

---

---

**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):**  
September 11, 2013

---

**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))
- 
-

---

**Item 2.02. Results of Operations and Financial Condition.**

On September 11, 2013, J.Crew Group, Inc. issued a press release announcing the Company's financial results for the second quarter ended August 3, 2013. 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:

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press Release issued by J.Crew Group, Inc. on September 11, 2013

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: September 11, 2013

By: /s/ Stuart C. Haselden  
Stuart C. Haselden  
Chief Financial Officer

**Contacts:**

Stuart C. Haselden  
Chief Financial Officer  
(212) 209-8461

Allison Malkin/Joe Teklits  
ICR, Inc.  
(203) 682-8200

**J.CREW GROUP, INC. ANNOUNCES SECOND QUARTER FISCAL 2013 RESULTS**

NEW YORK, September 11, 2013 — J.Crew Group, Inc. today announced financial results for the second quarter and first half of fiscal 2013.

Second Quarter highlights:

- Revenues increased 6% to \$559.1 million, with comparable company sales decreasing 1%. When realigning last year to be consistent with the current year retail calendar, comparable company sales increased 1% on top of an increase of 14% in the second quarter last year. Store sales increased 4% to \$399.1 million on top of an increase of 24% in the second quarter last year. Direct sales increased 13% to \$151.8 million following an increase of 16% in the second quarter last year.
- Gross margin decreased to 41.1% from 45.1% in the second quarter last year.
- Selling, general and administrative expenses were \$174.2 million, or 31.2% of revenues, compared to \$174.7 million, or 33.2% of revenues, in the second quarter last year. This year reflects a decrease of \$12 million in share-based and incentive compensation.
- Operating income was \$55.8 million, or 10.0% of revenues, compared to \$62.1 million, or 11.8% of revenues, in the second quarter last year.
- Net income was \$17.5 million compared to \$22.0 million in the second quarter last year.
- Adjusted EBITDA was \$83.0 million compared to \$88.7 million in the second quarter last year. An explanation of the manner in which we use adjusted EBITDA and an associated reconciliation to GAAP measures are included in Exhibit (3).

First Half highlights:

- Revenues increased 9% to \$1,123.2 million, with comparable company sales increasing 2% (which was the same on a realigned basis) on top of an increase of 15% in the first half last year. Store sales increased 6% to \$779.3 million on top of an increase of 25% in the first half last year. Direct sales increased 18% to \$328.0 million following an increase of 17% in the first half last year.
- Gross margin decreased to 42.9% from 46.3% in the first half last year.
- Selling, general and administrative expenses were \$352.6 million, or 31.4% of revenues, compared to \$338.8 million, or 32.9% of revenues, in the first half last year. This year reflects a decrease of \$17 million in share-based and incentive compensation.

- 
- Operating income was \$129.4 million, or 11.5% of revenues, compared to \$137.7 million, or 13.4% of revenues, in the first half last year.
  - Net income was \$46.8 million compared to \$52.7 million in the first half last year.
  - Adjusted EBITDA was \$184.0 million compared to \$190.3 million in the first half last year. An explanation of the manner in which we use adjusted EBITDA and an associated reconciliation to GAAP measures are included in Exhibit (3).

Balance Sheet highlights:

- Cash and cash equivalents decreased to \$98.8 million from \$213.4 million at the end of the second quarter last year, which reflects a special dividend of \$197.5 million that was paid in the fourth quarter last year.
- Total debt was \$1,573 million, consisting of the senior secured term loan of \$1,173 million, maturing in 2018, and the senior unsecured notes of \$400 million, maturing in 2019; compared to \$1,588 million at the end of the second quarter last year.
- Inventories were \$321.2 million compared to \$282.8 million at the end of the second quarter last year. Inventories and inventories per square foot increased 14% and 3%, respectively.

### **How We Assess the Performance of Our Business**

In assessing the performance of our business, we consider a variety of performance and financial measures. A key measure used in our evaluation is comparable company sales, which includes (i) net sales from stores that have been open for at least twelve months, (ii) direct net sales, and (iii) shipping and handling fees.

