

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

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**FORM 8-K**

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**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 26, 2010**

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**J.CREW GROUP, INC.**

**Commission File Number: 001-32927**

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**Delaware**  
(Registrant, State  
of Incorporation)

**22-2894486**  
(I.R.S. Employer  
Identification No.)

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

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

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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 (see General Instruction A.2. below):

- ☐ 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 2.02. Results of Operations and Financial Condition.**

On August 26, 2010, J.Crew Group, Inc. issued a press release announcing the Company's financial results for the second quarter ended July 31, 2010. The Company is furnishing a copy of the press release hereto as Exhibit 99.1.

**Item 8.01. Other Events**

On August 24, J.Crew Operating Corp. ("Operating") provided notice that on or about August 31, 2010, it will make a voluntary prepayment of the principal amount outstanding (\$49.2 million) under the Credit and Guaranty Agreement (the "Credit Agreement") by and among Operating, as borrower, J.Crew Group, Inc. (the "Company") and certain of Operating's direct and indirect subsidiaries as guarantors, certain lenders named in the Credit Agreement, Goldman Sachs Credit Partners L.P. and Bear, Stearns & Co. Inc. as joint lead arrangers and joint bookrunners, Goldman Sachs Credit Partners L.P. as administrative agent and collateral agent, Bear Stearns Corporate Lending Inc. as syndication agent and Wachovia Bank, National Association as documentation agent.

**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 August 26, 2010.

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.

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**SIGNATURES**

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.

By: /s/ James S. Scully

Name: James S. Scully

Title: Chief Administrative Officer and  
Chief Financial Officer

Date: August 26, 2010

**Company Contact:**

James S. Scully  
Chief Administrative Officer and  
Chief Financial Officer  
(212) 209-8040

**Investor Contact:**

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

**J. CREW GROUP, INC. ANNOUNCES SECOND QUARTER FISCAL 2010 RESULTS**

**Second Quarter Revenues Rise 14% to \$407.5 million**

**Second Quarter Diluted Earnings Per Share of \$0.53**

New York, NY – August 26, 2010 – J. Crew Group, Inc. [NYSE:JCG] today announced financial results for the three months (second quarter) and six months (first six months) ended July 31, 2010.

Second Quarter highlights:

- Revenues increased 14% to \$407.5 million. Store sales increased 14% to \$295.0 million, with comparable store sales increasing 11%. Comparable store sales decreased 5% in the second quarter of fiscal 2009. Direct sales (Internet and Phone) increased 16% to \$102.5 million. Direct sales increased 6% to \$88.2 million in the second quarter of fiscal 2009.
- Gross margin increased to 44.6% of revenues from 41.2% of revenues in the second quarter of fiscal 2009.
- Operating income increased 83% to \$59.0 million, or 14.5% of revenues, compared to \$32.2 million, or 9.0% of revenues, in the second quarter of fiscal 2009. Operating income in the second quarter of fiscal 2010 includes a benefit of \$3.2 million in share-based compensation for recognition of forfeited share-based awards resulting primarily from the resignation of our President of Retail and Direct. Operating income in the second quarter of fiscal 2009 included charges of \$2.6 million related to underperforming stores and lease termination actions.
- Net income was \$34.9 million, or \$0.53 per diluted share, compared to net income of \$18.6 million, or \$0.29 per diluted share, in the second quarter of fiscal 2009.

Millard Drexler, J. Crew's Chairman and CEO stated: "While we are really pleased with the second quarter, it is more critical than ever to continue to move forward and invest in our business for quality, long term, earnings growth. It's about moving, doing, creating – it never stops."

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**First Six Months highlights:**

- Revenues increased 17% to \$821.4 million. Store sales increased 17% to \$585.0 million, with comparable store sales increasing 13%. Comparable store sales decreased 5% in the first six months of fiscal 2009. Direct sales increased 18% to \$216.9 million. Direct sales decreased 0.3% to \$183.5 million in the first six months of fiscal 2009.
- Gross margin increased to 46.8% of revenues from 41.7% of revenues in the first six months of fiscal 2009.
- Operating income increased 99% to \$134.4 million, or 16.4% of revenues, compared to \$67.5 million, or 9.6% of revenues, in the first six months of fiscal 2009. Operating income in the first six months of fiscal 2010 includes a benefit of \$3.2 million in share-based compensation for recognition of forfeited share-based awards resulting primarily from the resignation of our President of Retail and Direct. Operating income in the first six months of fiscal 2009 included charges of \$4.9 million related to our workforce reduction, underperforming stores and lease termination actions.
- Net income was \$79.6 million, or \$1.21 per diluted share, compared to net income of \$39.1 million, or \$0.61 per diluted share, in the first six months of fiscal 2009.

