



May 5, 2016

Dear Fellow Employees –

As I am sure you know, we have been working diligently to return our business to profitability through a series of initiatives focused on increasing productivity and efficiency. Many of our strategies have started to gain momentum, and I appreciate all you are doing to support these efforts. Unfortunately, our ongoing dispute with MGF Sourcing US, LLC, our second-largest merchandise supplier, which is an affiliate of our term loan lender Sycamore Partners, put further strain on our financial performance and made it difficult for us to realize the full benefits of these turnaround initiatives. After evaluating a variety of potential solutions, we decided that the best way to work through these challenges was to file voluntary petitions under Chapter 11 of the U.S. Bankruptcy Code. We are confident that this action will help us achieve long-term financial stability for our business and resolve the dispute with Sycamore.

As part of this process, we decided to close all 41 of our stores in Canada as well as 113 stores in the United States. Please know that this decision is not a reflection on our employees or the efforts you have made. Through no fault of their own, Aéropostale's Canadian stores were not able to compete effectively in the current retail environment. Our focus now is on making this transition as smooth as possible.

Looking ahead, we will begin store closing sales in all of our Canadian stores during the week of May 9. **You should report to work as usual for as long as your store is open and will be paid as usual for all of your hours.** We also fully expect to continue our benefit programs, honor previously approved PTO, offer severance to affected employees and, in some cases, offer retention bonuses, as well.

We will keep you updated as there is news to share. Meanwhile, I want to thank you all for your continued cooperation and dedication through this process.

Sincerely,

Julian Geiger  
Chief Executive Officer  
Aéropostale, Inc.

### **Frequently Asked Questions for Employees in Canada**

#### **1. What is Chapter 11?**

Chapter 11 is the section of the U.S. Bankruptcy Code that allows a company to continue to conduct business as usual while completing a financial and/or operational reorganization. For Aéropostale, our Chapter 11 filing represents an opportunity to achieve long-term financial stability for our business while also achieving resolution in our dispute with our second-largest merchandise supplier.

#### **2. Does this announcement mean I've lost my job or that I shouldn't come to work?**

No, and you should continue to report to work as scheduled. Please reach out to your manager for information regarding your store.



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**3. Will there be any changes to employee compensation or benefits as a result of the Chapter 11 filing?**

No. Aéropostale has received Court approval to continue to pay employee wages and benefits as usual, without interruption.

**4. How were the closing locations selected?**

A number of factors were considered, including unfavorable lease terms that hurt overall store performance. These were difficult decisions to make, but we are confident they are in the best long-term interest of our Company as a whole.

**5. When will we begin store closing sales?**

Store closing sales are scheduled to begin in Canada during the week of May 9.

**6. Will I still be an Aéropostale employee during this process?**

Yes, you will remain an Aéropostale employee, and you will continue to report to Aéropostale management. This is very important because it ensures that you can continue to be compensated as usual throughout the closing process.

**7. How will my responsibilities change from now until the closing? Will I continue to have the same number of hours?**

Employees will continue to do their jobs as usual for as long as their services are needed. Some may also be asked to take on other responsibilities to assist with the closing. Additional information will be provided on an individual basis as the process continues to move forward.

**8. Will I be offered retention if I work through my last day?**

Our intention is to offer retention in some cases. Additional information will be provided to eligible employees in the coming days.

**9. Will I be offered severance when my store closes?**

Our intention is to offer severance to affected employees. We will provide additional details about these programs in the days ahead.

**10. Will my time off that has already been approved be affected?**

Pre-existing PTO policies will continue without interruption.

**11. Will I be reimbursed for business expenses?**

Yes, we will continue to reimburse employees for approved business expenses as usual.

**12. Who will manage the store closing process?**

Aéropostale has retained Tiger Group and Great American to ensure we are efficiently managing our store closing sales and preserving our customer experience as much as possible.



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**13. Do customer gift cards still have the same value?**

Yes. We will continue all of our customer programs, including gift cards at full value.

**14. Can I transfer to another location?**

Affected associates are welcome – and encouraged – to apply for open positions after they have fulfilled their responsibilities at their current location.

**15. Do I have to interview for open positions or will I be automatically placed?**

Everyone interested in working at another location will need to interview with that store's management.

**16. Can I get a letter of recommendation when I begin applying for new jobs? Who should I contact?**

As a matter of policy, Aéropostale confirms employment with our Company as well as employees' titles but does not offer letters of recommendation.

**17. Why is filing Chapter 11 necessary?**

While initiatives such as the implementation of our two-chain Factory and Mall strategy and our merchandise repositioning have started to gain traction, the ripple effects of an ongoing dispute with our second-largest merchandise supplier put substantial strain on our liquidity while also preventing us from realizing the full benefits of our turnaround plans. As a result, we have chosen to take more decisive and aggressive action to create a leaner, more efficient business that is well-positioned to compete and succeed in today's retail environment.

**18. What should I say if I'm asked about the restructuring?**

Employees who regularly interact with customers, suppliers, landlords or other third parties have been provided with "toolkits" to guide these interactions. Please stick to these scripts, and if you aren't provided with materials, please say you have "no comment."