SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF NEW YORK

EATON VANCE MANAGEMENT, AGF FLOATING RATE INCOME FUND, EATON VANCE CDO X PLC, EATON VANCE CLO 2014-1 LTD, DAVINCI REINSURANCE LTD., EATON VANCE FLOATING-RATE INCOME PLUS FUND, EATON VANCE SENIOR FLOATING-RATE TRUST, EATON VANCE FLOATING-RATE INCOME TRUST, EATON VANCE INTERNATIONAL (CAYMAN ISLANDS) FLOATING -RATE INCOME PORTFOLIO, EATON VANCE SENIOR INCOME TRUST, EATON VANCE SENIOR INCOME TRUST, EATON VANCE SHORT DURATION DIVERSIFIED INCOME FUND, EATON VANCE INSTITUTIONAL SENIOR LOAN FUND, EATON VANCE LIMITED DURATION INCOME FUND, EATON VANCE FLOATING RATE PORTFOLIO, BRIGHTHOUSE FUNDS TRUST I - BRIGHTHOUSE/EATON VANCE FLOATING RATE PORTFOLIO, PACIFIC SELECT FUND FLOATING RATE LOAN PORTFOLIO, RENAISSANCE INVESTMENT HOLDINGS LTD., COLUMBIA FUNDS VARIABLE SERIES TRUST II - VARIABLE PORTFOLIO - EATON VANCE FLOATING-RATE INCOME FUND, SENIOR DEBT PORTFOLIO, EATON VANCE VT FLOATING RATE INCOME FUND, HIGHLAND CAPITAL MANAGEMENT LP, BRENTWOOD CLO LTD., EASTLAND CLO LTD., GRAYSON CLO, LTD., GREENBRIAR CLO LTD., ROCKWALL II, STRATFORD CLO, LTD., and WESTCHESTER CLO, LTD., *Plaintiffs*, -against- WILMINGTON SAVINGS FUND SOCIETY, FSB, as ADMINISTRATIVE AGENT and COLLATERAL AGENT, J. CREW GROUP, INC., CHINOS INTERMEDIATE HOLDINGS A, INC., CHINOS INTERMEDIATE HOLDINGS B, INC., J. CREW INTERNATIONAL, INC., J. CREW OPERATING CORP., J. CREW INC., GRACE HOLMES, INC., H.F.D. NO. 55, INC., MADEWELL INC.,	INDEX NO._____ **SUMMONS** Date Index No. Purchased: Plaintiffs designate New York County as the place of trial

J. CREW VIRGINIA, INC., J. CREW INTERNATIONAL CAYMAN LIMITED, J. CREW DOMESTIC BRAND, LLC, J. CREW BRAND HOLDINGS, LLC, J. CREW BRAND INTERMEDIATE, LLC, and J. CREW BRAND, LLC,	)
Defendants.	)
	X

TO THE ABOVE NAMED DEFENDANTS.

YOU ARE HEREBY SUMMONED to answer the complaint in this action and to serve a copy of your answer, or, if the complaint is not served with this summons, to serve a notice of appearance, on the Plaintiffs' attorney within 20 days after the service of this summons, exclusive of the day of service (or within 30 days after the service is completed if this summons is not personally delivered to you within the State of New York); and in case of your failure to appear or answer, judgment will be taken against you by default for the relief demanded in the complaint.

Venue is based upon Section 10.15(b) of the Amended and Restated Credit Agreement, dated as of March 5, 2014. Venue is also proper under CPLR § 503.

DATED: New York, New York
June 22, 2017

BROWN RUDNICK LLP

By: /s/ Sigmund S. Wissner-Gross
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SUPREME COURT OF THE STATE OF NEW YORK
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EATON VANCE MANAGEMENT, AGF FLOATING RATE INCOME FUND, EATON VANCE CDO X PLC, EATON VANCE CLO 2014-1 LTD, DAVINCI REINSURANCE LTD., EATON VANCE FLOATING-RATE INCOME PLUS FUND, EATON VANCE SENIOR FLOATING-RATE TRUST, EATON VANCE FLOATING-RATE INCOME TRUST, EATON VANCE INTERNATIONAL (CAYMAN ISLANDS) FLOATING - RATE INCOME PORTFOLIO, EATON VANCE SENIOR INCOME TRUST, EATON VANCE SENIOR INCOME TRUST, EATON VANCE SHORT DURATION DIVERSIFIED INCOME FUND, EATON VANCE INSTITUTIONAL SENIOR LOAN FUND, EATON VANCE LIMITED DURATION INCOME FUND, EATON VANCE FLOATING RATE PORTFOLIO, BRIGHTHOUSE FUNDS TRUST I - BRIGHTHOUSE/EATON VANCE FLOATING RATE PORTFOLIO, PACIFIC SELECT FUND FLOATING RATE LOAN PORTFOLIO, RENAISSANCE INVESTMENT HOLDINGS LTD., COLUMBIA FUNDS VARIABLE SERIES TRUST II - VARIABLE PORTFOLIO - EATON VANCE FLOATING-RATE INCOME FUND, SENIOR DEBT PORTFOLIO, EATON VANCE VT FLOATING RATE INCOME FUND, HIGHLAND CAPITAL MANAGEMENT LP, BRENTWOOD CLO LTD., EASTLAND CLO LTD., GRAYSON CLO, LTD., GREENBRIAR CLO LTD., ROCKWALL II, STRATFORD CLO, LTD., and WESTCHESTER CLO, LTD., *Plaintiffs*, -against- WILMINGTON SAVINGS FUND SOCIETY, FSB, as ADMINISTRATIVE AGENT and COLLATERAL AGENT, J. CREW GROUP, INC., CHINOS INTERMEDIATE HOLDINGS A, INC., CHINOS INTERMEDIATE HOLDINGS B, INC., J. CREW INTERNATIONAL, INC., J. CREW OPERATING CORP., J. CREW INC., GRACE HOLMES, INC., H.F.D. NO. 55, INC., MADEWELL INC., J. CREW VIRGINIA, INC., J. CREW	INDEX NO._____ **COMPLAINT**

INTERNATIONAL CAYMAN LIMITED, J. CREW DOMESTIC BRAND, LLC, J. CREW BRAND HOLDINGS, LLC, J. CREW BRAND INTERMEDIATE, LLC, and J. CREW BRAND, LLC,	)
Defendants.	)

Plaintiffs Eaton Vance Management, AGF Floating Rate Income Fund, Eaton Vance CDO X PLC, Eaton Vance CLO 2014-1 LTD, DaVinci Reinsurance Ltd., Eaton Vance Floating-Rate Income Plus Fund, Eaton Vance Senior Floating-Rate Trust, Eaton Vance Floating-Rate Income Trust, Eaton Vance International (Cayman Islands) Floating-Rate Income Portfolio, Eaton Vance Senior Income Trust, Eaton Vance Senior Income Trust, Eaton Vance Short Duration Diversified Income Fund, Eaton Vance Institutional Senior Loan Fund, Eaton Vance Limited Duration Income Fund, Eaton Vance Floating Rate Portfolio, Brighthouse Funds Trust I - Brighthouse/Eaton Vance Floating Rate Portfolio, Pacific Select Fund Floating Rate Loan Portfolio, Renaissance Investment Holdings Ltd., Columbia Funds Variable Series Trust Ii - Variable Portfolio - Eaton Vance Floating-Rate Income Fund, Senior Debt Portfolio, and Eaton Vance VT Floating Rate Income Fund (collectively, the "**Eaton Vance Plaintiffs**"), and Plaintiffs Highland Capital Management LP, Brentwood CLO Ltd., Eastland CLO Ltd., Grayson CLO, Ltd., Greenbriar CLO Ltd., Rockwall II, Stratford CLO, Ltd., and Westchester CLO, Ltd. (collectively, the "**Highland Plaintiffs**," and together with the Eaton Vance Plaintiffs, the "**Plaintiffs**"), by their attorneys Brown Rudnick LLP, as and for their Complaint against Defendants Wilmington Savings Fund Society, FSB, solely in its capacity as Administrative Agent and Collateral Agent ("**WSFS**"), J. Crew Group, Inc., Chinos Intermediate Holdings A, Inc., Chinos Intermediate Holdings B, Inc., J. Crew International, Inc., J. Crew Operating Corp., J. Crew Inc., Grace Holmes, Inc., H.F.D. No. 55, Inc., Madewell Inc., J. Crew Virginia, Inc., J.

Crew International Cayman Limited, J. Crew Domestic Brand, LLC, J. Crew Brand Holdings, LLC, J. Crew Brand Intermediate, LLC and J. Crew Brand, LLC (collectively, the "**J. Crew Defendants**," WSFS and the J. Crew Defendants, collectively, "**Defendants**"), allege as follows:

PRELIMINARY STATEMENT

1. The Eaton Vance and Highland Plaintiffs are significant Lenders under a $1.57 billion secured loan extended to the J. Crew Defendants. Like so many other Term Lenders, the Plaintiffs were shocked and dismayed to learn, in December 2016, that their Borrowers/Guarantors (*i.e.* the J. Crew Defendants) had purportedly transferred out of their collateral package, their most value-driving asset class: the "J. Crew" branding and other intellectual property. This maneuver was not only in violation of the Lender's Term Loan Agreement, it also had an improper purpose; the Defendants' intellectual property, once freed (improperly) of the Term Lenders' liens, would be offered up as collateral for junior, unsecured bondholders, willing to exchange their bonds for to be issued secured bonds of lesser principle amount and longer maturities. In this way, the J. Crew Defendants – entities now in severe financial distress – intend to wrongfully impose their losses onto the backs of their secured lenders.

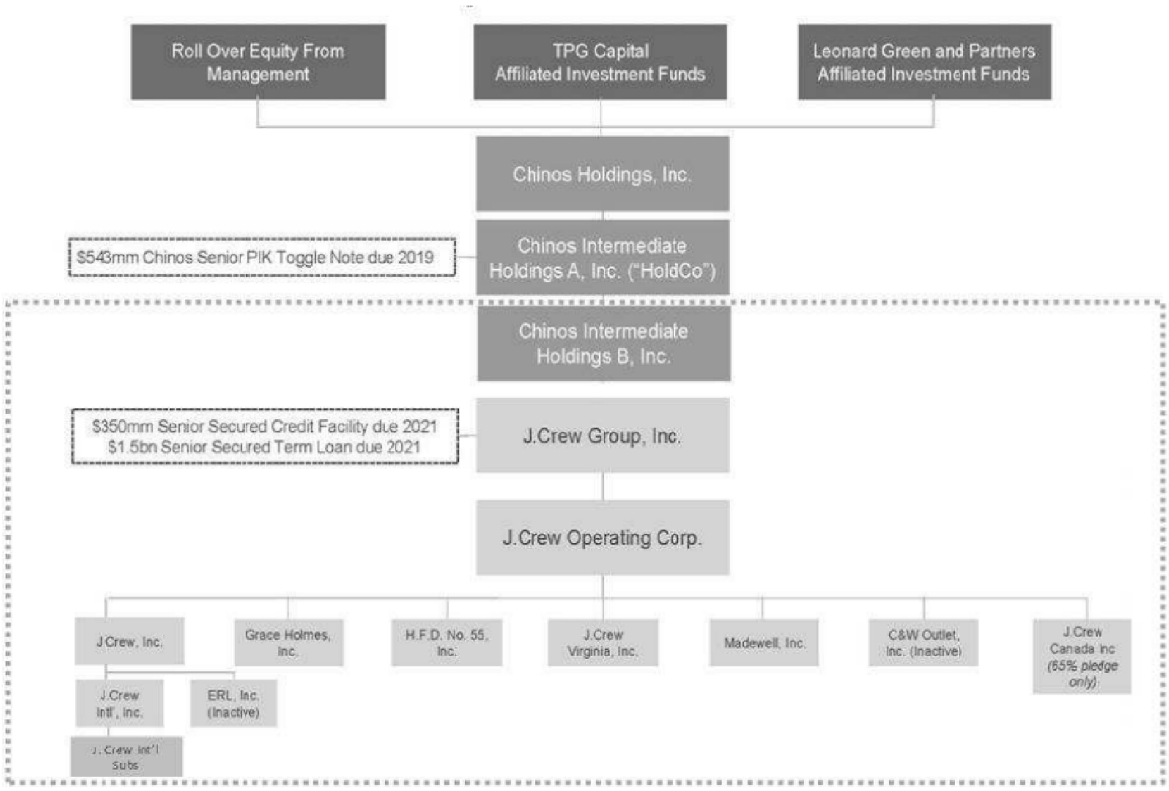
2. Alarmed by the wrongful behavior of the Loan Parties to the Term Loan Agreement, approximately five months ago, a majority of the Term Lenders selected WSFS to replace the predecessor agent and, thereafter, initiate action to protect the Term Lenders' interests. After first delaying its consent to WSFS's appointment, the J. Crew Group promptly sued WSFS, accusing it, along with the majority of Term Lenders who had selected WSFS, of "fabricating breach of contract claims" against the J. Crew Group and hindering supposedly