### **Use of Non-GAAP Financial Measures**

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

### **Conference Call Information**

A conference call to discuss second quarter results is scheduled for tomorrow, September 12, 2013, at 11:00 AM Eastern Time. Investors and analysts interested in participating in 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 webcast live at [www.jcrew.com](http://www.jcrew.com). A replay of this call will be available until September 19, 2013 and can be accessed by dialing (877) 870-5176 and entering conference ID number 419935.

---

**About J.Crew Group, Inc.**

J.Crew Group, Inc. is a nationally recognized multi-channel retailer of women's, men's and children's apparel, shoes and accessories. As of September 11, 2013, the Company operates 314 retail stores (including 246 J.Crew retail stores, eight crewcuts stores and 60 Madewell stores), [jcrew.com](http://jcrew.com), [jcrewfactory.com](http://jcrewfactory.com), the J.Crew catalog, [madewell.com](http://madewell.com), the Madewell catalog, and 114 factory stores. Additionally, certain product, press release and SEC filing information concerning the Company are available at the Company's website [www.jcrew.com](http://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 our 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 our substantial indebtedness and lease obligations, the strength of the global economy, declines in consumer spending or changes in seasonal consumer spending patterns, competitive market conditions, our ability to anticipate and timely respond to changes in trends and consumer preferences, our ability to successfully develop, launch and grow our newer concepts and execute on strategic initiatives, products offerings, sales channels and businesses, material disruption to our information systems, our ability to implement our real estate strategy, our ability to attract and retain key personnel, interruptions in our foreign sourcing operations, and other factors which are set forth in the section entitled “Risk Factors” and elsewhere in our Annual Report on Form 10-K and in all filings with the SEC made subsequent to the filing of the Form 10-K. We do 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 2013	Second Quarter Fiscal 2012	First Half Fiscal 2013	First Half Fiscal 2012
Net sales:				
Stores	\$ 399,117	\$ 384,041	\$ 779,310	\$ 738,049
Direct	151,829	133,944	327,990	277,381
Other	8,156	7,503	15,913	13,580
Total revenues	559,102	525,488	1,123,213	1,029,010
Cost of goods sold, including buying and occupancy costs	329,110	288,751	641,206	552,485
Gross profit	229,992	236,737	482,007	476,525
<i>As a percent of revenues</i>	41.1%	45.1%	42.9%	46.3%
Selling, general and administrative expenses	174,226	174,669	352,622	338,787
<i>As a percent of revenues</i>	31.2%	33.2%	31.4%	32.9%
Operating income	55,766	62,068	129,385	137,738
<i>As a percent of revenues</i>	10.0%	11.8%	11.5%	13.4%
Interest expense, net	26,239	25,359	51,920	50,771
Income before income taxes	29,527	36,709	77,465	86,967
Provision for income taxes	12,069	14,702	30,686	34,263
Net income	\$ 17,458	\$ 22,007	\$ 46,779	\$ 52,704

**J.Crew Group, Inc.**  
**Condensed Consolidated Balance Sheets**  
(unaudited)

(in thousands)	<u>August 3, 2013</u>	<u>February 2, 2013</u>	<u>July 28, 2012</u>
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	\$ 98,836	\$ 68,399	\$ 213,466
Inventories	321,194	265,628	282,811
Prepaid expenses and other current assets	73,234	65,791	67,268
Prepaid income taxes	5,455	11,620	8,994
Total current assets	<u>498,719</u>	<u>411,438</u>	<u>572,539</u>
Property and equipment, net	348,142	324,111	306,195
Favorable lease commitments, net	30,646	35,104	42,095
Deferred financing costs, net	46,881	51,851	53,928
Intangible assets, net	970,825	975,517	980,420
Goodwill	1,686,915	1,686,915	1,686,915
Other assets	3,318	1,778	2,234
Total assets	<u>\$ 3,585,446</u>	<u>\$ 3,486,714</u>	<u>\$ 3,644,326</u>
<b>Liabilities and Stockholders' Equity</b>			
Current liabilities:			
Accounts payable	\$ 214,304	\$ 141,119	\$ 155,532
Other current liabilities	124,519	153,743	134,148
Interest payable	18,353	18,812	22,079
Current portion of long-term debt	12,000	12,000	15,000
Total current liabilities	<u>369,176</u>	<u>325,674</u>	<u>326,759</u>
Long-term debt	1,561,000	1,567,000	1,573,000
Unfavorable lease commitments and deferred credits	82,425	71,146	65,123
Deferred income taxes, net	395,190	392,984	409,712
Other liabilities	35,074	38,419	39,323
Stockholders' equity	<u>1,142,581</u>	<u>1,091,491</u>	<u>1,230,409</u>
Total liabilities and stockholders' equity	<u>\$ 3,585,446</u>	<u>\$ 3,486,714</u>	<u>\$ 3,644,326</u>

