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ANN INC.
Form 425
July 10, 2015

Filed by Ascena Retail Group, Inc.

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Pursuant to Rule 425 of the Securities Act of 1933

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under the Securities Exchange Act of 1934

Subject Company: ANN INC.

Commission File No.: 1-10738

Date: July 10, 2015

Ascena Retail Group, Inc. intends to use the following lender presentation to conduct meetings with prospective term loan lenders.

Lenders Presentation
Public Version
July 10, 2015

Important Information
In
connection
with
the
proposed
transaction,

ascena
retail
group,
inc.
(ascena)
filed
with
the
SEC
a
registration
statement

on Form S-4 that includes a proxy statement of ANN INC. (ANN) that also constitutes a prospectus of ascena. Investors and security holders are urged to read the definitive proxy statement / final prospectus and other relevant documents filed with the SEC, when they become available, because they will contain important information about the proposed transaction. Investors and security holders may obtain free copies of these documents, when they become available, and other documents filed with the SEC at www.sec.gov. In addition, investors and security holders may obtain free copies of the documents filed with the SEC by ascena by contacting ascena Investor Relations at (551) 777-6895, or by e-mail at ascenainvestorrelations@ascenaretail.com. Investors and security holders may obtain free copies of the documents filed with the SEC by ANN by contacting ANN Investor Relations at (212) 541-3300 ext. 3598, or by e-mail at investor_relations@anninc.com.

ascena and ANN and their respective directors and executive officers and other members of management and employees may be deemed to be participants in the solicitation of proxies in respect of the proposed transaction. Information about ascena's directors and executive officers is available in ascena's proxy statement for its 2014 Annual Meeting of Stockholders filed with the SEC on November 3, 2014. Information about directors and executive officers of ANN is available in the proxy statement for the 2015 Annual Meeting of Stockholders of ANN filed with the SEC on April 2, 2015. Other information regarding the participants in the proxy solicitation and a description of their direct and indirect interests, by security holdings or otherwise, will be contained in the definitive proxy statement / final prospectus and other relevant materials to be filed with the SEC regarding the merger when they become available. Investors should read the definitive proxy statement / final prospectus carefully when it becomes available before making any voting or investment decisions. You may obtain free final copies of these documents from ascena or ANN using the sources indicated above. This document and the information contained herein shall not constitute an offer to sell or the solicitation of an offer to buy any securities, nor shall there be any sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. No offering of securities shall be made except by means of a prospectus meeting the requirements of Section 10 of the U.S. Securities Act of 1933, as amended.

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Disclaimer

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In addition to historical information, this document contains forward-looking statements within the meaning of Section 27A of the U.S. Securities Act of 1933, as amended, and Section 21E of the U.S. Securities Exchange Act of 1934, as amended. These forward-looking statements, which are based on current expectations, estimates and projections about the industry and markets in which ascena and ANN operate and beliefs of and assumptions made by ascena management and ANN management, involve uncertainties that could significantly affect the financial results of ascena or ANN or the combined company. Words such as

expects, anticipates, intends, plans, believes, seeks, estimates, variations of such words and similar expressions are intended to identify such forward-looking statements, which generally are not historical in nature. Such forward-looking statements include, but are not limited to, statements about the benefits of the transaction involving ascena and ANN, including future financial and operating results, the combined company's plans, objectives, ratings, expectations and intentions. All statements that address operating performance, events or developments that we expect or anticipate will occur in the future including statements relating to creating value for stockholders, integrating ascena and ANN, providing stockholders with a more attractive currency, and the expected timetable for completing the proposed transaction are forward-looking statements. These statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions that are difficult to predict. Although we believe the expectations reflected in any forward-looking statements are based on reasonable assumptions, we can give no assurance that our expectations will be attained and therefore, actual outcomes and results may differ materially from what is expressed or forecasted in such forward-looking statements. For example, these forward-looking statements could be affected by factors including, without limitation, risks associated with the ability to consummate the merger and the timing of the closing of the merger; the ability to successfully integrate our operations and employees; the ability to realize anticipated benefits and synergies of the transaction; the potential impact of the announcement of the transaction or consummation of the transaction on relationships, including with employees, credit rating agencies, customers and competitors; the ability to retain key personnel; the ability to achieve performance targets; changes in financial markets, interest rates and foreign currency exchange rates; negative rating agency actions; and those additional risks and factors discussed in reports filed with the SEC by ascena and ANN from time to time, including those discussed under the heading "Risk Factors" in their respective most recent filed reports on Form 10-K and 10-Q. Neither ascena nor ANN undertakes any duty to update any forward-looking statements contained herein.

The ascena financial information included herein has been adjusted to exclude certain one-time items such as acquisition-related integration and restructuring expenses, accelerated depreciation of fixed assets and costs related to inventory purchase accounting adjustments arising from the acquisition of Charming Shoppes, Inc. ascena believes that all such expenses are not indicative of ascena's underlying operating performance. In addition, this presentation makes reference to the financial performance measure of earnings before interest, taxes, depreciation and amortization, as adjusted for the previously mentioned items (Adjusted EBITDA). ascena considers Adjusted EBITDA to be useful to investors because it believes that it is an important indicator of ascena's operational strength. Reference is made to ascena's Current Report on Form 10-Q for the fiscal quarter ended April 25, 2015 and its Annual Report on Form 10-K for the fiscal year ended July 26, 2014 for a full discussion of use of Adjusted EBITDA and a reconciliation of adjusted, non-GAAP financial measures to the most directly comparable GAAP financial measures.

Presenters

David Jaffe

ascena, Chief Executive Officer

Robb Giammatteo

ascena, Chief Financial Officer

Heather Plutino

ascena, Treasurer

Agenda
Transaction Summary
Acquisition Rationale
ascena
Overview
ANN Overview
Key Credit Highlights

Historical Financials

Public Q&A

5

Transaction Summary

(1) Based on the closing price of ascena stock on May 15, 2015.

(2) Please see Adjusted EBITDA reconciliation on page 57 and synergy and cost savings overview on pages 15-16.