"legitimate" and "value-maximizing strategic opportunities" that would, supposedly, benefit all stakeholders.[1]

3. What are these opportunities? They are euphemistically referred to in the J. Crew Group complaint as the "IP Transaction." Although the J. Crew Group refers to the IP Transaction as an investment, it is actually the opposite – a divestiture. Bottom line – the so-called IP Transaction is the means by which the J. Crew Group hopes to transfer 100% of the value of the J. Crew Group's brands *from* Term Loan Agreement Loan Parties to unsecured creditors of an upstream affiliate parent-affiliate to refinance that parent-affiliate's obligations. But that is not all. Pursuant to the IP Transaction, the J. Crew Group proposes to subject the Term Loan Agreement Loan Parties to a $59 million in annual license fees to use marks they used to own and were able to use for free, all of which $59 million will be used for debt service on the newly-issued debt secured by the Term Lenders' former collateral.

4. The organizational structure of the J. Crew Company is helpful in following the transfer to value behind the scheme. This structure, as it existed prior to October 2016, is illustrated as follows:

[1] Such complaint is entitled *J. Crew Group, Inc., et al. v. Wilmington Savings Fund Society, FSB*, Index No. 650574/2017 (Sup. Ct. N.Y. Cnty.) (the "**Agent Litigation**").



5. In March 2017, in its answer to the complaint filed by J. Crew Group and its wholly-owned subsidiaries (together with J. Crew Group, "**J. Crew Company**"), WSFS, solely in its capacity as Administrative Agent and Collateral Agent, asserted counterclaims against the J. Crew Company seeking declaratory and other relief in response to these machinations. However, before the underlying issues could be litigated and resolved, certain Term Lenders have directed WSFS to, among other things, dismiss the Agent Litigation and agree to certain amendments to the Term Loan Agreement, without obtaining the consent of all Term Lenders as required under the Term Loan Agreement.

6. J. Crew Company is now attempting to move forward with the next leg of the IP Transaction. Two newly-formed subsidiaries of J. Crew Company (J. Crew Brand, LLC and J. Crew Brand Corp.) will issue $250 million of new debt (the "**PIK Replacement Notes**") to current holders of the PIK Notes. Even though the PIK Notes are not obligations of J. Crew

Company, direct or indirect subsidiaries of guarantors of the Term Loan will be obligated on the PIK Replacement Notes.

7. In addition, J. Crew Company plans, with the consent of some of the Term Lenders, to transfer the Remaining Trademark Collateral to Domestic Brand and to transfer the value of the Remaining Trademark Collateral to current holders of the PIK Notes together with the value of the Disposed Trademark Collateral.

8. As admitted in the Agent Litigation by the Term Lenders, J. Crew Company and its subsidiaries will receive nothing of value in return for a number of transfers undertaken by J. Crew Group in furtherance of an overall scheme to transfer value for the benefit of one or more of its indirect parent companies for use in a restructuring of the PIK Notes (collectively, the "**Value Transfers**," which consist of the Trademark Transfers and the PIK Note Transfers). The parties that will benefit include the PIK Note holders, Holdings A, which will avoid defaulting on its obligations on the PIK Notes, and the ultimate shareholders of Holdings A who stand to benefit because they will retain equity value in Holdings A which would be impossible if the PIK Notes are not repaid or restructured.

9. As indicated above, this scheme violated numerous provisions of the Loan Documents (as that term is defined in the Term Loan Agreement). These provisions include restrictions on the ability to designate Unrestricted Subsidiaries (Term Loan Agreement, § 6.14), to allow "Liens" on collateral (here, encumbrances on the remaining undivided 27.96% interest still "owned" by J. Crew International) (*id.*, § 7.01), to make "Investments" (*id.*, § 7.02), to dispose of all or substantially all of a Loan Party's assets (*id.*, § 7.04), to make "Dispositions" that are not permitted Investments (*id.*, § 7.05), to engage in transactions with Affiliates (*id.*, § 7.08), to make untrue certifications (*id.*, § 8.01(d); Term Loan Security Agreement § 7.12(d)),

and to take actions that may terminate, or threaten the validity and enforceability, of J. Crew Company's intellectual property (Term Loan Security Agreement, § 4.02(b)). J. Crew Company has materially breached other provisions of the Term Loan Agreement by, among other things, unreasonably delaying its consent to the appointment of WSFS as Agent (Term Loan Agreement, § 9.09) and by refusing to produce information and documents reasonably requested by WSFS (*id.*, § 6.02(e)). The foregoing violations are Defaults under the Loan Documents and certain of them are also Events of Default.[2] Plaintiffs are therefore entitled to a declaration from this Court that Plaintiffs can exercise all of their remedies under the Loan Documents and applicable law.[3] Moreover, certain of these Defaults (including breaches of sections 7.04 and 7.05 involving transfers of collateral) can only be waived with the consent of all Term Lenders and Plaintiffs have not consented.

10. Beyond these contract breaches, the Value Transfers constitute intentional and constructive fraudulent transfers. As correctly stated in WSFS's counterclaims and proposed amended counterclaims, J. Crew Company is insolvent and received and will receive nothing of value in exchange for the transfer of its intellectual property. Accordingly, Plaintiffs and other Term Lenders are entitled to have all of the Value Transfers, including the planned transfers to the holders of the PIK Notes, set aside and to recover the full value of the assets transferred as of the time the Value Transfers began in December 2016 from all recipients of, and parties that benefit from, the transfers, including current holders of the PIK Notes that receive the PIK Note

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2 As to those that are not automatic Events of Default (i.e., the violations of sections 6.02(e), 6.14, and 9.09 of the Term Loan Agreement and section 4.02(b) of the Term Loan Security Agreement), these Counterclaims constitute written notice pursuant to section 8.01(c) of the Term Loan Agreement. Notably, the Plaintiffs did not themselves seek declaratory relief with respect to any of these provisions.

3 To date, WSFS, the agent, apparently has not sought to exercise such remedies, and, upon information and belief, has advised J. Crew Group that it does not intend to do so with respect to the actions that were put at issue in the Agent Litigation, pending a judicial determination by the Court as to the declaratory relief sought in the Agent Litigation.

Transfers (the "**PIK Note Transferees**"), including but not limited to the Initial Consenting PIK Noteholders (the beneficial holders, or investment advisors or managers for the account of beneficial holders, of the PIK Notes that have sponsored or initially consented to the PIK Note Transfers).

THE PARTIES

11. The Eaton Vance Plaintiffs, Eaton Vance Management, AGF Floating Rate Income Fund, Eaton Vance CDO X PLC, Eaton Vance CLO 2014-1 LTD, DaVinci Reinsurance Ltd., Eaton Vance Floating-Rate Income Plus Fund, Eaton Vance Senior Floating-Rate Trust, Eaton Vance Floating-Rate Income Trust, Eaton Vance International (Cayman Islands) Floating-Rate Income Portfolio, Eaton Vance Senior Income Trust, Eaton Vance Senior Income Trust, Eaton Vance Short Duration Diversified Income Fund, Eaton Vance Institutional Senior Loan Fund, Eaton Vance Limited Duration Income Fund, Eaton Vance Floating Rate Portfolio, Brighthouse Funds Trust I - Brighthouse/Eaton Vance Floating Rate Portfolio, Pacific Select Fund Floating Rate Loan Portfolio, Renaissance Investment Holdings Ltd., Columbia Funds Variable Series Trust Ii - Variable Portfolio - Eaton Vance Floating-Rate Income Fund, Senior Debt Portfolio, and Eaton Vance VT Floating Rate Income Fund, are funds managed by Plaintiff Eaton Vance Management. Eaton Vance Management is a Massachusetts Business Trust created and existing under the laws of The Commonwealth of Massachusetts with its principal place of business in Boston, Massachusetts. The Eaton Vance funds hold approximately $100 million of the Term Loans.

12. The Highland Plaintiffs, Highland Capital Management LP, Brentwood CLO Ltd., Eastland CLO Ltd., Grayson CLO, Ltd., Greenbriar CLO Ltd., Rockwall II, Stratford CLO, Ltd., and Westchester CLO, Ltd. are funds managed by Plaintiff Highland Capital Management

LP ("**Highland**"). Highland is a Texas limited partnership with its principal place of business in Dallas, Texas. The Highland funds hold approximately $61 million of the Term Loans.

13. Defendant WSFS, as Administrative Agent and Collateral Agent, is a federal savings bank with its principal place of business in Wilmington, Delaware. Agent is sued in this action solely in its capacity as Administrative Agent under the Term Loan Agreement and as Collateral Agent under the Term Loan Security Agreement.

14. Defendant J. Crew Group is a Delaware corporation with its principal place of business in New York, New York and is the Borrower under the Term Loan Agreement and a "Grantor" (as that term is defined in the Term Loan Security Agreement).

15. Defendant Chinos Intermediate Holdings B, Inc. ("**Holdings B**") is a Delaware corporation with its principal place of business in New York, New York and is a direct parent and controlling shareholder of J. Crew Group. Holdings B is also a party to the Term Loan Agreement, and has unconditionally guaranteed all Obligations under the Term Loan Agreement.

16. Defendant J. Crew Operating Corp. ("**J. Crew OpCo**") is a Delaware corporation with its principal place of business in New York, New York, and is a Guarantor under the Term Loan Agreement and a Grantor under the Term Loan Security Agreement.

17. Defendant J. Crew Inc. is a Delaware corporation with its principal place of business in New York, New York, and is a Guarantor under the Term Loan Agreement and a Grantor under the Term Loan Security Agreement.

18. J. Crew International, Inc. ("**J. Crew International**"), is a Delaware corporation with its principal place of business in New York, New York, and is a Guarantor under the Term Loan Agreement and a Grantor under the Term Loan Security Agreement.

19. Defendant Grace Holmes, Inc. is a Delaware corporation with its principal place of business in New York, New York, and is a Guarantor under the Term Loan Agreement and a Grantor under the Term Loan Security Agreement.

20. Defendant H.F.D. No. 55, Inc.is a Delaware corporation with its principal place of business in New York, New York, and is a Guarantor under the Term Loan Agreement and a Grantor under the Term Loan Security Agreement.