**Balance Sheet highlights as of July 31, 2010:**

- Cash and cash equivalents were \$340.5 million at the end of the second quarter compared to \$204.3 million at the end of the second quarter in the prior year.
- Inventories at the end of the second quarter were \$219.5 million compared to \$195.3 million at the end of the second quarter of fiscal 2009. Inventory per square foot increased 10% as compared to the end of the second quarter of fiscal 2009.
- Debt was \$49.2 million at the end of the second quarter compared to \$99.7 million at the end of the second quarter in the prior year. On August 24, 2010 the Company provided notice under its credit agreement of its intent to make a voluntary prepayment on August 31, 2010 of the remaining outstanding loan balance.

**Guidance**

For fiscal 2010 the Company currently expects diluted earnings per share in the range of \$2.25 to \$2.35, which includes a benefit of \$0.03 for recognition of forfeited share-based awards from the resignation of our President of Retail and Direct, as compared to its previous guidance range of \$2.35 to \$2.45 and fiscal 2009 diluted earnings per share of \$1.91. For the third quarter of fiscal 2010 the Company expects diluted earnings per share in the range of \$0.55 to \$0.60.

**Conference Call Information**

A conference call to discuss second quarter results is scheduled for today, August 26, 2010, at 4:30 PM Eastern Time. Investors and analysts interested in participating in the call are invited to dial (877) 407-0784 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 2, 2010 and can be accessed by dialing (877) 660-6853 and entering account number 3055 and conference ID number 354793.

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**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 August 26, 2010, the Company operates 247 retail stores (including 220 J.Crew retail stores, 9 crewcuts stores and 18 Madewell stores), the J. Crew catalog business, jcrew.com, madewell.com and 81 factory outlet 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 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 strength of the economy, changes in the overall level of consumer spending or preferences in apparel, our ability to compete with other retailers, the performance of the Company's products within the prevailing retail environment, our strategy and expansion plans, systems upgrades, reliance on key personnel, trade restrictions, political or financial instability in countries where the Company's goods are manufactured, postal rate increases, paper and printing costs, availability of suitable store locations at appropriate terms and other factors which are set forth in the Company's Form 10-K and in all filings with the SEC made by the Company subsequent to the filing of the Form 10-K. The Company does not undertake to publicly update or revise its forward-looking statements, whether as a result of new information, future events or otherwise.*

**J. Crew Group, Inc.**  
**Condensed Consolidated Statements of Operations**  
**(Unaudited)**

(Amounts in thousands, except percentages and per share amounts)	Three Months Ended July 31, 2010	Three Months Ended August 1, 2009	Six Months Ended July 31, 2010	Six Months Ended August 1, 2009
Net sales				
Stores	\$ 294,999	\$ 259,080	\$584,980	\$499,806
Direct	<u>102,511</u>	<u>88,171</u>	<u>216,866</u>	<u>183,531</u>
	397,510	347,251	801,846	683,337
Other	<u>10,009</u>	<u>10,304</u>	<u>19,552</u>	<u>19,988</u>
<b>Total Revenues</b>	<b>407,519</b>	<b>357,555</b>	<b>821,398</b>	<b>703,325</b>
Costs of goods sold, buying and occupancy costs	<u>225,967</u>	<u>210,327</u>	<u>437,248</u>	<u>410,160</u>
Gross Profit	181,552	147,228	384,150	293,165
<i>As a percent of revenues</i>	<u>44.6%</u>	<u>41.2%</u>	<u>46.8%</u>	<u>41.7%</u>
Selling, general administrative expenses	122,540	115,016	249,719	225,685
<i>As a percent of revenues</i>	<u>30.1%</u>	<u>32.2%</u>	<u>30.4%</u>	<u>32.1%</u>
Operating income	59,012	32,212	134,431	67,480
<i>As a percent of revenues</i>	<u>14.5%</u>	<u>9.0%</u>	<u>16.4%</u>	<u>9.6%</u>
Interest expense, net	<u>632</u>	<u>1,078</u>	<u>1,259</u>	<u>2,155</u>
Income before income taxes	58,380	31,134	133,172	65,325
Provision for income taxes	<u>23,471</u>	<u>12,524</u>	<u>53,537</u>	<u>26,270</u>
Net income	<u>\$ 34,909</u>	<u>\$ 18,610</u>	<u>\$ 79,635</u>	<u>\$ 39,055</u>
Income per share:				
Basic	\$ 0.55	\$ 0.30	\$ 1.26	\$ 0.63
Diluted	\$ 0.53	\$ 0.29	\$ 1.21	\$ 0.61
Weighted average shares outstanding:				
Basic	63,242	62,323	63,240	62,227
Diluted	65,917	64,326	65,993	63,864

