Ascena Retail Group, Inc.
Form DEF 14A
November 01, 2011

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

SCHEDULE 14A
(RULE 14a-101)

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934

Filed by the Registrant S

Filed by a Party other than the Registrant £

Check the appropriate box:

£ Preliminary Proxy Statement

£ **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

S Definitive Proxy Statement

£ Definitive Additional Materials

£ Soliciting Material Pursuant to §240.14a-12

Ascena Retail Group, Inc.

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NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
To Be Held On December 7, 2011

Dear Stockholder:

You are cordially invited to attend the 2011 Annual Meeting of Stockholders (the Annual Meeting) of Ascena Retail Group, Inc., a Delaware corporation (Ascena), to be held at 2:00 p.m. local time, on Wednesday, December 7, 2011 at our corporate offices, 30 Dunnigan Drive, Suffern, New York 10901.

The Annual Meeting will be held for the following purposes:

1. to consider the election of three directors to serve on the board of directors for three-year terms and until their successors are duly elected and qualified (Proposal One);

2. to consider the approval, by non-binding vote, of the compensation paid to our named executive officers during fiscal 2011 (commonly known as a say-on-pay proposal) (Proposal Two);

3. to recommend, by non-binding vote, the frequency of future advisory votes on executive compensation

(commonly known as a frequency of say-on-pay proposal) (Proposal Three);

4. to ratify the appointment of Deloitte & Touche LLP as our Independent Registered Public Accounting Firm for the fiscal year ending July 28, 2012 (Proposal Four); and

5. to transact such other business as may properly come before the meeting or any adjournments or postponements thereof.

The board of directors has fixed the close of business on October 10, 2011 as the record date for the determination of the stockholders entitled to vote at the meeting or any adjournments or postponements thereof. Only stockholders of record at the close of business on that date will be entitled to notice of, and to vote at, the annual meeting.

BY ORDER OF THE BOARD OF DIRECTORS
By: Elliot S. Jaffe
Elliot S. Jaffe
Chairman of the Board

Dated: November 1, 2011

YOU ARE CORDIALLY INVITED TO ATTEND THE MEETING. HOWEVER, WHETHER OR NOT YOU PLAN TO BE PERSONALLY PRESENT AT THE MEETING, PLEASE MARK, DATE AND SIGN THE ENCLOSED PROXY AND RETURN IT PROMPTLY IN THE ENCLOSED ENVELOPE, OR VOTE BY TELEPHONE OR BY THE INTERNET. YOU MAY REVOKE YOUR PROXY CARD AT ANY TIME PRIOR TO THE ANNUAL MEETING. IF YOU ATTEND THE ANNUAL MEETING AND VOTE BY BALLOT, YOUR PROXY WILL BE REVOKED AUTOMATICALLY AND ONLY YOUR VOTE AT THE ANNUAL MEETING WILL BE COUNTED.

ASCENA RETAIL GROUP, INC.
30 DUNNIGAN DRIVE
SUFFERN, NEW YORK 10901

TABLE OF CONTENTS

ASCENA RETAIL GROUP, INC.
30 DUNNIGAN DRIVE
SUFFERN, NEW YORK 10901

PROXY STATEMENT

In this proxy statement, the terms we, us and our refer to Ascena Retail Group, Inc., a Delaware corporation (Ascena or the Company), and its consolidated subsidiaries, Maurices Incorporated, referred to as maurices , Tween Brands, Inc., referred to as Justice , and The Dress Barn, Inc., referred to as dressbarn .

General

The enclosed proxy is solicited by the board of directors (the Board) of Ascena for use at our 2011 Annual Meeting of Stockholders (the Annual Meeting) to be held at 2:00 p.m. local time, on Wednesday, December 7, 2011 at our corporate offices, 30 Dunnigan Drive, Suffern, New York 10901, and any and all adjournments or postponements thereof. This proxy statement and form of proxy, along with our Annual Report for the fiscal year ended July 30, 2011, are being mailed to our stockholders on or about November 1, 2011. You are receiving a proxy statement and proxy card from us because our records indicate that you owned shares of our common stock on October 10, 2011, the record date for the Annual Meeting.

The Board is soliciting your proxy to be used at the Annual Meeting. When you sign the proxy card, you appoint two of our directors, Elliot S. Jaffe and Randy L. Pearce, as your representatives at the Annual Meeting. One or both of these individuals, or a substitute if necessary, will vote your shares at the Annual Meeting as you have instructed them on the proxy card. If you sign and deliver your proxy card, but you do not provide voting instructions, your proxy representative will vote in favor of the three nominees for director (Proposal One), subject to applicable rules and regulations, in favor of Proposals Two and Four, for 1 Year for Proposal Three, and with respect to any other matter that may be presented at the Annual Meeting, in the discretion of the proxy representative. This way, your shares will be voted whether or not you attend the Annual Meeting. Even if you plan to attend the Annual Meeting, we recommend that you complete, sign and return your proxy card in advance of the Annual Meeting as your plans may change.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE 2011 ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON DECEMBER 7, 2011

Copies of this proxy statement and our Annual Report for the fiscal year ended July 30, 2011 are also available online at https://materials.proxyvote.com/04351G.

QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING

When and where will the Annual Meeting take place?

The Annual Meeting will be held on Wednesday, December 7, 2011, at 2:00 p.m., at our corporate offices, 30 Dunnigan Drive, Suffern, New York 10901.

What is the purpose of the Annual Meeting?

At the Annual Meeting, holders of our common stock will be asked to vote on the following proposals:

1. election of three directors to serve on the Board for three-year terms and until their successors are duly elected and qualified (Proposal One);

2. to consider the approval, by non-binding vote, of the compensation paid to our named executive officers during fiscal 2011 (commonly known as a say-on-pay proposal) (Proposal Two);

3. to recommend, by non-binding vote, the frequency of future advisory votes on executive compensation (commonly known as a

frequency of say-on-pay proposal) (Proposal Three);

4. ratification of the appointment of Deloitte & Touche LLP as our Independent Registered Public Accounting Firm for the fiscal year ending July 28, 2012 (Proposal Four); and

5. to transact such other business as may properly come before the meeting or any adjournments or postponements thereof.

What are the Board s voting recommendations?

THE BOARD RECOMMENDS A VOTE FOR THE ELECTION OF THE THREE DIRECTORS, FOR THE SAY-ON-PAY PROPOSAL, FOR ONCE EVERY YEAR WITH RESPECT TO THE FREQUENCY OF SAY-ON-PAY PROPOSAL AND FOR THE RATIFICATION OF THE APPOINTMENT OF THE INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM.

Unless you give other instructions on your proxy card, the persons referred to as proxy holders on the proxy card will vote in accordance with the recommendations of the Board.

Could other matters be decided at the Annual Meeting?

Our bylaws require prior notification of a stockholder s intent to request a vote on other matters at the Annual Meeting. The deadline for notification has passed, and we are not aware of any other matters that could be brought before the Annual Meeting. However, if any other business is properly presented at the Annual Meeting, your vote by proxy gives authority to Elliot S. Jaffe and Randy L. Pearce, the persons referred to as proxy holders on the proxy card (or a substitute if necessary), to vote your shares on such matters at their discretion.

Who is entitled to attend the Annual Meeting?

All stockholders who owned our common stock at the close of business on October 10, 2011 (the Record Date), or their duly appointed proxies, may attend the Annual Meeting. Registration begins at 1:30 p.m. on the date of the Annual Meeting.

Who is entitled to vote at the Annual Meeting?

All stockholders who owned our common stock at the close of business on the Record Date are entitled to attend and vote at the Annual Meeting and at any adjournment or postponement of the Annual Meeting.

How many votes do I have?

You have one vote for each share of our common stock that you owned on the Record Date.

How many votes must be present to hold the Annual Meeting?

The presence in person or by proxy of the holders of a majority of the outstanding shares of our common stock entitled to vote at the Annual Meeting will constitute a quorum for the transaction of business at the Annual Meeting. Once a share of the Company s common stock is represented for any purpose at the Annual Meeting, it is deemed present for quorum purposes for the Annual Meeting and for any adjournment of the Annual Meeting. Abstentions and broker non-votes are counted as present and entitled to vote for purposes of determining the presence or absence of a quorum for the transaction of business. A broker non-vote occurs when a broker or nominee holding shares for a beneficial owner does not vote on a proposal because the broker or nominee does not have the necessary voting power for that proposal and has not received instructions from the beneficial owner. In order for us to determine that enough votes will be present to hold the Annual Meeting, we urge you to vote in advance by proxy even if you plan to attend the Annual Meeting.

Assuming a quorum is present, how many votes will be required to approve the proposals?

A plurality of the votes cast at the Annual Meeting will elect the three nominees to serve as directors;

The say-on-pay proposal will be approved, by non-binding vote, if the votes cast in favor of the proposal exceed the votes cast in opposition to the proposal;

With respect to the frequency of say-on-pay proposal, the alternative receiving the greatest number of votes (every one year, two years or three years) will be the frequency that stockholders approve; and

The proposal to ratify the appointment of Deloitte & Touche LLP as our Independent Registered Public Accounting Firm will be approved if the votes cast in favor of the proposal exceed the votes cast in opposition to the proposal.

A note about abstentions and broker non-votes: If you do not vote your shares on Proposal One (election of directors), Two (the say-on-pay proposal) or Three (the frequency of say-on-pay proposal), your brokerage firm can no longer vote them for you; those shares will remain unvoted. Previously, if your broker did not receive instructions from you, they were permitted to vote your shares for you in routine matters. However, stock exchange rules changed on January 1, 2010 and brokers are no longer allowed to vote uninstructed shares in director elections or on executive compensation matters, which are now considered non-routine matters. So please make your vote count and provide instructions to your broker regarding Proposals One, Two and Three. The ratification of the appointment of independent accountants remains a routine item under NYSE rules. As a result, brokers who do not receive instructions as to how to vote on Proposal Four may vote on that matter in their discretion.

What is the effect of a broker non-vote or abstention on the proposals to be voted on at the Annual Meeting?

Abstentions and broker non-votes will have no impact on the vote on any of the proposals.

How many votes may be cast by all stockholders?

A total of 76,435,109 votes may be cast at the Annual Meeting, consisting of one vote for each share of our common stock outstanding on the Record Date.

How do I vote?

You may vote in person at the Annual Meeting or vote by proxy as described below.

