UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): August 23, 2017

J.Crew Group, Inc.
(Exact name of registrant as specified in its charter)

Commission File Number: 333-175075

Delaware **(State or other jurisdiction of incorporation)**	**22-2894486** **(IRS Employer Identification No.)**

770 Broadway
New York, NY 10003
(Address of principal executive offices, including zip code)

(212) 209-2500
(Registrant’s telephone number, including area code)

Not Applicable
(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 2.02. Results of Operations and Financial Condition.

On August 23, 2017, J.Crew Group, Inc. issued a press release announcing the Company's financial results for the second quarter ended July 29, 2017. The Company is furnishing a copy of the press release hereto as Exhibit 99.1.

Item 9.01. Financial Statements and Exhibits

(a) through (c) Not applicable

(d) Exhibits:

The following exhibit is furnished with this Current Report on Form 8-K:

Exhibit No.	Description
99.1	Press Release issued by J.Crew Group, Inc. on August 23, 2017

The information in this Current Report is being furnished and shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended ("Exchange Act"), nor shall such information be deemed incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as expressly stated by specific reference in such filing.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, hereunto duly authorized.

J.CREW GROUP, INC.

Date: August 23, 2017

By: /s/ MICHAEL J. NICHOLSON
Michael J. Nicholson
President, Chief Operating Officer and
Chief Financial Officer

Exhibit 99.1

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J.CREW GROUP, INC. ANNOUNCES SECOND QUARTER FISCAL 2017 RESULTS

NEW YORK, August 23, 2017— J.Crew Group, Inc. (the "Company") today announced financial results for the second quarter and first half of fiscal 2017.

Second Quarter highlights:

- Total revenues decreased 2% to $560.9 million. Comparable company sales decreased 5% following a decrease of 8% in the second quarter last year.
- J.Crew sales decreased 7% to $443.1 million. J.Crew comparable sales decreased 8% following a decrease of 9% in the second quarter last year.
- Madewell sales increased 19% to $93.1 million. Madewell comparable sales increased 11% following an increase of 3% in the second quarter last year.
- Gross margin increased to 38.6% from 35.7% in the second quarter last year.
- Selling, general and administrative expenses were $210.1 million, or 37.5% of revenues, compared to $196.5 million, or 34.5% of revenues in the second quarter last year. Excluding transformation costs of $14.0 million and transaction costs of $13.7 million (incurred in connection with the Company's debt exchange and refinancing), selling, general and administrative expenses were $182.4 million, or 32.5% of revenues this year.
- Operating income was $2.6 million compared to $6.7 million in the second quarter last year. The second quarter this year includes transformation costs of $14.0 million and transaction costs of $13.7 million.
- Net loss was $20.7 million compared to $8.6 million in the second quarter last year. The second quarter this year includes the impact of transformation and transaction costs.
- Adjusted EBITDA increased $24.8 million, or 65%, to $63.1 million from $38.3 million in the second quarter last year. An explanation of the manner in which the Company uses adjusted EBITDA and a reconciliation to comparable GAAP measures are included in Exhibit (3).

Jim Brett, Chief Executive Officer, remarked, "Since joining J.Crew in July, I've come to a better understanding of how these iconic American brands can be made to play a more meaningful role in our lives. Overall, I am optimistic about the opportunities that lie ahead, particularly when reviewing the strong talent, capabilities and commitment within the organization. The team delivered solid progress on our transformation plan during the second quarter, highlighted by expansion in gross margin and reduced expenses that drove an increase in Adjusted EBITDA. And I am confident about evolving our brand strategy to drive long term profitable growth."

First Half highlights:

- Total revenues decreased 4% to $1,092.9 million. Comparable company sales decreased 7% following a decrease of 7% in the first half last year.
- J.Crew sales decreased 9% to $871.6 million. J.Crew comparable sales decreased 10% following a decrease of 9% in the first half last year.
- Madewell sales increased 18% to $177.8 million. Madewell comparable sales increased 10% following an increase of 4% in the first half last year.
- Gross margin increased to 37.0% from 35.9% in the first half last year.

- Selling, general and administrative expenses were $420.6 million, or 38.5% of revenues, compared to $388.8 million, or 34.2% of revenues in the first half last year. Excluding transformation costs of $19.6 million, transaction costs of $16.2 million and severance costs of $10.7 million, selling, general and administrative expenses were $374.1 million, or 34.2% of revenues this year.
- Operating loss was $150.7 million compared with operating income of $14.0 million in the first half last year. The operating loss includes (i) non-cash impairment charges of $135.1 million, (ii) transformation costs of $19.6 million, (iii) transaction costs of $16.2 million, and (iv) severance costs of $10.7 million. Operating income last year includes non-cash impairment charges of $5.4 million.
- Net loss was $143.9 million compared to $16.7 million in the first half last year. The net loss this year reflects the impact of non-cash impairment charges, transformation costs, transaction costs, and severance costs. The net loss last year reflects the impact of non-cash impairment charges.
- Adjusted EBITDA increased $6.0 million, or 7%, to $89.7 million from $83.7 million in the first half last year. An explanation of the manner in which the Company uses adjusted EBITDA and a reconciliation to comparable GAAP measures are included in Exhibit (3).

