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J.Crew Group, Inc. Announces Comprehensive Agreement to Deleverage Balance Sheet and Position J.Crew and Madewell for Long-Term Profitable Growth

J.Crew Group, Inc.

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NEW YORK, May 4, 2020 /PRNewswire/ -- J.Crew Group, Inc. ("J.Crew Group" or the "Company") today announced it has reached an agreement with its lenders holding approximately 71% of its Term Loan and approximately 78% of its IPCo Notes, as well as with its financial sponsors, under which the Company will restructure its debt and deleverage its balance sheet, positioning J.Crew and Madewell for long-term success.

Under the terms of the Transaction Support Agreement ("TSA"), the Company's lenders will convert approximately $1.65 billion of the Company's debt into equity.

To facilitate the restructuring contemplated by the TSA, the parent company of J.Crew Group, Inc., Chinos Holdings, Inc. and certain affiliates, have filed voluntary petitions for relief under Chapter 11 of the U.S. Bankruptcy Code in the U.S.

Bankruptcy Court for the Eastern District of Virginia.

The Company has secured commitments for a debtor-in-possession ("DIP") financing facility of $400 million and committed exit financing provided by existing lenders Anchorage Capital Group, L.L.C., GSO Capital Partners and Davidson Kempner Capital Management LP, among others. Subject to Court approval, the DIP financing, combined with the Company's projected cash flows, is expected to support its operations during the restructuring process.

As part of the TSA, Madewell will remain part of J.Crew Group, Inc. Libby Wadle will continue in her role as CEO of Madewell.

"This agreement with our lenders represents a critical milestone in the ongoing process to transform our business with the goal of driving long-term, sustainable growth for J.Crew and further enhancing Madewell's growth momentum," said Jan Singer, Chief Executive Officer, J.Crew Group. "Throughout this process, we will continue to provide our customers with the exceptional merchandise and service they expect from us, and we will continue all day-to-day operations, albeit under these extraordinary COVID-19-related circumstances. As we look to reopen our stores as quickly and safely as possible, this comprehensive financial restructuring should enable our business and brands to thrive for years to come."

"J.Crew and Madewell are two classic American brands with deeply loyal customers. We look forward to supporting Jan, Libby and the management team to recognize their full potential. The significant deleveraging contemplated by this agreement, coupled with J.Crew Group's strategy to strengthen its robust e-commerce platform to drive continued growth in its direct-to-consumer segment, will position the Company for future success," said Kevin Ulrich, Chief Executive Officer of Anchorage Capital Group.

The Company has filed a series of customary "first day" motions with the Bankruptcy Court seeking to maintain its operations during the restructuring process to help facilitate a smooth transition into Chapter 11.

For additional information about J.Crew Group's restructuring, including access to Court filings and other documents related to the court-supervised process, please visit www.omniagentsolutions.com/chinos, call (866) 991-8218 (U.S. & Canada) and (818) 924-2298 (International), or email chinosinquiries@omniagnt.com.

Weil, Gotshal & Manges LLP is serving as legal counsel, Lazard is serving as investment banker and AlixPartners, LLP is serving as restructuring advisor to J.Crew Group, Inc. Anchorage Capital Group and other members of an ad hoc committee are represented by Milbank LLP as legal counsel and PJT Partners LP as investment banker.

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 May 4, 2020, the Company operates 181 J.Crew retail stores, 140 Madewell stores, jcrew.com, jcrewfactory.com, madewell.com and 170 factory stores. Certain product, press release and SEC filing information concerning the Company are available at the Company's website www.jcrew.com.

About Anchorage Capital Group, L.L.C.

Anchorage Capital Group, L.L.C. is a New York-based registered investment adviser founded in 2003. The firm manages private investment funds across the credit, special situations and illiquid investment markets of North America and Europe using an active long and short basis, with particular focus on defaulted and leveraged issuers.

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 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 risks related to the terms of and potential transactions contemplated by the TSA, the outcome of the Chapter 11 cases and bankruptcy court proceedings generally, the ability to comply with the terms and conditions of the TSA and the DIP, the ability to obtain requisite support for a proposed restructuring plan from various stakeholders, the ability to satisfy all the requirements necessary for confirmation of a restructuring plan by the bankruptcy court, the ability to successfully execute the transactions contemplated by the TSA without substantial disruption to the Company's business, the impact of the Chapter 11 cases on the liquidity, financial condition or results of operations of the Company, the high costs of bankruptcy proceedings and related fees, risks that the restructuring will take longer than anticipated, the actions and decisions of creditors and other third parties who have interests in the Chapter 11 cases that may be inconsistent with the Company's operational and strategic plans, the ability of the Company to continue as a going concern, and the effects of disruption from a restructuring making it more difficult to maintain business, financing and operational relationships and to retain key executives. Forward-looking statements are also subject to various risks and uncertainties related to the Company's business, such as its ability to anticipate and timely respond to changes in trends and consumer preferences, the strength of the global economy, 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, compromises to its data security, its ability to maintain the value of its brands and protect its trademarks, its ability to implement its real estate strategy, changes in demographic patterns, adverse or unseasonable weather or other interruptions in its foreign sourcing, customer call, order fulfillment or distribution operations, increases in the demand for or prices of raw materials used to manufacture its products, trade restrictions or disruptions, the impact of potential global health emergencies such as COVID-19 (coronavirus) pandemic, including potential negative impacts on the global economy, product demand, foreign sourcing and operations generally 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 and any information that is otherwise provided to investors. 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.

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