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

<u>(In thousands)</u>	<u>July 31, 2010</u>	<u>January 30, 2010</u>	<u>August 1, 2009</u>
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	\$ 340,489	\$ 298,107	\$ 204,274
Inventories	219,526	190,231	195,295
Prepaid expenses and other current assets	29,203	29,522	32,158
Prepaid Income taxes	7,876	1,455	963
Total current assets	597,094	519,315	432,690
Property and equipment, net	188,476	194,615	203,223
Other assets	24,428	24,628	19,857
Total assets	<u>\$ 809,998</u>	<u>\$ 738,558</u>	<u>\$ 655,770</u>
<b>Liabilities and Stockholders' equity</b>			
Current liabilities:			
Accounts payable	\$ 131,311	\$ 127,733	\$ 116,110
Other current liabilities	89,204	106,652	82,207
Current portion of long-term debt (Note A)	49,229	—	1,028
Deferred income taxes, net	958	958	4,049
Total current liabilities	270,702	235,343	203,394
Long-term debt (Note A)	—	49,229	98,715
Deferred credits	64,548	67,646	72,185
Other liabilities	10,486	10,462	7,001
Stockholders' equity	464,262	375,878	274,475
Total liabilities and stockholders' equity	<u>\$ 809,998</u>	<u>\$ 738,558</u>	<u>\$ 655,770</u>

**Note A** – On August 24, 2010, the Company notified its lenders that it would make a voluntary prepayment of the remaining outstanding balance on its credit agreement on August 31, 2010. As a result, debt amounts have been classified as current portion of long-term debt as of July 31, 2010.



**Actual and Projected Store Count and Square Footage (Note 1)**

<b>Fiscal 2010</b>		<b>(Note 2)</b>		
<u>Quarter</u>	<b>Total stores open at beginning of the quarter</b>	<b>Number of stores opened during the quarter</b>	<b>Number of stores closed during the quarter</b>	<b>Total stores open at end of the quarter</b>
1 <sup>st</sup> Quarter (Actual)	321	4	0	325
2 <sup>nd</sup> Quarter (Actual)	325	3	1	327
3 <sup>rd</sup> Quarter (Projected)	327	4	0	331
4 <sup>th</sup> Quarter (Projected)	331	4	0	335

<b>Fiscal 2010</b>				
<u>Quarter</u>	<b>Total gross square feet at beginning of the quarter</b>	<b>Gross square feet for stores opened or expanded during the quarter</b>	<b>Reduction of gross square feet for stores closed or downsized during the quarter</b>	<b>Total gross square feet at end of the quarter</b>
1 <sup>st</sup> Quarter (Actual)	1,958,140	20,168	(615)	1,977,693
2 <sup>nd</sup> Quarter (Actual)	1,977,693	12,631	(7,822)	1,982,502
3 <sup>rd</sup> Quarter (Projected)	1,982,502	14,257	0	1,996,759
4 <sup>th</sup> Quarter (Projected)	1,996,759	25,102	0	2,021,861

**Note 1** – Store count and square footage summary excludes three clearance store locations. Above summary also includes one factory store that is temporarily closed at the time of this announcement due to flooding.

**Note 2** – Actual and Projected number of stores opened during Fiscal 2010 by quarter:

- 1<sup>st</sup> Quarter – two retail and two factory stores (Actual).
- 2<sup>nd</sup> Quarter – one retail, one factory and one Madewell store (Actual).
- 3<sup>rd</sup> Quarter – two retail, one factory and one Madewell store (Projected).
- 4<sup>th</sup> Quarter – two factory, one factory crewcuts and one Madewell stores (Projected).