
**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):
April 13, 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))
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Item 7.01 Regulation FD Disclosure.

On April 11, 2017, J. Crew Operating Corp. (the “Company”) entered into confidentiality agreements (the “Confidentiality Agreements”) with certain holders (the “Ad Hoc PIK Noteholders”) of the 7.75%/8.50% Senior PIK Toggle Notes due May 1, 2019 (the “PIK Notes”) issued by Chinos Intermediate Holdings A, Inc. (the “Issuer”), an indirect parent holding company of the Company, regarding potential transactions to enhance its capital structure. On April 13, 2017, the Company made a proposal to the Ad Hoc PIK Noteholders, which proposal is attached as Exhibit 99.1 (the “Company’s Proposal”). On April 13, 2017, the Ad Hoc PIK Noteholders made a counterproposal to the Company, which is attached as Exhibit 99.2 (the “Ad Hoc PIK Noteholders’ Counterproposal,” and together with the Company’s Proposal, the “Confidential Information”). The Confidentiality Agreements have expired and no agreement has been reached among the parties. There are no further discussions scheduled at this time.

The Confidential Information was not prepared with a view toward public disclosure and should not be relied upon to make an investment decision with respect to the Company or the Issuer. The inclusion of the Confidential Information should not be regarded as an indication that the Company or its affiliates or representatives consider the Confidential Information to be a reliable prediction of future events, and the Confidential Information should not be relied upon as such. Neither the Company nor any of its affiliates or representatives has made or makes any representation to any person regarding the ultimate outcome of any potential restructuring transaction involving the PIK Notes, and none of them undertakes any obligation to publicly update the Confidential Information to reflect circumstances existing after the date when the Confidential Information was made or to reflect the occurrence of future events, even in the event that any or all of the assumptions underlying the Information are shown to be in error.

The information in this report under Item 7.01 shall not be deemed to be “filed” for purposes of Section 18 of the Securities and Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that Section, and shall not be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits:

Exhibit No.	Description
99.1	Company’s Proposal, dated April 13, 2017
99.2	Ad Hoc PIK Noteholders Counterproposal, dated April 13, 2017

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: April 14, 2017

By: /s/ MICHAEL J. NICHOLSON

Michael J. Nicholson
President, Chief Operating Officer and
Chief Financial Officer

J.CREW

COUNTERPROPOSAL TO PIK NOTEHOLDERS

J.Crew Counterproposal to PIK Noteholders — Key Terms

Summary of Consideration	
J.Crew Counterproposal (4/13)	
Consideration	<ul style="list-style-type: none"> \$250 million of IPCo Notes \$150 million of preferred equity
Min. Participation	<ul style="list-style-type: none"> 95% of outstanding PIK Notes
Summary Terms for Preferred Equity	
Issuer	<ul style="list-style-type: none"> TBD
Amount	<ul style="list-style-type: none"> \$150 million
Security Type	<ul style="list-style-type: none"> Non-convertible perpetual preferred equity
Amount to Existing Equity	<ul style="list-style-type: none"> Current preferred shareholders to convert existing preferred equity into (i) \$150 million of pari passu non-convertible perpetual preferred equity with 7% PIK rate (other terms the same as those described herein) and (ii) 100% of common equity⁽¹⁾
Dividend Rate	<ul style="list-style-type: none"> 5% cash / 2% PIK per annum, payable semi-annually
Repurchase Right	<ul style="list-style-type: none"> Company/Sponsors can repurchase full amount (incl. accrued/unpaid) at par at any time
Shareholder Agreement Restrictions	<ul style="list-style-type: none"> No dividends to common equity until preferred equity has been repaid in full
Management Incentive Program	<ul style="list-style-type: none"> [\$15 - \$20] million of pari passu non-convertible perpetual preferred equity with 7% PIK rate (other terms the same as those described herein) TBD % of common equity
Governance	<ul style="list-style-type: none"> None

(1) Immediately prior to the exchange transaction, the Company would convert the existing preferred equity of Chinos Holdings, Inc. into 100% of the common equity of Chinos Holdings, Inc., and the current common equity of Chinos Holdings, Inc. and all options related thereto would be cancelled.

J.Crew Counterproposal to PIK Noteholders — Key Terms (cont'd)

