

Ascena Retail Group, Inc.  
Form 10-K  
September 26, 2012

UNITED STATES

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**FORM 10-K**

(Mark One)

**ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the fiscal year ended July 28, 2012**

or

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**Commission file number 0-11736**

**ASCENA RETAIL GROUP, INC.**

*(Exact name of registrant as specified in its charter)*

Delaware  
(State or other jurisdiction of incorporation or organization)

30-0641353  
(I.R.S. Employer Identification No.)

30 Dunnigan Drive, Suffern, New York  
(Address of principal executive offices)

10901  
(Zip Code)

**(845) 369-4500**

*(Registrant's telephone number, including area code)*

**Securities registered pursuant to Section 12(b) of the Act:**

Title of Each Class	Name of Each Exchange on Which Registered
Common Stock, \$0.01 par value	The NASDAQ Stock Market LLC

**Securities registered pursuant to Section 12(g) of the Act: None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.  
Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes  No

Indicate by checkmark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by checkmark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.:

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Large accelerated filer

Accelerated filer

Non-accelerated filer  (Do not check if a smaller reporting company)

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes  No

The aggregate market value of the voting stock held by non-affiliates of the registrant was approximately \$2.2 billion as of January 28, 2012, based on the last reported sales price on the NASDAQ Global Select Market on that date. As of September 20, 2012, 155,213,311 shares of voting common shares were outstanding. The registrant does not have any authorized, issued or outstanding non-voting common stock.

Portions of the registrant's Proxy Statement for the Annual Meeting of Stockholders to be held on December 11, 2012 are incorporated into Part III of this Form 10-K.

ASCENA RETAIL GROUP, INC.

**FORM 10-K**

**FISCAL YEAR ENDED JULY 28, 2012**

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## **SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS**

*This Annual Report on Form 10-K, including the section labeled Management’s Discussion and Analysis of Financial Condition and Results of Operations, contains forward-looking statements that should be read in conjunction with the consolidated financial statements and notes to consolidated financial statements and risk factors that we have included elsewhere in this report. These forward-looking statements are based on our current expectations, assumptions, estimates and projections about our business and our industry, and involve known and unknown risks, uncertainties and other factors that may cause our results, level of activity, performance or achievements to be materially different from any future results, level of activity, performance or achievements expressed or implied in, or contemplated by, the forward-looking statements. We generally identify these statements by words or phrases such as “believe,” “anticipate,” “expect,” “intend,” “plan,” “may,” “should,” “estimate,” “predict,” “potential,” “continue,” or the terms or other similar expressions.*

*Our actual results may differ significantly from the results discussed in the forward-looking statements. Factors that might cause such a difference include those discussed below under Item 1A. Risk Factors, and other factors discussed in this Annual Report on Form 10-K and other reports we file with the Securities and Exchange Commission. We disclaim any intent or obligation to update or revise any forward-looking statements as a result of developments occurring after the period covered by this report.*

## **WEBSITE ACCESS TO COMPANY REPORTS**

We maintain our corporate Internet website at [www.ascenaretail.com](http://www.ascenaretail.com). The information on our Internet website is not incorporated by reference into this report. We make available, free of charge through publication on our Internet website, a copy of our Annual Reports on Form 10-K, our quarterly reports on Form 10-Q and our current reports on Form 8-K, including any amendments to those reports, as filed with or furnished to the Securities and Exchange Commission (“SEC”) pursuant to Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934, as soon as reasonably practicable after they have been so filed or furnished. Information relating to corporate governance at Ascena Retail Group, Inc., including our Code of Ethics for the Chief Executive Officer and Senior Financial Officers, information concerning our directors, committees of the Board of Directors, including committee charters, and transactions in Ascena Retail Group, Inc. securities by directors and executive officers, is also available at our website. Paper copies of these filings and corporate governance documents are available to stockholders without charge by written request to Investor Relations, Ascena Retail Group, Inc., 30 Dunnigan Drive, Suffern, New York 10901.

