

**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):
June 6, 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 June 6, 2013, J.Crew Group, Inc. issued a press release announcing the Company's financial results for the first quarter ended May 4, 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</u> <u>No.</u> | <u>Description</u> |
|------------------------------|--|
| 99.1 | Press Release issued by J.Crew Group, Inc. on June 6, 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: June 6, 2013

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

Contacts:

Stuart C. Haselden
Chief Financial Officer
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ICR, Inc.
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J.CREW GROUP, INC. ANNOUNCES FIRST QUARTER FISCAL 2013 RESULTS

NEW YORK, June 6, 2013 — J.Crew Group, Inc. today announced financial results for the three months ended May 4, 2013.

First Quarter Highlights:

- Revenues increased 12% to \$564.1 million, with comparable company sales increasing 5%. When realigning the weeks of the first quarter last year to be consistent with the current year retail calendar, comparable company sales increased 3% on top of an increase of 16% in the first quarter last year. Store sales increased 7% to \$380.2 million on top of an increase of 26% in the first quarter last year. Direct sales increased 23% to \$176.2 million on top of an increase of 19% in the first quarter last year.
- Gross margin decreased to 44.7% from 47.6% in the first quarter last year.
- Selling, general and administrative expenses were \$178.4 million, or 31.6% of revenues, compared to \$164.2 million, or 32.6% of revenues, in the first quarter last year.
- Operating income was \$73.6 million, or 13.1% of revenues, compared to \$75.7 million, or 15.0% of revenues, in the first quarter last year.
- Net income was \$29.3 million compared to \$30.7 million in the first quarter last year.
- Adjusted EBITDA was \$101.0 million compared to \$101.6 million in the first 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).

Balance Sheet Highlights:

- Cash and cash equivalents decreased to \$91.9 million from \$216.1 million at the end of the first quarter last year, primarily due to a one-time special dividend of \$197.5 million that was paid in the fourth quarter last year.
- Total debt was \$1,576 million, consisting of the senior secured term loan of \$1,176 million, maturing in 2018, and the senior unsecured notes of \$400 million, maturing in 2019; compared to \$1,591 million at the end of the first quarter last year.
- Inventories were \$308.3 million compared to \$250.6 million at the end of the first quarter last year. Inventories and inventories per square foot increased 23% and 13%, 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 first quarter results is scheduled for today, June 6, 2013, at 4:30 PM 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. A replay of this call will be available until June 13, 2013 and can be accessed by dialing (877) 870-5176 and entering conference ID number 415278.

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 June 6, 2013, the Company operates 307 retail stores (including 245 J.Crew retail stores, eight crewcuts stores and 54 Madewell stores), jcrew.com, jcrewfactory.com, the J.Crew catalog, madewell.com, the Madewell catalog, and 107 factory stores. Additionally, 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 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

(in thousands, except percentages)

(unaudited)

| | <u>First Quarter Fiscal 2013</u> | <u>First Quarter Fiscal 2012</u> |
|--|--------------------------------------|--------------------------------------|
| Net sales: | | |
| Stores | \$ 380,193 | \$ 354,008 |
| Direct | 176,161 | 143,437 |
| Other | <u>7,758</u> | <u>6,078</u> |
| Total revenues | 564,112 | 503,523 |
| Cost of goods sold, including buying and occupancy costs | <u>312,097</u> | <u>263,671</u> |
| Gross profit | 252,015 | 239,852 |
| <i>As a percent of revenues</i> | 44.7% | 47.6% |
| Selling, general and administrative expenses | 178,397 | 164,181 |
| <i>As a percent of revenues</i> | <u>31.6%</u> | <u>32.6%</u> |
| Operating income | 73,618 | 75,671 |
| <i>As a percent of revenues</i> | 13.1% | 15.0% |
| Interest expense, net | <u>25,681</u> | <u>25,412</u> |
| Income before income taxes | 47,937 | 50,259 |
| Provision for income taxes | <u>18,617</u> | <u>19,562</u> |
| Net income | <u>\$ 29,320</u> | <u>\$ 30,697</u> |