Summary Terms for IPCo Notes	
J.Crew Counterproposal (4/13)	
Issuer	<ul style="list-style-type: none"> J. Crew Brand, LLC; J. Crew Brand Corp.
Guarantors	<ul style="list-style-type: none"> J. Crew Domestic Brand, LLC ("IPCo"), J. Crew International Brand, LLC, J. Crew Brand Intermediate, LLC
Maturity	<ul style="list-style-type: none"> September 15, 2021
Principal	<ul style="list-style-type: none"> \$250 million
Rate	<ul style="list-style-type: none"> 10% cash / 2% PIK per annum, payable semi-annually
Redemption	<ul style="list-style-type: none"> No redemption prior to maturity
Security Interest	<ul style="list-style-type: none"> First lien on all IP Assets invested in IPCo First lien on all other assets of Issuers/Guarantors, incl. cash Pledge of 100% of the stock in IPCo/subsidiaries
Covenants	<ul style="list-style-type: none"> <u>Permitted Debt</u>: None, other than to refinance IPCo Notes <u>Permitted Liens</u>: None, other than usual and customary <u>Permitted Investments</u>: None, other than cash <u>Sales/Sale-Leasebacks</u>: None <u>Restricted Payments</u>: TBD <u>Business</u>: None other than ownership of IP Assets / licensing activities related thereto <u>Subsidiaries</u>: None
Change of Control	<ul style="list-style-type: none"> Put at par Change of control upon (i) Group ceasing to hold directly/indirectly 100% of equity interests in IPCo and (ii) J. Crew Brand, LLC ceasing to hold directly 100% of the equity interests in IPCo
Events of Default	<ul style="list-style-type: none"> If Group fails to make any semi-annual licensing payment under IP Licensing Agreement when due Other usual/customary events of default
Other	<ul style="list-style-type: none"> Other terms / conditions / implementation mechanics acceptable to Ad Hoc Group IP Licensing Agreement to be amended in a manner acceptable to Ad Hoc Group Notes registered upon issuance and publicly tradeable thereafter

PJT Partners



Project Oar

PIK NOTEHOLDER AD HOC GROUP COUNTERPROPOSAL

April 13, 2017

Confidential

Subject to FRE 408

Preliminary and Subject to Material Revision

PIK Noteholder Ad Hoc Group Counterproposal

PIK Noteholder Ad Hoc Group Counterproposal (April 13, 2017)	
Minimum Participation Participation	> 95% Participation
Terms for IPCo Debt	
Issuer	> J.Crew Brand, LLC; J.Crew Brand Corp
Guarantors	> J.Crew Domestic Brand, LLC ("IPCo") ; J.Crew International Brand, LLC; J. Crew Brand Intermediate, LLC
Maturity	> September 15, 2021
Interest Rate	> 13% cash, payable semi-annually
Principal	> \$250 million
Redemption	> No redemption prior to maturity
Covenants	> Permitted Debt: None, other than to refinance the IPCo Notes > Permitted Liens: None, except for usual and customary > Permitted Investments: None, other than cash > Sales/Sale-Leasebacks: None > Restricted Payments: None, other than IPCo can make restricted payments in cash to Group (i) for IPCo tax obligations and (ii) in an amount to be agreed > Business: None, other than ownership of IP Assets / licensing activities related thereto > Subsidiaries: None
Change of Control	> Put at par > Change of control upon (i) Group ceasing to hold directly/indirectly 100% of equity interests in IPCo and (ii) J. Crew Brand, LLC ceasing to hold directly 100% of the equity interests in IPCo ⁽¹⁾
Security Interest	> First lien on all IP assets invested in IPCo > First lien on all other assets of the Issuers and the Guarantors, including cash > Pledge of 100% of the stock in IPCo and all of its subsidiaries
Events of Default	> If Group fails to make any semi-annual licensing payment under IP Licensing Agreement when due > Other usual and customary events of default
Other	> Other terms and conditions and implementation mechanics acceptable to the Ad Hoc Committee > IP Licensing Agreement to be amended in a manner acceptable to the Ad Hoc Committee > Upon issuance and thereafter, Notes will be registered and publicly tradeable

(1) Subject to confirmatory diligence.

PIK Noteholder Ad Hoc Group Counterproposal (Cont'd)

PIK Noteholder Ad Hoc Group Counterproposal (April 13, 2017)

Terms for Preferred Shares

Issuer	> Chinos Intermediate Holdings B, Inc. ⁽¹⁾
Amount to PIK Holders	> \$200 million
Amount to Existing Equity Equity	> Current preferred shareholders to convert existing preferred equity into (i) \$100 million of pari passu non-convertible perpetual preferred equity on same terms herein and (ii) 100% of common equity ⁽²⁾
Dividend Rate	> <u>Preferred Equity to PIK Holders</u> : 5% cash interest per annum, payable semi-annually, and 2% PIK interest per annum, payable semi-annually > <u>Preferred Equity to Existing Equity</u> : 7% PIK interest per annum, payable semi-annually
Conversion Option	> Non-convertible perpetual preferred equity
Company / Sponsor Repurchase Right	> The Company / Sponsor can repurchase the full amount of preferred shares, plus accrued and unpaid PIK interest, at par ("Repurchase Right") at any time
Additional Terms of Preferred	> Prohibitions on: (i) structurally senior debt; (ii) liens; (iii) investments; (iv) restricted payments
Management Incentive Program	> Management shall receive a MIP in the form of TBD preferred shares
Governance	> Governance terms to be agreed upon

(1) Subject to confirmatory diligence.

(2) Immediately prior to the exchange transaction, the Company would convert the existing preferred equity of Chinos Holdings, Inc. into 100% of the common equity of Chinos Holdings, Inc., and the current common equity of Chinos Holdings, Inc. and all options related thereto would be cancelled.

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