*In this Form 10-K, references to “Ascena,” “ourselves,” “we”, “us”, “our” or “Company” or other similar terms refer to Ascena Retail Group, Inc. and its subsidiaries, unless the context indicates otherwise. The Company utilizes a 52-53 week fiscal year ending on the last Saturday in July. As such, fiscal year 2012 ended on July 28, 2012 and reflected a 52-week period (“Fiscal 2012”); fiscal year 2011 ended on July 30, 2011 and reflected a 52-week period (“Fiscal 2011”);*

and fiscal year 2010 ended on July 31, 2010 and reflected a 53-week period (“Fiscal 2010”). All references to “Fiscal 2013” refer to our 52-week period that will end on July 27, 2013.

## **PART I**

### **Item 1. Business.**

#### *General*

On June 14, 2012, as described further under the section entitled “*Recent Developments*,” the Company acquired Charming Shoppes, Inc. (“Charming Shoppes”) and its related family of retail brands. Accordingly, the Company now operates, through its wholly owned subsidiaries, the following principal retail brands: **Justice; Lane Bryant; maurices; dressbarn;** and **Catherines**. The Company now operates (through its subsidiaries) approximately 3,800 stores throughout the United States, Puerto Rico and Canada, with annual revenues on a pro forma basis of over \$4.5 billion for the fiscal year ended July 28, 2012, giving effect to the acquisition of Charming Shoppes as of the beginning of such year.

#### *Recent Developments*

In June 2012, the Company acquired Charming Shoppes, which owns and operates multiple retail brands through over 1,800 retail stores and e-commerce operations, including: **Lane Bryant; Catherines; Fashion Bug;** and **Figi’s**, in an all cash transaction at \$7.35 per share, for an aggregate purchase price of \$882.1 million (excluding the assumption of debt and transaction costs, and collectively, the “Charming Shoppes Acquisition”). The acquisition was partially funded with \$325 million from new borrowings, including (a) a \$300 million six-year, variable-rate term loan and (b) \$25 million of borrowings under the Company’s existing revolving credit facility, which was amended in connection with the transaction. The remainder was funded through available cash and cash equivalents and the liquidation of substantially all of the Company’s investment portfolio.

Based on the results of its strategic review of Charming's Shoppes's operations, the Company announced contemporaneously with the closing of the Charming Shoppes Acquisition its intent to cease operating the acquired **Fashion Bug** business. The **Fashion Bug** business, consisting of approximately 600 retail stores, is expected to be closed down by early in calendar year 2013 through an orderly liquidation of the related net assets.

In addition, the Company also announced contemporaneously with the closing of the Charming Shoppes Acquisition its intent to sell the acquired **Figi's** business. The **Figi's** business, which markets food and specialty gift products, is expected to be sold by the one-year anniversary date of the closing of the Charming Shoppes Acquisition.

Given the Company's intent to exit both of those businesses, their financial position and operating results have been classified as discontinued operations within the accompanying consolidated financial statements of the Company.

### *Our Brands and Products*

The Company classifies its businesses into five segments following a brand-oriented approach: **Justice, Lane Bryant, maurices, dressbarn and Catherines.**

#### *Justice*

The **Justice** segment includes approximately 942 specialty retail and outlet stores, e-commerce operations, and certain licensed franchises in international territories. The **Justice** brand offers fashionable apparel to girls who are ages 7 to 14 in an environment designed to match the energetic lifestyle of tween girls. **Justice** creates, designs and develops its own exclusive **Justice** branded merchandise in-house. This allows **Justice** to maintain creative control and respond as quickly as fashion trends dictate, putting **Justice** ahead of its competition when it comes to offering the hottest fashion assortment to its customers. The **Justice** merchandise mix represents the broad assortment that its girl wants in her store - a mix of apparel, accessories, footwear, intimates and lifestyle products, such as bedroom furnishings and electronics, to meet all her needs. **Justice's** store footprint primarily includes mall locations, strip centers, lifestyle centers and outlet centers. During the third quarter of 2011, **Justice** launched the **Brothers** brand, which offers fashionable apparel to boys who are ages 7 to 14.

#### *Lane Bryant*

The **Lane Bryant** segment includes approximately 805 specialty retail and outlet stores, and e-commerce operations. **Lane Bryant** is a widely recognized brand name in plus-size fashion. Through private labels such as **Lane Bryant** and CACIQUE, and select national brands, fashionable and sophisticated apparel is offered to female customers in plus-sizes 12-32, including intimate apparel, wear-to-work and casual sportswear, accessories, select footwear and social occasion apparel. **Lane Bryant** has a loyal customer base, generally ranging in age from 35 to 55 years old, which shops for fashionable merchandise in the moderate price range. **Lane Bryant** retail stores are located in a combination of destination malls, lifestyle centers and strip shopping centers.