If you vote by proxy, your shares will be voted at the Annual Meeting in the manner you indicate. If you sign and return your proxy card, but do not specify how you want your shares to be voted, they will be voted for the three nominees named under the caption PROPOSAL ONE ELECTION OF DIRECTORS, in accordance with management s recommendations in favor of Proposals Two and Four, in favor of an annual say-on-pay vote (Proposal Three), and, with respect to any other matter that may be presented at the Annual Meeting, in the discretion of the proxy holders named in your proxy card.

May I change or revoke my vote after I submit my proxy?

Yes. To change your vote previously submitted by proxy, you may:

- cast a new vote by mailing a new proxy card with a later date or by entering a later Internet or telephone vote; or
- if you hold shares in your name, attend the Annual Meeting and vote in person.

If you wish to revoke rather than change your vote, written revocation must be received by our Corporate Secretary prior to the Annual Meeting.

What if I participate in the Company s 401(k) Savings Plan?

If you are a participant in the Company s 401(k) Savings Plan (the 401(k)) and own shares of the Company s common stock in your 401(k) account as of the Record Date, you will receive, with respect to the number of shares held for your account under the 401(k) as of the Record Date, a proxy card that will serve as a voting instruction to the trustee of the 401(k) with respect to shares held for your account. Unless the proxy card is signed and returned, shares held in your account under the 401(k) will not be voted.

How can I attend the Annual Meeting?

Stockholders as of the close of business on the Record Date may attend the Annual Meeting. You may obtain directions to the location of the Annual Meeting by contacting Ascena s Investor Relations Department at

(845)369-4600.

What happens if the Annual Meeting is postponed or adjourned?

If the Annual Meeting is postponed or adjourned, your proxy will remain valid and may be voted when the Annual Meeting is convened or reconvened. You may change or revoke your proxy until it is voted.

Will your Independent Registered Public Accounting Firm participate in the Annual Meeting?

Yes. Our Independent Registered Public Accounting Firm is Deloitte & Touche LLP. A representative of Deloitte & Touche LLP will be present at the Annual Meeting, will be available to answer any questions you may have and will have the opportunity to make a statement.

Are members of the Board required to attend the Annual Meeting?

Directors are encouraged, but not required, to attend the Annual Meeting. All of our directors attended the 2010 Annual Meeting of Stockholders.

Who will pay the expenses incurred in connection with the solicitation of my vote?

We pay all costs and expenses related to preparation of these proxy materials and solicitation of your vote and all Annual Meeting expenses. None of our directors, officers or employees will be specially compensated for these activities. We reimburse brokers, fiduciaries and custodians for their costs in forwarding proxy materials to beneficial owners of our common stock, but we will not pay any compensation for their services.

Why did I receive more than one set of proxy materials?

You may receive multiple sets of proxy materials if you hold your shares of our common stock in multiple accounts (such as through a brokerage account and an employee benefit plan, such as the 401(k)). **To ensure all your shares are represented at the Annual Meeting, please vote your shares as instructed in each proxy or instruction card you receive.**

If your household is receiving multiple copies of our annual reports or proxy statements and you wish to request delivery of a single copy, you may send a written request to: **Ascena Retail Group, Inc., 30 Dunnigan Drive, Suffern, New York 10901, Attention: Investor Relations.**

How do I obtain a separate set of proxy materials if I share an address with other stockholders?

In order to reduce printing and postage costs, only one annual report and proxy statement is being delivered to multiple stockholders sharing an address unless we received contrary instructions from one or more of the stockholders sharing that address. If your household has received only one annual report and one proxy statement, we will promptly deliver a separate copy of the annual report and the proxy statement to any stockholder who sends a written request to: **Ascena Retail Group, Inc., 30 Dunnigan Drive, Suffern, New York 10901, Attention: Investor Relations.** If you wish to receive a separate annual report and proxy statement in the future, you can notify us by mailing a written request to the address above or by calling our Investor Relations Department at (845) 369-4600.

Can I view these proxy materials electronically?

Yes. You may access the proxy statement and our annual report on our website at https://materials.proxyvote.com/04351G. You can view all of our other filings with the Securities and Exchange Commission (the SEC) on our website at www.ascenaretail.com.

How can I receive copies of the Company s year-end SEC filings?

We will furnish without charge to any stockholder who requests, in writing, a copy of this proxy statement and/or our Annual Report on Form 10-K, including financial statements and related schedules, for the fiscal year ended July 30, 2011, as filed with the SEC. Any such request should be directed to **Ascena Retail Group, Inc., 30 Dunnigan Drive, Suffern, New York 10901, Attention: Investor Relations.**

How do stockholders submit proposals for the Company s 2012 Annual Meeting of Stockholders?

Proposals of stockholders intended to be presented at the 2012 Annual Meeting of Stockholders and desired to be included in our proxy statement for that meeting must be received by our **Corporate Secretary, Ascena Retail Group, Inc., 30 Dunnigan Drive, Suffern, New York 10901**, by no later than July 5, 2012 in order to be included in such proxy statement. Any such proposal also must meet the other requirements of the rules of the SEC relating to stockholder proposals. Generally, if written notice of any stockholder proposal intended to be presented at the 2012 Annual Meeting of Stockholders, and not included in our proxy statement for that meeting, is not delivered to the Corporate Secretary at the above address by July 5, 2012, or if such notice does not contain the information required by Section 7 of Article II of our bylaws, the chair of the meeting may declare that such stockholder proposal be disregarded.

Can I see a list of stockholders entitled to vote at the Annual Meeting?

A complete list of the stockholders entitled to vote at the Annual Meeting is available for inspection at the principal office of the Company upon written request to the Company by a stockholder, and at all times during the Annual Meeting at the place of the Annual Meeting.

5

QUESTIONS AND ANSWERS
ABOUT OUR BOARD AND CORPORATE GOVERNANCE MATTERS

What is the makeup of the Board and how often are members elected?

Our Board currently has seven members, divided into three classes, each with a staggered three-year term of office. Only three directors, David R. Jaffe, Klaus Eppler and Kate Buggeln, whose terms are expiring as of the date of the Annual Meeting, shall stand for election this year.

How often did the Board meet in fiscal 2011?

The Board met five times during fiscal 2011 and otherwise accomplished its business through the work of the committees described below. Each incumbent director attended at least 75% of the meetings of the Board and of the standing committees of which he or she was a member during fiscal 2011.

Do the non-management directors meet in regularly scheduled executive sessions?

Yes. The non-management members of our Board meet in regularly scheduled executive sessions without any members of management present.

Does the Company have any formal policies or requirements concerning Board Leadership?

We do not have a formal policy regarding the separation of our Chairman and our Chief Executive Officer (CEO) positions. Currently, Elliot S. Jaffe serves as Chairman while David R. Jaffe serves as President and CEO. The Company believes that separating the Chairman and CEO roles conforms to governance best practices.

How does the Board determine which directors are independent?

Our Board determines whether an individual director satisfies all of the independence standards of the SEC and the NASDAQ Global Select Market (the NASDAQ), as such standards may be amended from time to time, and also that the director has no material relationships with us (either directly or as a partner, stockholder or officer of any entity) that would be inconsistent with a finding of independence.

Which directors have been designated as independent?

Based on the analysis described below under the caption Independence Determinations, the Board affirmatively determined that a majority of the directors who will continue to serve on the Board following the Annual Meeting are independent. They are Kate Buggeln, Klaus Eppler, Randy L. Pearce and John Usdan.

What are the standing committees of the Board?

Our Board has three standing committees: the Audit Committee, the Nominating Committee and the Compensation and Stock Incentive Committee, which is also referred to as our Compensation Committee.

Who are the members of the standing committees?

Committee	Members	Chairperson
Audit Committee	Kate Buggeln Randy L. Pearce	Randy L. Pearce

	John Usdan	
Nominating Committee	Klaus Eppler John Usdan	Klaus Eppler
Compensation Committee	Kate Buggeln Randy L. Pearce John Usdan	John Usdan

Are all of the members of the standing committees independent?

Yes. The Board has determined that the members of each of the standing committees are independent.

Do all of the standing committees operate under a written charter?

Yes. The charters of each of the standing committees are available for viewing on our website at www.ascenaretail.com. Paper copies will be provided to any stockholder upon written request to: **Ascena Retail Group, Inc., 30 Dunnigan Drive, Suffern, New York 10901, Attention: Investor Relations.**

What are the functions of the standing committees?

Audit Committee

It is the responsibility of the Audit Committee to assist the Board in its oversight of our financial accounting and reporting practices. The duties of the Audit Committee include monitoring our financial reporting process and system of internal controls; selecting our independent registered public accounting firm; monitoring the independence and performance of our independent registered public accounting firm and internal auditing function; and providing an avenue of communication among the independent registered public accounting firm, management, the internal auditing functions and the Board. The Audit Committee has the authority to conduct any investigation appropriate to fulfilling its responsibilities, and it has direct access to our independent registered public accounting firm as well as our internal auditors. The Audit Committee has the ability to retain, at our expense, special legal, accounting or other consultants or experts it deems necessary in the performance of its duties. The Board has determined that Mr. Pearce, a member of the Audit Committee, qualifies as an audit committee financial expert, and that each Audit Committee member is financially literate and independent, each as defined by the SEC s regulations and the NASDAQ s listing standards.

Nominating Committee

The function of the Nominating Committee is to provide assistance to the Board in the selection of candidates for election and re-election to the Board. The Nominating Committee utilizes a variety of methods for identifying and evaluating director candidates. Candidates may come to the attention of the Committee through current directors, members of management, stockholders or other persons. From time to time, the Nominating Committee may also engage a search firm to assist in identifying potential Board candidates, although no such firm was used to identify any of the nominees for director proposed for election at the Annual Meeting. Once the Nominating Committee has identified a prospective nominee, the Nominating Committee evaluates the prospective nominee against the standards and qualifications set out in the Nominating Committee s charter, including the individual s potential contributions in providing advice and guidance to the Board and management. The Nominating Committee seeks to identify nominees who possess a wide range of experience, skills, areas of expertise, knowledge and business judgment. The Nominating Committee evaluates all candidates for director, regardless of the person or firm recommending such candidate, on the basis of the length and quality of their business experience, the applicability of such candidate s experience to us and our business, the skills and perspectives such candidate would bring to the Board and the personality or fit of such candidate with existing members of the Board and management. Successful nominees must have a history of superior performance or accomplishments in their professional undertakings and should have the highest personal and professional ethics and values.

The Board determines the total number of directors and selects nominees with a view to maintaining a Board that is strong in its collective knowledge and has a diversity of not only skills and experience, but also diversity in gender, culture and geography. The Board assesses the effectiveness of its diversity policies by reviewing the nominees for director to the Board to determine if such nominees satisfy the Company s then-current needs.