On May 17, 2015, ascena

retail group (the Company or ascena) entered into a definitive agreement to acquire ANN INC. (ANN)

Upon closing, ANN stockholders will receive \$37.34 in cash and 0.68 of a share of ascena common stock in exchange for each share of ANN common stock, implying a total value per share of \$47.00
(1)

Enterprise Value represents 7.7x multiple of ANN's FY 2014 Adjusted EBITDA excluding total identified cost opportunities and 4.0x FY 2014 Adjusted EBITDA including total identified cost opportunities
(2)

ascena is a leading specialty retailer offering clothing, shoes and accessories for women under the Justice, Lane Bryant, dressbarn, maurices and Catherines brands

ANN is a leading national specialty retailer of women's apparel, shoes and accessories, sold primarily under the Ann Taylor and LOFT brands

Upon completion of the acquisition, ascena will be the third largest specialty apparel retail company and the largest focused on women's apparel, with seven diverse brands that service women of all ages, sizes and demographics

The transaction will be financed with a combination of cash on the balance sheet, debt and stock

Funded debt financing will consist of an expected draw of less than \$200 million under the Company's ABL and a \$1.8 billion Senior Secured Term Loan B

The transaction is likely to close in 2H 2015 (expected to be in August)

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Transaction Summary

Attractive Credit Profile with Moderate Leverage and Significant Equity Value

(1)

Adjustment reflects \$203 million of ANN cash (after conforming adjustments) less \$150 million balance sheet cash used. Pro f

(2)

As of May 15, 2015, consistent with the S-4 filing.

(3)

ascena
Adjusted
EBITDA
based
on
LTM
period
ended
April
25,
2015.

ANN
Adjusted
EBITDA
based
on
LTM
period
ended
May
2,
2015.

Please
see
page
57
for
more
detail.

(4)

Pro forma ANN transaction cost synergies expected to be fully realized by the end of fiscal year 2018. Please refer to pages 15

(5)

ANN publicly identified cost savings reflect \$50 million in incremental annualized gross margin from sourcing initiatives expected

ANN's SG&A Optimization Program expected to be realized by December 2016.

With market capitalization of \$2.3 billion

(2)

+ \$451 million ascena equity issued

(2)

, equity value represents

~60% of total capitalization

Lease adjusted leverage of 3.5x based on 5x combined rent expense of \$766 million (per Moody's new methodology)

Sources and Uses

Sources

Uses

Balance Sheet Cash

(1)

\$

150

ANN Equity Purchase Price

\$
 2,194
 ABL Revolver (\$600mm)
 143
 Refinance ascena Revolver
 155
 Senior Secured Term Loan B
 1,800
 Change of Control Payments
 85
 ascena Equity Issued
 (2)
 451
 Transaction and Financing Costs
 110
 Total Sources
 \$
 2,544
 Total Uses
 \$
 2,544
 Pro Forma Debt Capitalization as of April 2015
 Actual
 ascena
 Adj.
 Pro Forma
 Amount
 x Adj. EBITDA
 Cash and Cash Equivalentents
 (1)
 \$
 222
 \$
 53
 \$
 275
 ABL Revolver (\$600mm)
 155
 (12)
 143
 Senior Secured Term Loan B
 -

 1,800
 1,800
 Total Debt
 \$
 155
 \$
 1,943

2.2
x
Net Debt
\$(67)
\$
1,668
1.9
x
ascena Adjusted EBITDA
(3)
\$
402
ANN Adjusted EBITDA
(3)
260
Pro Forma ANN Transaction Synergies
(4)
150
ANN Identified Cost Savings
(5)
85
Pro Forma Adjusted EBITDA
\$
896
7

Indicative Terms and Structure
Senior Secured Term Loan B
Terms
Senior Secured Term Loan B
Borrower
ascena
retail group, inc.

(the Company)

Security

First priority lien on all assets, except for ABL Collateral, and capital stock held by the Borrower and Guarantors

Second priority lien on all ABL collateral

Guarantors

All existing and future direct or indirect wholly-owned U.S. restricted subsidiaries of the Borrower

Amount

\$1,800 million

Maturity

7 years

Indicative Pricing

TBD

Corporate Credit Ratings

Ba2 / BB

Tranche Credit Ratings

Ba2 / BB+

LIBOR Floor

TBD

OID

TBD

Incremental Facility

\$700 million general incremental basket, with additional amount subject to closing date secured net leverage

Incremental facility subject to 50 bps MFN; 12 month MFN sunset

Amortization

1% per annum with a bullet at maturity

Financial

Covenants

None

Optional Prepayments

All prepayments at par, except 101 soft call for 6 months

Mandatory

Repayments

100% of Asset Sales and Net Insurance Proceeds, 100% of Non-Permitted Debt Incurrence, 50% of Excess Cash Flow Sweep step-downs subject to a leverage based grid

Negative Covenants

Usual

and

customary

for

similar

types

of

facilities,

including

incurrence

of

debt,

limitations

on

liens,

fundamental
changes,
distributions,

investments (with exceptions for permitted acquisitions), transactions with affiliates, asset sales, mergers, restricted payments (with
customary available amount builder basket), with customary thresholds, exceptions and baskets

8

Indicative Terms and Structure
Asset-Based Revolving Credit Facility
Terms
ABL Revolving
Credit Facility
Borrower
ascena

retail group, inc.

(the Company)

Security

Perfected first priority lien on all receivables, inventory and cash (the ABL Collateral)

Second priority lien on all non-ABL Collateral

Guarantors

All existing and future direct or indirect wholly-owned U.S. restricted subsidiaries of the Borrower

Amount

\$600 million

Maturity

5 years

Indicative Pricing

L + 125

150 bps, based on excess availability

Undrawn

Fee

20

25 bps unused fee on undrawn portion of ABL Revolver

Borrowing Base

Substantially similar to the existing Borrowing Base, including:

90% of the appraised net orderly liquidation value of eligible inventory (eligible in-transit inventory capped at 30% of Facility) seasonal step-up to 92.5% for any single 90 day period within any calendar year at the Company's discretion, plus

90% of eligible credit cards receivable, less

Customary and appropriate reserves

Incremental Facility

\$200 million

L/C

Sublimit

\$350 million with \$100 million for SLC

Financial

Covenants

Springing Fixed Charge Coverage Ratio of 1.0 to 1.0, triggered when excess availability is less than the greater of (x) 10% of L Limit and (y) \$45 million for 3 consecutive business days

Negative

Covenants

Customary for facilities of this type, including limitation on liens, indebtedness, restricted payments, investments, acquisitions dividends, exceptions to be agreed

Reporting

Financial

Statements:

Quarterly;

Springing

to

monthly

when

availability

is

less
than
the
greater
of
15%
of
Loan
Limit
and
\$65
million

(until availability is equal to or greater than the greater of 17.5% of Loan Limit and \$75 million for 30 consecutive days)

Borrowing Base: Quarterly; Springing to monthly when loans are outstanding or L/C exposure exceeds \$60 million; Springing if availability less than the greater of \$60 million and 12.5% of Loan Limit

Field Exam & Inventory Appraisal: No annual exams and appraisals required if borrowings outstanding and L/Cs are less than the Facility at all times; 2x per year if Availability is less than the greater of \$85 million and 17.5%; otherwise 1x per year

9

July 2015

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30
31

Transaction Timeline

July 14, 2015

Bank meeting

July

28, 2015

Commitments

due

July

29, 2015

Pricing and allocation

Week

of

August

17

th

Expected close of acquisition and financing

Timetable of Events

August 2015

S
M
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W
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1
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24
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26
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28
29
30
31
Bank Holiday
September 2015
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11