#### *maurices*

The **maurices** segment includes approximately 832 specialty retail and outlet stores, and e-commerce operations. The **maurices** brand offers up-to-date fashion designed to appeal to the 17 to 34 year-old female, with stores concentrated in small markets (approximately 25,000 to 100,000 people). **Maurices** merchandise is primarily sold under two product lines, **maurices** and Studio Y. The **maurices** product line encompasses women's casual clothing, career wear and accessories, while the Studio Y product line represents women's dressy apparel. **Maurices** stores are typically located near large discount and department stores to capitalize on the traffic those retailers generate. **Maurices** seeks to differentiate itself from those retailers by offering a wider selection of style, color and current fashion, as well as the shopping experience offered, which emphasizes a visually stimulating environment with a helpful staff. While **maurices** stores offer a core merchandise assortment, individual **maurices** stores vary and augment their merchandise assortment to reflect individual store demands and local market preferences.



*dressbarn*

The **dressbarn** segment includes approximately 827 specialty retail and outlet stores, and e-commerce operations. The **dressbarn** brand primarily attracts female consumers in the mid-30's to mid-50's age range and offers moderate-to-better quality career and casual fashion to the working woman. **Dressbarn** stores are located primarily in convenient strip shopping centers in major trading and high-density markets, and in surrounding suburban areas. **Dressbarn's** centrally managed merchandise selection is changed and augmented frequently to keep its merchandise presentation fresh and exciting. Individual store assortments vary depending on local demographics, seasonality and past sales patterns. Carefully edited, coordinated merchandise is featured in a comfortable, easy-to-shop environment, which is staffed by friendly, service-oriented salespeople.

*Catherines*

The **Catherines** segment includes approximately 422 specialty retail stores, and e-commerce operations. **Catherines** carries a full range of plus sizes (16-34 and 0X-5X) and is particularly known for extended sizes (28-34). **Catherines** offers classic apparel and accessories to female customers for wear-to-work and casual lifestyles. **Catherines** customers are generally in the 45 years old and older age group, shop in the moderate price range, and are concerned with comfort, fit and value. **Catherines** retail stores are primarily located in strip shopping centers and outlet locations.

The tables below presents net sales and operating income by segment for the last three fiscal years.

	Fiscal 2012 (millions)	Fiscal 2011	Fiscal 2010
Net sales			
<b>Justice</b> <sup>(1)</sup>	\$1,306.7	\$ 1,150.0	\$ 711.9
<b>Lane Bryant</b> <sup>(2)</sup>	119.7	-	-
maurices	852.9	776.5	680.7
dressbarn	1,037.6	987.5	982.0
<b>Catherines</b> <sup>(2)</sup>	36.4	-	-
Total net sales	\$3,353.3	\$ 2,914.0	\$ 2,374.6

	Fiscal 2012 (millions)	Fiscal 2011	Fiscal 2010
Operating income			

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<b>Justice</b> <sup>(1)</sup>	\$ 172.5	\$ 129.3	\$ 59.1
<b>Lane Bryant</b> <sup>(2)</sup>	(10.1 )	-	-
maurices	102.7	104.5	84.4
dressbarn	56.9	56.0	74.0
<b>Catherines</b> <sup>(2)</sup>	(4.0 )	-	-
Subtotal	318.0	289.8	217.5
Less unallocated acquisition-related, integration and restructuring costs	(25.4 )	-	-
Total operating income	\$292.6	\$ 289.8	\$ 217.5

The **Justice** brand was acquired in the Tween Brands Merger, which was consummated on November 25, 2009, as <sup>(1)</sup>defined and described in Note 5 to the accompanying consolidated financial statements. Accordingly, Fiscal 2010 represents only a partial period of operating results.

The Charming Shoppes Acquisition was consummated on June 14, 2012; therefore, data related to **Lane Bryant** <sup>(2)</sup>and **Catherines** is only included for a partial period in Fiscal 2012 and data relating to the prior reporting periods is not presented.