7

Compensation Committee

The function of the Compensation Committee is to assist the Board by: (i) considering and determining all matters relating to the compensation of our Chairman, President and CEO and our other executive officers, including the named executive officers; (ii) administering and functioning as the committee that is authorized to grant stock options, restricted stock and/or restricted stock units (RSUs) and other equity awards to executive officers and such other key executives and employees as the Compensation Committee will determine under our 2010 Stock Incentive Plan, as amended (the Stock Incentive Plan); and (iii) reviewing and reporting to the Board on such other matters as may be appropriately delegated by the Board for the Compensation Committee s consideration.

From time to time, the Compensation Committee may determine to engage an independent compensation consultant to assist it in reviewing the current compensation levels for our Chairman, President and CEO or other executive officers (including our named executive officers). Prior to the beginning of fiscal 2010, the Compensation Committee engaged Radford Consulting, a separate business unit of Aon Hewitt and a separate division of Aon Corporation (Radford), as its independent compensation consultant. Radford was initially retained by the Compensation Committee in part in contemplation of the acquisition of Justice. Management did not specifically recommend Radford. Radford has met regularly with the Compensation Committee and provided it with advice regarding the design and implementation of our executive compensation program. The Compensation Committee continued to use Radford throughout fiscal 2011 and approved the fiscal 2011 executive compensation consulting services described below. In particular, Radford:

- analyzed competitive compensation levels for our executive officers;
- conducted studies and made recommendations regarding executive compensation, including with regard to the integration of the compensation programs covering dressbarn, maurices and Justice, the reorganization and creation of Ascena and changes to the Company s employment agreement with our President and CEO as well as the Company s bonus and long-term incentive programs;
- provided market data and performed

benchmarking;

advised the Compensation Committee as to best practices, including the Company s adoption of stock ownership guidelines for our President and CEO and non-employee directors; and

assisted in the preparation of our compensation-related disclosure included in this proxy statement.

The results of this analysis form the general basis of our Chairman s and President and CEO s compensation in fiscal 2011.

In providing its services to the Compensation Committee, with the Compensation Committee s knowledge, Radford contacted the Company s management from time to time to obtain data and other information from the Company and worked together with management in the development of proposals and alternatives for the Compensation Committee to review and consider.

The Compensation Committee intends to regularly evaluate the nature and scope of the services provided by Radford. In order to ensure that Radford is independent, Radford is only engaged by, takes direction from, and reports to, the Compensation Committee and, accordingly, only the Compensation Committee has the right to terminate or replace Radford at any time.

How many times did each standing committee meet in fiscal 2011?

During fiscal 2011, the Audit Committee met eight times, the Compensation Committee met six times and the Nominating Committee met once.

What is the Board s role in the risk oversight process?

The positions of Chairman of the Board and CEO are presently separated and have been separated at the Company for a number of years. We believe that separating these positions allows our CEO to focus on our day-to-day business, while allowing the Chairman of the Board to lead the Board in its fundamental role of providing advice to and oversight of management. Our Board recognizes the time, effort and energy that the CEO is required to devote to his position in the current business environment. Our Board believes that having separate positions is the appropriate leadership structure for us at this time and demonstrates our commitment to good corporate governance.

The Board exercises its oversight of the Company s risks through regular reports to the Board from David R. Jaffe, in his role as CEO, and other members of senior management on areas of material risk, actions and strategies to mitigate those risks and the effectiveness of those actions and strategies. The Board also administers its risk oversight function through its Audit and Compensation Committees.

The Audit Committee discusses with management the Company s policies with respect to risk assessment and risk management, including the Company s major financial risk exposures and the steps management has taken to monitor and control those risks. Members of senior management with responsibility for oversight of particular risks report to the Audit Committee periodically throughout the year. The Company s chief internal audit executive annually prepares a comprehensive risk assessment report which identifies the material business risks (including strategic, operational, financial reporting and compliance risks) for the Company as a whole, as well as for each business unit, and identifies the controls that address and mitigate those risks. The chief internal audit executive reviews that report with the Audit Committee each year. The Audit Committee reports to the full Board annually, or more frequently as required, on its review of the Company s risk management.

How does the Board evaluate director candidates recommended by stockholders?

The Nominating Committee does not evaluate stockholder nominees differently than any other nominee. Pursuant to policies set forth in our Nominating Committee Charter, our Nominating Committee will consider stockholder nominations for directors if we receive timely written notice, in proper form, of the intent to make a nomination at a meeting of stockholders. To be timely for the 2012 annual meeting, the notice must be received within the time frame discussed above under the heading How do stockholders submit proposals for the Company s 2012 Annual Meeting of Stockholders? To be in proper form, the notice must, among other things, include each nominee s written consent to serve as a director if elected, the number of shares held of record and beneficially owned by the nominee, and any other information relating to the nominee that is required to be disclosed in solicitations of proxies for the election of directors, or is otherwise required pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended (the Exchange Act).

How are directors compensated?

Cash Compensation

Based on a study of the compensation paid to the board members of companies in our peer group, effective for Board meetings following September 23, 2010, and for the remainder of fiscal 2011 (on a prorated basis), we paid our Board members, who were not also officers or consultants of the Company, as follows:

An annual fee at the rate of $50,000 per year (an increase from

$35,000 per year)

Annual fees to each member (including the Chair) of a committee as follows:

Audit Committee: $10,000 per year (an increase from $6,000 per year)

Compensation Committee: $5,000 per year (an increase from $4,000 per year)

Additional annual fees to the Chairs of the Audit Committee and the Compensation Committee of $10,000 and $5,000 per year, respectively (an increase from $6,000 and $2,500 per year, respectively)

An additional fee to Mr. Eppler, who serves as Board secretary and attends meetings of the Board and standing committees, of $1,500 for each Board and committee meeting that he attended and for which he served as secretary (an increase from $1,000 per meeting)

In connection with the increase in the annual retainer paid to our Board members, effective September 23, 2010, we eliminated the attendance fee of $1,000 per meeting. Further, consistent with our peer group, effective September 23, 2010, we eliminated the $1,000 per year annual fee for members of the Nominating Committee.

Equity Compensation

For fiscal 2011, all directors (except for David R. Jaffe and Michael W. Rayden) received options to purchase 10,000 shares of our common stock.

Options granted to our non-employee directors generally vest in approximately equal one-third increments on an annual basis from the date of grant. Consistent with the vesting schedule generally applicable to our employees, options granted to Elliot S. Jaffe generally vest 25% per year on each of the first four anniversaries of the date of grant. However, if a non-employee director that has served on the Board for at least three years ceases to be a member of the Board for any reason (other than for Cause, as defined under the Stock Incentive Plan), then all of such director s unvested stock options (granted on or after September 18, 2008) will immediately vest and remain exercisable for a period of six months following termination of such directorship, provided that no option will be exercisable for a period longer than the original term of that option. A former director will not be deemed to have terminated his or her directorship so long as he or she remains a consultant to the Company. Notwithstanding the foregoing, if a non-employee director receives a grant of stock options and is nominated for re-election to the Board at a meeting of stockholders to be held within six months after the date of the grant, such option grant will terminate and will not become vested if such director either (a) is no longer serving on the Board on the date of such meeting of stockholders; or (b) is not re-elected to the Board at such meeting of stockholders, or any adjournment thereof.

Cause, as defined under the Stock Incentive Plan, means, with respect to a participant s termination of service, any of the following: (i) willful malfeasance, willful misconduct or gross negligence by the participant (including, in each case, a non-employee director) in connection with his or her duties; (ii) continuing refusal by the participant to perform his or her duties under any lawful direction of the Board after notice of any such refusal to perform such duties or direction was given to the participant; (iii) any willful and material breach of fiduciary duty owing to the Company or its affiliates by the participant; (iv) the participant s conviction of a felony or any other crime resulting in pecuniary loss to the Company or its affiliates (including, but not limited to, theft, embezzlement or fraud) or involving moral turpitude; or (v) the participant s on duty intoxication or confirmed positive illegal drug test result.

David R. Jaffe, our President and CEO, Elliot S. Jaffe, our Chairman of the Board, and Michael W. Rayden are executive officers of the Company and do not receive any cash compensation for their services as directors. Compensation paid to these individuals for their services as executive officers during fiscal 2011 is reflected in the Summary Compensation Table below. As noted above, our Chairman, Elliot S. Jaffe, received options to purchase 10,000 shares of common stock in connection with his service as a director for fiscal 2011.

Are directors required to own a minimum amount of the Company shares of common stock?

Our Board believes it is important that our President and CEO and non-employee directors have, and are recognized both internally and externally as having, long-term financial interests that are aligned with those of our stockholders. In fiscal 2012, the Compensation Committee recommended to the Board the adoption of, and the Board subsequently adopted, stock ownership guidelines for our President and CEO and non-employee directors (the Ownership Guidelines). The Ownership Guidelines with respect to our President and CEO became effective in September 2011. See Executive Compensation Compensation Discussion and Analysis Stock Ownership

Guidelines for President and CEO below for a discussion of the Ownership Guidelines with regard to our President and CEO. Under the Ownership Guidelines, non-employee directors are required to hold (determined annually as of the last day of the prior fiscal year) three times their annual retainer (currently $50,000 per annum, for a total of $150,000). The Ownership Guidelines authorize a transition period to achieve the 3-times ownership level of five years from the later of December 7, 2011 and the date the director commences service. Ownership includes: (i) shares of our stock acquired on the open market or purchased through the exercise of a stock option or settlement of any other type of equity award (such as restricted stock, restricted stock units, deferred stock or a deferred stock unit); (ii) vested equity awards (other than stock options or stock appreciation awards); and (iii) vested shares of our stock allocated under any tax-qualified plan (although non-employee directors may not participate in the 401(k), if a director previously was an employee and participated in the plan, such shares would count as owned). Shares held individually or jointly or by a family member (as defined in the securities laws which would include certain trusts, family partnerships and foundations) would count as owned by the non-employee director. Stock options do not count towards the stock ownership requirement. The Ownership Guidelines are posted on the for investors page of the Company s website at www.ascenaretail.com, accessible through the Investor Relations Menu.