21. Defendant Madewell, Inc. is a Delaware corporation with its principal place of business in New York, New York, and is a Guarantor under the Term Loan Agreement and a Grantor under the Term Loan Security Agreement.

22. Defendant J. Crew Virginia, Inc. is a Virginia corporation with its principal place of business in New York, New York, and is a Guarantor under the Term Loan Agreement and a Grantor under the Term Loan Security Agreement.

23. Upon information and belief, Defendant J. Crew International Cayman Limited ("**J. Crew Cayman**") is a company incorporated and existing in the Cayman Islands, and registered on October 14, 2016, with its principal place of business in New York, New York.

24. Upon information and belief, Defendant J. Crew Brand Holdings, LLC ("**Brand Holdings**") is a Delaware limited liability company formed on October 14, 2016, with its principal place of business in New York, New York.

25. Upon information and belief, Defendant J. Crew Brand Intermediate, LLC ("**Brand Intermediate**") is a Delaware limited liability company formed on October 14, 2016, with its principal place of business in New York, New York.

26. Upon information and belief, Defendant J. Crew Brand, LLC ("**Brand**") is a Delaware limited liability company formed on October 14, 2016, with its principal place of business in New York, New York.

27. Upon information and belief, Defendant J. Crew Domestic Brand, LLC ("**Domestic Brand**") is a Delaware limited liability company formed on October 14, 2016, with its principal place of business in New York, New York.

28. Upon information and belief, Defendant J. Crew Brand Corp. ("**Brand Corp.**") is a Delaware limited liability company formed on October 14, 2016, with its principal place of business in New York, New York.

PROCEDURAL HISTORY

29. On February 1, 2017, J. Crew Group and certain subsidiaries commenced an action against WSFS, in its capacity as Administrative Agent and Collateral Agent, captioned *J. Crew Group, Inc., et al. v. Wilmington Savings Fund Society, FSB*, Index No. 650574/2017, pending in the Supreme Court for the State of New York (the "**Agent Litigation**," also referred to in the proposed amendments to the Term Loan Agreement as the "**Specified Liability Management Transaction Litigation**"). J. Crew Group and its affiliates asserted causes of action for declaratory judgment, requesting that the Court ratify certain transfers made by J. Crew Company, and declaring that certain actions by those entities were not Defaults or Events of Default under the Term Loan Agreement.

30. On March 24, 2017, WSFS answered the Complaint, and asserted counterclaims against the Plaintiffs and certain additional counterclaim defendants. WSFS sought declaratory relief that the actions taken by J. Crew Company, including the Value Transfers, were Defaults or Events of Default under the Term Loan Agreement and that certain Value Transfers were

fraudulent transfers that could be avoided pursuant to sections of the New York Debtor Creditor Law ("**WSFS's Initial Counterclaims**").

31. On April 13, 2017, the Counterclaim Defendants replied to WSFS's Initial Counterclaims.

32. On June 15, 2017, WSFS sought leave to amend its Initial Counterclaims, and submitted a Proposed Amended Answer and Counterclaims ("**WSFS's Proposed Amended Counterclaims**"), which highlighted the proposed additional transfers, including the PIK Transfer, that J. Crew Company announced it would be engaging in.

STANDING

33. Plaintiffs have standing to assert the causes of action alleged herein. Section 10.19 of the Term Loan Agreement is not applicable to the claims against WSFS, as agent.

34. Additionally, because, upon information and belief, WSFS has been directed by the majority of the Term Lenders to take steps to stay the Agent Litigation and agree to proposed amendments to the Term Loan Agreement, which would require, in part, dismissal of the Agent Litigation and withdrawal of WSFS's Initial and Proposed meritorious Amended Counterclaims, WSFS is in a conflicted position with Plaintiffs. Accordingly, any request for written consent from WSFS to institute this action would be futile.

JURISDICTION AND VENUE

35. This Court has jurisdiction over this action because Plaintiffs and certain Defendants have consented to the jurisdiction of this Court in section 10.15 of the Term Loan Agreement. The Court has jurisdiction over the remaining Defendants under CPLR §§ 301 and 302 because, upon information and belief, they transact business in New York state, have their principal place of business in New York state, are subsidiaries of J. Crew Company, which

transacts business within New York state, or have participated in the acts alleged herein, causing injury to persons or entities within New York state.

36. Venue is proper pursuant to Rule 501 of the CPLR because Plaintiffs and certain Defendants have fixed venue in this Court in section 10.15 of the Term Loan Agreement. Venue is proper with respect to the remaining Defendants under Rule 503 of the CPLR because Plaintiffs and certain Defendants are residents of New York County and maintain their principal place of business in New York County.

37. Section 5-1402 of the New York General Obligations Law also provides for this Court's jurisdiction over this action and the parties because the action arises out of a contract that: (i) contains a clause in which the parties have submitted to jurisdiction in New York; (ii) contains a clause selecting New York as the governing law over all matters arising out of, in connection with, or relating to that contract; and (iii) relates to an obligation arising from a transaction involving more than $1 million in the aggregate.

FACTUAL ALLEGATIONS

I. To Secure a Loan, J. Crew Company Pledges Its Intellectual Property to the Term Lenders.

38. The allegations in paragraphs 39 through 43 are based on Section I of WSFS's Proposed Amended Counterclaims. These allegations were meritorious when made, and are re-alleged herein in support of Plaintiffs' claims.

39. J. Crew Company is a retailer that sells apparel and accessories. J. Crew Company was acquired by TPG Capital, L.P. ("**TPG Capital**") and Leonard Green & Partners, L.P. ("**Leonard Green**"), and their respective affiliates, in 2011 for $3.1 billion. The transaction was funded with $1.6 billion of debt, a $1.2 billion equity contribution and a management equity rollover. Upon information and belief, TPG Capital, Leonard Green and their affiliates are

controlling shareholders of Chinos Holdings, Inc. ("**Holdings**"), the ultimate parent of J. Crew Company.

40. On March 7, 2011, Chinos Acquisition Corporation (which merged with and into J. Crew Group on March 7, 2011), J. Crew Group, Holdings B, BofA, as the administrative agent and collateral agent, and the lenders identified therein (the "**ABL Lenders**") entered into an asset-based revolving credit agreement (as amended, restated, supplemented, or otherwise modified prior to the date hereof, the "**ABL Credit Agreement**"). Upon information and belief, Chinos Acquisition Corporation, J. Crew Group, Holdings B, and Bank of America ("**BofA**") as collateral agent also entered into a security agreement in connection with the ABL Credit Agreement (the "**ABL Security Agreement**"). Also on March 7, 2011, J. Crew Group, Chinos Acquisition Corporation, Holdings B, BofA, and several lenders, entered into a term loan credit agreement (the "**Prior Term Loan Agreement**"). In connection with the Prior Term Loan Agreement, J. Crew Group, Holdings B, and BofA as the predecessor Collateral Agent entered into the Term Loan Security Agreement dated as of March 7, 2011, which currently provides the lenders under the Term Loan Agreement with security interests in specified pledged collateral. Also in connection with the Prior Term Loan Agreement, Holdings B, J. Crew OpCo, J. Crew Inc., J. Crew International, Grace Holmes Inc., H.F.D. No. 55, Inc., Madewell Inc., J. Crew Virginia, Inc., and BofA, as predecessor Administrative Agent and Collateral Agent, entered into a Guaranty of the obligations evidenced by the Prior Term Loan Agreement, dated as of March 7, 2011.

41. In connection with the Prior Term Loan Agreement and ABL Credit Agreement, BofA as the Administrative Agent and Collateral Agent under both the ABL Credit Agreement and the Term Loan Agreement, entered into the Intercreditor Agreement dated as of March 7,

2011 (as amended, restated, supplemented, or otherwise modified prior to the date hereof, the "**Intercreditor Agreement**").

42. On March 5, 2014, J. Crew Group, Holdings B, the Term Lenders, and BofA (as Administrative Agent and Collateral Agent) amended and restated the Prior Term Loan Agreement, by entering into the Term Loan Agreement at issue in this case. The maturity date of the Term Loan Agreement is March 5, 2021.

43. To help assure that J. Crew Group would be able to repay its obligations under the Term Loan Agreement, the Term Loan Security Agreement required the Grantors — i.e., J. Crew Group, Holdings B, J. Crew OpCo, J. Crew Inc., J. Crew International, Grace Holmes, Inc., H.F.D. No. 55, Inc., Madewell Inc., and J. Crew Virginia, Inc. — to execute and deliver to the Collateral Agent (for the benefit of itself and the other Secured Parties (as defined in the Term Loan Agreement)) liens in specified assets, including their trademarks and other intellectual property. In particular, the Grantors executed and delivered to BofA (a) a Trademark Security Agreement, dated as of March 7, 2011 and recorded with the United States Patent and Trademark Office (the "**US PTO**") on March 11, 2011 at Reel 004496 and Frame 0170, (b) a Trademark Security Agreement, dated as of September 1, 2011 and recorded with the US PTO on September 14, 2011 at Reel 004622 and Frame 0926 and (c) a Trademark Security Agreement, dated as of December 5, 2016 (the agreements described in clauses (a), (b) and (c), each, a "**Trademark Security Agreement**").

II. An Indirect Parent of J. Crew Company Takes on Additional Debt to Fund a Dividend to Its Private Equity Owners.

44. The allegations in paragraphs 45 through 47 are based on Section II of WSFS's Proposed Amended Counterclaims. These allegations were meritorious when made, and are re-alleged herein in support of Plaintiffs' claims.

45. On November 4, 2013, Holdings A, the direct parent company of Holdings B and indirect parent company of J. Crew Group, issued $500 million of 7.75% / 8.50% Senior PIK Toggle Notes to fund a dividend to its private equity owners, TPG Capital and Leonard Green (the "**PIK Notes**"). Importantly, the PIK Notes are (i) senior unsecured obligations of Holdings A, and (ii) not obligations of or guaranteed by the Borrower or any of its subsidiaries.

46. During fiscal year 2016, Holdings A paid interest on the PIK Notes in kind at the PIK interest rate of 8.50%. On October 28, 2016, Holdings A gave notice that it was electing the same payment-in-kind treatment with respect to the May 1, 2017 interest payment date. This payment-in-kind election will increase the outstanding principal balance of the PIK Notes to $566.5 million as of that date.

47. The PIK Notes mature and become due and payable on May 1, 2019, which is earlier than the maturity of the Term Loan Agreement in 2021.

III. J. Crew Company Forms New Entities and Designates Them as Restricted Subsidiaries in Violation of Section 6.14 of the Term Loan Agreement.

48. The allegations in paragraphs 49 through 56 are based on Section III of WSFS's Proposed Amended Counterclaims. These allegations were meritorious when made, and are re-alleged herein in support of Plaintiffs' claims.

49. On October 14, 2016, J. Crew Company formed a number of new, wholly-owned subsidiaries that included the following entities: J. Crew Cayman, a Restricted Subsidiary which, because it is a Foreign Subsidiary (as defined in the Term Loan Agreement), is not required to become a Guarantor or Loan Party under the Term Loan Agreement; Brand Holdings; Brand Intermediate; Brand; Domestic Brand; Brand Corp.; J. Crew International Brand, LLC; Madewell Brand Holdings, LLC; and Madewell Brand, LLC.

50. On October 21, 2016, and in anticipation of transferring its Trademark Collateral, J. Crew Group submitted an Officer's Certificate (the "**Designation Certificate**") to Bank of America in which it purported to designate the newly-formed subsidiaries listed in Paragraph 49 above (other than J. Crew Cayman) — and also two existing subsidiaries, J. Crew Holdings A, LLC and J. Crew Holdings B, LLC — as Unrestricted Subsidiaries under the Term Loan Agreement (collectively, the "**Designated Subsidiaries**").