Over the past five fiscal years, our sales have grown to approximately \$3.4 billion in Fiscal 2012 from \$1.4 billion in Fiscal 2008. This growth has been largely a result of both our acquisitions and organic growth. We currently operate approximately 3,800 stores throughout the United States, Puerto Rico and Canada. We have diversified our business by brand, price point and target consumer, as well as by geography throughout North America. During Fiscal 2011, our **Justice** brand entered Canada and now operates 16 stores there. During Fiscal 2012, our **maurices** brand opened 6 stores in Canada. We plan to continue our global expansion during Fiscal 2013, and will continue evaluating other international opportunities for our family of brands. In addition to our store presence, we sell merchandise through our primary e-commerce websites: shopjustice.com; lanebryant.com; maurices.com; dressbarn.com; catherines.com and our Brothers line e-commerce site located at shopbrothers.com.

Over the past five fiscal years, we have invested approximately \$1.6 billion in cash, common stock and debt to fund acquisitions, capital improvements, and technology infrastructure improvements, primarily funded through our strong operating cash flow. We intend to continue to execute our long-term strategy, which includes, among other things, expanding our presence internationally, expanding through selective acquisitions, investing in our operational infrastructure, and expanding our e-commerce businesses.

### *Seasonality of Business*

Our business is typically affected by seasonal sales trends primarily resulting from the timing of holiday and back-to-school shopping periods. In particular, **Justice** sales and operating profits tend to be significantly higher during the fall season which occurs during the first and second quarters of our fiscal year, as this includes the back-to-school period and the holiday selling period which is focused on gift-giving merchandise. The **dressbarn** and **maurices** brands have historically experienced lower earnings in the second fiscal quarter ending in January than during the three other fiscal quarters, reflecting the intense promotional environment that generally has characterized the holiday shopping season in recent years. The newly acquired **Lane Bryant** and **Catherines** brands typically experience peak sales during the Easter, Memorial Day and December holiday seasons. In addition, our operating results and cash flows may fluctuate materially in any quarterly period depending on, among other things, increases or decreases in comparable store sales, adverse weather conditions, shifts in the timing of certain holidays and changes in merchandise mix.

### *Store Locations*

Our stores are primarily open seven days a week and most evenings. As of July 28, 2012, we operated 3,828 stores in 48 states, the District of Columbia, Puerto Rico and Canada. **Justice** is currently located across 47 states, Canada and Puerto Rico. **Justice** also has 41 international franchise stores located in the following countries: Australia, Bahrain, Jordan, Kuwait, Qatar, Russia, Venezuela, Guatemala, Saudi Arabia, and the United Arab Emirates. Our **dressbarn** stores are more concentrated in the northeast while our **maurices** stores are more concentrated in the midwest. The **Lane Bryant** and **Catherines** stores are located in suburban and small towns in 46 states and 44 states, respectively.

During Fiscal 2012, no store accounted for more than 1% of our total sales. The table below indicates the type of shopping facility in which the stores were located:

Type of Facility	Justice	Lane Bryant	maurices	dressbarn	Catherines	Total
Strip Shopping Centers	229	336	384	595	346	1,890
Free Standing, Downtown and Enclosed Malls	517	290	410	51	58	1,326

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Outlet Malls and Outlet Strip Centers	84	118	38	181	14	435
Lifestyle Centers	112	61	-	-	4	177
Total	942	805	832	827	422	3,828

As of July 28, 2012, our stores had a total of 20.8 million square feet, consisting of **Justice** with 3.9 million square feet, **Lane Bryant** with 4.7 million square feet, **maurices** with 4.1 million square feet, **dressbarn** with 6.4 million square feet and **Catherines** with 1.7 million square feet. All of our store locations are leased. Our leases often contain renewal options and termination clauses, particularly in the early years of a lease, if specified sales volumes are not achieved.

**Store Count by Segment**

	Fiscal 2012						Fiscal 2011			
	Total	Justice	Lane Bryant	maurices	dressbarn	Catherines	Total	Justice	maurices	dressbarn
Stores (Beginning of Period)	2,516	902	-	784	830	-	2,477	887	757	833
Stores added from Charming Acquisition <sup>(a)</sup>	1,231	-	805	-	-	426	-	-	-	-
Stores Opened	147	65	2	57	23	-	78	29	35	14
Stores Closed	(66 )	(25 )	(2 )	(9 )	(26 )	(4 )	(39 )	(14 )	(8 )	(17 )
Stores (End of Period)	3,828	942	805	832	827	422	2,516	902	784	830

(a) The **Lane Bryant** and **Catherines** stores were added as of the June 14, 2012 acquisition date.