Balance Sheet highlights:

- Cash and cash equivalents were $62.4 million compared to $49.2 million at the end of the second quarter last year. The cash balance at the end of the second quarter this year reflects the payment of transaction costs of $33.8 million and debt repayments pursuant to the refinancing of $27.0 million.
- Inventories were $299.8 million compared to $391.6 million at the end of the second quarter last year. Inventories decreased 23% and inventories per square foot decreased 24% compared to the end of the second quarter last year.
- Total debt, net of discount and deferred financing costs, was $1,721 million compared to $1,512 million at the end of the second quarter last year. On July 13, 2017, the Company completed a debt exchange and refinancing. For more information, see the section entitled “Debt Exchange and Refinancing” below. There were no outstanding borrowings under the ABL Facility at July 29, 2017 or July 30, 2016. As of the date of this release, there were outstanding borrowings of $10 million under the ABL Facility, with excess availability of approximately $245 million.

Debt Exchange and Refinancing

On July 13, 2017, the Company completed the following interrelated liability management transactions:

- *Private Exchange Offer.* An exchange offer in which $565.7 million principal outstanding of 7.75%/8.50% Senior PIK Toggle Notes due 2019 (the “PIK Notes”) issued by the Company’s parent were exchanged for (i) $249.6 million of 13% Senior Secured Notes due 2021 and (ii) shares of preferred and common stock of the Company’s parent.
- *Term Loan Amendment.* An amendment of the Company’s Term Loan Facility to, among other things, facilitate the following related transactions:
  - the repayment of $150.5 million principal amount outstanding under the Term Loan Facility;
  - the transfer of the remaining undivided ownership interest in the U.S. intellectual property rights of the J.Crew brand to a subsidiary of the Company which, together with the undivided ownership interest transferred in December 2016 represent 100% of the U.S. intellectual property rights of the J.Crew brand, and the execution of related license agreements;
  - the issuance of $97.0 million principal amount of an additional series of 13% Senior Secured Notes due 2021, subject to the same terms and conditions as the exchange notes, for cash at a 3% discount, the proceeds of which were loaned to the Company and were applied, in part, to finance the repayment of the $150.5 million principal amount of term loans referenced above; and
  - the raising of additional borrowings under the Term Loan Facility of $30.0 million, for cash at a 2% discount, provided by the Company’s sponsors, the net proceeds of which were also applied, in part, to finance the repayment of the $150.5 million principal amount of term loans referenced above.

For more information on the Private Exchange Offer and Term Loan Amendment, see the Company’s Form 10-Q for the quarterly period ended July 29, 2017.

First Quarter Impairment

During the first quarter of fiscal 2017, the Company recorded a non-cash impairment charge of $129.8 million related to the intangible asset for the J.Crew trade name. After recording the impairment charge in the first quarter, the carrying value of the J.Crew trade name was $250.2 million. If revenues or operating results decline below the Company's current expectations, additional impairment charges may be recorded in the future.

This impairment charge does not have an effect on the Company's operations, liquidity or financial covenants, and does not change management's long-term strategy, which includes its plans to drive disciplined growth across its brands.

Related Party

On November 4, 2013, an indirect parent holding company of the Company (the "PIK Notes Issuer") issued $500 million of PIK Notes. On July 13, 2017, the Company completed a private exchange offer pursuant to which $565.7 million principal amount of such PIK Notes were exchanged for $249.6 million of exchange notes and shares of preferred and common stock of the Parent.

The PIK Notes were not guaranteed by any of the PIK Notes Issuer's subsidiaries, and therefore were not recorded in the Company's financial statements. The exchange notes, however, are guaranteed by the Company's subsidiaries, and therefore are recorded in the Company's financial statements.

Use of Non-GAAP Financial Measures

This announcement includes certain non-GAAP financial measures. An explanation of the manner in which the Company uses adjusted EBITDA and an associated reconciliation to comparable GAAP measures is included in Exhibit (3).