11

Key Credit Highlights

1

Largest specialty apparel retailer focused exclusively on the female consumer

Strong, well-defined brand equity

Increased diversification provided by a growing portfolio of brands

ascena operating model and acquisition experience mitigate integration risk
Recently completed capital investments have created best-in-class shared
services platform and improved margins
Experienced management team

2

3

4

5

7

Strong free cash flow generation with a focus on deleveraging

6

Acquisition Rationale

13
Youthful
Mature
Powerful, Diversified Portfolio of Brands Focused
on Women of all Ages, Sizes and Demographics
Customer
Demographic

Apparel and accessories designed to match the energetic lifestyle of tween girls
Plus-size fashionable apparel with a moderate price range
Hometown retailer offering up-to-date fashion including both a core and plus-size offering
Career & casual fashions for the working woman
Plus-size classic apparel and accessories for wear-to-work and casual lifestyles
Polished, modern feminine classics for every generation of working women
Modern, feminine and versatile clothing for a wide range of women; focuses on everyday fashion
Store Count
997
770
940

830

381

360

674

Pro forma for the acquisition, ascena's portfolio will have six \$1 billion differentiated brands

14

Creates one of the largest and most diversified specialty apparel retail companies

2

4

Financially compelling transaction

3

Significant synergy value creation

Combination is expected to generate significant cash flow, while both maintaining prudent levels of capital expenditures and enabling rapid deleveraging

Modest leverage with significant equity value representing approximately 60% of pro forma capitalization

Estimated annual cost opportunities of \$235 million, including approximately \$150 million in ANN transaction synergies and \$85 million in ANN identified cost savings

All actions to achieve the transaction synergies are planned to be taken within 24 months after close

Collaboration and shared best practices support greater efficiency / performance

Preeminent specialty apparel retail company focused exclusively on women provides enhanced access to best-of-breed talent and career opportunities

Over 4,950 stores in North America with \$7.4 billion of combined LTM Net Sales and \$896 million of combined LTM

Adjusted

EBITDA

(including

total

identified

cost

opportunities)

(1)

Over 65,000 associates, approximately 96% of whom are women

Highly complementary organizations and management teams

1

Strong fit creates a well-balanced and diversified portfolio of brands with minimal overlap

Leverages Ascena's strong shared-services platform capabilities and infrastructure investment

Leverages ANN's deep omni-channel knowledge base

Combination of Leading Specialty Apparel Retail

Companies

(1)

Please see Adjusted EBITDA reconciliation on page 57 for more detail.

15
FY 16
FY 17
FY 18
Non-Merchandise Procurement
Financially Compelling Transaction
\$235 Million Total Identified Cost Opportunities

Distribution and
Fulfillment

Transportation

Sourcing

Other

\$150 million of identified cost

synergies with all actions to be taken

within 24 months after close and full

amounts realized in third full year after

close

Synergy capture requires

approximately \$35-40 million of capital

expenditures

ANN's Sourcing Initiatives expected to generate at least \$50 million in incremental annualized gross margin by December 2017

ANN's SG&A Optimization Program is expected to generate ongoing annual savings of \$35 million by December 2016

\$150 million of ANN Transaction Synergies

\$85 million of ANN Cost Savings

Note:

July

fiscal

year

end.

\$

in

millions.

\$10

\$20

\$80

\$90

\$150

Cumulative

Expected

Synergies:

16

16

Overview of ANN Transaction Synergies

\$150 Million of Identified Cost Synergies

Extend existing ascena contract rates across ANN volume

Leverage increased volume at origin to drive full container shipment

Increase packaging productivity through reduced cross dock

Transportation

Leverage scale and consolidate suppliers across multiple areas, including IT support contracts, facilities, marketing collateral, transportation contracts, and general services and supplies

Non-Merchandise

Procurement

Optimize combined supply base and leverage increased scale

Sourcing

Newly designed, highly efficient

D.C.

in

Etna

servicing

all

ascena

stores

Newly designed, highly efficient e-commerce facility in Greencastle serving all ascena

e-commerce business

Leverage daily delivery and increased allocation capability across ANN volume

Distribution and

Fulfillment

Other

Elimination of ANN public company costs

Elimination of duplicate functions and roles

Leveraging best practices across functional areas to minimize operating expenses

ascena Company Overview

18
18
1940s
1960s
1980s
2000
2005

2009

2011

2012

1931:

First maurices

store opens in

Duluth, MN

1983:

DBRN began

trading on NASDAQ

1962: First dressbarn

store opens in

Stamford, CT

1987: Limited Too (now

Justice) is created by

The Limited, Inc.

2009:

dressbarn

acquires Justice

2005: dressbarn

acquires maurices

2011:

ascena

retail group, inc.

becomes the successor reporting

company to The Dress Barn, Inc.

2015

2012: ascena

acquires Charming

Shoppes, Inc.

2015: ascena

enters into

definitive

agreement to

acquire ANN INC.

1900s

1960: First Catherines

store opens in

Memphis, TN

1900: First Lane

Bryant store opens

in New York, NY

Corporate History

19

19

Justice Brand Overview

Pure Play Tween Fashion Specialty Store

Merchandise Mix

997 Store Locations

Offers fashionable apparel to 5-12 year old tween girls in an

energetic environment

A market share leader in a \$7 billion+ addressable market

Products include hottest tween fashions in jeans, shorts, dresses, skirts and school uniforms

Stores concentrated in high traffic malls and strip centers

Headquartered in New Albany, OH

Malls:

56%

Strips:

22%

Outlets:

11%

Lifestyle Centers:

10%

Apparel

68%

Lifestyle

11%

Accessories

10%

Intimates

8%

Footwear

4%

Core

30%

Fashion

50%

Over the

Top

20%

20

Justice Brand Overview

Brand Strategy and Key Operating Metrics

Strategy

New pricing and promotional cadence focused on aggressive opening price points and narrow but powerful category promotions

Style Buys

everyday low price items with
aggressive ticket prices set equal to the out the door
price of key competitors

Frequent, narrow rotating promotional events across
the fashion assortment

Fully aligned store and ecommerce channel
promotions, reflecting omni-channel operating
philosophy
Integrated communication strategy around value and trust

Comp

Sales

7.8 %

8.2 %

3.0 %

(3.9) %

N/A

Store

Count

902

942

971

997

997

Operating Income and Margin (\$ in millions)

Net Sales (\$ in millions)

Transitional Stabilization Activity

In March, Justice hired Brian Lynch, a turnaround veteran
with over 35 years of industry experience at Ann Taylor and
the Gap, to be the new President of Justice

De-risk business through 20%+ reduction in inventory and
accelerate turn rate

Align inventory levels to new promotional strategy

Refine merchandise mix to increase focus on everyday and
core fashion assortment

Reduce level of embellishment to deliver key product
aesthetic (fabric, wash, quality) while reducing product cost

(1)

Operating income includes fully allocated costs.