Indemnification Agreements

On January 1, 2011, Ascena entered into indemnification agreements (each, an Indemnification Agreement) with each of the members of the Board, Armand Correia, Executive Vice President and Chief Financial Officer, and Gene Wexler, Senior Vice President, General Counsel and Assistant Secretary. The Indemnification Agreements supplement the Company s Second Amended and Restated Certificate of Incorporation, as amended, and bylaws and Delaware law in providing certain indemnification rights to these individuals. The Indemnification Agreements provide, among other things, that we will indemnify these individuals to the fullest extent permitted by Delaware law and to any greater extent that Delaware law may in the future permit, including the advancement of attorneys fees and other expenses incurred by such individuals in connection with any threatened, pending or completed action, suit or other proceeding, whether of a civil, criminal, administrative, regulatory, legislative or investigative nature, relating to any occurrence or event before or after the date of the Indemnification Agreements, by reason of the fact that such individuals are or were our directors or officers, subject to certain exclusions and procedures set forth in the Indemnification Agreements.

FISCAL 2011 DIRECTOR COMPENSATION TABLE

The following table provides each element of non-employee director compensation for fiscal 2011.

Name	Fees Earned or Paid in Cash ($)	Option Awards ($)[1]	All Other Compensation ($)	Total ($)
Kate Buggeln	59,688	94,000		153,688
Klaus Eppler	65,750	94,000		159,750
Randy L. Pearce	64,688	94,000		158,688
John Usdan	62,188	94,000		156,188

(1) Reflects the aggregate grant date fair value calculation in accordance with ASC Topic 718. Assumptions used in the valuation of equity based awards are discussed in Stock-Based Compensation in Note 21 of the Notes to Consolidated Financial Statements in our Annual Report on Form 10-K for the fiscal year ended July 30, 2011.

As of July 30, 2011, the aggregate number of vested and unvested stock options held by each non-employee director was:

Name

	Number of Vested Options	Number of Unvested Options
Kate Buggeln	6,667	18,334
Klaus Eppler	31,666	18,334
Randy L. Pearce	24,998	16,668
John Usdan	25,132	16,668

Do you have a written Code of Ethics?

Yes, our Board has adopted a Code of Ethics for Senior Financial Officers, which can be viewed at www.ascenaretail.com. This code complies with the requirements of the Sarbanes-Oxley Act of 2002 pertaining to codes of ethics for chief executives and senior financial and accounting officers. If we amend or waive a provision of our Code of Ethics for Senior Financial Officers that applies to our principal executive officer, principal financial officer, principal accounting officer or controller, we will post such information at this location on our website. Paper copies of the code of ethics will be provided to any stockholder upon request.

Do you have a Whistleblower Policy?

Yes, as required by the Sarbanes-Oxley Act of 2002, we have established a confidential hotline for associates to call with any information regarding concerns about accounting or auditing matters. All calls are referred to the Chairman of the Audit Committee of the Board. Our Whistleblower Policy can be viewed on our website at www.ascenaretail.com.

How can I communicate with members of the Board?

You may contact any member of the Board as follows:

Write to our Board at:

Ascena s Board of Directors
c/o Chair of the Audit Committee
Ascena Retail Group, Inc.
30 Dunnigan Drive
Suffern, New York 10901

To the extent reasonably practical under the circumstances, all such communications are treated confidentially and you can remain anonymous when communicating your concerns.

When do your fiscal years end?

Our fiscal years end on the last Saturday in July. References in this proxy statement to a fiscal year are to the calendar year in which the fiscal year ends. For example, the fiscal year ended July 30, 2011 is referred to as fiscal 2011.

PROPOSAL ONE

ELECTION OF DIRECTORS

Our certificate of incorporation provides for a classified Board divided into three classes, each with a staggered three-year term of office and each class of directors as nearly equal in number as possible. At the Annual Meeting, three directors are to be elected for three-year terms. On the recommendation of the Nominating Committee, the Board has nominated David R. Jaffe, Klaus Eppler and Kate Buggeln, current directors whose terms of office expire at the Annual Meeting, for election for three-year terms expiring at the 2014 Annual Meeting of Stockholders. Each nominee has indicated that he or she will serve if elected. We do not anticipate that any Board nominee will be unable or unwilling to stand for election, but should any such nominee be unavailable for election for any reason, your proxy, to the extent permitted by applicable law, may be voted with discretionary authority in connection with the nomination by the Board and the election of any substitute nominee.

Directors will be elected by a plurality of the votes cast at the Annual Meeting. This means that the three nominees with the most votes for election for the three-year terms will be elected. We will count only votes cast for a nominee, except that a stockholder s proxy will be voted FOR the three nominees described in this Proxy Statement unless the stockholder instructs the proxy holders to the contrary in his or her proxy.

THE BOARD UNANIMOUSLY RECOMMENDS THAT STOCKHOLDERS VOTE FOR THE ELECTION OF THE NOMINEES LISTED BELOW TO SERVE AS DIRECTORS.

Information about Director Nominees

Following is information regarding the nominees and the other continuing directors.

Nominees for Election as Directors for Three-Year Terms Expiring in 2014

Name of Nominee and Age	Director Since
David R. Jaffe, 52	2001
Klaus Eppler, 81	1993
Kate Buggeln, 50	2004

DAVID R. JAFFE has been our President and CEO since 2002. Previously, he had been Vice Chairman and Chief Operating Officer since 2001. Mr. Jaffe joined our Company in 1992 as Vice President, Business Development and became Senior Vice President in 1995, Executive Vice President in 1996 and Vice Chairman in 2001. He is the son of Elliot S. and Roslyn S. Jaffe. Elliot S. Jaffe is Chairman of the Board and an executive officer. Roslyn S. Jaffe is a founder and Director Emeritus. David R. Jaffe is the brother of Elise Jaffe, a non-executive officer and a more than 5% stockholder, and Richard Jaffe, a more than 5% stockholder. The Board selected Mr. Jaffe to serve as a director based on his extensive retail and financial background.

KLAUS EPPLER is a pensioned partner in the law firm of Proskauer Rose LLP. He was an equity partner of Proskauer Rose LLP from 1965 to 2001. Mr. Eppler is also a director of Bed Bath & Beyond Inc. Mr. Eppler has served as a director of one or more retailers continuously for over 35 years. Throughout his career as a practicing attorney, he represented numerous public companies, including many retail companies. The Board selected Mr. Eppler to serve as a director based on his knowledge and experience in securities law, corporate governance and the retail industry, each of which strengthen the Board s collective qualifications, skills and experience.

KATE BUGGELN is on the Governing Board of the Business Council for Peace. Ms. Buggeln has provided business strategy and brand management consulting services since 2005. Ms. Buggeln was Senior Vice President, Strategic Planning and Business Development for Coach, Inc. from 2001 to 2004. Ms. Buggeln is also a director of VS Holdings, Inc., the parent company of The Vitamin Shoppe, Inc. She previously served on the board of directors of Timberland Company until its acquisition in September 2011. The Board selected Ms. Buggeln to serve as a director based on her strong background in strategic planning, marketing and new business development.

Directors with Terms Expiring in 2012

Name of Director and Age	Director Since
John Usdan, 53	2002
Randy L. Pearce, 56	2005

JOHN USDAN has, since 1981, been President of Midwood Management Corporation, a company specializing in real estate ownership, development and management. The Board selected Mr. Usdan to serve as a director because of his strong background in real estate and strategic planning.

RANDY L. PEARCE has, since February 2011, been President of Regis Corporation, an owner, operator and franchisor of hair and retail product salons, and, effective February 2012, will serve as the Chief Executive Officer of Regis Corporation. From 1998 until February 2011, Mr. Pearce served as Senior Executive Vice President, Chief Financial and Administrative Officer of Regis Corporation, and he has held various executive positions at Regis Corporation since 1985. The Board selected Mr. Pearce to serve as a director based on his extensive financial background in auditing and in internal controls over financial reporting of large publicly held retail companies.

Directors with Terms Expiring in 2013

Name of Director and Age	Director Since
Elliot S. Jaffe, 85	1966
Michael W. Rayden, 63	2009

ELLIOT S. JAFFE, Chairman of the Board and a founder of our Company, was our Chief Executive Officer from the founding of our Company in 1962 until 2002. Mr. Jaffe is the spouse of Roslyn S. Jaffe, a founder and Director Emeritus of our Company, and they are the parents of David R. Jaffe, a director and the CEO, Elise Jaffe, a non-executive officer and a more than 5% stockholder, and Richard Jaffe, a more than 5% stockholder. The Board selected Mr. Jaffe to serve as a director based on his over 50 years experience in the apparel industry and broad knowledge of our business, including as our founder, as our Chairman for 45 years, and as our Chief Executive Officer for 40 years.

MICHAEL W. RAYDEN, is the Chief Executive Officer of Tween Brands, Inc. Prior to the acquisition of Tween Brands, Inc. by the Company on November 25, 2009, Mr. Rayden served as Chief Executive Officer of Tween Brands, Inc. since March 1996 and was elected Chairman of the Board of Tween Brands, Inc. in August 1999. Mr. Rayden also served as the President of Tween Brands, Inc. from March 1996 until January 2007. Before joining Tween Brands, Inc., he served as President, Chief Executive Officer and Chairman of the Board of Pacific Sunwear of California, Inc. from 1990 to 1996, President and Chief Executive Officer of The Stride Rite Corporation from 1987 to 1989 and President and Chief Executive Officer of Eddie Bauer Inc. from 1984 to 1987. Pursuant to the terms of the Merger Agreement pursuant to which we acquired Tween Brands, Inc. and a letter agreement entered into in connection therewith (the Letter Agreement), upon consummation of the acquisition on November 25, 2009, Mr. Rayden was appointed by the Board to fill the vacancy in the class of directors with a term expiring in 2010. The Letter Agreement provides that for at least one additional term ending no earlier than 2012, so long as he shall continue to be employed by us, the Board is required to nominate Mr. Rayden for re-election to the Board at the expiration of each term of service as a director. The Board selected Mr. Rayden to serve as a director based on his extensive experience as the Chief Executive Officer of specialty retailers, and his experience having served on the boards of directors of retailers, which strengthens the Board s collective qualifications, skills and experience.

Compensation Committee Interlocks and Insider Participation

None of the members of the Compensation Committee was an officer or employee of our Company during fiscal 2011. No executive officer of the Company served during fiscal 2011 as a director or member of a compensation committee of any entity one of whose executive officers served on the Board or the Compensation Committee of the Company.

Independence Determinations

Our Board has determined that a majority of the Board and all members of the standing committees are independent pursuant to applicable SEC and NASDAQ rules, and, in addition, in the case of the Compensation Committee, pursuant to applicable tax rules. Our independent directors are Kate Buggeln, Klaus Eppler, Randy L. Pearce and John Usdan.