51. Under section 6.14 of the Term Loan Agreement, J. Crew Group's board of directors is permitted to designate a Restricted Subsidiary as an Unrestricted Subsidiary, but only if the "Total Leverage Ratio for the Test Period immediately preceding such designation for which financial statements have been delivered pursuant to section 6.01 is less than or equal to 6.0 to 1.0 (calculated on a Pro Forma Basis) . . . ."

52. "Total Leverage Ratio" is defined in the Term Loan Agreement as, "with respect to any Test Period, the ratio of (a) Consolidated Total Debt outstanding as of the last day of such Test Period to (b) Consolidated EBITDA of the Borrower for such Test Period."

53. The Designation Certificate certified that the Total Leverage Ratio for the applicable Test Period was less than or equal to 6.0 to 1.0 as of June 30, 2016. Attached as Exhibit B to the Designation Certificate is a sheet purporting to demonstrate that the Total Leverage Ratio for the Test Period ending on July 30, 2016 was 5.78x.

54. Upon information and belief, the calculations set forth on Exhibit B of the Designation Certificate are incorrect for multiple reasons. For example, the Consolidated EBITDA denominator includes a line item attributing $30 million to "costs savings and synergies projected in good faith, net of amount realized in during period." Pursuant to section 1.08 of the Term Loan Agreement, the Borrower may include a maximum amount of $30 million

for "cost savings and synergies projected by the Borrower in good faith to be realized as a result of specified actions taken, committed to be taken or expected to be taken . . . ." The amount of such cost savings and synergies must be "reasonably identifiable, quantifiable and factually supportable in the good faith judgment of the Borrower." Upon information and belief, the $30 million line item for projected cost savings and synergies in Exhibit B of the Designation Certificate is incorrect, not made in good faith, and based on assumptions that are not reasonably identifiable, quantifiable, or factually supportable.

55. Upon information and belief, if the Total Leverage Ratio were correctly calculated in accordance with the Term Loan Agreement, it would have exceeded 6.0 to 1.0 for the Test Period ending on July 30, 2016. Accordingly, the designation of subsidiaries as Unrestricted Subsidiaries (as defined in the Term Loan Agreement) constituted a Default under section 6.14 of the Term Loan Agreement. WSFS' Initial Counterclaims satisfied any requirement that WSFS give notice of such Default to J. Crew Company. Accordingly, this Default became an Event of Default no later than April 24, 2017.

56. Moreover, by representing that the Total Leverage Ratio did not exceed 6.0 to 1.0, the Designation Certificate was untrue in a material respect and therefore constituted an Event of Default pursuant to section 8.01(d) of the Term Loan Agreement.

IV. J. Crew Company's Transfer of the Disposed Trademark Collateral.

57. The allegations in paragraphs 58 through 63 are based on Section IV of WSFS's Proposed Amended Counterclaims. These allegations were meritorious when made, and are re-alleged herein in support of Plaintiffs' claims.

58. J. Crew Group and J. Crew International disclosed in an Officer's Certificate dated December 5, 2016 (the "**Trademark Release Certificate**") that J. Crew International had

transferred, to J. Crew Cayman, a 72.04% undivided ownership interest in the Trademark Collateral in which the Term Lenders hold a first priority security interest (the "**Disposed Trademark Collateral**"). The Trademark Release Certificate further certified that BofA, as the then Collateral Agent under the Term Loan Security Agreement, was permitted to release the lien on the Disposed Trademark Collateral.

59. Attached to the Trademark Release Certificate was the Ocean Tomo Letter, from Ocean Tomo, a financial advisor, dated December 2, 2016, which disclosed that the Disposed Trademark Collateral was to be transferred from J. Crew International to Domestic Brand in five steps, which would occur "substantially simultaneously." According to the Ocean Tomo Letter, each transfer represented a contribution to equity capital of the transferee, as follows:

Step 1: J. Crew International to J. Crew Cayman

Step 2: J. Crew Cayman to Brand Holdings

Step 3: Brand Holdings to Brand Intermediate

Step 4: Brand Intermediate to Brand

Step 5: Brand to Domestic Brand

60. The Ocean Tomo Letter opined that the value of the Trademark Collateral was $347 million. Tellingly, the Ocean Tomo Letter did not offer any opinion on the value of the Disposed Trademark Collateral, leaving it to J. Crew Group to certify that the value of the Disposed Trademark Collateral was 72.04% of $347 million, or $250 million. The Ocean Tomo Letter did state that the Trademark Transfer was:

> . . . on terms substantially as favorable to the Borrower, J. Crew International or [J. Crew Cayman], as applicable, as would be obtainable by the Borrower, J. Crew International or [J. Crew Cayman], as applicable, at the time in a comparable arm's length transaction with a person other than an affiliate; and fair to the

> Borrower, J. Crew International, or [J. Crew Cayman], as applicable, from a financial point of view.

61. J. Crew Company was insolvent at the time of the Trademark Transfer. As reflected in publicly filed financial statements, shareholders' equity in J. Crew Group has been negative on a book-value basis since January 30, 2016, following impairments recorded for fiscal years 2014 and 2015 that together reduced the book value by more than $2 billion. Importantly, such impairments were recognized based upon J. Crew Company's own determination of the value of its assets, which itself was reviewed and approved by its auditors, meaning there is no credible basis for J. Crew Company to claim that its assets are worth more than the value now shown on its books. Furthermore, J. Crew Group asserts in a 10-Q filed on June 12, 2017 that, because of less than expected revenues in its J. Crew reporting unit, it had "recorded a non-cash impairment charge of $129.8 million" with respect to the Trademark Collateral. The asserted $250 million value attributed by J. Crew Group to the Disposed Trademark Collateral was "reduced by $85 million as a result of the impairment loss recorded in the first quarter of fiscal 2017," further evidencing J. Crew Company's increasing insolvency and the risk of non-payment on the Term Loans.

62. Indeed, there may be other reasons why the value of J. Crew Company's assets is even less than shown in the most recent financial statements. J. Crew Group's 10-K for the fiscal year ended January 28, 2017 shows that, as of January 28, 2017, the reported shareholders' equity for J. Crew Company was in fact a deficit of $786.2 million. Given that J. Crew International is a Guarantor of J. Crew Group's obligations under the Term Loan Agreement, J. Crew International was also clearly insolvent at the time of the Trademark Transfer. Current trading prices of debt instruments issued by J. Crew Company, which are substantially below

par, show that J. Crew Company is insolvent, undercapitalized, and unable to pay its debts as they mature and become due, including the $1.5 billion owed under the Term Loan Agreement.

63. J. Crew Company did not have any legitimate business reason to make the Trademark Transfer. On December 9, 2016, just days after the Trademark Transfer, sources familiar with the matter stated that the Trademark Transfer "is a likely prelude to an upcoming distressed exchange of [Holding A's] USD 500m 7.75%/8.5% senior PIK toggle notes due 2019." As detailed below, J. Crew Group's newly created indirect subsidiaries Brand and Brand Corp. are now making just such an exchange offer for the PIK Notes funded in large part by the Trademark Transfer as J. Crew Company and its controlling shareholders planned from the outset.

V. The PIK Note Transfers and the Consent Solicitation.

64. The allegations in paragraphs 65 through 67 and 69 through 70 are based on Section V of WSFS's Amended Counterclaims. These allegations were meritorious when made, and are re-alleged herein in support of Plaintiffs' claims.

65. On March 21, 2017, J. Crew Group filed a Form 8-K with the United States Securities and Exchange Commission, which confirmed what was already evident, i.e., that the Trademark Transfer was part of an overall scheme of Value Transfers made for the ultimate purpose of diverting the value of J. Crew International's Trademark Collateral to or for the benefit of Holdings A and its owners in order to help Holdings A deal with debt for which it is liable and no other entity has any obligation to pay. The Form 8-K discloses that on March 13, 2017, J. Crew OpCo proposed an exchange offer (the "**Proposed PIK Exchange**") to certain holders of the PIK Notes (the "**Ad Hoc PIK Noteholders**"), pursuant to which the outstanding PIK Notes would be exchanged for $200 million of new 9% senior secured notes due September

15, 2021, to be issued by Brand and Brand Corp., plus 5% of the common equity of Chinos Holdings, Inc., the parent company of Holdings A. Under the Proposed PIK Exchange, the new notes issued by Brand and Brand Corp. would be secured by: (a) a first priority lien on the Disposed Trademark Collateral; (b) a first priority lien on all other assets of Brand, Brand Corp., Domestic Brand, International Brand, and Brand Intermediate; and (c) a pledge of 100% of the stock of Domestic Brand. While that proposal was not accepted by the Ad Hoc PIK Noteholders, J. Crew continued negotiations culminating in the exchange offer it has now launched.

66. On June 12, 2017, J. Crew Group publicly announced that Brand, Brand Corp. and Holdings had commenced a private offer to exchange the PIK Notes for $250 million of new 13% senior secured notes, $190 million of 7% preferred stock of Chinos Holdings, Inc. and 15% of the equity of Holdings. The new senior secured notes will be secured by, among other things (a) a first priority lien on the Disposed Trademark Collateral and Domestic Brand's rights under the intellectual property license that accompanied the Trademark Transfers (the "**IP License Agreement**"); (b) a first priority lien on substantially all other assets of Brand, Brand Corp., Domestic Brand, International Brand, Brand Intermediate and J. Crew International Brand, LLC; and (c) a pledge of 100% of the stock of Brand, Brand Corp., Domestic Brand and J. Crew International Brand, LLC. These liens and pledges (collectively, the "**PIK Note Transfers**") are additional steps in the Value Transfers. Thus, property that was owned by borrowers or guarantors of the Term Loans and that is now owned by entities that are wholly owned by guarantors of the Term Loans is to be used to settle debts of an indirect parent of J. Crew Company, even though J Crew Company has no obligation whatsoever to pay such debt and is insolvent when only J Crew Company's own assets and liabilities are considered. On information

and belief, the Initial Consenting PIK Noteholders own some 67% of the PIK Notes and have agreed to participate in the Exchange Offer.

67. J. Crew Group also publicly announced on June 12 that it was soliciting Term Loan Lenders to consent to an amendment to the Term Loan Credit Agreement ("**Amendment No. 1**") and a series of transactions in connection with such Amendment No. 1 (the "**Consent Solicitation**"). The Consent Solicitation proposes an offer by the Borrower to purchase and then cancel $150 million principal amount of Term Loans under the Term Loan Agreement held by lenders who consent to the Term Loan Amendment at par plus accrued interest thereon. In exchange for this purchase and cancellation, the Consent Solicitation provides for the following:

a. the release of the lien on the Remaining Trademark Collateral (which is the undivided 27.96% interest in the Trademark Collateral that was not assigned to Domestic Brand) and the assignment by J. Crew International of the Remaining Trademark Collateral through a series of step-down assignments to Domestic Brand;

b. the amendment of the IP License Agreement to provide for a $59 million annual license and use fee to be paid by J. Crew International to Domestic Brand;

c. a direction to WSFS to "withdraw and dismiss, with prejudice, any claim, obligation, suit, judgment, damage, demand, debt, right, cause of action, loss and/or liability, including any derivative claim alleged or that could have been alleged in the Answer, Affirmative Defenses, and Counterclaims filed by the Administrative Agent in [this litigation]";

d. the issuance of a loan by Brand or Brand Corp. to J. Crew Group in the principal amount of $97 million, subject to a 3% discount to face value, to be used to finance in part the purchase of the $150 million of Term Loans described above; and

e. the issuance of $30 million of new term loans, issued at a 2% discount, to be funded by new or existing lenders or, in lieu thereof, by TPG Capital and/or Leonard Green.

