent for two or more joint owners, may execute the demand for appraisal for a stockholder of record; however, the agent must identify the record owner or owners and expressly disclose the fact that, in executing the demand, he or she is acting as agent for the record owner. A record owner, such as a broker, who holds shares as a nominee for others, may exercise his or her right of appraisal with respect to the shares held for one or more beneficial owners, while not exercising this right for other beneficial owners. In that case, the written demand should state the number of shares as to which appraisal is sought. Where no number of shares is expressly mentioned, the demand will be presumed to cover all shares held in the name of the record owner.

If you hold your shares of Company common stock in a brokerage account or in other nominee form and you wish to exercise appraisal rights, you should consult with your broker or the other nominee to determine the appropriate procedures for the making of a demand for appraisal by the nominee.

Within 10 days after the effective time of the Merger, the surviving corporation must give written notice that the Merger has become effective to each Company stockholder who has properly filed a written demand for appraisal and who did not vote in favor of the Merger Agreement. At any time within 60 days after the effective time, any stockholder who has demanded an appraisal has the right to withdraw the demand and to accept the cash payment specified by the Merger Agreement for such stockholder s shares of Company common stock. Within 120 days after the effective time, either the surviving corporation or any stockholder who has complied with the requirements of Section 262 may file a petition in the Delaware Court of Chancery, with a copy served on the surviving corporation in the case of a petition filed by a stockholder, demanding a determination of the fair value of the shares held by all stockholders entitled to appraisal. The surviving corporation has no obligation and has no present intention to file such a petition in the event there are dissenting stockholders. Accordingly, it is the obligation of the Company s stockholders to initiate all necessary action to perfect their appraisal rights in respect of shares of Company common stock within the time prescribed in Section 262. The failure of a stockholder to file such a petition within the period specified could nullify the stockholder s previously written demand for appraisal.

If a petition for appraisal is duly filed by a stockholder and a copy of the petition is delivered to the surviving corporation, the surviving corporation will then be obligated, within 20 days after receiving service of a copy of the petition, to provide the Chancery Court with a duly verified list containing the names and addresses of all stockholders who have demanded an appraisal of their shares and with whom agreements as to the value of their shares have not been reached. Within 120 days after the effective time of the Merger, any stockholder who has theretofore complied with the applicable provisions of Section 262 will be entitled, upon written request, to receive from the surviving corporation a statement setting forth the aggregate number of shares of common stock not voting in favor of the Merger and with respect to which demands for appraisal were received by the Company and the number of holders of such shares. Such statement must be mailed within 10 days after the written request therefor has been received by the surviving corporation.

After notice to dissenting stockholders, the Chancery Court will conduct a hearing upon the petition, and determine those stockholders who have complied with Section 262 and who have become entitled to the appraisal rights provided thereby. The Chancery Court may require the stockholders who have demanded payment for their shares to submit their stock certificates to the Register in Chancery for notation thereon of the pendency of the appraisal proceedings; and if any stockholder fails to comply with that direction, the Chancery Court may dismiss the proceedings as to that stockholder.

After determination of the stockholders entitled to appraisal of their shares of Company common stock, the Chancery Court will appraise the shares, determining their fair value exclusive of any element of value arising

Table of Contents

from the accomplishment or expectation of the merger, together with a fair rate of interest, if any, to be paid upon the amount determined to be the fair value. When the value is determined, the Chancery Court will direct the payment of such value, with interest thereon accrued during the pendency of the proceeding, if the Chancery Court so determines, to the stockholders entitled to receive the same, upon surrender by such holders of the certificates representing those shares.

In determining fair value and, if applicable, a fair rate of interest, the Chancery Court is required to take into account all relevant factors. In *Weinberger v. UOP, Inc.*, the Supreme Court of Delaware discussed the factors that could be considered in determining fair value in an appraisal proceeding, stating that proof of value by any techniques or methods that are generally considered acceptable in the financial community and otherwise admissible in court should be considered, and that fair price obviously requires consideration of all relevant factors involving the value of a company. The Delaware Supreme Court stated that, in making this determination of fair value, the court must consider market value, asset value, dividends, earnings prospects, the nature of the enterprise and any other facts that could be ascertained as of the date of the merger that throw any light on future prospects of the merged corporation. Section 262 provides that fair value is to be exclusive of any element of value arising from the accomplishment or expectation of the merger. In *Cede & Co. v. Technicolor, Inc.*, the Delaware Supreme Court stated that such exclusion is a narrow exclusion [that] does not encompass known elements of value, but which rather applies only to the speculative elements of value arising from such accomplishment or expectation. In *Weinberger*, the Supreme Court of Delaware also stated that elements of future value, including the nature of the enterprise, which are known or susceptible of proof as of the date of the merger and not the product of speculation, may be considered. In determining fair value for appraisal purposes under Section 262 of the DGCL, the Chancery Court might, or might not, employ some or all of the valuation analyses utilized by the Company s financial advisors as described in summary fashion under the heading Opinion of the Company s Financial Advisor. You should be aware that the fair value of your shares as determined under Section 262 could be more, the same, or less than the value that you are entitled to receive under the terms of the Merger Agreement.