EXECUTIVE COMPENSATION

COMPENSATION DISCUSSION AND ANALYSIS

Overview

This Compensation Discussion and Analysis describes the compensation philosophy, objectives, policies and practices with respect to our named executive officers (the NEOs). The NEOs for fiscal 2011 are David R. Jaffe, our President and CEO, Elliot S. Jaffe, the Chairman of the Board, Armand Correia, the Executive Vice President and Chief Financial Officer, Michael W. Rayden, the Chief Executive Officer of Tween Brands, Inc. (which we refer to below as Justice), and Gene Wexler, the Senior Vice President and General Counsel.

Executive Summary

Our compensation program is designed to attract and retain quality leaders with an emphasis on pay for performance and creating long-term sustainable and profitable growth. Our compensation elements seek to balance all aspects of an executive s responsibilities: base salary for day-to-day responsibilities, cash incentive bonus for shorter-term returns linked to semi-annual Company performance and annual personal performance, and equity awards for aligning the executives focus with stockholder value and the long-term, future performance of the Company.

The Compensation Committee sets the applicable performance goals for our seasonal cash incentive bonus programs at the beginning of the fall and spring seasons using challenging but realizable targets so that achievement of the goals is both uncertain and objective. These goals are based upon the financial plan approved by our Board. Our goal setting process is based on historical operating trends and requires improvement over our prior financial performance.

Our current executive team has successfully managed the Company through the recent dramatic economic downturn. For fiscal 2011:

- Earnings per diluted share increased 22% to $2.11 per diluted share for fiscal 2011 from $1.73 per diluted share for fiscal 2010.

- Net sales for the fifty-two week fiscal 2011 increased 23% to a record $2.91 billion compared to

$2.37 billion for the prior fifty-three week fiscal year 2010.

Consolidated comparable store sales increased 6% for fiscal 2011.

The Company has a strong balance sheet with over $436 million in cash and marketable securities at the end of fiscal 2011 and no debt.

The Company s stock price increased 31% to $32.32 at the end of fiscal 2011 from a stock price of $24.70 at the end of fiscal 2010.

Based on these results, the Company performed well when measured against its retail peers.

Summary of Recent Changes to Executive Compensation Practices

We made certain changes to our executive compensation practices after the end of fiscal 2011 that are designed to reflect certain corporate governance best practices. These include the following changes:

2010 Stock Incentive Plan Amended to Provide Minimum

Vesting. While we generally grant stock options with 4-year vesting schedules and RSUs with 3-year vesting schedules, our Board amended the Stock Incentive Plan to add minimum vesting schedules for stock options (3-year vesting) and restricted stock and RSU awards (2-year vesting), with a carve-out for vesting on death, disability, retirement, change-in-control, and termination without cause or for good reason. There is a 5% allowable basket (*i.e.*, 5% of the total share reserve) for equity awards with a shorter vesting schedule. This change did not require stockholder approval and applies solely to grants made on or after September 21, 2011, the effective date of the amendment.

Adoption of Stock Ownership Guidelines for our President and CEO. We adopted the Ownership Guidelines for our President and CEO that require ownership of stock equal to six times his annual base salary. This requirement became effective upon adoption of the Ownership Guidelines in September 2011.

Amendment to David R. Jaffe s Employment Agreement to Add 3-Year Fixed Term. We entered into an amendment to the employment agreement with David R. Jaffe, our President and CEO, to replace his automatic 1-year renewal provision with a fixed term of 3 years without automatic renewal. As David R. Jaffe s employment agreement contains provisions that are advantageous to us (*e.g.*, restrictive covenants), it was decided by our Board that his employment agreement would otherwise be continued as currently in effect.

Role of Our Compensation Committee

Our Compensation Committee reviews and approves salaries and other compensation of the Chairman of the Board and all senior executives of the Company (including the NEOs), and its dressbarn, maurices and Justice brands. Our Compensation Committee also administers the Stock Incentive Plan, and establishes and reviews the achievement of performance goals and other matters relating to the Company s other annual, semi-annual and long-term bonus and incentive plans for senior executives (including the NEOs), including under the Company s Executive 162(m) Bonus Plan (the 162(m) Plan) and the Incentive Compensation cash bonus plan (the IC Plan) (as discussed in more detail below).

Role of our President and Chief Executive Officer in Compensation Decisions

David R. Jaffe, our President and CEO, annually reviews the performance of each NEO with the Compensation Committee and makes recommendations with respect to each key element of executive compensation for each NEO (excluding himself and our Chairman), as well as other senior executives at the Company and each of our brands. Generally, the Compensation Committee Chair works with our President and CEO in establishing the agenda for Compensation Committee meetings and our President and CEO typically attends meetings to address recommendations on executive compensation, other than with respect to portions of meetings concerning his own compensation. Management also prepares and submits information during the course of the year for the consideration of the Compensation Committee, such as information relevant to annual, semi-annual and long-term performance measures and proposed financial targets and proposed recommendations for salary increases and proposed equity award allocations. Based in part on these recommendations and other considerations discussed below, the Compensation Committee reviews and approves the compensation of our NEOs.

Setting the Compensation of our President and Chief Executive Officer

The Compensation Committee sets the compensation of our President and CEO based on the objectives, philosophy and methodology described below. As part of this process, the Compensation Committee reviews and approves the Company s goals and objectives relevant to our President and CEO s compensation, including his annual, semi-annual and long-term compensation opportunities, and evaluates his performance in light of those goals and objectives at least twice per year. The semi-annual review of our President and CEO s performance is conducted by the Compensation Committee.

Compensation Program Objectives and Philosophy

The overall objective of our executive compensation program is to attract highly skilled, performance-oriented executives and to motivate them to achieve outstanding results through appropriate incentives. We focus on the following core principles in structuring an effective compensation program that meets our stated objectives:

Total Compensation

Our compensation philosophy focuses on each executive s total compensation. Total compensation includes a base salary, semi-annual incentive bonuses, long-term incentive compensation (generally consisting of stock options, restricted stock and RSUs) and various employee benefits. The basic components of total compensation have been developed to provide a balanced incentive program that encourages and rewards performance at the individual, brand and corporate levels. Since fiscal 2010, our annual incentive bonus program has been based on semi-annual performance periods to reflect the fall and spring seasons which the Compensation Committee believes more directly incentivize our executives. In addition, for the purposes of cross-brand equalization, we continue to harmonize and formalize our severance pay practices, including our executive severance program for certain of our executives that was adopted in fiscal 2010 and in which two of our NEOs participate.

Performance of Company and our Stock Price

We endeavor to align executive compensation with the achievement of operational and financial results and increases in stockholder value. Our compensation program includes significant performance-based remuneration and is designed to ensure that our executives have a larger portion of their total compensation at risk based on Company performance than we believe is generally the case with specialty retailers. We believe this feature creates a meaningful incentive for outstanding performance and an effective retention tool. Two of the elements (the semi-annual incentive bonuses and long-term performance-based incentive compensation) are entirely at risk based on performance and will not be earned if the threshold performance goals are not achieved. However, as described in greater detail below under Risk Mitigation, these incentives are designed in a manner that does not encourage excessive risk taking.

Generally, performance below threshold levels results in no awards of compensation other than base salary.

Our executive compensation program also features substantial stock-related components, including time-vesting stock options and long-term performance-based incentive compensation that: (i) for awards granted with respect to three-year performance cycles beginning prior to fiscal 2012 are settled in time-vesting restricted stock; and (ii) for awards granted with respect to three-year performance cycles beginning in and following fiscal 2012, will consist of RSUs that will be settled in fully vested shares of our common stock, subject to and upon the attainment of the performance goals. Our executive compensation program also consists of the limited use of special grants of time-vesting stock options, restricted stock or RSUs. The value of the stock options, the restricted stock and RSUs depends on our stock price. Because stock options, restricted stock and RSUs vest over a period of years, and long-term performance-based incentive compensation awards are awarded based on the achievement of Company financial metrics over a three-year performance period, the value of these components of compensation to our executives is dependent on the performance of our stock price over a period of several years. This aligns the interests of our executives with the long-term interests of our stockholders.

Role of Compensation Consultants

The Compensation Committee engages an independent compensation consultant, Radford, to provide advice regarding our executive compensation program, which includes, among other things: (i) reviewing and making recommendations concerning our executive compensation program; (ii) providing market data and performing benchmarking; and (iii) advising the Compensation Committee as to best practices. For more information about the Compensation Committee s engagement of Radford, please see the section above entitled Questions and Answers About our Board and Corporate Governance Matters What are the Functions of the Standing Committees Compensation Committee.

Role of Bonus Review Committee

The Company and brand financial goals under the IC Plan and 162(m) Executive Bonus Plan are developed by the corporate bonus review committee, which then presents the goals to the Compensation Committee for review and approval. For fiscal 2011, the corporate bonus review committee consisted of Mr. David R. Jaffe; Mr. Correia; the Vice President of Corporate Compensation and the Senior Vice President of Human Resources for dressbarn.

The personal goals under the IC Plan are reviewed and approved by the bonus review committee for each of our brands. The dressbarn brand bonus review committee also reviewed and approved the personal goals for Messrs. Correia and Wexler who are Ascena executives and provide services to all of our brands. At the end of the fiscal year, the brand bonus review committees evaluate the achievement of the personal goals for the participants in their brand and determine the personal goal achievement, which is then presented to the Compensation Committee. The members of the brand bonus review committees do not participate in the determination of the achievement of their own personal goals. For fiscal 2011, the members of the bonus review committees for our brands were are follows:

dressbarn:	Mr. David R. Jaffe; Mr. Correia; the Vice President of Corporate Compensation and the Senior Vice President of Human Resources for dressbarn.
maurices:	Mr. David R. Jaffe; maurices Executive Vice President and Chief Operating Officer; maurices Senior Vice President, Human Resources; and the Vice President of Corporate Compensation.
Justice:	Mr. Rayden; Justice s Senior Vice President, Human Resources; and the Vice President of Corporate Compensation.

Compensation Benchmarking

We seek to target salary compensation for our NEOs (excluding our Chairman) at approximately the 62nd percentile of our peer group. This represents an increase in the target level from the 50th percentile of our peer group which we believe was necessary and appropriate as the lower target resulted in our NEOs receiving total compensation below that paid to comparable executives in our market. In Mr. Rayden s case, we have continued, without increase, the base salary he was paid prior to the Company s acquisition of Justice.

The Compensation Committee annually reviews the peer group, and approves recommended peer group changes as appropriate. With respect to the salaries of our NEOs (other than our Chairman), the Compensation Committee utilizes data prepared by Hay Group, Mercer and Equilar. Although it considered industry-based compensation studies and data in order to obtain a general understanding of current compensation practices, the substantial part of the Compensation Committee s work and compensation decisions have been based on internal discussions and conclusions regarding what compensation levels would produce a competitive compensation package while also providing the requisite performance incentives to drive Company financial and strategic performance.