### *Trademarks*

Our principal owned trademarks include:

DRESSBARN®, MAURICES®, JUSTICE®, YVOS®, BROTHERS®, STUDIO Y®, FASHION BUG®, CATHERINES®, CATHERINES PLUS SIZES®, MAGGIE BARNES®, ANNA MAXWELL®, LIZ&ME®, SERENADA®, RIGHT FIT BY CATHERINES®, LANE BRYANT®, LANE BRYANT OUTLET®, LANE BRYANT WOMAN®, CACIQUE®, RIGHT FIT BY LANE BRYANT® and FIGI'S®.

We have U.S. Certificates of Registration of Trademark and trademark applications pending for the operating names of our stores and our major private label merchandise brands. We believe our DRESSBARN®, MAURICES®, JUSTICE®, YVOS®, Studio Y®, LANE BRYANT®, LANE BRYANT OUTLET®, LANE BRYANT WOMAN®, CACIQUE®, CATHERINES® and CATHERINES PLUS SIZES® trademarks are material to the continued success of our business. We also believe that our rights to these trademarks are adequately protected.

### *E-commerce*

Over the past couple of years, the Company focused on better developing its e-commerce channel across brands by leveraging the expertise of the pre-existing, e-commerce operations of **Justice**. All of our brands now have e-commerce operations. Excluding the newly acquired businesses of Charming Shoppes, total e-commerce revenues amounted to approximately \$160 million during Fiscal 2012, an increase of approximately 54% over the prior year period. We continue to develop our e-commerce platform and believe this will be an on-going source of sales growth in future periods for both our legacy family of brands and those of the newly acquired Charming Shoppes.

Our segments sell products online through their e-commerce sites:

~~Justice segment~~ – [www.shopjustice.com](http://www.shopjustice.com) and [www.shopbrothers.com](http://www.shopbrothers.com)

~~Lane Bryant segment~~ – [www.lanebryant.com](http://www.lanebryant.com)

~~maurices segment~~ – [www.maurices.com](http://www.maurices.com)

~~dressbarn segment~~ – [www.dressbarn.com](http://www.dressbarn.com)

~~Catherines segment~~ – [www.catherines.com](http://www.catherines.com)

### *Product Licensing*

We earn licensing revenue through our **Justice** brand's international franchised stores along with advertising and other "tween-right" marketing initiatives with partner companies. Licensing revenue is less than 1% of our consolidated annual net sales. **Justice** has 41 international franchise stores located in the following countries: Australia, Bahrain, Jordan, Kuwait, Qatar, Russia, Venezuela, Guatemala, Saudi Arabia and the United Arab Emirates.

### *Sourcing*

Through **Justice's** sourcing offices in Seoul, South Korea, and Shanghai, China and Hong Kong, **Justice** continues to develop and expand relationships with manufacturing partners within sourcing networks, enabling **Justice** to control the quality of goods, while achieving speed to market and better/favorable pricing. With **Justice's** successful sourcing operations, **Justice** is able to eliminate the middleman, reduce costs and increase initial markup. **Justice** has registered marks in foreign countries to the degree necessary to protect these marks, although there may be restrictions on the use of these marks in a limited number of foreign jurisdictions.

Charming Shoppes also maintains an overseas sourcing operation in Asia. The Company is currently evaluating how best to integrate these sourcing operations with its pre-existing ones, and is continuing to explore opportunities to source a greater portion of other related brand purchases through those direct-sourcing operations.

### *International Store Expansion*

Our **Justice** division currently has 16 stores in Canada and is planning on additional expansion in Canada during Fiscal 2013. Our **maurices** division opened 6 stores in Canada during Fiscal 2012 and is also planning on additional expansion in Canada during Fiscal 2013. In addition, we will continue to evaluate other international opportunities for our family of brands.

### *Office and Distribution Centers*

For a detailed discussion of our office and distribution centers, see Part I, Item 2 “Properties” in this Annual Report on Form 10-K.

### *Management Information Systems*

Our management information systems make the design, marketing, importing and distribution of our products more efficient by providing, among other things, comprehensive order processing, product and design information, and accounting information. We are currently undergoing an initiative to standardize certain information systems across brands, including a common general ledger, financial planning and consolidations platform. The project is expected to be completed for our legacy family of brands in the first half of Fiscal 2013.

