



April 29, 2010

## Jones Could Be Nearing Deal for Weitzman

By Meredith Darby

Jones Apparel Group Inc. could be close to a deal to acquire a stake in Stuart Weitzman.

People familiar with the matter said today that a deal between Jones and Irving Place Capital, Weitzman's minority investor, could happen as soon as tomorrow. There is also some speculation that Jones could acquire more than Irving Place's 40 percent stake.

One investment banker said negotiations between Jones and Weitzman have been "going on for a while" and that "some deals take a very long time to come to fruition."

**Jack Hendler, president of Net Worth Solutions Inc., an investment banking firm, said he had heard that Irving Place Capital was interested in selling its Weitzman stake, which it acquired in 2005. "I definitely believe the management at Irving Capital would see Jones as an intelligent buyer, and for Jones — after restructuring its own company in the better space, and taking into account the shoe space doing well with Nine West — it makes a lot of sense," he said.**

But the anonymous banker added that when a deal involves a founding individual such as Weitzman, it can add to the complexity of a potential acquisition because it becomes much more personal than "a corporate business run by hired executives."

Weitzman himself has been very vocal about finding a succession plan. The founder, 68, is actively searching for a CEO and a president of retail. He recently told Footwear News he would like to continue running the business while he is able and that he is open to selling it to an entity that would allow that.

"If [a potential buyer] said, 'You could run it and we'll give you a guaranteed contract that says that when you stop running it, then we'll take over,' then I'd sell it. I wouldn't have any problem selling it tomorrow," Weitzman said.

He added, "I have no problem selling the business to a company that would have a good shot to make it better and better when I'm not around. But I would not sell the business while I'm physically able to be as important in it as I am, unless I controlled the business during my working years."

**Nevertheless, Hendler explained, it makes sense that Irving Place Capital is gearing up to sell its stake in Weitzman given that private equity firms typically hold investments for five years. "They want a return on their investment and to run the money into new funds," he said.**

Asked about Weitzman, Jones CEO Wesley Card said the company doesn't "comment on specific names or any specific acquisition activity."