68. Particularly relevant changes to the Term Loan Agreement regarding minority Term Lender claims, include:

a. Under the proposed amendment to section 10.19 of the Term Loan Agreement, the Term Lenders ratify and agree not to bring claims and waive any right to asserts claims against any Loan Party or to pursue claims against Holdings, the Borrower, and their respective subsidiaries and parents with respect to Collateral or other property of any Loan Party "without the prior written consent of the Administrative Agent acting at the direction of the Required Lenders."

b. Under the proposed new section 10.25(d) of the Term Loan Agreement, once effective, each "Secured Party" as defined therein, which includes Term Lenders and WSFS, as agent, ratify and agree to waive and release all claims against Holdings B, J. Crew Group, and the subsidiaries and Related Parties of both with respect to Specified Liability Management Transactions, which includes the Value Transfers, and with respect to the execution, delivery, and performance of the Term Loan Amendment and

directs WSFS to dismiss its Counterclaims and Proposed Amended Counterclaims, with prejudice.

c. Under the proposed amendment to section 9.01(a), the Borrower would acquire rights as a third party beneficiary of a clause appointing the Agent to take collective action on behalf of Lenders, where the Agent is acting in accordance with a request or consent of the Required Lenders, which it did not previously have.

69. In sum, the Consent Solicitation proposes that the Term Lenders and WSFS, as agent, bless the release of all of their rights in the IP Collateral (defined in the Term Loan Security Agreement, which includes the Trademark Collateral), dismiss this litigation, agree to a $59 million license fee to be paid from J. Crew International (a Restricted Subsidiary) to Domestic Brand (an Unrestricted Subsidiary), all in exchange for a purchase of $150 million of Term Loans that would be funded by the issuance of $127 million in new debt. The Consent Solicitation was structured to pressure Term Lenders to consent to the amendments because, if they do not, and the Consent Solicitation was hypothetically successful, they will not share in J. Crew Group's purchase of $150 million of term loans at par, with interest, at a time when the term loans are trading at less than 70 cents on the dollar and additional economic benefits provided to consenting Term Lenders, but will nevertheless be subject to the detrimental features of the Consent Solicitation.

70. In an attempt to increase the pressure on the Term Lenders, J. Crew Group demanded that Term Lenders make their decision whether to consent to the Term Loan amendments by 5:00 p.m. on Friday, June 16, 2017, four days after the Consent Solicitation was first announced and three days after the solicitation was first distributed to Term Loan lenders.

VI. The Directive to WSFS Violates the Term Loan Agreement.

71. The directive of the majority Term Lenders to WSFS to enter into the amendments and file the stipulation of dismissal with prejudice, violates and is not authorized by, the Term Loan Agreement.

72. Section 10.01 sets forth Term Lender consent requirements for amendments or waivers of, or departures from the requirements of, the Term Loan Agreement or any Loan Document and enumerates those amendments, waivers or departures that may only occur "with the written consent of each Lender."

73. Under section 10.01(e) of the Term Loan Agreement, "no amendment, waiver or consent [to the Term Loan Agreement] shall: . . . other than in a transaction permitted under Section 7.04 or Section 7.05, release all or substantially all of the Collateral in any transaction or series of related transactions, without the written consent of each Lender."

74. Similarly, under section 10.01(f) of the Term Loan Agreement, "no amendment, waiver or consent [to the Term Loan Agreement] shall: . . . other than in a transaction permitted under section 7.04 or section 7.05, release all or substantially all of the aggregate value of the Guaranty, without the written consent of each Lender."

75. As discussed in Sections VIII, IX, X, below, the Value Transfers are not permitted transactions under sections 7.04 or 7.05 of the Term Loan Agreement, and, thus, cannot, without the written consent of Plaintiffs, be effectuated in compliance with the Term Loan Agreement.

76. Permitting the proposed amendment with less than unanimous consent is in derogation of the lender protections in section 10.01(e) and (f).

VII. WSFS's Rights and Duties.

77. Pursuant to section 9.03 of the Term Loan Agreement, WSFS, as the Administrative Agent has no duties or obligations other than those expressly set forth in the Term Loan Agreement and other Loan Documents.

78. WSFS has no obligation to take any action that "in its opinion or in the opinion of its counsel, may expose such agent to liability or that is contrary to any Loan Document or applicable law." *See* Term Loan Agreement, § 9.03(b).

79. Accordingly, because the directive violates, among other sections, sections 10.07(e) and (f) of the Term Loan Agreement, WSFS has no obligation to follow such directive.

VIII. The Trademark Transfer Violates the Term Loan Agreement's Negative Covenants Prohibiting Investments, Dispositions and Transactions With Affiliates Pursuant to Sections 7.02, 7.05, and 7.08.

80. The allegations in paragraphs 81 through 86 are based on Section VI of WSFS's Proposed Amended Counterclaims. These allegations were meritorious when made, and are re-alleged herein in support of Plaintiffs' claims.

81. As alleged by WSFS, in its Proposed Amended Counterclaims, in its capacity as Administrative Agent and Collateral Agent, the Trademark Transfer, the Trademark Transfer violated sections 7.02, 7.05, and 7.08 of the Term Loan Agreement and constitutes Defaults and Events of Default.

82. Section 7.02 prohibits Investments (as defined in the Term Loan Agreement) unless otherwise permitted. In its Complaint against WSFS, J. Crew Company alleges that certain Investment "baskets," under section 7.02(c)(iv) and (n) of the Term Loan Agreement, authorize Investments by J. Crew International in Unrestricted Subsidiaries in an aggregate amount totaling about $277 million. Section 7.05 prohibits Dispositions (as defined in the Term Loan Agreement) but includes exceptions for certain Investments permitted under Section 7.02. J. Crew Company asserts that the value of the undivided 72.04% interest in the Trademark

Collateral that comprises the Disposed Trademark Collateral equals $250 million, which is 72.04% of the $347 million value attributed to the entire Trademark Collateral.

83. Even assuming, *arguendo*, that the value of the entire Trademark Collateral was in fact $347 million as stated in the Ocean Tomo Letter, it does not follow that the value of the Disposed Trademark Collateral equals $250 million. This is, in part, because the value of the Disposed Trademark Collateral is necessarily affected by the relative rights in the Trademark Collateral granted to Domestic Brand, versus those granted to J. Crew International on account of its undivided 27.96% interest that comprises the Remaining Trademark Collateral, under the IP License Agreement, dated December 6, 2016 between Domestic Brand, J. Crew International and J. Crew OpCo (as payor) that was executed in connection with the Trademark Transfer.

84. The specific provisions of the IP License Agreement, which has a ten-year term, create a material risk that J. Crew International's interest in the Remaining Trademark Collateral will be terminated or found to be invalid. The significant possibility that Domestic Brand will end up with the equivalent of a 100% ownership interest in the Trademark Collateral means that, based on Ocean Tomo's valuation, the amount of the Investment made by J. Crew International to Domestic Brand is certainly higher than $250 million and could be as high as $347 million, which exceeds the amount that even J. Crew Company alleges is available under section 7.02(c)(iv) and (n). Accordingly, on information and belief, the value of the Disposed Trademark Collateral exceeds the amounts permitted to be transferred under the applicable baskets in sections 7.02 and 7.05 of the Term Loan Agreement. And, if the Trademark Transfer does not comply with section 7.02, it also does not comply with the prohibition on Dispositions under section 7.05. Notably, upon information and belief, J. Crew Company has refused to provide information and documents requested by WSFS under the Information Requests, as authorized

by Section 6.02(e) of the Term Loan Agreement, that would shed further light on this issue, including documents and information relating to the Ocean Tomo's valuation of the Trademark Collateral.

85. In any event, it is evident that the Trademark Transfer, when coupled with the IP License Agreement, violates section 7.08 of the Term Loan Agreement, governing transactions with Affiliates. J. Crew Company cannot show that the Trademark Transfer and IP License Agreement, which could lead to the termination and destruction of any rights of J. Crew International in the Trademark Collateral, are "on terms substantially as favorable to [J. Crew International] as would be obtainable by [J. Crew International] at the time in a comparable arm's-length transaction with a Person other than an Affiliate," as provided under Section 7.08(b). Nor can J. Crew Company show that the Trademark Transfer "is fair to [J. Crew International] from a financial point of view," as required under section 7.08(l).

86. The violations by J. Crew Company of sections 7.02, 7.05 and 7.08 of the Term Loan Agreement constitute Defaults. Moreover, such Defaults are automatic Events of Default under section 8.02(b) of the Term Loan Agreement.

IX. J. Crew International Violated Section 7.01 of the Term Loan Agreement by Entering Into the IP License Agreement with Domestic Brand.

87. The allegations in paragraphs 88 through 90 are based on Section VII of WSFS's Proposed Amended Counterclaims. These allegations were meritorious when made, and are re-alleged herein in support of Plaintiffs' claims.

88. Under the IP License Agreement, Domestic Brand purported to grant back to J. Crew International a ten-year exclusive license for use of the Disposed Trademark Collateral, in exchange for an undisclosed license fee to be paid by J. Crew OpCo to Domestic Brand on behalf of J. Crew International (the "**License Fee**"). This license fee is itself a transparent

attempt to funnel cash from J. Crew International, a Restricted Subsidiary, to Domestic Brand, an Unrestricted Subsidiary, to be used to pay interest on the new to be issued notes in exchange for the PIK Notes and the $97 million loan to be made to J. Crew Brands, LLC. Prior to its entry into the IP License Agreement, and the Value Transfers, J. Crew Company owned 100% of the Trademark Collateral and was not required to pay for its use. The IP License Agreement further imposes various affirmative and negative covenants upon J. Crew International and J. Crew OpCo. The IP License Agreement includes provisions that improperly encumber the Remaining Trademark Collateral — i.e., the 27.96% right, title, and interest in the Trademark Collateral that J. Crew International supposedly retained as part of the Trademark Transfer. Specifically, section 14.4 of the IP License Agreement states that J. Crew International and J. Crew OpCo "agree that upon such failure to make any payment [including the License Fee] . . . they and their affiliates (except for Licensor [Domestic Brand]) shall have no rights to use the Licensed Marks [referred to in this Counterclaim as the Trademark Collateral] in any manner (notwithstanding Licensee's [or J. Crew International's] ownership interest in such Licensed Marks) and as between Licensor and Licensee, Licensor [Domestic Brand] shall have the exclusive right to use and exploit the Licensed Marks." Thus, in the event of non-payment by J. Crew OpCo, J. Crew International would forfeit the right to use and exploit not only the Disposed Trademark Collateral, but also any right to use and exploit the Remaining Trademark Collateral. Moreover, sublicenses granted by J. Crew International would automatically and immediately terminate.