\$1,150

\$1,307

\$1,407

\$1,384

\$1,321

FY2011

FY2012

FY2013

FY2014
LTM Apr-15
\$ 129
\$ 172
\$ 188
\$ 103
\$ 26
11.2%
13.2%
13.4%
7.4%
2.0%
FY2011
FY2012
FY2013
FY2014
LTM Apr-15
20
(1)

21
21
Lane Bryant Brand Overview
Plus-Size
Fashionable
Apparel

All
Women
Deserve
Great
Fashion
Merchandise Mix
770 Store Locations
Caters to women ranging in age from 25 to 45 years old in sizes
14
28 through private labels Lane Bryant, Cacique, Livi Active,
and 6
th
& Lane as well as designer collaborations
Widely recognized brand name in women's specialty fashion
Assortment includes intimate apparel, wear-to-work, casual
sportswear, accessories, select footwear and social occasion
apparel as well as activewear under its recently launched Livi
Active brand
Stores concentrated in strip centers and high traffic malls
Headquartered in Columbus, OH
Strips:
51%
Malls:
25%
Outlets:
15%
Lifestyle Centers:
8%
Casual
33%
Wear-to-
Work
18%
Emerging
9%
Accessories
6%
Intimates
34%
Fashion
44%
Core
50%
Accessories
6%

22

22

Lane Bryant Brand Overview

Brand Strategy and Key Operating Metrics

Strategy

Key revenue drivers

Omni-channel

Activewear (Livi Active) and knits

Cacique intimates

Operating leverage opportunities

Promotional effectiveness

Sourcing / speed

Cost structure

Develop new / enhance existing marketing programs

Re-anchor brand equity in fashion, fit, and lifestyle
relevance

Increase cross-shopping between apparel customers
and Cacique intimates while expanding and acquiring
new customers

Improve fleet productivity through location repositioning
and omni-channel interaction

Operating Income and Margin (\$ in millions)

(2)

Comp

Sales

2.9 %

1.6 %

3.0 %

N/A

Store

Count

805

788

771

770

Net Sales (\$ in millions)

(1)

(1)

FY

2012

net

sales

represent

full

year

of

sales

of

which

\$120
million
is
included
in
ascena
historical
results.

(2)

Operating income includes fully allocated costs.

\$1,028

\$1,050

\$1,080

\$1,088

FY2012

FY2013

FY2014

LTM Apr-15

(\$10)

\$(10)

\$(3)

\$(14)

(8.4)%

(0.9)%

(0.2)%

(1.3)%

FY2012

FY2013

FY2014

LTM Apr-15

23
23
maurices Brand Overview
Small
Market
Fashion
Destination

Simply
the
Best
Hometown
Specialty
Retailer
Merchandise Mix
940 Store Locations
Up-to-date casual, career and dressy fashion designed to appeal
to females ages 20-35 in missy and plus-size
Net promoter score over 85%
Proprietary label covers casual clothing, career wear, dressy
apparel, activewear and accessories
Stores concentrated in smaller and metro fringe markets
(approximately 25,000 to 150,000 people)
Headquartered in Duluth, MN
Strips:
57%
Malls:
36%
Outlets:
5%
Lifestyle Centers:
2%
Casual
Denim
56%
Wear-to
Work
11%
Plus
20%
Accessories
13%
Fashion
64%
Core
26%
Trendy
10%

24
24
maurices Brand Overview
Brand Strategy and Key Operating Metrics
Strategy
Key revenue drivers

Omni-channel

PLUS assortment expansion
Operating leverage opportunities

Internal sourcing penetration

Differentiated product developed by the new
internal design / product development teams
Develop new / enhance existing marketing programs

Enhance brand expansion strategy and refine
customer acquisition models

Improve prospecting, marketplace expansion, and
search optimization initiatives to drive increased
traffic

Comp
Sales
10.2 %
1.6 %
2.5 %
1.1 %

N/A

Store

Count

784

832

877

922

940

Operating

Income

and

Margin

(\$

in

millions)

(1)

Net Sales (\$ in millions)

(1)

Operating income includes fully allocated costs.

(2)

FY 2014 operating income and margin exclude a \$13 million impairment charge taken in Q4 2014.

(2)

\$776

\$853

\$918

\$971

\$1,034

FY2011
FY2012
FY2013
FY2014
LTM Apr-15
\$ 105
\$ 103
\$ 108
\$ 102
\$ 118
13.5%
12.0%
11.7%
10.5%
11.4%
FY2011
FY2012
FY2013
FY2014
LTM Apr-15

25
25
Career
&
Casual
Fashion
for

the
Working
Woman

Inspiring
Women

to
Look

&
Feel

Beautiful
Merchandise Mix

830 Store Locations

Offers private label and contemporary fashions at great value to
women in their mid-30s to mid-50s

Positively trending net promoter scores since 2013

Provides moderate-to-better quality career, special occasion, casual
fashion in missy, petites, and plus sizes

Stores located primarily in strip shopping centers in major trading and
high-density markets, and in surrounding suburban areas

Headquartered in Mahwah, NJ

dressbarn Brand Overview

Strips:

73%

Outlets:

20%

Malls:

7%

Career

34%

Casual

37%

Dresses

19%

10%

Updated

60%

Classic

25%

Core

15%

Non-Apparel

26
26
dressbarn Brand Overview
Brand Strategy and Key Operating Metrics
Strategy
Key revenue drivers

Omni-channel; accelerate e-commerce

Dresses (DRESSBAR)

Knits

Casual bottoms

Operating leverage opportunities

Internal sourcing penetration

Inventory management

Design / product development

Develop new / enhance existing marketing programs

Leverage DRESSBAR launch

Drive engagement and retention through

SMARTgirl targeting

Drive store productivity by optimizing existing fleet and
new prototype roll-out

Comp

Sales

1.6 %

3.4 %

(2.1) %

(0.8) %

N/A

Store

Count

830

827

826

820

830

Net Sales (\$ in millions)

(1)

Operating income includes fully allocated costs.