Our fiscal 2011 peer group remained substantially unchanged from the peer group that was initially selected by the Compensation Committee for fiscal 2010. The purpose of the peer group is to benchmark certain forms of compensation. Our peer group was selected to reflect, as accurately as possible both the market for talent and business performance in which we compete. Our fiscal 2011 peer group companies were selected generally based on the following criteria (with a few exceptions of larger and smaller companies):

Industry: All are primarily, if not solely, clothing retailers. Our peer group excludes companies that are primarily manufacturing or general retailers.

Size: The companies are roughly one-half to twice the size of the Company in terms of revenue and number of employees.

Structure: In general, the companies are multi-divisional to capture the growing complexity of the Company s business structure.

Our fiscal 2011 peer companies were: Abercrombie & Fitch Co. (ANF); Aéropostale, Inc. (ARO); American Eagle Outfitters, Inc. (AEO); AnnTaylor Stores Corporation (ANN); Charming Shoppes, Inc. (CHRS); Chico s FAS, Inc. (CHS); Coldwater Creek Inc. (CWTR); Hot Topic, Inc. (HOTT); Pacific Sunwear of California, Inc. (PSUN); Stage Stores, Inc. (SSI); Stein Mart, Inc. (SMRT); The Children s Place Retail Stores, Inc. (PLCE); The Men s Wearhouse, Inc. (MW); and Urban Outfitters, Inc. (URBN). Our fiscal 2011 peer group also initially included the following two members which have been removed as they are no longer public companies: The Gymboree Corporation which went private on November 23, 2010, and J. Crew Group, Inc. which went private on March 7, 2011.

While not part of the peer group, other companies, such as Limited Brands, Inc., were also used for comparison purposes with respect to certain aspects of our executive compensation program.

Compensation Program Elements

Our philosophy serves to cultivate a pay-for-performance environment. Our executive compensation program design has five key elements:

Base Salary

Semi-Annual Incentive Bonuses

Non-Qualified Stock Options

Long-Term Incentives, which include Long-Term Incentive Plans (LTIPs), which consist of performance-based awards that for LTIPs granted prior to fiscal 2012 are paid in restricted stock and for LTIPs granted in and after fiscal 2012 consist of RSUs that, if earned, will be settled in fully vested shares of our common stock and, solely with respect to Mr. Rayden, a Long Term Incentive Bonus payable in performance-based cash compensation

Severance Protection Benefits

We do not consider employee benefits to be a key element of executive compensation for our NEOs. Other than certain perquisites to which Mr. Rayden was entitled pursuant to his employment arrangement with Justice prior to its acquisition by the Company that were preserved by the Company, as described below under Executive Perquisites , we generally do not provide perquisites to our NEOs. For a description of perquisites received by our NEOs in fiscal 2011, see the details of the amounts included in the All Other Compensation column of the Summary Compensation Table below.

We allocate compensation between short-term and long-term components and between cash and equity in order to maximize executive performance and retention. Long-term compensation and equity awards comprise an increasingly larger proportion of total compensation as position level increases as we believe that these elements of compensation more closely align management s interests with our financial performance and with our stockholders interests.

Base Salary

Base salary represents the annual salary paid to each executive. Beginning with fiscal 2011, we seek to target salaries for our NEOs (excluding Messrs. Elliot S. Jaffe and Rayden) at the 62nd percentile of our peer group based on the experience and tenure of the NEO and the local labor market. To honor Mr. Rayden s contractual entitlements from prior to our acquisition of Justice and to recognize Justice s strong performance, Mr. Rayden s annual salary remains at a higher percentile (approximately the 75th percentile based on the Company s peer group) than the other NEOs. We do not benchmark base salary for our Chairman, who is entitled to a cost of living increase to his salary each year pursuant to his employment agreement with the Company. We review base salaries in the first quarter of each new fiscal year (*i.e.*, the fiscal year which follows the completed fiscal year for which executive compensation is described in this proxy statement) and increases, where applicable, are typically effective on or about October 1 of the new fiscal year.

In connection with a general merit-based increase in salaries across all of our brands to reflect a balancing of the strong performance in all brands with the recessionary economic environment, for fiscal 2011, the salaries for Messrs. David R. Jaffe, Correia and Wexler were increased to $980,000, $407,000 and $370,000, respectively. Mr. Elliot S. Jaffe s salary was increased for fiscal 2011 to $382,800 to reflect a 1.5% cost of living increase. Mr. Rayden did not receive a salary increase for fiscal 2011. For fiscal 2011, Mr. David R. Jaffe s base salary was in the 50th percentile for chief executive officers in our peer group; Mr. Rayden s base salary was in the 75th percentile for chief executive officers in our peer group, Mr. Correia s base salary was in the 63rd percentile for chief financial officers in our peer group; and Mr. Wexler s base salary was in the 59th percentile for chief legal officers in our peer group.

In connection with a general merit-based increase in salaries across all of our brands to reflect the overall economic environment and cost of living, for fiscal 2012, the salaries for Messrs. David R. Jaffe, Correia and Wexler were increased to $1,000,000, $419,756 and $381,100, respectively. Mr. Elliot S. Jaffe s salary was increased for fiscal 2012 to $395,450 to reflect a $3.3% cost of living increase. Mr. Rayden did not receive a salary increase for fiscal 2012.

Incentive Bonus Plans

The Compensation Committee believes that a substantial percentage of each executive officer s annual compensation should tie directly to the financial performance of the Company as well as to the executive s own individual performance. For fiscal 2011, our NEOs participated in the following incentive bonus plans: (i) Mr. David R. Jaffe and Mr. Rayden participated in the 162(m) Plan; and (ii) Messrs. Correia and Wexler participated in the IC Plan. Mr. Elliot S. Jaffe does not participate in any of the incentive bonus plans.

We structure the Company s incentive bonus plans to encourage the achievement of above-market annual performance targets and to recognize annual Company performance. The incentive bonus plans help to focus our NEOs on key annual objectives and business drivers, which we believe will support growth of Company EBITDA (EBITDA represents Earnings before Interest, Taxes, Depreciation and Amortization), improvement in overall operations and increases in stockholder value.

The IC Plan and the 162(m) Plan provide for semi-annual goals and payouts based on 6-month performance periods for the fall and spring seasons rather than annual goals and payouts. This structure allows for mid-year reevaluation of performance targets and provides an incentive for our employees to focus on meeting goals in the second half of the fiscal year in circumstances when business performance and macro economic conditions decline or improve relative to our budgeted plan. For fiscal 2011, the fall season was from August 1, 2010 through January 29, 2011 and the spring season was from January 30, 2011 through July 30, 2011.

We establish the target amount of an NEO s incentive bonus as a percentage of base salary for the performance period based on the NEO s position level. This approach places a proportionately larger percentage of total annual pay at risk based on Company performance for our NEOs relative to position level. For fiscal 2011, the target award opportunity for our NEOs (excluding the Chairman) was as follows: Mr. David R. Jaffe 125% of base salary; Mr. Rayden 120% of base salary (reflecting his preexisting contractual rights with Justice); Mr. Correia 75% of base salary (plus car allowance value); and Mr. Wexler 60% of base salary. Mr. David R. Jaffe s target award opportunity reflected an increase from 100% of base salary which was approved by the Compensation Committee to bring his total target bonus and total cash compensation in line with the chief executive officers in the peer group and the broader market. Higher and lower percentages of base salary may be earned if minimum performance levels or performance levels above target are achieved. Commencing with fiscal 2011, the Compensation Committee decided to increase the maximum bonus opportunity under the 162(m) Plan and the IC Plan from 100% of base salary to 200% of base salary to better align our incentive bonus plans with those maintained by our competitors which typically provide for increased payouts for outstanding performance.

Incentive Compensation Plan

Messrs. Correia and Wexler participated in the IC Plan for both the fiscal 2011 fall and spring seasons. The target bonus percentages under the IC Plan increase with position level. For Mr. Correia, who is an Executive Vice President, his target bonus award for fiscal 2011 was 75% of his base salary (plus car allowance value). For Mr. Wexler, who is a Senior Vice President, his target bonus award for fiscal 2011 was 60% of his base salary.

Full Year Goals for Fiscal 2011 The performance goals for the full fiscal 2011 year and the percentage of the fiscal 2011 target award opportunity subject to the achievement of each goal were as follows:

- 40% based on brand EBITDA dollars (fall season)
- 40% based on Company EBITDA dollars (spring season)
- 20% based on personal goals for the full fiscal year

Fiscal 2011 Fall Season Financial Goals The financial performance goals for Messrs. Correia and Wexler for the fiscal 2011 fall season and the percentage of the fiscal 2011 target award opportunity subject to the achievement of each goal were as follows:

40% based on the achievement of brand EBITDA dollars as follows:

- 40% on the achievement by the dressbarn brand of EBITDA dollars as follows:
  - Threshold: $28,503,050
  - Target: $33,533,000
  - Maximum: $40,239,600
- 30% on the achievement by the maurices brand of EBITDA dollars as follows:

Threshold: $44,398,900

Target: $52,234,000

Maximum: $62,680,800

30% on the achievement by the Justice brand of EBITDA dollars as follows:

Threshold: $77,045,700

Target: $90,642,000

Maximum: $108,770,400

Fiscal 2011 Spring Season Financial Goals The financial performance goal for Messrs. Correia and Wexler for the fiscal 2011 spring season and the percentage of the fiscal 2011 target award opportunity subject to the achievement of each goal were as follows:

40% based on the achievement of Company EBITDA dollars as follows:

Threshold: $164,084,000

Target: $193,040,000

Maximum: $231,648,000

EBITDA as a percentage of sales was eliminated as a performance goal for fiscal 2011, and the achievement of personal goals for the full fiscal year was reduced from 40% to 20% of the overall target award opportunity. These changes are intended to streamline the structure of potential awards under the IC Plan and to make uniform the goal percentages in the Company s three brands.

The amount of the payment with respect to the Company and brand EBITDA dollar goals is based on the level of achievement of the particular goal, with a 50% of target payout if 85% of the goal is achieved, a 100% payout at 100% achievement, and 200% payout at 120% and above achievement, with intermediate target levels and interpolation between target levels. No payments are made if achievement is less than 85% of the goal unless the Compensation Committee approves a discretionary award.