89. The Term Loan Agreement prohibits the encumbrance on the Remaining Trademark Collateral created by the IP License Agreement. Section 7.01 of the Term Loan Agreement provides that J. Crew Group and Holdings B shall "not permit any Restricted Subsidiary [including J. Crew International] to . . . create any Lien upon any of its property,

assets or revenues . . . .” The Term Loan Agreement defines Lien broadly to include “any . . . pledge . . . assignment . . . encumbrance . . . or preferential arrangement of any kind or nature whatsoever.” Section 14.4 of the IP License Agreement creates a pledge, encumbrance, or preferential arrangement upon J. Crew International’s Remaining Trademark Collateral, by giving Domestic Brand all of J. Crew International’s use and exploitation rights in the Remaining Trademark Collateral in the event that J. Crew OpCo does not pay Domestic Brand the License Fee or otherwise comply with its obligations under the IP License Agreement. Likewise, under section 14.4, J. Crew International impermissibly pledged, encumbered or made a preferential arrangement with respect to licenses of the Trademark Collateral (which are included in the definition of “IP Collateral” under the Term Loan Security Agreement) because such licenses are purportedly subject to the terms of the IP License Agreement and would automatically and immediately terminate upon J Crew International’s breach of its obligations thereunder (and failure to cure such breach). Moreover, section 6.1 of the IP License Agreement creates a preferential arrangement and/or assignment of “rights and privileges arising under applicable Law with respect to such Grantors use of any trademarks” (as included in the definition of “Trademarks” in the Term Loan Security Agreement) by granting Domestic Brand the right to control the quality standards of products and services offered under the Remaining Trademark Collateral, to approve the products and related marketing, advertising and promotional material used with the Remaining Trademark Collateral, and to “modify such quality standards at any time.”

90. Accordingly, the IP License Agreement violates section 7.01 of the Term Loan Agreement. Moreover, under section 8.01(b) of the Term Loan Agreement, such Default constitutes an automatic Event of Default.

X. The Transfer of the Disposed Trademark Collateral Violated Section 7.04 of the Term Loan Agreement Because It Constituted a Disposition of All or Substantially All Assets of J. Crew International and J. Crew Cayman.

91. Subject to exceptions not applicable here, section 7.04 of the Term Loan Agreement provides that neither Holdings B nor J. Crew Group may permit any Restricted Subsidiary to "[d]ispose of (whether in one transaction or in a series of transactions) all or substantially all of its assets (whether now owned or hereafter acquired) to or in favor of any Person."

92. Upon information and belief, WSFS was informed that the Disposed Trademark Collateral constituted all or substantially all of the assets owned by J. Crew International as and when it disposed of the Disposed Trademark Collateral. Upon information and belief, WSFS was further informed that the Disposed Trademark Collateral comprised all or substantially all of the assets owned by J. Crew Cayman as and when it disposed of it under step two of the multi-step Trademark Transfer. Whether viewed as a single Disposition involving a series of transactions that began with the transfer by J. Crew International and that has, as of now, concluded with the transfer to Domestic Brand, or viewed as five separate Dispositions, the transfer of the Disposed Trademark Collateral constitutes an impermissible Disposition under section 7.04.

93. Upon information and belief, WSFS requested, as authorized by section 6.02(e) of the Term Loan Agreement, that J. Crew Company provide WSFS with information and documents regarding the assets of J. Crew International and J. Crew Cayman and their value. Upon information and belief, other than generally identifying the assets of J. Crew International, J. Crew Company has not provided the information and documents requested.

94. Upon information and belief, even based on the limited information provided by J. Crew Company, the Trademark Transfer, particularly when coupled with the terms of the IP

License Agreement, violated section 7.04 of the Term Loan Agreement and, in turn, that Default triggered an automatic Event of Default under section 8.01(b) of the Term Loan Agreement.

XI. J. Crew Company's Trademark Transfer and IP License Agreement Violated Section 4.02(b) of the Term Loan Security Agreement Because the Transaction May Cause Some or All of the Trademark Collateral to be Terminated, or Become Invalid or Unenforceable.

95. The allegations in paragraphs 96 through 101 are based on Section IX of WSFS's Proposed Amended Counterclaims. These allegations were meritorious when made, and are re-alleged herein in support of Plaintiffs' claims.

96. Under the Term Loan Agreement and the Term Loan Security Agreement, WSFS (as Collateral Agent) may demand transfer of and ultimately sell the Trademark Collateral following the occurrence of an Event of Default. To protect this security interest, section 4.02(b) of the Term Loan Security Agreement provides, among other relevant provisions, that "no Grantor shall do or permit any act . . . whereby any of its IP Collateral may … be terminated . . . or become invalid or unenforceable . . . ."

97. By creating joint ownership of trademarks, the purported transfer of the Disposed Trademark Collateral violates section 4.02(b). It is well-recognized under applicable trademark law that joint ownership of trademarks can lead to destruction of the trademarks. For example, one prominent treatise, McCarthy on Trademarks, warns that "[j]oint ownership by parent and subsidiary should be avoided" and that "[w]hen a trademark and its good will are split up among the participants, the very real danger presented is one of destruction of the value of the mark." J. McCarthy, Trademarks and Unfair Competition, §§ 18.51, 16.44 (4th Ed. 2017 update). J. Crew Company's disclosed intent to provide holders of PIK Notes with a first lien on "all IP assets" held by Domestic Brand as part of the Proposed PIK Exchange would further imperil the Trademark Collateral in violation of section 4.02(b), by permitting holders of the PIK Notes to

foreclose on the Disposed Trademark Collateral in the event that Domestic Brand defaulted under the new notes that would be issued under the Proposed PIK Exchange.

98. Further, and as explained above, section 14.4 of the IP License Agreement provides that the failure of J. Crew International or J. Crew OpCo to pay any license fee or otherwise comply with various other obligations under the IP License Agreement will result in the termination of J. Crew International's right to use any of the Trademark Collateral (and the immediate and automatic termination of sublicenses granted by J. Crew International), and would confer upon Domestic Brand the exclusive right to use the Trademark Collateral. As such, J. Crew International has jeopardized the value of the Trademark Collateral and violated section 4.02(b) by committing an act that may cause the Trademark Collateral, including the "critical" and "integral" J. Crew brands that constitute the Trademark Collateral, which are all registered in J. Crew International's name, to be terminated or to become invalid or unenforceable.

99. Section 6.1 of the IP License Agreement poses yet another threat to the Trademark Collateral that violates section 4.02(b) of the Term Loan Security Agreement. Under well-established trademark law, in a related companies setting, only the entity which controls use is the owner and is the proper party to apply for and obtain the registration. Quality control is the *sine qua non* of trademark ownership. Thus, by virtue of section 6.1 of the IP License Agreement, which, as noted above, provides that Domestic Brand "reserves the right to modify such quality standards at any time," Domestic Brand may be deemed the sole owner of the Trademark Collateral. This would create a patent default under the Term Loan Agreement, including by terminating J. Crew International's interest in the Remaining Trademark Collateral.

100. Because of the risk that "the Trademark Collateral may be terminated, or become invalid or unenforceable" by virtue of joint ownership and the terms of the License Agreement,

the Trademark Transfer and IP License Agreement violate section 4.02(b) of the Term Loan Security Agreement, which itself constitutes a Default under section 8.01(c) of the Term Loan Agreement which prohibits any Loan Party from failing to perform "any other covenant or agreement . . . contained in any Loan Document. . . ."

101. WSFS's Initial Counterclaims satisfied any requirement that the Agent give notice of such Default to J. Crew Company. Accordingly, this Default became an Event of Default on April 24, 2017.

XII. The Company's Materially Inaccurate Trademark Release Certificate Constituted an Event of Default.

102. The allegations in paragraphs 103 through 106 are based on Section X of WSFS's Proposed Amended Counterclaims. These allegations were meritorious when made, and are re-alleged herein in support of Plaintiffs' claims.

103. The Trademark Release Certificate executed by J. Crew Group in support of the Trademark Transfer certified, pursuant to section 7.12(d) of the Term Loan Security Agreement, that the release of the Disposed Trademark Collateral was permitted pursuant to Section 7.12(b) of the Term Loan Security Agreement. For the reasons stated above, that certification was untrue when made.

104. Section 7.12(d) of the Term Loan Security Agreement provides that, "[a]t any time that the respective Grantor desires that the Collateral Agent [execute and deliver documents evidencing the termination or release of a lien pursuant to sections 7.12(a) or (b) of the Term Loan Security Agreement], it shall, upon request of the Collateral Agent, deliver to the Collateral Agent an officer's certificate certifying that the release of the respective Collateral is permitted pursuant to paragraph (a) or (b)."

105. Section 7.12(b) of the Term Loan Security Agreement governs the release of Security Interests under the Term Loan Security Agreement, and provides: "[t]he Security Interest in any Collateral shall be automatically released in the circumstances set forth in Section 9.11(a) of the [Term Loan] Agreement . . . ." Section 9.11(a) of the Term Loan Agreement, upon which J. Crew Company relies, provides in relevant part that "the Administrative Agent and the Collateral Agent agrees that it will . . . release any Lien on any property granted to or held by the Administrative Agent or the Collateral Agent under any Loan Document . . . (ii) at the time the property subject to such Lien is transferred or to be transferred as part of or in connection with any transfer permitted hereunder or under any other Loan Document to any Person other than Holdings, the Borrower or any of its Domestic Subsidiaries that are Guarantors . . . ." (Emphasis added).

106. The certification in the Trademark Release Certificate that the release of the security interest in the Disposed Trademark Collateral was permitted pursuant to section 7.12(b) of the Term Loan Security Agreement was untrue in a material respect because, as alleged herein, the release of the security interest in the Disposed Trademark Collateral was not permitted under the Term Loan Agreement. Section 8.01(d) of the Term Loan Agreement provides that any certification made by any Loan Party in any document required to be delivered in connection with the Term Loan Agreement that is untrue in any material respect when made or deemed made constitutes an Event of Default. Accordingly, the Trademark Release Certificate constituted an immediate Event of Default under section 8.01(d) of the Term Loan Agreement.

XIII. J. Crew Company's Unreasonable Delay in Consenting to the Appointment of WSFS and Refusal to Provide Information in Response to WSFS's Information Request Under Section 6.02(e) of the Term Loan Agreement Constitute Defaults.

107. The allegations in paragraphs 108 through 120 are based on Section XI of WSFS's Proposed Amended Counterclaims. These allegations were meritorious when made, and are re-alleged herein in support of Plaintiffs' claims.

108. On December 30, 2016, BofA resigned as Agent under the Term Loan Agreement and Term Loan Security Agreement.

109. On January 4, 2017, a group of Term Lenders that held a majority of the loans under the Term Loan Agreement (collectively, the "**Term Lender Group**") directed J. Crew Company to appoint WSFS as replacement Administrative Agent.

110. Under section 9.09 of the Term Loan Agreement, upon the resignation of the Administrative Agent or Collateral Agent, "the Required Lenders shall have the right, with the Consent of the Borrower at all times other than during the existence of an Event of Default (which consent of the Borrower shall not be unreasonably withheld or delayed) to appoint a successor . . . ."

111. By virtue of the Events of Default that existed in connection with the Trademark Transfer and IP License Agreement, J. Crew Group had no right of consent over the appointment of WSFS. But even if such a consent right had existed, J. Crew Group unreasonably delayed granting its consent, under the pretense of seeking information about the circumstances surrounding WSFS's appointment. Notably, most of the information requested by J. Crew Company had absolutely no bearing on WSFS's qualifications to serve as Agent. With the benefit of hindsight, it now appears that some or all of J. Crew Company's requests for information were pretexts for unreasonable delay in consenting to WSFS's appointment as

Agent. Only after WSFS threatened a notice of default did J. Crew finally consent to WSFS's appointment, after more than two weeks had passed. That delay was unreasonable and constitutes a Default under the Term Loan Agreement.

112. On February 1, 2017, WSFS, BofA, and J. Crew Company executed an agreement, effective as of January 29, 2017, formally appointing WSFS as Administrative Agent. Later that day, less than two hours after execution of the agreement appointing WSFS, J. Crew Company filed its Complaint in the lawsuit against WSFS.