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

| (in thousands) | <u>May 4, 2013</u> | <u>February 2, 2013</u> | <u>April 28, 2012</u> |
|--|---------------------|-------------------------|-----------------------|
| Assets | | | |
| Current assets: | | | |
| Cash and cash equivalents | \$ 91,881 | \$ 68,399 | \$ 216,103 |
| Inventories | 308,327 | 265,628 | 250,596 |
| Prepaid expenses and other current assets | 61,158 | 65,791 | 56,867 |
| Prepaid income taxes | — | 11,620 | — |
| Total current assets | <u>461,366</u> | <u>411,438</u> | <u>523,566</u> |
| Property and equipment, net | 333,550 | 324,111 | 285,192 |
| Favorable lease commitments, net | 32,748 | 35,104 | 45,589 |
| Deferred financing costs, net | 49,366 | 51,851 | 56,328 |
| Intangible assets, net | 973,150 | 975,517 | 982,871 |
| Goodwill | 1,686,915 | 1,686,915 | 1,686,915 |
| Other assets | 3,189 | 1,778 | 2,492 |
| Total assets | <u>\$ 3,540,284</u> | <u>\$ 3,486,714</u> | <u>\$ 3,582,953</u> |
| Liabilities and Stockholders' Equity | | | |
| Current liabilities: | | | |
| Accounts payable | \$ 172,488 | \$ 141,119 | \$ 129,865 |
| Other current liabilities | 142,813 | 153,743 | 121,718 |
| Interest payable | 10,447 | 18,812 | 12,778 |
| Income taxes payable | 9,075 | — | 12,491 |
| Current portion of long-term debt | <u>12,000</u> | <u>12,000</u> | <u>15,000</u> |
| Total current liabilities | 346,823 | 325,674 | 291,852 |
| Long-term debt | 1,564,000 | 1,567,000 | 1,576,000 |
| Unfavorable lease commitments and deferred credits | 74,729 | 71,146 | 58,600 |
| Deferred income taxes, net | 393,489 | 392,984 | 410,517 |
| Other liabilities | 39,390 | 38,419 | 37,157 |
| Stockholders' equity | <u>1,121,853</u> | <u>1,091,491</u> | <u>1,208,827</u> |
| Total liabilities and stockholders' equity | <u>\$ 3,540,284</u> | <u>\$ 3,486,714</u> | <u>\$ 3,582,953</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 first 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) | First Quarter Fiscal 2013 | First Quarter Fiscal 2012 |
|--|------------------------------|------------------------------|
| Net income | \$ 29.3 | \$ 30.7 |
| Provision for income taxes | 18.6 | 19.6 |
| Interest expense, net | 25.7 | 25.4 |
| Depreciation and amortization | 21.8 | 19.2 |
| EBITDA | 95.4 | 94.9 |
| Share-based compensation | 1.2 | 1.1 |
| Amortization of lease commitments | 1.8 | 3.6 |
| Sponsor monitoring fees | 2.6 | 2.0 |
| Adjusted EBITDA | 101.0 | 101.6 |
| Taxes paid | (0.7) | (3.1) |
| Interest paid | (28.6) | (36.9) |
| Changes in working capital | (16.0) | (27.0) |
| Cash flows from operating activities | 55.7 | 34.6 |
| Cash flows from investing activities | (28.9) | (37.3) |
| Cash flows from financing activities | (3.2) | (3.0) |
| Effect of changes in foreign exchange rates on cash and cash equivalents | (0.1) | — |
| Increase (decrease) in cash | 23.5 | (5.7) |
| Cash and cash equivalents, beginning | 68.4 | 221.8 |
| Cash and cash equivalents, ending | \$ 91.9 | \$ 216.1 |

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

| <u>Quarter</u> | <u>Fiscal 2013</u> | | | |
|----------------------------|--|--|--|--|
| | <u>Total stores open at beginning of the quarter</u> | <u>Number of stores opened during the quarter(1)</u> | <u>Number of stores closed during the quarter(1)</u> | <u>Total stores open at end of the quarter</u> |
| 1 st Quarter(2) | 401 | 8 | — | 409 |
| 2 nd Quarter(3) | 409 | 12 | — | 421 |
| 3 rd Quarter(3) | 421 | 17 | (1) | 437 |
| 4 th Quarter(3) | 437 | 9 | (1) | 445 |

| <u>Quarter</u> | <u>Fiscal 2013</u> | | | |
|----------------------------|--|---|---|--|
| | <u>Total gross square feet at beginning of the quarter</u> | <u>Gross square feet for stores opened or expanded during the quarter</u> | <u>Reduction of gross square feet for stores closed or downsized during the quarter</u> | <u>Total gross square feet at end of the quarter</u> |
| 1 st Quarter(2) | 2,330,687 | 40,113 | — | 2,370,800 |
| 2 nd Quarter(3) | 2,370,800 | 60,852 | (2,019) | 2,429,633 |
| 3 rd Quarter(3) | 2,429,633 | 93,090 | (5,012) | 2,517,711 |
| 4 th Quarter(3) | 2,517,711 | 46,366 | (7,777) | 2,556,300 |

(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 – Six retail, two international retail, three factory, and six Madewell stores. Close one retail store.

Q4 – Two retail, four factory, and three Madewell stores. Close one retail store.

(2) Reflects actual activity.

(3) Reflects projected activity.