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Proposed Attorneys for Debtors and Debtors in Possession

**UNITED STATES BANKRUPTCY COURT
 EASTERN DISTRICT OF VIRGINIA
 RICHMOND DIVISION**

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	:	
In re	:	Chapter 11
	:	
CHINOS HOLDINGS, INC., et al.,	:	Case No. 20–32181 (KLP)
	:	
Debtors.¹	:	(Jointly Administered)
	:	
-----	X	

**FINAL ORDER (I) AUTHORIZING DEBTORS TO
 (A) PAY PREPETITION WAGES, SALARIES, REIMBURSABLE
 EXPENSES, AND OTHER OBLIGATIONS ON ACCOUNT OF COMPENSATION
 AND BENEFITS PROGRAMS AND (B) CONTINUE COMPENSATION
 AND BENEFITS PROGRAMS, AND (II) GRANTING RELATED RELIEF**

Upon the motion (the “**Motion**”)² of Chinos Holdings, Inc. and its affiliated debtors in the above-captioned chapter 11 cases, as debtors and debtors in possession (collectively, the “**Debtors**”), pursuant to sections 105(a), 363(b) and 507 of the Bankruptcy

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, as applicable, are Chinos Holdings, Inc. (3834); Chinos Intermediate Holdings A, Inc. (3301); Chinos Intermediate, Inc. (3871); Chinos Intermediate Holdings B, Inc. (3244); J. Crew Group, Inc. (4486); J. Crew Operating Corp. (0930); Grace Holmes, Inc. (1409); H.F.D. No. 55, Inc. (9438); J. Crew Inc. (6360); J. Crew International, Inc. (2712); J. Crew Virginia, Inc. (5626); Madewell Inc. (8609); J. Crew Brand Holdings, LLC (7625); J. Crew Brand Intermediate, LLC (3860); J. Crew Brand, LLC (1647); J. Crew Brand Corp. (1616); J. Crew Domestic Brand, LLC (8962); and J. Crew International Brand, LLC (7471). The Debtors’ corporate headquarters and service address is 225 Liberty St., New York, NY 10281.

² Capitalized terms used herein but not otherwise defined herein shall have the meanings ascribed to such terms in the Motion.

Code and Bankruptcy Rules 6003 and 6004, for entry of interim and final orders (i) authorizing, but not directing, the Debtors to (a) pay and honor certain prepetition claims and obligations in the ordinary course of business, in the exercise of their sole discretion, relating to, the business practices, programs, and policies for their Employees, Supplemental Workforce, and Directors, including, among other things, Compensation Obligations, Payroll Processing Fees, Business Related Expenses, Employee Incentive Programs, Employee Benefit Programs, and the Non-Insider Severance Program, and other obligations on account of the Compensation and Benefits Programs and (b) continue to administer the Compensation and Benefits Programs, and (ii) granting related relief, all as more fully set forth in the Motion; and the Court having jurisdiction to consider the Motion and the relief requested therein pursuant to 28 U.S.C. §§ 157(a)–(b) and 1334; and the *Standing Order of Reference from the United States District Court for the Eastern District of Virginia*, dated July 10, 1984; and consideration of the Motion and the requested relief being a core proceeding pursuant to 28 U.S.C. § 157(b); and venue being proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409; and due and proper notice of the Motion having been provided to the Notice Parties under the circumstances, and it appearing that no other or further notice need be provided; and this Court having held one or more hearings to consider the relief requested in the Motion; and upon the First Day Declaration, the supplemental declaration of Michael J. Nicholson filed in further support of the Motion [Docket No. 318], and the record of the hearings on the Motion; and all objections to the relief requested in the Motion having been withdrawn, resolved, or overruled; and the Court having determined that the legal and factual bases set forth in the Motion establish just cause for the relief granted herein; and after due deliberation and sufficient cause appearing therefor,

IT IS HEREBY ORDERED THAT:

1. The Motion is granted on a final basis to the extent set forth herein.
2. The Debtors are authorized, but not directed, pursuant to sections 105(a), 363(b), and 507(a) of the Bankruptcy Code, to pay and honor all prepetition obligations associated with the Compensation and Benefits Programs, including (a) Compensation Obligations; (b) Payroll Processing Fees; (c) Withholding Obligations; (d) Business-Related Expenses; (e) Employee Incentive Programs; (f) Health Benefits Plans; (g) Consumer Choice Health Accounts, (h) Welfare and Benefits Programs, including the various insurance, disability, and miscellaneous employee assistance programs, (i) 401(k) Plans; (j) Paid Leave; (k) the Non-Insider Severance Program; and (l) Administration Fees, and to continue programs and maintain funding in the ordinary course of business; *provided that*, no payment for wages, salaries, or commissions, and sick leave earned by an individual Employee shall exceed \$13,650, other than by permission of this Court. For the avoidance of doubt, absent further order of the Court, the Debtors shall not make any payment to an Insider in connection with any Employee Incentive Program or continue the programs related to or make any payments on account of Contract Awards, AIP Awards, or LTIP Awards.
3. Nothing contained in the Motion or this Interim Order shall be deemed as authorizing or approving (a) any payments or transfers that violate section 503(c) of the Bankruptcy Code or (b) the Debtors to cash out unpaid vacation upon termination of an Employee, unless applicable non-bankruptcy law requires such payment.
4. The Debtors are authorized, but not directed, to modify or discontinue any Compensation and Benefits Program to reduce or eliminate program expenses or the benefits provided thereunder, at any time, in their sole discretion without prior Court approval to the