113. Upon information and belief, on February 6, 2017, WSFS sent J. Crew Company 32 specific requests for information pertinent to the performance of its functions as Agent (collectively, the "**Information Requests**"). The Information Requests were issued pursuant to section 6.02(e) of the Term Loan Agreement, which provides that J. Crew Company shall deliver to the Administrative Agent under the Term Loan Agreement "promptly, such additional information regarding the business, legal, financial or corporate affairs of any Loan Party or any Restricted Subsidiary, or compliance with the terms of the Loan Documents, as the Administrative Agent may from time to time on its own or on behalf of any Lender reasonably request."

114. Upon information and belief, most of the Information Requests focused on the Trademark Transfer, or related matters, and sought information and documents concerning whether the Trademark Transfer resulted in a Default or Event of Default under the Term Loan Agreement. Upon information and belief, the purpose of the Information Requests was to allow WSFS, which had only been recently appointed, to evaluate J. Crew Company's claim that the Trademark Transfer and other action did not violate the Term Loan Agreement, and to respond to J. Crew Company's demand that WSFS advise J. Crew Company of its position.

115. Upon information and belief, on February 9, 2017, J. Crew Company responded to the Information Requests by providing a limited number of documents that it had previously provided to BofA, and a few additional documents. Upon information and belief, J. Crew Company flatly refused to respond to the majority of the Information Requests, asserting that the requests were "not remotely relevant to the Agent's proper function."

116. Upon information and belief, the Information Requests to which J. Crew Company refused to respond included numerous requests bearing directly on the Trademark Transfer. For instance, J. Crew Company refused to provide documents "relied upon by [J. Crew Company] to calculate the Available Amount," as defined in the Term Loan Agreement, as of December 2, 2016, just prior to Counterclaim Defendants commencing the Trademark Transfer. The Complaint by J. Crew Company against WSFS based certain of its allegations on the Available Amount. Similarly, J. Crew Company refused to provide any documents going to the bona fides of the purported fairness opinion provided by Ocean Tomo in relation to the Trademark Transfer set forth in the Ocean Tomo Letter, even though the Ocean Tomo Letter is referenced in numerous paragraphs of the Complaint against WSFS. *See, e.g.*, WSFS Compl. ¶¶ 35, 57. J. Crew Company also refused to provide any documents supporting the calculation of the Total Leverage Ratio set forth in Exhibit B of the Designation Certificate; balance sheets for the Loan Parties, J. Crew Cayman, Brand Holdings, Brand Intermediate, Brand, or Domestic Brand; any information about the "value-maximizing" transactions alleged in the Complaint; or any information about the alleged "special committee" or its alleged decision to approve the Trademark Transfer. In all, J. Crew Company refused to provide any response to twenty of the Information Requests and provided only partial information in response to another seven requests.

117. Upon information and belief, on February 15, 2017, WSFS sent J. Crew Company a letter accompanied by a chart explaining, in detail, why the information sought in the Information Request falls squarely within section 6.02(e) of the Term Loan Agreement and why it is pertinent to WSFS's functions as Administrative Agent. Ignoring this explanation, J. Crew Company has continued to refuse to provide additional information in response to the Information Requests.

118. All of WSFS's Information Requests are reasonable requests for "additional information regarding the business, legal, financial or corporate affairs of any Loan Party or any Restricted Subsidiary, or compliance with the terms of the Loan Documents."

119. J. Crew Company's refusal to fully respond to the Information Requests therefore constitutes a failure to perform under, and breach of, section 6.02(e) of the Term Loan Agreement. This constitutes a Default under section 8.01(c) of the Term Loan Agreement.

120. WSFS's Initial Counterclaims satisfy any requirement that the Agent give notice of such Default to J Crew Company. Accordingly, this Default became an Event of Default on April 24, 2017.

XIV. The Term Lenders' Security Interest in the Disposed Trademark Collateral Was Not Released.

121. The allegations in paragraphs 122 through 124 are based on Section I of WSFS's Proposed Amended Counterclaims. These allegations were meritorious when made, and are re-alleged herein in support of Plaintiffs' claims.

122. As alleged above, the Trademark Release Certificate falsely certified, pursuant to section 7.12(d) of the Term Loan Security Agreement, that the release of the Disposed Trademark Collateral was "permitted pursuant to Section 7.12(b) of the [Term Loan] Security Agreement." On December 8, 2016, and apparently in reliance upon J. Crew Company's

certification, BofA, then acting as Collateral Agent under the Term Loan Security Agreement, executed a document purporting to confirm the release of the Disposed Trademark Collateral from the liens and security interests granted under the Term Loan Security Agreement and the Trademark Security Agreement.

123. The certification was untrue because the Trademark Transfer, especially when coupled with the purported designation of Unrestricted Subsidiaries and the execution of the IP License Agreement, violated various provisions of the Loan Documents, including sections 6.14, 7.01, 7.02, 7.04, 7.05 and 7.08 of the Term Loan Agreement and section 4.02(b) of the Term Loan Security Agreement. The Trademark Transfer was therefore not "permitted" under the Loan Documents and could not qualify under section 7.12(b) as a "circumstance[] set forth in section 9.11(a)" that could result in the automatic release of collateral.

124. Accordingly, the Term Lenders' first-priority security interest in the Disposed Trademark Collateral could not be, and was not, effectively released under section 7.12(b) of the Term Loan Security Agreement, and remains in full force and effect notwithstanding the Value Transfers.

COUNT I
(Declaratory Judgment against Defendants WSFS, J. Crew Group Inc., Chinos Intermediate Holdings B, Inc., J. Crew International, Inc., J. Crew Operating Corp., J. Crew Inc., Grace Holmes, Inc., H.F.D. No. 55, Inc., Madewell, Inc., J. Crew Virginia, Inc., and J. Crew International Cayman Limited, that Directive to WSFS Violates Term Loan Agreement)

125. The allegations in the foregoing paragraphs are repeated and incorporated by reference as if fully set forth herein.

126. There is a justiciable, present and actual controversy between Plaintiffs and Defendants as to whether the directive to WSFS to agree to Amendment No. 1 and the additional amendments to the Term Loan Agreement by less than unanimous consent is proper or effective.

127. There is a justiciable, present and actual controversy between Plaintiffs and Defendants as to whether the directive to WSFS to dismiss the Agent Litigation by less than unanimous consent is proper or effective.

128. The proper interpretation and application of sections 7.04, 7.05, 10.01(e), and 10.01(f) to the purported directive by a majority, but not all, of the Term Lenders to WSFS to agree to Amendment No. 1 and the proposed amendments to the Term Loan Agreement is also a justiciable, present and actual controversy between the parties.

129. Plaintiffs are entitled to a judgment declaring that Amendment No. 1 and the proposed amendments to the Term Loan Agreement require unanimous consent of the Term Lenders to be approved.

130. Plaintiffs are also entitled to a judgment declaring that WSFS is not permitted to dismiss the Agent Litigation without unanimous consent.

COUNT II
(Injunctive Relief against Defendants WSFS, J. Crew Group Inc., Chinos Intermediate Holdings B, Inc., J. Crew International, Inc., J. Crew Operating Corp., J. Crew Inc., Grace Holmes, Inc., H.F.D. No. 55, Inc., Madewell, Inc., J. Crew Virginia, Inc., and J. Crew International Cayman Limited)

131. The allegations in the foregoing paragraphs are repeated and incorporated by reference as if fully set forth herein.

132. Plaintiffs seek an order from this Court enjoining Defendants, or anyone acting on behalf of Defendants, from:

a. taking any actions that require the consent of 100% of the Term Lenders under the Amended and Restated Credit Agreement, dated as of March 5, 2014 (the "Term Loan Agreement"), including, but not limited to, actions

set forth in section 10.01 of the Term Loan Agreement, without obtaining unanimous consent from the Term Lenders;

b. taking any steps to render Amendment No. 1 to the Term Loan Agreement and/or the proposed amendments to the Term Loan Agreement, effective or to implement the terms of the Term Loan Amendment;

c. releasing liens on any Collateral, as that term is defined in the Term Loan Agreement, including, but not limited to, liens on trademarks and other intellectual property, without obtaining unanimous consent from the Term Lenders;

d. taking any steps to transfer any intellectual property assets of the Borrower or Guarantors, as those terms are defined in the Term Loan Agreement, including any Collateral, without unanimous consent from the Term Lenders;

e. dismissing with prejudice any claim alleged or that could have been alleged in the Agent Litigation; and

f. such other and further relief as the Court may deem just, proper, and equitable.

133. As alleged herein, Defendants are violating the Term Loan Agreement by directing WSFS to dismiss the Agent Litigation, and to agree to Amendment No. 1 and the proposed amendments to the Term Loan Agreement.

134. Defendants have no adequate remedy at law for this ongoing violation of its rights.

135. Irreparable harm will result absent the injunction, including the consummation of transactions that would make it functionally impossible for Plaintiffs to preserve their rights under the Term Loan Agreement.

136. The equities are balanced in Plaintiffs favor because the parties agreed in the Term Loan Agreement that certain provisions could not be amended and certain actions could not be taken within the unanimous consent of the Term Lenders. The permanent injunction seeks to preserve that agreement and continue to require unanimous consent, as provided in the Term Loan Agreement.

COUNT III

(Declaratory Judgment against Defendants J. Crew Group Inc., Chinos Intermediate Holdings B, Inc., J. Crew International, Inc., J. Crew Operating Corp., J. Crew Inc., Grace Holmes, Inc., H.F.D. No. 55, Inc., Madewell, Inc., J. Crew Virginia, Inc., and J. Crew International Cayman Limited, that Defaults and Events of Default Have Occurred Under the Loan Documents)

137. The allegations in the foregoing paragraphs are repeated and incorporated by reference as if fully set forth herein.

138. The proper interpretation and application of the provisions of the Loan Documents to the case at hand, including whether there have been Defaults and Events of Default under the Loan Documents, is a justiciable, present and actual controversy between Plaintiffs and Defendants.

139. Upon information and belief, J. Crew International and J. Crew Cayman are Restricted Subsidiaries under the Term Loan Agreement.

140. As alleged above, Plaintiffs are entitled to a judgment declaring that Defaults and Events of Default have occurred under the following provisions of the Loan Documents: sections 6.02(e), 6.14, 7.01, 7.02, 7.04, 7.05, 7.08, 8.01(d) and 9.09 of the Term Loan Agreement, and sections 4.02(b) and 7.12(d) of the Term Loan Security Agreement.

141. As alleged above, Plaintiffs are entitled to a judgment declaring that Events of Default have occurred as a result of Defaults under the following provisions of the Loan Documents: sections 7.01, 7.02, 7.04, 7.05, 7.08, and 8.01(d) of the Term Loan Agreement, and section 7.12(d) of the Term Loan Security Agreement, thereby entitling Plaintiffs to exercise any and all rights and remedies in accordance with section 8.02 of the Term Loan Agreement. Moreover, by virtue of the notice provided in WSFS's Initial Counterclaims, Plaintiffs are entitled to a judgment declaring that the Defaults under sections 6.02(e), 6.14, and 9.09 of the Term Loan Agreement, and section 4.02(b) of the Term Loan Security Agreement, became Events of Default no later than April 24, 2017.

COUNT IV
(Claim against Defendants J. Crew Group Inc., Chinos Intermediate Holdings B, Inc., J. Crew International, Inc., J. Crew Operating Corp., J. Crew Inc., Grace Holmes, Inc., H.F.D. No. 55, Inc., Madewell, Inc., J. Crew Virginia, Inc., and J. Crew International Cayman Limited, for Breach of Contract)

142. The allegations in the foregoing paragraphs are repeated and incorporated by reference as if fully set forth herein.