Conference Call Information

A conference call to discuss second quarter results is scheduled for today, August 23, 2017, at 4:30 PM Eastern Time. Investors and analysts interested in listening to the call are invited to dial (877) 407-3982 approximately ten minutes prior to the start of the call. The conference call will also be simultaneously webcast at www.jcrew.com. A replay of this call will be available until August 30, 2017 and can be accessed by dialing (844) 512-2921 and entering conference ID number 13668967.

About J.Crew Group, Inc.

J.Crew Group, Inc. is an internationally recognized omni-channel retailer of women's, men's and children's apparel, shoes and accessories. As of August 23, 2017, the Company operates 274 J.Crew retail stores, 119 Madewell stores, jcrew.com, jcrewfactory.com, the J.Crew catalog, madewell.com, and 182 factory stores (including 42 J.Crew Mercantile stores). Certain product, press release and SEC filing information concerning the Company are available at the Company's website www.jcrew.com.

Forward-Looking Statements:

Certain statements herein, including projected store count and square footage in Exhibit (4) hereof, are "forward-looking statements" made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements reflect the Company's current expectations or beliefs concerning future events, and actual results of operations may differ materially from historical results or current expectations. Any such forward-looking statements are subject to various risks and uncertainties, including the Company's substantial indebtedness, its substantial lease obligations, its ability to anticipate and timely respond to changes in trends and consumer preferences, the strength of the global economy, declines in consumer spending or changes in seasonal consumer spending patterns, competitive market conditions, its ability to attract and retain key personnel, its ability to successfully develop, launch and grow its newer concepts and execute on strategic initiatives, product offerings, sales channels and businesses, its ability to implement its growth strategy, material disruption to its information systems, its ability to implement its real estate strategy, adverse or unseasonable weather, interruptions in its foreign sourcing operations, and other factors which are set forth in the section entitled "Risk Factors" and elsewhere in the Company's Annual Report on Form 10-K and in all filings with the SEC made subsequent to the filing of the Form 10-K. Because of the factors described above and the inherent uncertainty of predicting future events, the Company cautions you against relying on forward-looking statements. The Company does not undertake to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

J.Crew Group, Inc.

Condensed Consolidated Statements of Operations

(unaudited)

(in thousands, except percentages)	Second Quarter Fiscal 2017	Second Quarter Fiscal 2016	First Half Fiscal 2017	First Half Fiscal 2016
Net sales:				
J.Crew	$ 443,113	$ 476,726	$ 871,612	$ 957,480
Madewell	93,067	78,272	177,747	150,736
Other	24,726	14,822	43,513	29,103
Total revenues	560,906	569,820	1,092,872	1,137,319
Cost of goods sold, including buying and occupancy costs	344,274	366,621	688,004	729,167
Gross profit	216,632	203,199	404,868	408,152
As a percent of revenues	*38.6%*	*35.7%*	*37.0%*	*35.9%*
Selling, general and administrative expenses	210,136	196,522	420,558	388,756
As a percent of revenues	*37.5%*	*34.5%*	*38.5%*	*34.2%*
Impairment losses	3,898	—	135,055	5,396
Operating income (loss)	2,598	6,677	(150,745)	14,000
As a percent of revenues	*0.5%*	*1.2%*	*(13.8)%*	*1.2%*
Interest expense, net	22,818	20,621	43,254	38,836
Loss before income taxes	(20,220)	(13,944)	(193,999)	(24,836)
Provision (benefit) for income taxes	434	(5,317)	(50,050)	(8,168)
Net loss	$ (20,654)	$ (8,627)	$ (143,949)	$ (16,668)

J.Crew Group, Inc.

Condensed Consolidated Balance Sheets

(unaudited)

(in thousands)	July 29, 2017	January 28, 2017	July 30, 2016
Assets			
Current assets:			
Cash and cash equivalents	$ 62,426	$ 132,226	$ 49,160
Inventories	299,796	314,492	391,642
Prepaid expenses and other current assets	63,773	59,494	67,329
Total current assets	425,995	506,212	508,131
Property and equipment, net	330,006	362,187	377,142
Intangible assets, net	313,161	450,204	455,200
Goodwill	107,900	107,900	107,900
Other assets	7,321	6,207	7,442
Total assets	$ 1,184,383	$ 1,432,710	$ 1,455,815
Liabilities and Stockholders' Deficit			
Current liabilities:			
Accounts payable	$ 188,297	$ 194,494	$ 251,163
Other current liabilities	150,321	157,141	139,665
Interest payable	6,769	7,977	5,255
Income taxes payable to Parent	25,332	25,215	9,429
Current portion of long-term debt	19,588	15,670	15,670
Total current liabilities	390,307	400,497	421,182
Long-term debt, net	1,701,887	1,494,490	1,496,244
Lease-related deferred credits, net	129,228	132,566	133,466
Deferred income taxes, net	98,011	148,200	136,656
Other liabilities	40,101	43,168	54,353
Stockholders’ deficit	(1,175,151)	(786,211)	(786,086)
Total liabilities and stockholders’ deficit	$ 1,184,383	$ 1,432,710	$ 1,455,815

J.Crew Group, Inc.