Costs of the appraisal proceeding may be imposed upon the surviving corporation and the stockholders participating in the appraisal proceeding by the Chancery Court as the Chancery Court deems equitable in the circumstances. Upon the application of a stockholder, the Chancery Court may order all or a portion of the expenses incurred by any stockholder in connection with the appraisal proceeding, including, without limitation, reasonable attorneys fees and the fees and expenses of experts, to be charged pro rata against the value of all shares entitled to appraisal. Any stockholder who had demanded appraisal rights will not, after the effective time, be entitled to vote shares subject to that demand for any purpose or to receive payments of dividends or any other distribution with respect to those shares, other than with respect to payment as of a record date prior to the effective time; however, if no petition for appraisal is filed within 120 days after the effective time of the Merger, or if the stockholder delivers a written withdrawal of such stockholder s demand for appraisal and an acceptance of the terms of the Merger within 60 days after the effective time of the Merger, then the right of that stockholder to appraisal will cease and that stockholder will be entitled to receive the cash payment for shares of his, her or its Company common stock pursuant to the Merger Agreement. Any withdrawal of a demand for appraisal made more than 60 days after the effective time of the Merger may only be made with the written approval of the surviving corporation. Once a petition for appraisal has been filed, the appraisal proceeding may not be dismissed as to any stockholder without the approval of the Chancery Court and such approval may be conditioned upon such terms as the Chancery Court deems just.

Failure to comply with all of the procedures set forth in Section 262 will result in the loss of a stockholder s statutory appraisal rights. In view of the complexity of Section 262, the Company s stockholders who may wish to dissent from the Merger and pursue appraisal rights should consult their legal advisors.

Table of Contents

SUBMISSION OF STOCKHOLDER PROPOSALS

If the Merger is completed, we will not hold a 2006 annual meeting of stockholders. If the Merger is not completed, you will continue to be entitled to attend and participate in our stockholder meetings and we will hold a 2006 annual meeting of stockholders, in which case stockholder proposals will be eligible for consideration for inclusion in the proxy statement and form of proxy for our 2006 annual meeting of stockholders in accordance with Rule 14a-8 under the Securities Exchange Act of 1934, as amended.

Proposals of stockholders to be presented at the 2006 Annual Meeting of Stockholders must be received by the Company at its principal executive offices, 1830 Route 130, Burlington, New Jersey 08016, no later than May 29, 2006 in order to be included in the proxy statement and form of proxy relating to that meeting. Any proposal by a stockholder to be presented at the 2006 Annual Meeting of Stockholders and NOT to be included in the Company s proxy statement must be received at the Company s executive offices, 1830 Route 130, Burlington, New Jersey 08016, no later than the close of business August 10, 2006. Proposals shall be sent to the attention of the Secretary.

OTHER MATTERS

Other Business at the Special Meeting

Management is not aware of any matters to be presented for action at the meeting other than those set forth in this proxy statement. However, should any other business properly come before the meeting, or any adjournment thereof, the enclosed proxy confers upon the persons entitled to vote the shares represented by such proxy, discretionary authority to vote the same in respect of any such other business in accordance with their best judgment in the interest of the Company.

Multiple Stockholders Sharing One Address

In accordance with Rule 14a-3(e)(1) under the Exchange Act, one proxy statement will be delivered to two or more stockholders who share an address, unless the Company has received contrary instructions from one or more of the stockholders. The Company will deliver promptly upon written or oral request a separate copy of the proxy statement to a stockholder at a shared address to which a single copy of the proxy statement was delivered. Requests for additional copies of the proxy statement, and requests that in the future separate proxy statements be sent to stockholders who share an address, should be directed to the Secretary of the Company at Burlington Coat Factory Warehouse Corporation, 1830 Route 130, Burlington, New Jersey 08016, telephone: (609) 387-7800. In addition, stockholders who share a single address but receive multiple copies of the proxy statement may request that in the future they receive a single copy by contacting the Company at the address and phone number set forth in the prior sentence.