Fiscal 2011 Personal Goals The fiscal 2011 personal goals for Mr. Correia were generally based on corporate governance compliance and increasing profitability, sales and productivity. The fiscal

2011 personal goals for Mr. Wexler were generally based on overseeing our legal department, legal compliance, reviewing and negotiating legal documents, the closing of the Ascena reorganization, protection of our data and intellectual property rights, assisting with special projects and advising our CEO and Chief Financial Officer on legal issues affecting our business.

For fiscal 2011, the various personal goals set for a participant in the IC Plan were given one of five ratings. A participant s ratings were based on whether his or her performance and expertise: Greatly Exceeds (consistently exceeds job requirements); Exceeds (frequently exceeds job requirements); Fully Meets (consistently meets job requirements); Does Not Meet (occasionally meets job requirements); or Failed to Perform (does not meet job requirements). In order to be eligible for a bonus under the IC Plan a participant must obtain an overall effectiveness rating of Fully Meets or higher.

Fiscal 2011 IC Plan Results Any amounts earned for a season with respect to the brand and Company goals were payable following the end of such season. Any amounts earned for the 2011 fiscal year with respect to the personal goals were payable at the end of the fiscal year. An NEO would not be entitled to fall season IC Plan payment if his employment was terminated for any reason prior to the earlier of the fall season IC Plan payment and April 30, 2011 and an NEO would not be entitled to a spring season IC Plan payment (including the payment for achievement of personal goals) if his employment terminated for any reason prior to the earlier of the spring season IC Plan payment and October 31, 2011.

The results under the IC Plan for fiscal 2011 were as follows:

Fiscal 2011 Fall Season Performance Goals	**Percentage of Target Achieved**	**Payout Percentage**
dressbarn brand EBITDA dollars	42.7 %	0 %
maurices brand EBITDA dollars	127.0 %	200.00 %
Justice brand EBITDA dollars	138.2 %	200.00 %

The achievement of the fiscal 2011 fall season IC Plan performance goals generated an IC Plan payment of $153,000 to Mr. Correia and $106,560 to Mr. Wexler.

Fiscal 2011 Spring Season Performance Goals	**Percentage of Target Achieved**	**Payout Percentage**
Company EBITDA dollars	104.36 %	121.82 %

The achievement of the fiscal 2011 spring season IC Plan performance goals, taking into account achievement of the personal goals at the Fully Meets level for both Messrs. Correia and Wexler, generated an IC Plan payment of $252,733 to Mr. Correia and $162,387 to Mr. Wexler.

Fiscal 2012 IC Bonus The design of the IC Plan for fiscal 2012 and the percentage of the fiscal 2012 target award opportunity subject to the achievement of each goal have been structured in the same manner as the fiscal 2011 IC Plan.

Executive 162(m) Bonus Plan

Our President and CEO, David R. Jaffe, and Michael W. Rayden, CEO of the Justice brand, participated in the 162(m) Plan for both the fiscal 2011 fall and spring seasons. The 162(m) Plan is used instead of the IC Plan for those NEOs who may be affected by Section 162(m) of the Internal Revenue Code of 1986, as amended (the Code) and are designated by the Compensation Committee to be subject to the 162(m) Plan. Section 162(m) of the Code generally disallows a Federal income tax deduction to any publicly held corporation for non-performance-based compensation paid to NEOs (other than the principal financial officer) in excess of $1,000,000 in any taxable year. The Company structures awards under the 162(m) Plan to provide compensation that is intended to qualify as performance-based compensation that is excluded from the $1,000,000 deductibility cap. The maximum performance award payable to any individual under the 162(m) Plan for any one-year performance period is $5,000,000 (pro-rated for performance periods of less than one year).

For fiscal 2011, the Compensation Committee set the performance goals under the 162(m) Plan for Mr. David R. Jaffe and Mr. Rayden for the fall and spring seasons.

The performance goals for Mr. David R. Jaffe for the fiscal 2011 fall season were as follows:

20% based on exceeding the Company s sales plan, as follows:

6.67% on the achievement of a target increase of 2.6% in the dressbarn brand s comparable store sales

6.67% on the achievement of a target increase of 4.0% in the maurices brand s comparable store sales

6.67% on the achievement of a target increase of 4.9% in the Justice brand s comparable store sales

60% based on EBITDA dollars, as follows:

20% on the achievement by the

dressbarn brand of target EBITDA of $33,533,000

20% on the achievement by the maurices brand of target EBITDA of $52,234,000

20% on the achievement by the Justice brand of target EBITDA of $90,642,000

20% on the level of increase in the Company s stock price relative to the Company s peer group

The performance goals for Mr. David R. Jaffe for the fiscal 2011 spring season were as follows:

20% based on exceeding the Company s sales plan, as follows:

6.67% on the achievement of a target increase of 4.6% in the dressbarn brand s

comparable
store sales

6.67% on the
achievement
of a target
increase of
4.3% in the
maurices
brand s
comparable
store sales

6.67% on the
achievement
of a target
increase of
3.9% in the
Justice
brand s
comparable
store sales

60%
based on
EBITDA
dollars,
as
follows:

20% on the
achievement
by the
dressbarn
brand of
target
EBITDA of
$67,690,000

20% on the
achievement
by the
maurices
brand of
target
EBITDA of
$73,569,000

20% on the
achievement
by the

Justice brand of target EBITDA of $51,781,000

20% on the level of increase in the Company s stock price relative to the Company s peer group

Mr. David R. Jaffe s target bonus for each season was 50% of 125% of his base salary (i.e, $612,500). The seasonal bonus payout to him at target performance was his seasonal target bonus, at threshold performance was 50% of his seasonal target bonus and at maximum performance target was 200% of his seasonal target bonus, with interpolation between the target levels. He would not be eligible for a seasonal bonus payment for performance below the threshold level.

The results for Mr. David R. Jaffe under the 162(m) Plan for fiscal 2011 were as follows:

Fiscal 2011 Fall Season Performance Goals	**Performance Level Achieved**
dressbarn brand sales plan	Below Target
maurices brand sales plan	Maximum
Justice brand sales plan	Maximum
dressbarn brand EBITDA dollars	42.70%
maurices brand EBITDA dollars	Maximum
Justice brand EBITDA dollars	Maximum
Increases in Company stock price	Above Target
Payout Percentage of Fiscal 2011 Fall Target Bonus:	39.2%
Total Fiscal 2011 Fall Payout:	$240,100

Fiscal 2011 Spring Season Performance Goals	Performance Level Achieved
dressbarn brand sales plan	Below Target
maurices brand sales plan	Maximum
Justice brand sales plan	Maximum
dressbarn brand EBITDA dollars	97.18%
maurices brand EBITDA dollars	95.92%
Justice brand EBITDA dollars	Maximum
Increases in Company stock price	Target
Payout Percentage of Fiscal 2011 Spring Target Bonus:	136.4%
Total Fiscal 2011 Spring Payout:	$835,450

The performance goal for Mr. Rayden for the fiscal 2011 fall season was based on achievement of Justice EBITDA dollars as follows:

Threshold:
$77,045,700

Target:
$90,642,000

Maximum:
$108,770,400

The performance goal for Mr. Rayden for the fiscal 2011 spring season was based on achievement of Justice EBITDA dollars as follows:

Threshold:
$44,013,900

Target:
$51,781,000

Maximum:
$62,137,200

Mr. Rayden s target bonus for each season was 50% of 120% of his base salary (*i.e.*, $630,000). The seasonal bonus payout to Mr. Rayden at target performance was his seasonal target bonus, at threshold performance was 50% of his seasonal target bonus and at maximum performance target was 200% of his seasonal target bonus, with interpolation between the target levels. Mr. Rayden would not be eligible for a seasonal bonus payment for performance below the threshold level.

The actual EBITDA dollars achieved by Justice for the fiscal 2011 fall season was $125.3 million, resulting in a payment to Mr. Rayden of 200% of his target bonus equal to $1,260,000. The actual EBITDA dollars achieved by Justice for the fiscal 2011 spring season was $62.6 million, resulting in a payment to Mr. Rayden of 200% of his target bonus equal to $1,260,000.

Fiscal 2012 162(m) Plan The performance goals for Mr. Rayden for fiscal 2012 year and the percentage of the fiscal 2012 target award opportunity subject to the achievement of each goal have been structured in the same manner as his fiscal 2011 goals. For Mr. David R. Jaffe, the performance goals have been changed to remove the Company s stock price relative to the peer group, as the Company s total shareholder return relative to its peers (which is similar to relative stock price) is included as one of his long term goals. In addition, as a result of the removal of relative stock price as a performance goal, the goals for exceeding the Company s sales plan and achievement of EBITDA dollars are weighted 25% and 75%, respectively.

Non-Qualified Stock Options, Restricted Stock and RSUs under the Company s Stock Incentive Plan

NEOs receive annual grants under our Stock Incentive Plan as follows.

Minimum Vesting

While we generally grant stock options with 4-year vesting schedules and RSUs with 3-year vesting schedules, our Board amended the Stock Incentive Plan to add minimum vesting schedules for stock options (3-year vesting) and restricted stock and RSU awards (2-year vesting), with a carve-out for vesting on death, disability, retirement, change-in-control, and termination without cause or for good reason. There is a 5% allowable basket (*i.e.*, 5% of the total share reserve) for equity awards with a shorter vesting schedule. This change did not require stockholder approval and applies solely to grants made on or after September 21, 2011, the effective date of the amendment.

Non-Qualified Stock Options

Our NEOs are granted annual awards of nonqualified stock options. Options granted to the NEOs prior to fiscal 2010 vest 20% per year for five years following the grant date. Effective for stock options made in the beginning of fiscal 2010, options granted to the NEOs vest 25% per year for four years following the grant date. This change was made as part of the equalization of the pay practices among our brands and better aligns our equity grant practices with those of the other members of our peer group. The exercise price of a stock option is the average of the high and low Company stock prices on the date of grant. Options typically have a term of ten years.

The Company awards stock options to the NEOs on an annual cycle. On September 23, 2010, the following NEOs were granted the following number of stock option grants with an exercise price of $23.39: Elliot S. Jaffe 10,000 options; David R. Jaffe 80,000 options; Michael W. Rayden 80,000 options; Armand Correia 25,000 options; and Gene Wexler 20,000 options. In addition, on September 21, 2011, the following NEOs were granted the following number of stock option grants with a per share exercise price of $26.27, the fair market value of a share of our stock on the date of grant, as determined under the Stock Incentive Plan: Elliot S. Jaffe 10,000 options; David R. Jaffe 80,000 options; Michael W. Rayden 80,000 options; Armand Correia 25,000 options; and Gene Wexler 15,000 options.