Operating Income and Margin (\$ in millions)

(1)

\$987

\$1,038

\$1,021

\$1,022

\$1,028

FY2011

FY2012

FY2013

FY2014

LTM Apr-15

\$ 68

\$ 53

\$ 32

\$ 39

\$ 28

6.9%

5.1%

3.1%

3.9%

2.7%

FY2011

FY2012

FY2013

FY2014

LTM Apr-15

27
27
Catherines Brand Overview
Plus-Size
Classic
Apparel

To
serve
the
lifestyle
and
fit
needs
of
women
size
18+
Merchandise Mix
381 Store Locations
Carries plus-size apparel for all occasions for customers generally 45
years or older
Known for offering full range of plus sizes (16-
34 and 0X-
5X) and
particularly known for extended sizes (28-
34)
Offers current and updated apparel wardrobe options, covering
customers' casual and wear-to-work needs; also carries a full line of
intimate apparel, footwear, and accessories
Retail stores primarily located in strip shopping centers
Headquartered in Bensalem, PA
Strips:
84%
Malls:
14%
Outlets:
1%
Lifestyle Centers:
1%
Updated
60%
Core
25%
Fashion
15%
Casual
52%
Wear-
to-Work
17%
Intimates
15%
Other
16%

28

Catherines Brand Overview

Brand Strategy and Key Operating Metrics

Strategy

Net Sales (\$ in millions)

(1)

Key revenue drivers / expanded assortment

Activewear

Dresses

Footwear

Black Label

Swimwear

Increase engagement through fashion execution and novelty

Grow and reposition store fleet

Focus marketing activity on direct mail events and

Catherines Cash bounceback coupons

Operating Income and Margin (\$ in millions)

(2)

Comp

Sales

10.7 %

9.3 %

7.5 %

N/A

Store

Count

422

397

386

381

(1)

FY

2012

net

sales

represent

full

year

of

sales

of

which

\$36

million

is

included

in

ascena

historical

results.

(2)

Operating income includes fully allocated costs.

\$304

\$319

\$332

\$345

FY2012

FY2013

FY2014

LTM Apr-15

(\$4)

\$ 17

\$ 24

\$ 29

(11.1)%

5.3%

7.3%

8.4%

FY2012

FY2013

FY2014

LTM Apr-15

28

29
29
Revenue Growth
SSS
Growth
(1)
8 %

5 %
 (3) %
 0 %
 9 %
 6 %
 5 %
 0 %
 (2) %
 N/A

Note: Based on ascena fiscal year ending July. maurices acquired in January 2005, Justice acquired in November 2009, Lane I
 Catherines based on full year of sales for FY12. Excludes ANN.

(1)
 SSS growth represents store comparable sales.

4.6 %
 12- 14 CAGR

2.5 %
 2.9 %
 6.7 %
 (0.7) %

Store
 Count

1,339
 1,428
 1,503
 1,559
 2,477
 2,516
 3,828
 3,859
 3,896
 3,918
 \$876
 \$935
 \$888
 \$906
 \$982
 \$987
 \$1,038
 \$1,021
 \$1,022
 \$1,028
 \$424
 \$492
 \$557
 \$588
 \$681
 \$776
 \$853
 \$918
 \$971

\$1,034

\$712

\$1,150

\$1,307

\$1,407

\$1,384

\$1,321

\$120

\$1,050

\$1,080

\$1,088

\$36

\$319

\$332

\$345

\$1,300

\$1,427

\$1,445

\$1,494

\$2,375

\$2,914

\$3,353

\$4,715

\$4,791

\$4,816

FY06

FY07

FY08

FY09

FY10

FY11

FY12

FY13

FY14

LTM Apr-15

dressbarn

maurices

Justice

Lane Bryant

Catherines

30

E-Commerce Penetration

(1)

E-commerce growth represents growth from YTD April 2014 to YTD April 2015.

10.9 %

18.9 %

9.6 %

4.5 %

15.3 %

Justice

Lane

Bryant

maurices

dressbarn

Catherines

E-commerce

Growth

(1)

12.5%

14.2%

31.0%

5.4%

19.6%

E-commerce Penetration By Brand

YTD April 2015 full year e-commerce penetration of 11% is up ~300bp vs. FY 2013 for consolidated ascena ascena continues to make investments to enhance its world class omni-channel capabilities

In-store associate ordering system

In-house e-commerce fulfillment

Customer-facing brand site re-platform

Distributed order management

30

ANN Business Overview

32

32

Overview of ANN

Fashion

Polished, professional, sophisticated

Stylish, casual, relaxed

LTM Apr Net

Sales

(\$ in millions)

\$ 944

\$ 1,596

Store Count

242 full-line

118 factory

360 total

546 full-line

128 outlet

674 total

Note: Store count as of May 2, 2015. LOFT net sales and store count include Lou & Grey. Lou & Grey is an exploratory brand

33
33
ANN Corporate History
1950s
1970s
1990s
2000

2004

2007

2006

2012

1954: First Ann

Taylor opens in New
Haven, CT

1991: Ann Taylor goes
public (NYSE: ANN)
and has 220 locations
by the end of the year

1977: Ann Taylor
opens New York City
Flagship on 57
th

street

2000:

AnnTaylor.com
launches

2006: Ann Taylor
LOFT becomes a
billion dollar brand

2004:

AnnTaylorLOFT.com
launches

2015: ANN INC.
enters into definitive
agreement to be
acquired by ascena
Retail Group

2015

2012: Ann Taylor
opens its first
international store
in Toronto, Canada.

2013

2013: Ann Taylor
launches
international
shipping to 100+
countries

1998: Ann Taylor LOFT
opens its first store

2009

2009: Ann Taylor
LOFT changes
name to LOFT

34

34

Ann Taylor Brand Overview

Ann Taylor is polished, modern feminine classics with an iconic style point of view for every aspect of her life

Customer Characterizations

Note: ANN fiscal year ends January. LTM period represents twelve months ended May 2, 2015.

Ann Taylor Brand Sales (\$ in millions)

Comp %
(23.8) %
18.7 %
5.2 %
1.1 %
1.1 %
(2.2) %
N/A
Store Count
\$771
\$864
\$908
\$945
\$960
\$953
\$944
2009A
2010A
2011A
2012A
2013A
2014A
LTM
Apr-15
291
266
280
275
268
245
242
92
92
99
101
108
116
118
383
358
379
376
376
361
360
2009A
2010A
2011A
2012A
2013A

2014A
LTM
Apr-15
Ann Taylor Stores
Ann Taylor Factory

35

35

LOFT Brand Overview

LOFT offers modern, feminine and versatile clothing for a wide range of women

Customer Characterizations

Note: ANN fiscal year ends January. LTM period represents twelve months ended May 2, 2015.

(1)

LOFT Stores includes 5 standalone Lou & Grey stores in 2014 and 6 standalone Lou & Grey stores in LTM April 2015.