WHERE YOU CAN FIND ADDITIONAL INFORMATION

The Company files annual, quarterly and current reports, proxy statements and other information with the SEC. You may read and copy any reports, proxy statements or other information that we file with the SEC at the following location of the SEC:

Public Reference Room

100 F Street, N.E.

Washington, D.C. 20549

Please call the SEC at 1-800-SEC-0330 for further information on the public reference rooms. You may also obtain copies of this information by mail from the Public Reference Section of the SEC, 100 F Street, N.E., Washington, D.C. 20549, at prescribed rates. The Company s public filings are also available to the public from document retrieval services and the Internet website maintained by the SEC at www.sec.gov.

Table of Contents

Reports, proxy statements or other information concerning us may also be inspected at the offices of the New York Stock Exchange at:

20 Broad Street

New York, NY 10005

Any person, including any beneficial owner, to whom this proxy statement is delivered may request copies of reports, proxy statements or other information concerning us, without charge, by written or telephonic request directed to us to the Secretary of the Company at Burlington Coat Factory Warehouse Corporation, 1830 Route 130, Burlington, New Jersey 08016, telephone: (609) 387-7800. If you would like to request documents, please do so by March 27, 2006, in order to receive them before the special meeting.

The SEC allows us to incorporate by reference into this proxy statement documents we file with the SEC. This means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is considered to be a part of this proxy statement, and later information that we file with the SEC will update and supersede that information. We incorporate by reference the documents listed below and any documents filed by us pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date of this proxy statement and prior to the date of the special meeting:

Company Filings:	**Periods:**
Annual Report on Form 10-K	Year ended May 28, 2005
Proxy Statement	2005 Annual Meeting of Stockholders (held on November 8, 2005)
Quarterly Reports on Form 10-Q	Quarter ended August 27, 2005 and Quarter ended November 26, 2005
Current Reports on Form 8-K	Filed September 26, 2005, October 6, 2005, October 24, 2005, November 14, 2005, and January 20, 2006

For the convenience of stockholders, included in the mailing of this proxy statement are copies of the Company s Annual Report to Stockholders for the fiscal year ended May 28, 2005, the Company s Quarterly Report on Form 10-Q for the quarter ended November 26, 2005 and a press release that was included in the Company s Current Report on Form 8-K filed March 3, 2006.

No persons have been authorized to give any information or to make any representations other than those contained in this proxy statement and, if given or made, such information or representations must not be relied upon as having been authorized by us or any other person. This proxy statement is dated March 10, 2006. You should not assume that the information contained in this proxy statement is accurate as of any date other than that date, and the mailing of this proxy statement to stockholders shall not create any implication to the contrary.

Table of Contents

APPENDIX A

AGREEMENT AND PLAN OF MERGER

by and among

BURLINGTON COAT FACTORY WAREHOUSE CORPORATION

BCFWC ACQUISITION, INC.

and

BCFWC MERGERSUB, INC.

Dated as of January 18, 2006

Table of Contents

TABLE OF CONTENTS

			Page
		ARTICLE I	
		DEFINITIONS	
Section 1.1.		Certain Definitions	1
		ARTICLE II	
		THE MERGER	
Section 2.1.		The Merger	8
Section 2.2.		Closing	8
Section 2.3.		Effective Time	8
Section 2.4.		Certificate of Incorporation and By-laws	8
Section 2.5.		Directors and Officers of the Surviving Corporation	8
Section 2.6.		Stockholders Meeting	8
		ARTICLE III	
		CONVERSION OF SECURITIES; TREATMENT OF COMPANY OPTIONS	
Section 3.1.		Conversion of Capital Stock	11
	(a)	Common Stock of Merger Sub	11
	(b)	Cancellation of Certain Shares	11
	(c)	Conversion of Shares	11
Section 3.2.		Exchange of Certificates	11
	(a)	Paying Agent	11
	(b)	Exchange Procedures	11
	(c)	Transfer Books; No Further Ownership Rights in Shares	12
	(d)	Termination of Fund; No Liability	12
	(e)	Withholding Taxes	12
	(f)	Lost, Stolen or Destroyed Certificates	12
Section 3.3.		Dissenting Shares	13
Section 3.4.		Termination and Satisfaction of Company Options	13
		ARTICLE IV	
		REPRESENTATIONS AND WARRANTIES OF THE COMPANY	
Section 4.1.		Corporate Organization	14
Section 4.2.		Capitalization	14
Section 4.3.		Authority	15
Section 4.4.		Consents and Approvals; No Violations	15
Section 4.5.		SEC Documents; Financial Statements; Undisclosed Liabilities	15