**J.Crew Group, Inc.**  
**Reconciliation of Adjusted EBITDA**  
**Non-GAAP Financial Measure**

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

(in millions)	Second Quarter Fiscal 2013	Second Quarter Fiscal 2012	First Half Fiscal 2013	First Half Fiscal 2012
Net income	\$ 17.5	\$ 22.0	\$ 46.8	\$ 52.7
Provision for income taxes	12.1	14.7	30.7	34.2
Interest expense, net	26.2	25.4	51.9	50.8
Depreciation and amortization	21.4	19.7	43.2	38.9
EBITDA	<u>77.2</u>	<u>81.8</u>	<u>172.6</u>	<u>176.6</u>
Share-based compensation	1.6	1.1	2.8	2.2
Amortization of lease commitments	1.9	3.3	3.7	7.0
Sponsor monitoring fees	2.3	2.5	4.9	4.5
Adjusted EBITDA	<u>83.0</u>	<u>88.7</u>	<u>184.0</u>	<u>190.3</u>
Taxes paid	(26.7)	(36.2)	(27.4)	(39.4)
Interest paid	(15.7)	(13.5)	(44.3)	(50.4)
Changes in working capital	4.0	(0.2)	(12.0)	(27.1)
Cash flows from operating activities	44.6	38.8	100.3	73.4
Cash flows from investing activities	(34.1)	(38.2)	(63.0)	(75.6)
Cash flows from financing activities	(3.3)	(3.2)	(6.5)	(6.2)
Effect of changes in foreign exchange rates on cash and cash equivalents	(0.3)	—	(0.4)	—
Increase (decrease) in cash	6.9	(2.6)	30.4	(8.4)
Cash and cash equivalents, beginning	91.9	216.1	68.4	221.9
Cash and cash equivalents, ending	<u>\$ 98.8</u>	<u>\$ 213.5</u>	<u>\$ 98.8</u>	<u>\$ 213.5</u>

We present Adjusted EBITDA, a non-GAAP financial measure, because we use such measure to: (i) monitor the performance of our business, (ii) evaluate our liquidity, and (iii) determine levels of incentive compensation. We believe the presentation of this measure will enhance the ability of our investors to analyze trends in our business, evaluate our performance relative to other companies in the industry, and evaluate our 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**

Fiscal 2013				
Quarter	Total stores open at beginning of the quarter	Number of stores opened during the quarter(1)	Number of stores closed during the quarter(1)	Total stores open at end of the quarter
1 <sup>st</sup> Quarter(2)	401	8	—	409
2 <sup>nd</sup> Quarter(2)	409	12	—	421
3 <sup>rd</sup> Quarter(3)	421	17	(1)	437
4 <sup>th</sup> Quarter(3)	437	13	(1)	449

  

Fiscal 2013				
Quarter	Total gross square feet at beginning of the quarter	Gross square feet for stores opened or expanded during the quarter	Reduction of gross square feet for stores closed or downsized during the quarter	Total gross square feet at end of the quarter
1 <sup>st</sup> Quarter(2)	2,330,687	40,113	—	2,370,800
2 <sup>nd</sup> Quarter(2)	2,370,800	60,852	(2,019)	2,429,633
3 <sup>rd</sup> Quarter(3)	2,429,633	87,217	(5,012)	2,511,838
4 <sup>th</sup> Quarter(3)	2,511,838	68,106	(7,777)	2,572,167

(1) Actual and projected number of stores opened or closed during fiscal 2013 by channel are as follows:

Q1 – Three retail, one factory, and four Madewell stores.

Q2 – Three international retail, four factory, one international factory, and four Madewell stores.

Q3 – Four retail, two international retail, four factory, and seven Madewell stores. Close one retail store.

Q4 – Four retail, two international retail, five factory, and two Madewell stores. Close one retail store.

(2) Reflects actual activity.

(3) Reflects projected activity.