extent permitted by the applicable agreement or law.

5. The Debtors are further authorized, but not directed, to discontinue the Furlough Program, hire new and/or rehire furloughed Employees, reinstate salary levels, and otherwise continue any of the Compensation and Benefits Programs at the levels that were in place before the Furlough Program and other temporary measures taken by the Debtors in response to the COVID-19 pandemic.

6. The Debtors and any applicable third parties are authorized to continue to allocate and distribute Withholding Obligations to the appropriate third-party recipients or taxing authorities in accordance with the Debtors' stated policies and prepetition practices.

7. Each of the Banks at which the Debtors maintain their accounts relating to the payment of obligations on account of the Compensation and Benefits Programs are authorized to (a) receive, process, honor, and pay all checks presented for payment and to honor all funds transfer requests made by the Debtors related thereto, to the extent that sufficient funds are on deposit in those accounts and (b) accept and rely on all representations made by the Debtors with respect to which checks, drafts, wires, or automated clearing house transfers should be honored or dishonored in accordance with this or any other order of the Court, whether such checks, drafts, wires, or transfers are dated before, on, or after the Petition Date, without any duty to inquire otherwise.

8. The Debtors are authorized, but not directed, to issue new postpetition checks, or effect new electronic funds transfers, on account of obligations in connection with the Compensation and Benefits Programs as set forth herein, and to replace any prepetition checks or electronic fund transfer requests that may be lost, dishonored, or rejected as a result of the commencement of the Debtors' chapter 11 cases with respect to any prepetition amounts that are

authorized to be paid under this Final Order.

9. Nothing contained in the Motion or this Final Order, nor any payment made pursuant to the authority granted by this Final Order, is intended to be or shall be construed as (a) an admission as to the validity of any claim against the Debtors; (b) an agreement or obligation to pay any claims; (c) a waiver of the Debtors' or any appropriate party in interest's rights to dispute the amount of, basis for, or validity of any claim against the Debtors; (d) a waiver of any claims or causes of action which may exist against any creditor or interest holder; or (e) an approval, assumption, adoption, or rejection of any agreement, contract, lease, program, or policy between the Debtors and any third party under section 365 of the Bankruptcy Code.

10. Notwithstanding anything to the contrary contained in the Motion or this Final Order, any payment to be made and any relief or authorization granted hereunder shall not be inconsistent with, and shall be subject to, the requirements imposed on the Debtors in any orders entered by this Court authorizing the Debtors to obtain debtor-in-possession financing and authorizing the use of cash collateral (any such order, a "**DIP Order**"). To the extent that there may be any inconsistency between the terms of this Final Order and the terms of any DIP Order, the terms of the DIP Order will govern.

11. Notwithstanding entry of this Final Order, nothing herein shall create, nor is intended to create, any rights in favor of or enhance the status of any claim held by, any party.

12. Under the circumstances of these chapter 11 cases, notice of the Motion is adequate under Bankruptcy Rule 6004(a) and the Local Bankruptcy Rules.

13. Notwithstanding Bankruptcy Rule 6004(h), this Final Order shall be immediately effective and enforceable upon its entry.

14. The requirement under Local Bankruptcy Rule 9013-1(G) to file a

memorandum of law in connection with the Motion is waived to the extent necessary.

15. The Debtors are authorized to take all action necessary to effectuate the relief granted in this Final Order.

16. The Court shall retain jurisdiction to hear and determine all matters arising from or related to the implementation, interpretation, or enforcement of this Final Order.

May 28 2020
Dated: _____, 2020
Richmond, Virginia

/s/ Keith L. Phillips
UNITED STATES BANKRUPTCY JUDGE

Entered on Docket: May 28 2020

WE ASK FOR THIS:

/s/ Henry P. (Toby) Long, III
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-and-

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*Proposed Attorneys for Debtors
and Debtors in Possession*

**CERTIFICATION OF ENDORSEMENT
UNDER LOCAL BANKRUPTCY RULE 9022-1(C)**

I hereby certify that the foregoing proposed order has been endorsed by or served upon all necessary parties.

/s/ Henry P. (Toby) Long, III