In connection with the Charming Shoppes Acquisition, we are currently evaluating how best to integrate the technology platform of Charming Shoppes with our own.

### *Advertising and Marketing*

We use a variety of broad-based and targeted marketing and advertising strategies to effectively define, evolve and promote our brands. These strategies include customer research, advertising and promotional events, window and in-store marketing materials, direct mail marketing, internet marketing, lifestyle magazines, catazines and other measures to communicate our fashion and promotional message. We utilize a customer relationship management system to track customer transactions and determine strategic decisions for our direct mail initiatives and we offer various customer loyalty programs at our brands. We also pursue a public relations strategy to garner editorial exposure.

### *Community Service*

We are proud to have a long tradition of supporting numerous charities. We actively support charities such as The American Cancer Society, Dress for Success, United Way, Rescues & Runaways and Toys for Tots. These programs reinforce that we are actively involved and are important members of our communities.

### *Competition*

The retail apparel industry is highly competitive and fragmented, with numerous competitors, including department stores, off-price retailers, specialty stores, discount stores, mass merchandisers and internet-based retailers, many of which have substantially greater financial, marketing and other resources than us. Many of our competitors are able to engage in aggressive promotions, reducing their selling prices. Some of our competitors are Walmart, Macy's, JCPenney, Kohl's, Old Navy, Aeropostale, Target and Sears. Other competitors may move into the markets that we serve. Our business is vulnerable to demand and pricing shifts, and to changes in customer tastes and preferences. If we fail to compete successfully, we could face lower net sales and may need to offer greater discounts to our customers, which could result in decreased profitability. We believe that we have established and reinforced our image as a source of fashion and value by focusing on our target customers and by offering superior customer service and convenience.

### *Merchandise Vendors*

We purchase our merchandise from many domestic and foreign suppliers. We have no long-term purchase commitments or arrangements with any of our suppliers, and believe that we are not dependent on any one supplier. We have good working relationships with our suppliers. No third party supplier accounts for more than 10% of our merchandise purchases.

### *Employees*

As of July 28, 2012, we had approximately 46,000 employees, 33,000 of whom worked part-time. We typically add temporary employees during peak selling periods. Except for approximately 100 employees of Charming Shoppes that were represented by unions at the end of Fiscal 2012, none of our other employees are covered by any collective bargaining agreement. We consider our employee and union relations to be good.





*Executive Officers of the Registrant*

The following table sets forth the name, age and position of our Executive Officers:

Name	Age	Positions
Elliot S. Jaffe	86	Co-founder and Chairman of the Board
David Jaffe	53	President and Chief Executive Officer
John Sullivan	59	Executive Vice President and Chief Operating Officer
Michael W. Rayden	63	Chief Executive Officer, Tween Brands, Inc.
Armand Correia	66	Executive Vice President and Chief Financial Officer
Jay Levine	48	Senior Vice President, Chief Accounting Officer and Corporate Controller
Gene Wexler	57	Senior Vice President, General Counsel and Assistant Secretary

*Mr. Elliot S. Jaffe*, our co-founder and Chairman of the Board, was Chief Executive Officer of our company from 1966 until 2002.

*Mr. David Jaffe* became President and Chief Executive Officer in 2002. Previously he had been Vice Chairman, Chief Operating Officer and a member of the Board of Directors since 2001. He joined us in 1992 as Vice President-Business Development and became Senior Vice President in 1995 and Executive Vice President in 1996. Mr. Jaffe is the son of Elliot S. and Roslyn S. Jaffe. Mrs. Jaffe serves as Secretary and Treasurer of our Company.

*Mr. John Sullivan* joined the Company in 2011 as Executive Vice President and Chief Operating Officer, responsible for IT, distribution and Human Resources Information Systems. Prior to joining the Company, Mr. Sullivan was Executive Vice President and Chief Information Officer for QVC from 2007 to 2011, and preceding that Senior Vice President for sourcing, service, systems and Chief Information Officer for Liz Claiborne from 1996 to 2007.