Section 4.6.	Absence of Certain Changes or Events	17
Section 4.7.	Litigation	18
Section 4.8.	Personal Property	19

Table of Contents

		Page
Section 4.9.	Real Property	19
Section 4.10.	Taxes	20
Section 4.11.	Compliance with Laws; Permits	20
Section 4.12.	Employee Benefits	20
Section 4.13.	Material Contracts	22
Section 4.14.	Intellectual Property	22
Section 4.15.	Environmental Matters	23
Section 4.16.	Affiliate Transactions	23
Section 4.17.	Opinion of Financial Advisor	24
Section 4.18.	Section 203 of the DGCL	24
Section 4.19.	Broker s Fees	24
Section 4.20.	Labor and Employment Matters	24
Section 4.21.	No Other Representations or Warranties	24

ARTICLE V

REPRESENTATIONS AND WARRANTIES OF PARENT AND MERGER SUB

Section 5.1.	Corporate Organization	25
Section 5.2.	Authority	25
Section 5.3.	Consents and Approvals; No Violations	25
Section 5.4.	Merger Sub	26
Section 5.5.	Sufficient Funds	26
Section 5.6.	Ownership of Shares	26
Section 5.7.	Other Agreements	26
Section 5.8.	Broker s Fees	26
Section 5.9.	Solvency	26

ARTICLE VI

COVENANTS

Section 6.1.	Conduct of Businesses Prior to the Effective Time	28
Section 6.2.	No Solicitation	30
Section 6.3.	Publicity	31
Section 6.4.	Access to Information	32
Section 6.5.	Further Assurances; Regulatory Matters; Notification of Certain Matters	32
Section 6.6.	Employee Benefit Plans	33
Section 6.7.	Indemnification and Insurance	34
Section 6.8.	Obligations of Merger Sub	36

Section 6.9.	Financing	36

Table of Contents

		Page
	ARTICLE VII	
	CONDITIONS	
Section 7.1.	Conditions to Each Party s Obligation to Effect the Merger	38
(a)	Stockholder Approval	38
(b)	Statutes	38
(c)	Injunctions	38
Section 7.2.	Additional Conditions to Obligation of Parent and Merger Sub to Effect the Merger in Certain Cases	38
(a)	Performance of Obligations of the Company	38
(b)	Representations and Warranties	38
(c)	Closing Certificates	38
(d)	Other Company Approvals	38
(e)	Non-Competition Agreement	38
(f)	No Governmental Proceedings	38
(g)	Dissenting Shares	39
Section 7.3.	Additional Conditions to Obligation of the Company to Effect the Merger in Certain Cases	39
(a)	Performance of Obligations of Parent	39
(b)	Representations and Warranties	39
(c)	Closing Certificates	39
(d)	Parent Approvals	39
	ARTICLE VIII	
	TERMINATION	
Section 8.1.	Termination	40
Section 8.2.	Effect of Termination	41
Section 8.3.	Termination Fee	41
	ARTICLE IX	
	MISCELLANEOUS	
Section 9.1.	Amendment and Modification	43
Section 9.2.	Extension; Waiver	43
Section 9.3.	Nonsurvival of Representations and Warranties	43
Section 9.4.	Notices	43
Section 9.5.	Counterparts	44
Section 9.6.	Entire Agreement; Third Party Beneficiaries	44
Section 9.7.	Severability	44
Section 9.8.	Governing Law	44
Section 9.9.	Assignment	44
Section 9.10.	Schedules	45
Section 9.11.	Expenses	45
Section 9.12.	Submission to Jurisdiction; Waivers	45
Section 9.13.	Specific Performance	45
Section 9.14.	Construction of Agreement	45