LOFT Brand Sales (\$ in millions)

Comp %

(11.9) %

5.0 %

8.0 %

4.8 %

3.0 %

(1.7) %

N/A

Store Count

(1)

506

502

500

512

539

542

546

18

36

74

96

110

127

128

524

538

574

608

649

669

674

2009A

2010A

2011A

2012A

2013A

2014A

LTM

Apr-15

LOFT Stores

LOFT Outlet

\$1,057

\$1,117

\$1,305

\$1,430

\$1,534

\$1,581

\$1,596

2009A
2010A
2011A
2012A
2013A
2014A
LTM
Apr-15

36

36

ANN services customers with a single, channel-agnostic view of inventory and customer-specific preferences

Omni-channel database centrally stores online and offline transactions, offering visibility into client transactions

across brands / channels

Robust inventory management engine with capability to order in store and ship from another store, buy online and ship from a store, and buy anywhere and return anywhere

All Ann Taylor and LOFT stores now have endless aisle capability, which give customers seamless access to online inventory from the store

Enhanced mobile capability launched at both brands in the third quarter of fiscal 2014 drove ~50% increase in mobile conversion rates

ANN's dynamic analytical models allow for segmentations of client file highlighting paths to maximize ROI

Ability to track and prospect high-value customers and optimize marketing acquisition, cultivation, and retention programs

Ability to analyze clients' propensity to purchase certain categories, quantify risk of editing categories, and surface assortment opportunities

Capabilities to assist with planning and advise on store openings, closing, and retention of omni-channel customers

Leading Omni-Channel Strategy with Best in Class

Customer Relationship Management

Omni-channel clients spend an average of over 3x single channel clients

Greater

than

3x

Online

37

37

Strategic Initiatives

Ann Taylor:

Drive tops business by offering a more
balanced assortment across silhouettes,

color choices, and end use

Utilize test and chase strategies and increase product pipeline speed to deliver fashion newness and drive full price sell-through

Enhance fit and versatility throughout the assortment to address multiple wear occasions

LOFT:

Drive dramatic growth in the tops category by balancing mix of fabrication, increasing the fashion component, and adding diversity of style and silhouette

Engage clients across multiple channels to increase brand awareness, traffic, and retention

Increase Sales Productivity via Brand Initiatives

Improve Operating Margin

Continue to evolve inventory management approach

Expand merchandise test and chase strategy to increase quick response capabilities

Leverage best-in-class CRM and customer insights to improve marketing and merchandising effectiveness

Continue to expand and leverage leading omni-channel capabilities

Optimize organizational cost structure

Continue to utilize low cost and scalable shared services platform

Continue to optimize the real estate portfolio for profitability

38
38
Revenue Growth by Brand
Comp
Sales
Growth
4.5 %

(2.2) %
(13.4) %
(17.4) %
10.7 %
6.8 %
3.3 %
2.3 %
(1.9) %
N/A

Note: Reflects ANN's fiscal year ended January. Other sales represents non-merchandise sales.

12- 14 CAGR

5.1 %
0.4 %
Store
Count
869
929
935
907
896
953
984
1,025
1,030
1,034
3.3 %
\$913
\$867
\$689
\$771
\$864
\$908
\$945
\$960
\$953
\$944
\$1,146
\$1,174
\$1,088
\$1,057
\$1,117
\$1,305
\$1,430
\$1,534
\$1,581
\$1,596
\$ 284
\$ 356
\$ 417
\$2,343

\$2,397
\$2,195
\$1,829
\$1,980
\$2,212
\$2,376
\$2,493
\$2,533
\$2,541
FY06
FY07
FY08
FY09
FY10
FY11
FY12
FY13
FY14
LTM
Apr-15
Ann Taylor
LOFT
Other

39

39

Lou & Grey Strategic Overview

Lou & Grey offers a casual, effortless aesthetic,
combining comfort with style in a way that
resonates with how women are dressing today

Currently available in LOFT stores

Leverages LOFT's existing and growing customer base to promote the Lou & Grey offerings

6 standalone stores open as of May 2, 2015

Opened first proof-of-concept store in Westport, CT in April 2014

Locations include Boston, Chicago, Atlanta, San Jose, Raleigh and Pasadena

Majority of clients are completely new to ANN INC.

Curates the Lou & Grey assortment with third-party merchandise, including jewelry, organic beauty products, books and shoes from other brands

Source: Andrea Brizzi Photography

Key Credit Highlights

41

41

Key Credit Highlights

1

Largest specialty apparel retailer focused exclusively on the female consumer

Strong, well-defined brand equity

Increased diversification provided by a growing portfolio of brands

ascena operating model and acquisition experience mitigate integration risk
Recently completed capital investments have created best-in-class shared
services platform and improved margins
Experienced management team

2

3

4

5

7

Strong free cash flow generation with a focus on deleveraging

6

42

42

Largest Specialty Apparel Retailer Focused Exclusively
on the Female Consumer

1

LTM Net Sales (\$ in millions)

Third largest specialty retail brand and most diversified women's apparel retail brand

Note: LTM Net Sales represents net sales as of latest public filing.

16,318

11,575

7,356

4,816

3,631

3,376

3,336

2,687

2,570

2,541

2,207

1,839

1,836

1,756

1,153

1,100

923

483

427

419

\$ 0

\$ 2,000

\$ 4,000

\$ 6,000

\$ 8,000

\$ 10,000

\$ 12,000

\$ 14,000

\$ 16,000

\$ 18,000

43

43

Increased Diversification Provided by a Growing
Portfolio of Brands

Combined company has seven core brands that cater to women of all sizes, ages and demographics
Six brands generate \$1 billion or more in annual sales

2

LTM Apr-15 Revenue -

\$7,356 million

LTM Apr-15 Store Count -

4,952 total stores

LTM Apr-15 Operating Income

(1)

-

\$304 million

(1)

Lane Bryant s LTM April 2015 operating income was \$(14.1) million. ANN INC. does not report operating income separately

Ann Taylor

13%

LOFT

22%

Justice

18%

dressbarn

14%

Lane Bryant

15%

maurices

14%

Catherines

5%

Ann Taylor

7%

Loft

14%

Justice

20%

Lane Bryant

16%

maurices

19%

dressbarn

17%

Catherines

8%

Ann Taylor

LOFT

43%

+

Justice

7%

maurices

33%

dressbarn

9%

Catherines

9%

44
44
Increased Diversification Provided by a Growing
Portfolio of Brands
Last
twelve
quarters

comparable
stores
growth
by
brand

(1)
Last
twelve
quarters
consolidated
comparable
stores

growth
(1)

2
Volatility of comps is dampened by portfolio effect of brands

Note:

Weighted
average
comparable
sales

growth
calculated
using

ascena's
quarterly
comparable
store

sales
and
ANN's

quarterly
comparable
store

sales
weighted
by
total
revenue.

(1)
ANN's quarterly comparable stores growth calendarized to ascena's July fiscal year end.