The Compensation Committee generally determines each participant grant in accordance with pre-established option grant guidelines (which are primarily based on the participant s level of responsibility with the Company). Our President and CEO may exercise discretion in his recommendations to the Compensation Committee for grants of stock options for all executives, including the NEOs, excluding himself and the Chairman. Our President and CEO may recommend an increase or decrease to the stock option grant guidelines for a given executive, based on individual performance. All grants are made by the Compensation Committee.

The Compensation Committee has a practice of not granting any stock options until at least one business day after the Company has issued its quarterly and/or annual earnings release, as well as the public release of any other pending material non-public information.

Special Equity Grants

The Compensation Committee may also make other equity grants from time to time during the course of the year, such as when a new employee is hired, a current employee is promoted or recognition of special achievement. As additional compensation for his efforts in connection with all three of the Company s brands exceeding their goals during fiscal 2010, on September 23, 2010, Mr. David R. Jaffe was granted an option to purchase 75,000 shares of the Company s stock at a premium per share price of $30.00 (the actual closing price per share on the grant date was $23.58) that vests 25% per year for four years following the grant date. Further, as additional compensation in recognition of the our strong performance during fiscal 2011, on March 9, 2011, Mr. David R. Jaffe was granted an option to purchase 44,322 shares of the Company s stock at a per share price of $31.09 that vests 100% on March 9, 2012.

Post-Termination Continued Vesting and Exercisability of Employee Options in Certain Circumstances

If an employee ceases to be an employee of the Company for any reason (other than for Cause, as defined under the Stock Incentive Plan) and the employee has achieved the Total Years Test (as defined below) as of his last day of employment, then all of such employee s unvested stock options granted during fiscal 2011 will continue to vest and remain exercisable for a period of four years from the date of termination, but not longer than the original term of each option, and provided that after the last unvested option vests, all options will remain exercisable for one year thereafter, but not longer than the original term of each option. The definition of Cause under the Stock Incentive Plan can be found in this proxy statement in the section above entitled Questions and Answers About our Board and Corporate Governance Matters How are directors compensated? Equity Compensation.

In addition, upon achievement of the Total Years Test, all of an employee s unvested restricted stock and RSUs will become fully vested, without regard to a termination of employment.

The Total Years Test means 75 years, based on the sum of (i) the total number of years of employment with the Company or an affiliate, plus (ii) the employee s age, which will be at least age 60. Of our NEOs, Mr. Elliot S. Jaffe, Mr. Rayden and Mr. Correia currently satisfy the Total Years Test.

Long-Term Incentive Plans

The Company grants the NEOs (other than our Chairman) annual LTIPs under the Stock Incentive Plan which consist of performance based awards that for LTIPs granted prior to fiscal 2012 are paid in restricted stock and for LTIPs granted in and after fiscal 2012 consist of RSUs settled in fully vested shares of our common stock. LTIP performance goals are established annually, and the performance period for each plan consists of three consecutive fiscal years. The LTIPs are intended to give each NEO a substantial incentive to maximize our long-term financial performance. During the first quarter of fiscal 2009, the Compensation Committee established the 2011 Long-Term Incentive Plan (the 2011 LTIP). The 2011 LTIP used a three-year performance period consisting of fiscal 2009, fiscal 2010 and fiscal 2011. During the first quarter of fiscal 2010, the Compensation Committee established the 2012 Long-Term Incentive Plan for executives at dressbarn and maurices (the db/m 2012 LTIP). The db/m 2012 LTIP uses a three-year performance period consisting of fiscal 2010, fiscal 2011 and fiscal 2012. During the third quarter of fiscal 2010, the Compensation Committee adopted a 2012 Long-Term Incentive Plan for executives of Justice (the Justice 2012 LTIP). The performance period under the Justice 2012 LTIP commenced on January 24, 2010 and will end on the last day of fiscal 2012. During the first quarter of fiscal 2011, the Compensation Committee established the 2013 Long-Term Incentive Plan (the 2013 LTIP). The 2013 LTIP uses a three-year performance period consisting of fiscal 2011, fiscal 2012 and fiscal 2013. Messrs. David R. Jaffe, Correia and Wexler participate in the 2011 LTIP, the db/m 2012 LTIP and the 2013 LTIP. Mr. Rayden participates in the Justice 2012 LTIP and the 2013 LTIP.

We expect that during the first quarter of each subsequent fiscal year, the Compensation Committee will establish a new LTIP.

The 2011 LTIP provided for settlement in time-vesting restricted stock under the Stock Incentive Plan that will vest in 1/3 installments over a period of 3 years from the last day of the applicable performance period. Commencing with the db/m 2012 LTIP and the Justice 2012 LTIP (together, the 2012 LTIPs), we have been modifying the vesting provisions of the LTIPs to more closely align our pay practices with our peer group and the executive pay practices maintained by Justice prior to the acquisition which typically grant restricted stock and RSUs that vest or are settled upon achievement of the performance goals immediately following the end of the performance period. The 2012 LTIPs, if earned, provide for settlement in time-vesting restricted stock that would become fully vested on the first anniversary of the last day of the performance period. The 2013 LTIP, if earned, provides for settlement in time-vesting restricted stock that would become fully vested on the 30th day after the grant date following the performance period. Any restricted stock granted under the 2011 LTIP, 2012 LTIPs or the 2013 LTIP will vest upon achievement of the Total Years Test. The LTIP granted in fiscal 2012 with a three-year performance period consisting of fiscal 2012, fiscal 2013 and fiscal 2014 (the 2014 LTIP) consists of RSUs that, if earned, will be settled in fully vested shares of our common stock following the end of the performance period and the Compensation Committee s certification of the performance goals.

The Compensation Committee believes that the goals set under the LTIPs represent an appropriate and substantial degree of difficulty for achieving a payout. For example, no awards were paid out under the LTIPs with performance periods that ended in fiscal 2008 (which had a 1 year performance period) and fiscal years 2009 and 2010 (which had 3 year performance periods).

For the 2013 LTIP, the participating NEOs were assigned a target number of shares of restricted stock. The actual number of shares of restricted stock to be awarded at the end of the performance period will depend on the Company s achievement of Company financial goals during the applicable performance period. The performance goals under the 2013 LTIP are intended to constitute performance-based compensation under Section 162(m) of the Code.

The target number of shares of our common stock that may be earned by the NEOs participating under the 2013 LTIP is as follows: Mr. David R. Jaffe 39,313; Mr. Rayden 50,623; Mr. Correia 12,806; and Mr. Wexler 8,919.

2011 LTIP Results

Messrs. David R. Jaffe, Correia and Wexler participated in the 2011 LTIP for which performance period ended on the last day of fiscal 2011. The target number of restricted shares of our common stock that could be earned by such NEOs under the 2011 LTIP was as follows: Mr. David R. Jaffe 46,158; Mr. Correia 12,925; and Mr. Wexler 8,179. The target number of restricted shares subject under the 2011 LTIP were divided 1/3 among the following Company performance goals:

market capitalization growth:

Threshold: 15%

Target: 20%

Maximum: 30%

operating income growth

Threshold: 17.8%

Target: 23.6%

Maximum: 35.5%

return on invested capital (ROIC):

Threshold: 32.1%

Target:
36.8%

Maximum:
48.1%

The results under the 2011 LTIP were as follows:

2011 LTIP Performance Goals (target shares were allocated 1/3 to the level of achievement of each goal)	**Result**	**Percentage of Target Shares Awarded**
Company market capitalization growth	39.4%	150 %
Company operating income growth	13.9%	0 %
Company ROIC	27.1	0 %
	Payout Percentage of Total Target Shares	50 %

As a result of the performance achieved under the 2011 LTIP, Messrs. David R. Jaffe and Wexler received 23,079 and 4,090, respectively, time-vesting shares of restricted stock under the Stock Incentive Plan that will vest in 1/3 installments on each of July 30, 2012, 2013 and 2014. As a result of the performance achieved under the 2011 LTIP and his having achieved the Total Years Test, Mr. Correia received 6,463 of fully vested shares of our common stock under the Stock Incentive Plan.

2013 LTIP Performance Goals

75% of the target shares are subject to Company performance goals divided 1/3 among the following performance goals:

Total shareholder return (TSR) relative to our peer group:

Threshold: top 60% to 40% of the peer group

Target: between the top 40% and 20% of the peer group

Maximum: top 20% of the peer group

Corporate total EBITDA dollars (set at specified threshold, target and maximum amounts)

Company s compounded annual average ROIC (set at specified threshold, target and maximum amounts)

The remaining 25% of the target shares are subject to level of EBITDA dollars achieved by the brand(s) for which the NEO has responsibility for and is further divided for an NEO who has responsibilities for 2 or 3 brands (set at specified threshold, target and maximum amounts for each of dressbarn, maurices and Justice).

Each performance goal will be measured during the fiscal 2011, fiscal 2012 and fiscal 2013 performance period. For each performance goal, at threshold level 50% of the target shares subject to the performance goal will be earned, 100% will be earned for target achievement and 200% for maximum achievement, with intermediate target levels and earning. The peer group with respect to the TSR goals for the 2013 LTIP is the same group of companies used for benchmarking purposes for fiscal 2010 other than Hot Topic, Inc., and also includes The Talbots, Inc. (TLB).

In order to align the 2013 LTIP with the IC Plan so that there is consistency in the payout arrangements between the Company s incentive plans, for each performance goal, at threshold level 50% of the target shares for the performance goal will vest, 100% will vest for target achievement and 200% for maximum achievement, with intermediate target levels and vesting. For LTIPs prior to the 2013 LTIP, the target shares vest 150% for maximum achievement. The performance goals under the 2013 LTIP are intended to constitute performance based compensation under Section 162(m) of the Code. The performance goals under the 2013 LTIP were changed to focus on EBITDA dollars, rather than EBITDA growth, and to remove comparable store sales growth, in order to better align the NEOs long term incentives with the focus of the Company.

2014 LTIP

In fiscal 2012, the Compensation Committee adopted the 2014 LTIP for our NEOs. The 2014 LTIP was granted as RSUs that will vest based on the level of performance achieved. The target number of RSUs that may vest and be settled in fully vested shares of our common stock for the NEOs participating under the 2014 LTIP is as follows: Mr. David R. Jaffe 80,000; Mr. Rayden 38,985; Mr. Correia 10,000; and Mr. Wexler 3,750. The target shares for all participants in the 2014 LTIP, other than Mr. David R. Jaffe, are subject to Company performance goals divided 50% among the following performance goals:

Company s
compound
annual
average
ROIC