*Mr. Michael W. Rayden* is the Chief Executive Officer of Tween Brands, Inc. (“Tween Brands”) and a member of the Ascena Board of Directors since November 2009. Prior to the Tween Brands Merger on November 25, 2009, Mr. Rayden served as Chief Executive Officer of Tween Brands since March 1996 and was elected Chairman of the Board of Tween Brands in August 1999. Mr. Rayden also served as the President of Tween Brands from March 1996 until

January 2007. Before joining Tween Brands, 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.

*Mr. Armand Correia* has been employed as Chief Financial Officer by our company since 1991 and has held the position of Executive Vice President since 2009.

*Mr. Jay Levine* joined the Company in 2011, as Senior Vice President, Chief Accounting Officer and Corporate Controller, primarily responsible for SEC reporting, internal reporting, corporate budgeting/financial planning, shared accounting services and global tax and compliance. Prior to joining the Company, Mr. Levine was Vice President and Corporate Controller for Ralph Lauren Corporation for five years and, preceding that, had roles of increasing responsibility for twelve years at Time Warner Inc., including his last role as Vice President and Chief Accounting Officer of Time Warner Inc.'s Music Division. Mr. Levine started his career and spent eight years at Ernst & Young LLP.

*Mr. Gene Wexler* has been Senior Vice President, General Counsel and Assistant Secretary of our Company since 2005.

**Item 1A. Risk Factors.**

There are risks associated with an investment in our securities. The following risk factors should be read carefully in connection with evaluating our business and the forward-looking statements contained in this Annual Report on Form 10-K. Any of the following risks could materially adversely affect our business, our prospects, our results of operations, our financial condition, our liquidity, the trading prices of our securities, and the actual outcome of matters as to which forward-looking statements are made in this report. Before making an investment decision, you should carefully consider the risks and uncertainties described below together with all of the other information included or incorporated by reference in this report. Additional risks that we do not yet know of or that we currently think are immaterial may also affect our business operations.

Our business is dependent upon our ability to predict accurately fashion trends, customer preferences and other fashion-related factors.

Customer tastes and fashion trends are volatile and tend to change rapidly, particularly for women and tween girls' apparel. Our success depends in part upon our ability to anticipate and respond to changing merchandise trends and consumer preferences in a timely manner. Accordingly, any failure by us to anticipate, identify and respond to changing fashion trends could adversely affect consumer acceptance of the merchandise in our stores, which in turn could adversely affect our business and our image with our customers. If we miscalculate either the market for our merchandise or our customers' tastes or purchasing habits, we may be required to sell a significant amount of unsold inventory at below average markups over cost, or below cost, which would have an adverse effect on our margins and results of operations.

***Recent and future economic uncertainty, including a further tightening of credit markets, may adversely affect our business.***

Recent economic conditions may adversely affect our business, including the potential impact on the apparel industry, our customers and our ability to finance our business. In addition, conditions may remain depressed in the future or may be subject to further deterioration. Recent or future developments in the U.S. and global economies may lead to further reduction in consumer spending overall, which could have an adverse impact on sales of our products.

Further tightening of the credit markets could also make it more difficult for us to enter into agreements for new indebtedness or to obtain funding through the issuance of our securities. Worsening economic conditions could also result in difficulties for financial institutions (including bank failures) and other parties that we may do business with, which could potentially impair our ability to access financing under existing arrangements or to otherwise recover amounts as they become due under our other contractual arrangements.

As described in Note 10 to our Audited Consolidated Financial Statements included elsewhere herein, we have significant goodwill and other intangible assets related to our acquisition of **maurices** in January 2005, the Tween Brands Merger consummated in November 2009 and the Charming Acquisition consummated in June 2012. Current and future economic conditions may adversely impact **Justice's, Lane Bryant's, maurices', dressbarn's** or **Catherines'** ability to attract new customers, retain existing customers, maintain sales volumes and maintain margins. These events could materially reduce **Justice's, Lane Bryant's, maurices', dressbarn's** or **Catherines'** profitability and cash flow which could, in turn, lead to an impairment of **Justice's, Lane Bryant's, maurices'** or **Catherines'** goodwill and intangible assets. Furthermore, if customer attrition were to accelerate significantly, the value of **Justice's, Lane Bryant's, maurices'** or **Catherines'** intangible assets could be impaired or subject to accelerated amortization.

*A further slowdown in the United States economy, an uncertain economic outlook and escalating commodi*