0.9%

(1.3)%

3.6%

2.5%

1.6%

(1.9)%

(2.3)%

(2.8)%

0.9%

(1.3)%
4Q12
1Q13
2Q13
3Q13
4Q13
1Q14
2Q14
3Q14
4Q14
1Q15
2Q15
3Q15

Weighted Average Comparable Stores Growth
Trailing Twelve Month Average

(15)%
(10)%
(5)%
0%
5%
10%
15%
4Q12
1Q13
2Q13
3Q13
4Q13
1Q14
2Q14
3Q14
4Q14
1Q15
2Q15
3Q15
3.7%
4.1%

Ann Taylor
Loft
Justice
Lane Bryant
maurices
dressbarn
Catherines

45

45

Strong, Well-Defined Brand Equity

3

Iconic specialty brand
serving the professional,
modern woman across

generations

Market share leader in

women's specialty

apparel, focused on

casual, relaxed apparel

Mind share leader amongst

tween girls

Fashionable plus-size

apparel for the 25-45 year

old woman

Fashion destination

offering missy and plus-

sizes for 20-35 year old

women in small-

and mid-

sized markets

Career and casual

fashions in missy and

plus-sizes at great value

for the working woman

Classic career and everyday

fashion plus-size apparel for

45+ year old women

Highly desirable

brands each

resonating with its

target consumer

46

46

ascena Operating Model and Acquisition
Experience Mitigate Integration Risk

4

Full leadership team, including president,
and heads of finance and HR

Ownership of supply chain and central IT
Runs all non-customer-facing back office
activities

Partners with brands on
development of strategic
plan and financial
architecture

Responsible for capital
allocation decisions

Full leadership teams, including president and heads of planning,
merchandising, marketing, finance, stores, real estate, and HR

Responsible for all customer-facing activity, development of
brand-specific financial architecture, and execution against
seasonal earnings growth targets

47
47
ascena Operating Model and Acquisition
Experience Mitigate Integration Risk
4
Target
Acquired

Date

Acquired

Equity

Purchase

Price

(1)

Revenue

Acquired

Revenue

Acquired as

% of ASNA

(2)

Current LTM

Revenue

January

2005

\$329 million

\$349 million

(LTM 11/04)

46%

\$1,034

million

November

2009

\$335 million

\$996

million

(LTM 10/09)

65%

\$1,321

million

June 2012

\$1,028

million

\$1,290 million

(Catherines +

Lane Bryant,

LTM 1/12)

42%

\$1,433 million

(Catherines +

Lane Bryant)

2H

2015

\$2,194 million

\$2,541 million

53%

\$2,541 million

Note: Current LTM as of April 2015.

(1)

Excludes the assumption of debt, includes cash acquired.

(2)

Percentage

based

on

LTM

ascena

revenue

at

time

of

transaction.

We view ANN as an excellent strategic fit with limited overlap and believe stated ~\$150M of synergies (within 3 years after closing), as well as significant year-1 accretion, are achievable and may prove conservative

-SunTrust Research Report (May 2015)

We believe new entity will combine best of both retailers leveraging ANN's 1) superior omni-channel offering, 2) exposure to higher HHI & 3) fashion leadership in women's specialty retail, while leveraging ASNA's strength in 1) shared services infrastructure & 2) mgmt.'s detailed experience in M&A.

-Cowen Research Report (May 2015)

Favorable Third Party Response to ANN Acquisition

The deal makes ascena

one of the most

dominant players in women's clothing.

Adding the stylish Ann Taylor to the portfolio brings a deep customer base of suburban working women ..[ascena] now has a reach into key every-women demographics

-Time Magazine (June 2015)

48

48

Recently Completed Capital Investments Have Created
Best-in-Class Shared Services Platform and Improved
Margins

FY 13

FY 14

FY 15

FY 16

Etna Distribution Center

Greencastle Fulfillment Center

Oracle Point of Sale

Oracle Retail Merchandising System

Oracle Financials

World class productivity / largest North

American case automated storage and
retrieval system

Flexibility to adjust delivery frequency (daily
vs. weekly)

Highly scalable

Significant cost per unit savings

Next day fulfillment

Highly scalable

5

Total Capital Investment: \$135M

Annual Synergy: \$50M

Cash-on-cash-IRR: 32%

Total Capital Investment: \$55M

Annual Synergy: \$15M

Cash-on-cash-IRR: 10%

49
5
Multiple
DC
Footprint
(\$
/

unit)

Pre-Etna

Etna

All Brands

Current State

Third Party Fulfillment Rates (\$ / unit)

Pre-Greencastle

Internal Fulfillment

All Brands

Target Rate

Etna Distribution Center is Delivering World Class Productivity to All Brands

Greencastle Fulfillment Center is Expected to Deliver Significant Productivity Gains

Recently Completed Capital Investments Have Created

Best-in-Class Shared Services Platform and Improved

Margins

Note: Includes transportation / shipping costs.

\$0.18

\$0.38

\$0.27

\$0.31

\$0.37

\$0.20

\$0.00

\$0.10

\$0.20

\$0.30

\$0.40

Savings

per

Unit

\$0.07

Pre-transition

avg. \$0.27

\$2.56

\$2.46

\$3.99

\$3.25

\$2.74

\$1.69

\$0.00

\$1.00

\$2.00

\$3.00

\$4.00

Savings

per

Unit

\$1.09
Pre-transition
avg. \$2.78

50

Strong Free Cash Flow Generation with a Focus
on Deleveraging

6

Bridge from Pro Forma LTM Apr 2015 Adjusted EBITDA to FCF
~40% Free Cash Flow Conversion

Management is focused on deleveraging and ultimately targets a debt free balance sheet

No historical or planned dividend payouts or share repurchases

\$359

\$402

\$250

\$260

\$100

\$235

\$896

\$91

\$96

Adjusted EBITDA

Normalized Capital

Expenditures

Pro Forma

Cash Interest Expense

Pro Forma

Cash Taxes

(38% tax rate)

Pro Forma

Free Cash Flow

ascena

ANN

Total Cost Opportunities

~19% of

Funded

Note: Excludes changes in working capital which are estimated to be nominal. Approximately \$50 million of pro forma free cash flow and \$50 million of incremental tax for repatriation. LTM ascena Adjusted EBITDA based on period ended April 25, 2015 and LTM ANN Adjusted EBITDA reconciliation on page 57.

51
51
7
Experienced Management Team
Senior Manager
Title
Years in Industry

Years with Company

Elliot S. Jaffe

Co-founder / Chairman of Board,

ascena

63

53

David Jaffe

President and CEO, ascena

30

23

John Sullivan

President

and

COO,

ascena

Shared

Services Group

33

4

Robb Giammatteo

CFO, ascena

15

2

Heather Plutino

Treasurer, ascena

19

8

Kay Krill

President and CEO, ANN INC.

38

21

Gary Muto

President, ANN INC. Brands

34

7

Michael Nicholson

COO / CFO, ANN INC.