143. The Term Loan Agreement is a contract between the Plaintiffs and Defendant.

144. Plaintiffs have performed all of their obligations under the Term Loan Agreement.

145. As alleged in detail herein, J. Crew Group, Holdings B, Restricted Subsidiaries, and Guarantors to the Term Loan Agreement, have breached the Term Loan Agreement by, among other ways:

a. Failing to obtain unanimous Lender consent for the Value Transfers, including the Trademark Transfers and the PIK Transfers;

b. Failing to obtain unanimous Lender consent for Amendment No. 1, the proposed amendments to the Term Loan Agreement, and the Consent Solicitation; and

c. Failing to comply with the terms of sections 4.02(b), 6.02(e), 6.14, 7.01, 7.02, 7.04, 7.05, 7.08, 7.12(d), 8.01(d) and 9.09.

146. Plaintiffs are entitled to a declaratory judgment that Defendants have breached the Term Loan Agreement.

COUNT V

(Declaratory Judgment against Defendants J. Crew Group Inc., Chinos Intermediate Holdings B, Inc., J. Crew International, Inc., J. Crew Operating Corp., J. Crew Inc., Grace Holmes, Inc., H.F.D. No. 55, Inc., Madewell, Inc., J. Crew Virginia, Inc., and J. Crew International Cayman Limited, that the Lien on the Disposed Trademark Collateral Was Not Released Pursuant to Section 7.12 of the Term Loan Security Agreement)

147. The allegations in the foregoing paragraphs are repeated and incorporated by reference as if fully set forth herein.

148. The proper interpretation and application of section 7.12 of the Term Loan Security Agreement and section 9.11(a) of the Term Loan Agreement is a justiciable, present and actual controversy between the parties.

149. As alleged above, the Security Interest in the Disposed Trademark Collateral could not have been automatically released under section 7.12(b) of the Term Loan Security Agreement because the Trademark Transfer was not permitted under the Loan Documents.

150. Plaintiffs are entitled to a judgment declaring that the Term Lenders' first-priority Security Interest in the Disposed Trademark Collateral was not released under section 7.12(b) of the Term Loan Security Agreement, and remains in full force and effect.

COUNT VI

(Declaratory Judgment and Claim against Defendants Chinos Intermediate Holdings A, Inc., J. Crew International Cayman Limited, J. Crew Brand Holdings, LLC, J. Crew Brand Intermediate, LLC, J. Crew Brand, LLC, and J. Crew Domestic Brand, LLC, to Set Aside Fraudulent Conveyance Under New York Debtor and Creditor Law §§ 276 and 278)

151. The allegations in the foregoing paragraphs are repeated and incorporated by reference as if fully set forth herein.

152. There is a justiciable, present and actual controversy between the parties as to whether the Value Transfers, including the PIK Note Transfers, when consummated, are, under New York Debtor and Creditor Law §§ 276 and 278, fraudulent conveyances made with actual intent to defraud.

153. The Disposed Trademark Collateral conveyed by the Value Transfers has substantial value that Plaintiffs, and the other Term Lenders, could have recovered on their claims against the Defendants.

154. The Value Transfers, whether regarded as a single conveyance or a series of conveyances including the PIK Note Transfer, were made with actual intent to hinder or delay the ability of J. Crew Company's creditors, including the Term Lenders, to collect on the Disposed Trademark Collateral following an Event of Default.

155. The conveyance of a substantial part of the Trademark Collateral bears numerous badges of fraud, including: (1) the inadequate consideration paid; (2) the close relationship between the parties, which are insiders and affiliates; (3) the likelihood that the J. Crew Company will retain the use of the Disposed Trademark Collateral, albeit under a license; (4) the concealment of the IP License Agreement and its onerous terms; (5) the insolvency of both J. Crew Company and J. Crew International; and (6) the fact that the Value Transfers are intended

to benefit J. Crew Company's indirect parent holding company (Holdings A) through the PIK Note Transfer, while providing no value or benefit to J. Crew Company.

156. Pursuant to New York Debtor and Creditor Law § 278 and in equity, Plaintiffs are entitled to set aside the Value Transfers as a fraudulent conveyance made with actual intent to defraud the creditors of J. Crew Company, including Plaintiffs and the other Term Lenders and to recover the value of the Disposed Trademark Collateral, as of the time the Value Transfers began, from all Counterclaim Defendants.

157. Pursuant to New York Debtor and Creditor Law § 276-a, Plaintiffs are also entitled to payment of any attorneys' fees incurred in connection with setting aside the Trademark Transfer as a fraudulent conveyance made with actual intent to defraud pursuant to New York Debtor and Creditor Law § 276.

COUNT VII
(Declaratory Judgment and Claim against Defendants Chinos Intermediate Holdings A, Inc., J. Crew Brand, LLC, , J. Crew Brand Corp., J. Crew Domestic Brand, LLC, and J. Crew International Brand, LLC to Set Aside Fraudulent Conveyance Under New York Debtor and Creditor Law §§ 273 and 278)

158. The allegations in the foregoing paragraphs are repeated and incorporated by reference as if fully set forth herein.

159. There is a justiciable, present and actual controversy between the parties as to whether the Value Transfers, including the PIK Note Transfer, when consummated, are, under New York Debtor and Creditor Law §§ 273, 276 and 278, fraudulent conveyances made when the transferors were insolvent without fair consideration.

160. The Disposed Trademark Collateral conveyed by the Value Transfers has substantial value that Plaintiffs, and the other Term Lenders, could have recovered on their claims against the Defendants.

161. J. Crew Company, including Brand and Brand Corp., is insolvent and the Value Transfers are made without fair consideration. The recipients of the Value Transfers are aware of the fraudulent nature of the Value Transfers.

162. Pursuant to New York Debtor and Creditor Law § 278 and in equity, Plaintiffs are entitled to set aside the Value Transfers, including the PIK Note Transfer, once consummated, as fraudulent conveyances and to recover the value of the Disposed Trademark Collateral, as of the time the Value Transfers began, from all Counterclaim Defendants.

COUNT VIII

(Declaratory Judgment and Claim against Defendants Chinos Intermediate Holdings A, Inc., J. Crew Brand, LLC, , J. Crew Brand Corp., J. Crew Domestic Brand, LLC, and J. Crew International Brand, LLC to Set Aside Fraudulent Conveyance Under New York Debtor and Creditor Law §§ 273 and 279)

163. The allegations in the foregoing paragraphs are repeated and incorporated by reference as if fully set forth herein.

164. There is a justiciable, present and actual controversy between the parties as to whether the proposed transfer of the Remaining Trademark Collateral, when consummated, would be a fraudulent conveyance under New York Debtor and Creditor Law §§ 273 and 279, as a conveyance made or obligation incurred that is fraudulent or made when the transferors were insolvent without fair consideration.

165. The Remaining Trademark Collateral has substantial value that Plaintiffs, and the other Term Lenders, could have recovered on their claims against the Defendants.

166. J. Crew Company, including Brand and Brand Corp., is insolvent and, upon information and belief, the proposed transfer of the Remaining Trademark Collateral would be made without fair consideration.

167. Upon information and belief, the recipients of the Remaining Trademark Collateral, are aware of the potentially fraudulent nature of the Value Transfers.

168. Pursuant to New York Debtor and Creditor Law § 279 and in equity, Plaintiffs are entitled to a judgment:

a. Restraining defendants from disposing of the Remaining Trademark Collateral;

b. Setting aside the agreement to the conveyance or otherwise annulling the obligation to the extent such conveyance has already been agreed to;

c. Ordering such other and further relief, which may become appropriate through discovery in this action.

WHEREFORE, Plaintiffs respectfully demand judgment as follows:

A. On the First Cause of Action, adjudging, decreeing, and declaring that, the directive by the majority of the Term Lenders violates the Term Loan Agreement;

B. On the Second Cause of Action, preliminarily and permanently enjoining Defendants from:

1. taking any actions that require the consent of 100% of the Term Lenders under the Amended and Restated Credit Agreement, dated as of March 5, 2014 (the "Term Loan Agreement"), including, but not limited to, actions set forth in Section 10.01 of the Term Loan Agreement, without obtaining unanimous consent from the Term Lenders;

2. taking any steps to render Amendment No. 1 to the Term Loan Agreement and/or the proposed amendments to the Term Loan Agreement, effective or to implement the terms of the Term Loan Amendment;

3. releasing liens on any Collateral, as that term is defined in the Term Loan Agreement, including, but not limited to, liens on trademarks and other intellectual property, without obtaining unanimous consent from the Term Lenders;

4. taking any steps to transfer any intellectual property assets of the Borrower or Guarantors, as those terms are defined in the Term Loan Agreement, including any Collateral, without unanimous consent from the Term Lenders;

5. dismissing with prejudice any claim alleged or that could have been alleged in the Agent Litigation; and

6. such other and further relief as the Court may deem just, proper, and equitable.

C. On the Third Cause of Action, adjudging, decreeing, and declaring that, as alleged herein, the actions of J. Crew Company with respect to the designation of Unrestricted Subsidiaries (as defined in the Term Loan Agreement), the Trademark Transfer, the execution of the IP License Agreement, the untrue certifications made by J. Crew Group, the unreasonable delay in consenting to the appointment of WSFS, and the failure of J. Crew Company to produce all of the information and documents sought by WSFS in the Information Requests, constitute Defaults and Events of Default, thereby entitling Plaintiffs to exercise any and all rights and remedies in accordance with Section 8.02 of the Term Loan Agreement;

D. On the Fourth Cause of Action, adjudging, decreeing, and declaring that Defendants are in breach of the Term Loan Agreement;

E. On the Fifth Cause of Action, adjudging, decreeing, and declaring that WSFS and the Term Lenders' first priority Security Interest in the Disposed Trademark Collateral was not released under Section 7.12(b) of the Term Loan Security Agreement and remains in full force and effect, notwithstanding the Value Transfers;

F. On the Sixth Cause of Action:

1. Adjudging, decreeing and declaring that the Value Transfers, including the PIK Note Transfers, are a fraudulent conveyance made with actual intent to defraud; and

2. Setting aside the Value Transfers, pursuant to New York Debtor and Creditor Law §§ 276 and 278, awarding Plaintiffs, and other Term Lenders, the value of the Disposed Trademark Collateral as of the time the Value Transfers began and such other equitable relief as may be appropriate under the circumstances; and

3. Awarding Plaintiffs all fees and costs incurred by them pursuant to the Term Loan Agreement, New York Debtor and Creditor Law § 276-a, and any other applicable law;

G. On the Seventh Cause of Action:

1. Adjudging, decreeing and declaring that the Value Transfers, including the PIK Note Transfers, are a fraudulent conveyance made when the transferors were insolvent and without fair consideration; and

2. Setting aside the Value Transfers, pursuant to New York Debtor and Creditor Law §§ 273 and 278, awarding Plaintiffs, and the other Term Lenders, the value of the Disposed Trademark Collateral as of the time the Value Transfers

began and such other equitable relief as may be appropriate under the circumstances;

H. On the Eighth Cause of Action:

1. Adjudging, decreeing and declaring that the proposed transfer of the Remaining Trademark Collateral, would be a fraudulent transfer; and

2. Entering an order:

a) Restraining defendants from disposing of the Remaining Trademark Collateral;

b) Setting aside the agreement to the conveyance or otherwise annulling the obligation to the extent such conveyance has already been agreed to; and

c) Ordering such other and further relief, which may become appropriate through discovery in this action; and

I. Such other relief as is warranted.

Dated: New York, New York
June 22, 2017

Respectfully submitted,

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