Reconciliation of Adjusted EBITDA

Non-GAAP Financial Measure

(unaudited)

The following table reconciles net loss reflected on the Company's condensed consolidated statements of operations to: (i) Adjusted EBITDA (a non-GAAP measure), (ii) cash flows from operating activities (measured in accordance with GAAP) and (iii) cash and cash equivalents as reflected on the condensed consolidated balance sheet (measured in accordance with GAAP).

(in millions)	Second Quarter Fiscal 2017	Second Quarter Fiscal 2016	First Half Fiscal 2017	First Half Fiscal 2016
Net loss	$ (20.7)	$ (8.6)	$ (143.9)	$ (16.7)
Provision (benefit) for income taxes	0.4	(5.3)	(50.1)	(8.2)
Interest expense	22.8	20.6	43.3	38.8
Depreciation and amortization (including intangible assets)	26.9	29.2	54.3	58.5
EBITDA	29.4	35.9	(96.4)	72.4
Impairment losses	3.9	—	135.1	5.4
Transformation costs	14.0	—	19.6	—
Transaction costs	13.7	—	16.2	—
Charges related to a workforce reduction	—	—	10.7	—
Monitoring fees	2.3	2.4	4.7	5.0
Share-based compensation	0.2	0.2	0.4	0.6
Amortization of lease commitments	(0.4)	(0.2)	(0.6)	0.3
Adjusted EBITDA	63.1	38.3	89.7	83.7
Taxes paid	(0.8)	(0.4)	(0.8)	(0.5)
Interest paid	(19.6)	(19.0)	(41.5)	(37.2)
Changes in working capital	(41.0)	(2.8)	(57.0)	(40.5)
Cash flows from operating activities	1.7	16.1	(9.6)	5.5
Cash flows from investing activities	(11.9)	(17.0)	(20.2)	(36.1)
Cash flows from financing activities	(32.7)	(3.9)	(40.5)	(7.8)
Effect of changes in foreign exchange rates on cash and cash equivalents	0.7	(0.7)	0.5	(0.2)
Decrease in cash	(42.2)	(5.5)	(69.8)	(38.6)
Cash and cash equivalents, beginning	104.6	54.7	132.2	87.8
Cash and cash equivalents, ending	$ 62.4	$ 49.2	$ 62.4	$ 49.2

The Company presents Adjusted EBITDA, a non-GAAP financial measure, because it uses such measure to: (i) monitor the performance of its business, (ii) evaluate its liquidity, and (iii) determine levels of incentive compensation. The Company believes the presentation of this measure will enhance the ability of its investors to analyze trends in its business, evaluate its performance relative to other companies in the industry, and evaluate its ability to service debt.

Adjusted EBITDA is not a presentation made in accordance with generally accepted accounting principles, and therefore, differences may exist in the manner in which other companies calculate this measure. Adjusted EBITDA should not be considered an alternative to (i) net income, as a measure of operating performance, or (ii) cash flows, as a measure of liquidity. Adjusted EBITDA has important limitations as an analytical tool and should not be considered in isolation to, or as a substitute for, analysis of the Company's results as measured in accordance with GAAP.

Actual and Projected Store Count and Square Footage

(unaudited)

	Fiscal 2017			
Period	**Total stores open at beginning of the period**	**Number of stores opened during the period(1)**	**Number of stores closed during the period(1)**	**Total stores open at end of the period**
First Quarter(3)	575	3	(5)	573
Second Quarter(2)(3)	573	4	(2)	575
Balance of Year(4)	575	4	(23)	556
Fiscal 2017	575	11	(30)	556

	Fiscal 2017			
Period	**Total gross square feet at beginning of the period**	**Gross square feet for stores opened or expanded during the period**	**Reduction of gross square feet for stores closed or downsized during the period**	**Total gross square feet at end of the period**
First Quarter(3)	3,165,295	8,934	(25,730)	3,148,499
Second Quarter(3)	3,148,499	16,027	(7,528)	3,156,998
Balance of Year(4)	3,156,998	14,921	(113,000)	3,058,919
Fiscal 2017	3,165,295	39,882	(146,258)	3,058,919

(1) The Company projects to open one retail, one factory and nine Madewell stores during fiscal 2017. The Company expects to close at least 30 stores during fiscal 2017.

(2) The Company converted three retail stores into J.Crew Mercantile stores.

(3) Reflects actual activity.

(4) Reflects projected activity.