15

8

Brian Lynch

President and CEO, Justice

36

1

Linda Heasley

President

and CEO, Lane Bryant

22

3

George Goldfarb

President,

maurices

30

30

Jeff Gerstel

President,

dressbarn

23

9

Brett Schneider

Co-leader and CFO, Catherines

19

19

Joan Munnely

Co-leader and CMO, Catherines

40

5

Historical Financials

53
Combined Historical Financials
July Fiscal Year End
Revenue
Gross Margin
(1)
Capital Expenditures

(3)
Adjusted EBITDA

(2)
%

margin

55.7 %

55.6 %

54.9 %

54.8 %

54.6 %

53.9 %

%

margin

11.5 %

12.5 %

12.3 %

10.7 %

9.7 %

9.0 %

(1)

Gross
margin

represents

each

standalone

company s

definition

of

gross

margin.

ascena s

gross

margin

reflects

non-GAAP

gross

margin.

(2)

Please see Adjusted EBITDA reconciliation on page 57.

(3)

ascena

LTM April 2015 capital expenditures exclude approximately \$21 million of accrual adjustments.

Note: Each year shown as FYE July with ANN financials calendarized for July year end. LTM ascena based on period ended A

\$2,375

\$2,914

\$3,353

\$4,715

\$4,791

\$4,816

\$1,891

\$2,102
\$2,286
\$2,433
\$2,520
\$2,541
\$4,266
\$5,016
\$5,639
\$7,148
\$7,311
\$7,356
2010
2011
2012
2013
2014
LTM Apr-15
\$1,315
\$1,628
\$1,847
\$2,597
\$2,660
\$2,680
\$1,060
\$1,162
\$1,251
\$1,322
\$1,328
\$1,288
\$2,375
\$2,790
\$3,099
\$3,920
\$3,988
\$3,969
2010
2011
2012
2013
2014
LTM Apr-15
\$65
\$102
\$150
\$291
\$478
\$322
\$31
\$104
\$117

\$148

\$137

\$100

\$96

\$206

\$267

\$439

\$614

\$422

2010

2011

2012

2013

2014

LTM Apr-15

\$297

\$392

\$439

\$496

\$438

\$402

\$193

\$237

\$254

\$266

\$268

\$260

\$490

\$629

\$693

\$761

\$707

\$661

2010

2011

2012

2013

2014

LTM Apr-15

ascena

ANN

54
54
Historical Capital Expenditures Breakdown
ascena s
significant transformational capital expenditures from 2013 to LTM 2015 developed capability in
shared services, which will facilitate absorption of ANN volume into the supply chain
Ongoing pro forma capital expenditures are approximately \$350 million, including stores-related spend, IT

and
 corporate;
 roughly
 75%
 of
 capital
 expenditures
 will
 support
 the
 store
 fleet

(1)

(1)

Excludes capital expenditures related to the integration of the ANN acquisition, which are anticipated to be \$35-40 million.

(2)

ascena

LTM April 2015 capital expenditures exclude approximately \$21 million of accrual adjustments.

Note: Each year shown as FYE July with ANN financials calendarized for July year end. LTM ascena based on period ended A

FY 2013

FY 2014

LTM Apr-15 ²

ascena Capital Expenditures:

Stores

\$

167

\$

220

\$

188

IT

18

30

7

Total Brands Capital Expenditures

\$

185

\$

250

\$

195

Corporate IT Capital Expenditures

\$

10

\$

21

\$

13

IT

\$

20
 \$
 35
 \$
 41
 DC
 51
 63
 21
 dressbarn and ascena Corporate Offices in Mahwah, NJ
 20
 48
 2
 Shared Services Offices in Etna, OH
 -
 20
 4
 AGS Sourcing Offices in Hong Kong
 -
 15
 1
 maurices Corporate Offices in Duluth, MN
 -
 10
 17
 Total Transformational Capital Expenditures
 \$
 91
 \$
 191
 \$
 86
 E-commerce Project Capital Expenditures
 \$
 0
 \$
 0
 \$
 28
 Other Capital Expenditures
 \$
 5
 \$
 16
 \$
 0
 Total ascena Capital Expenditures
 \$
 291
 \$

478

\$

322

ANN Capital Expenditures:

Total ANN Capital Expenditures

\$

148

\$

137

\$

100

Total Pro Forma Capital Expenditures

\$

439

\$

614

\$

422

Public Q&A

Appendix

57
57
Adjusted EBITDA Reconciliation
2010
2011
2012
2013

2014

LTM Apr-15

ANN Reported Operating Income

\$

73

\$

139

\$

156

\$

162

\$

140

\$

125

(+) D&A

100

94

93

103

111

110

Reported EBITDA

\$

172

\$

233

\$

249

\$

266

\$

251

\$

235

(+) Pre-tax restructuring charge

5

5

6

-

17

6

(+) Pre-tax charge associated with closure of stores

-

-
-
-
-
5

(+) Asset impairment charge
15

-
-
-
-
-

(+) Incremental air freight costs in response to west coast port situation

-
-
-
-
-

13

ANN Adjusted EBITDA

\$
193
\$
237
\$
254
\$
266
\$
268
\$
260

2010	
2011	
2012	
2013	
2014	
LTM Apr-15 ¹	
ascena Reported Operating Income	
\$	
218	
\$	
290	
\$	
293	
\$	
265	
\$	
211	
\$	
140	
(+) D&A	
72	
90	
107	
176	
194	
212	
Reported EBITDA	
\$	
289	
\$	
380	
\$	
400	
\$	
441	
\$	
404	
\$	
352	
(+) Non-recurring inventory purchase accounting adjustments	
-	
-	
14	
20	
-	

-

(+) Acquisition-related, integration & restructuring costs

7

12

25

35

34

28

(+) Impairment of intangible assets

-

-

-

-

-

13

(+) Incremental air freight costs in response to west coast port situation

-

-

-

-

-

7

(+) One-time costs related to the scheduled closure of Brothers

-

-

-

-

-

2

ascena Adjusted EBITDA

\$

297

\$

392

\$

439

\$

496

\$

438

\$

402

Pro Forma Adjusted EBITDA

\$

490

\$

629

\$

693

\$

761

\$

707

\$

661

Pro Forma ANN Transaction Synergies

150

ANN Identified Cost Savings

85

Pro Forma Adjusted EBITDA (including total cost opportunities)

\$

896

(1)

Historical ascena

SEC filings did not include adjustments for impairment of intangible assets or incremental air freight costs.

Note:

Each

year

shown

as

FYE

July

with

ANN
financials
calendarized
for
July
year
end.
LTM
ascena
based
on
period
ended
April
25,
2015
and
LTM
ANN
based
on
period
ended
May
2,
2015.