Table of Contents

	Page
Affiliate	Section 1.1
Agreement	Preamble
Alternative Proposal	Section 1.1
Approved Communications	Section 6.3
Bain	Section 5.5
Benefit Plan.	Section 4.12(b)
Benefit Plans	Section 4.12(b)
Business Day	Section 1.1
Certificate	Section 3.1(c)
Certificate of Merger	Section 1.1
Closing	Section 2.2
Closing Date	Section 2.2
COBRA	Section 1.1
Code	Section 1.1
Company	Preamble
Company By-Laws	Section 4.1(b)
Company Certificate	Section 4.1(b)
Company Disclosure Schedule	Article IV
Company Intellectual Property	Section 4.14(b)
Company Material Adverse Effect	Section 1.1
Company Option	Section 3.4
Company Option Plans	Section 1.1
Company Preferred Stock	Section 4.2(a)
Company Stockholder Approval	Section 4.3(a)
Company Subsidiary	Section 1.1
Company s Knowledge	Section 1.1
Company-Owned Intellectual Property	Section 4.14(a)
Confidentiality Agreement	Section 1.1
Contract	Section 1.1
Debt Commitments	Section 5.5
Definitive Financing Agreements	Section 6.9(a)
DGCL	Section 1.1
Dissenting Shares	Section 3.3
Effective Time	Section 2.3
Environmental Laws	Section 1.1
Environmental Licenses	Section 1.1
Environmental Report	Section 1.1
Equity Commitment	Section 5.5
ERISA	Section 1.1
ERISA Affiliate	Section 1.1
Exchange Act	Section 1.1
Exchange Act Rules	Section 1.1
Financing	Section 5.5
Financing Commitments	Section 5.5
Financing Cooperation Expense Cap	Section 6.9(b)
Fiscal Year 2005	Section 1.1
Fiscal Year 2006	Section 1.1

	Page
GAAP	Section 1.1
Governmental Entity	Section 1.1
HSR Act	Section 1.1
Indemnified Liabilities	Section 6.7(a)
Indemnified Parties	Section 6.7(a)
Indemnified Party	Section 6.7(a)
Intellectual Property	Section 1.1
Law	Section 1.1
Leased Real Property	Section 4.9(b)
Liabilities	Section 1.1
Liens	Section 4.2(b)
Material Contract	Section 1.1
Merger	Recitals

Merger Consideration	Section 3.1(c)
Merger Sub	Preamble
Multiemployer Plan.	Section 1.1
Other Company Approvals	Section 4.4(a)
Owned Real Property	Section 4.9(a)
Parent	Preamble
Parent Approvals	Section 5.3(a)
Parent Material Adverse Effect	Section 5.1
Parent Termination Fee	Section 8.3(d)
Paying Agent	Section 3.2(a)
Permitted Liens	Section 1.1
Person	Section 1.1
Proceeding	Section 6.7(a)
Proxy Statement	Section 2.6(a)(i)
Real Property Lease	Section 1.1
Representatives	Section 6.2(a)
Returns	Section 4.10
SEC	Section 1.1
SEC Documents	Section 4.5(a)
SEC Financial Statements	Section 4.5(b)
Secretary of State	Section 1.1
Securities Act	Section 1.1
Shares	Section 4.2(a)
Solvent	Section 5.9
Special Meeting	Section 2.6(a)(iii)
Subsidiary	Section 1.1
Superior Proposal	Section 1.1
Superior Proposal Agreement	Section 6.2(c)
Surviving Corporation	Section 2.1
Tax	Section 1.1
Termination Fee	Section 8.3(a)
Transactions	Recitals
Voting Agreement	Recitals

Table of Contents

AGREEMENT AND PLAN OF MERGER

AGREEMENT AND PLAN OF MERGER (this *Agreement*), dated as of January 18, 2006, by and among Burlington Coat Factory Warehouse Corporation, a Delaware corporation (the *Company*), BCFWC Acquisition, Inc., a Delaware corporation (*Parent*), and BCFWC Mergersub, Inc., a Delaware corporation and a wholly owned subsidiary of Parent (*Merger Sub*).

Recitals

WHEREAS, the respective Boards of Directors of the Company, Parent and Merger Sub have determined it to be advisable and in the best interests of their respective stockholders for Parent to acquire the Company by means of the merger of Merger Sub with and into the Company (the *Merger*), on the terms and subject to the conditions set forth in this Agreement;

WHEREAS, the Board of Directors of each of the Company, Parent and Merger Sub has approved and declared advisable this Agreement, including all the terms and conditions set forth herein, and all the transactions contemplated hereby, including the Merger (collectively, the *Transactions*);

WHEREAS, concurrently with the execution and delivery of this Agreement and as a condition to Parent and Merger Sub s willingness to enter into this Agreement, Parent and certain stockholders of the Company have entered into a voting agreement (the *Voting Agreement*); and

WHEREAS, each of the Company, Parent and Merger Sub desires to make certain representations, warranties, covenants and agreements in connection with the Transactions and also to prescribe various conditions to the consummation thereof.

NOW, THEREFORE, in consideration of the foregoing and the respective representations, warranties, covenants and agreements set forth herein, the parties hereto, intending to be legally bound, agree as follo