

ANN INC.

CODE
OF
CONDUCT

NOVEMBER 2014



A MESSAGE FROM KAY KRILL

At ANN INC., we share a profound commitment to our clients and to each other. For more than half a century we have evolved with the needs of real women who live full and active lives. With a portfolio of lifestyle brands in Ann Taylor, LOFT and the recently-launched Lou & Grey, we are the ultimate wardrobing destination for women, dressing her from head to toe for every dimension of her life.

While much has changed in the retail environment, some things never will. Our success will always be based on a commitment to quality, honesty and integrity in everything we do.

Maintaining our good reputation depends on each of us being accountable for our business conduct. An important step in meeting our day-to-day ethics and compliance responsibilities is to be mindful of our commitments to each other, our clients, our business partners and the communities where we work and live. As a member of the ANN INC. family, it is important that you read, understand and comply with our Code of Conduct. The Code provides information about our personal responsibilities, including complying with the law and applying our good judgment every day.

The Code of Conduct cannot address every situation you may encounter, which is why we have established additional resources to answer questions when problems occur. If you are unsure of what to do in a particular circumstance or are concerned that the Code, the Business Conduct Guidelines, our other policies, laws or regulations are being broken, you have a responsibility to speak up. A problem cannot be resolved unless it has first been identified.

I believe the quality of our people and our commitment to our values will not only enable us to succeed today, but will help us to maintain long term success. By working with honesty and integrity, we will not only be proud of what we do, but how we do it.

Thank you in advance for your ongoing commitment to our values and for holding yourselves and ANN INC. to the highest ethical standards.

Sincerely,

Kay Krill

*President and Chief Executive Officer
ANN INC.*

HONESTY · INTEGRITY · RESPONSIBILITY

OUR VALUES

At ANN INC., caring about our clients and associates, acting responsibly, making products ethically, and protecting the environment are the values that we live by every day.

We Act Responsibly – The ANN signature stands for more than fashion and style. It signals our commitment to operating our business responsibly and thoughtfully. This commitment means that our clients can look great and feel great about the clothes they wear, and it means as a business we are holding ourselves to high standards. It means forging strong partnerships with our suppliers so that our products are made ethically. It means investing in new programs and innovations to minimize our impact on the environment. And it means making contributions to our communities. Simply put, it means putting our best selves forward every day.

We Make Products Ethically – We provide our clients with more than just fashion, high quality and style. We want our clients to feel good about their purchases and be confident that they were produced in a socially responsible manner. That's one of the reasons why we go well beyond monitoring and auditing suppliers, and develop the long-term partnerships that are the foundation needed to create real change and to improve the lives of the workers who make our beautiful clothing and accessories.

We Protect the Environment – We are committed to minimizing our impact on the environment, conserving energy, eliminating waste, and developing more efficient approaches to our operations. Doing so makes us stronger as a business and aligns our values with the values of our clients and associates.

We Care About Communities – We know that businesses and communities are intimately connected. Our brands reflect our passion for playing an active role in making the world a better place and we take pride in supporting causes that are important to our clients and associates. Supporting women, children, our associates, and the environment are key ways in which we fulfill our promise to help our clients put their best selves forward every day. Through our charitable arm, ANN Cares, we develop campaigns that engage, inspire and connect our clients and our associates with the charities that we support.

We Put Our Best Selves Forward Every Day – We show up with good intent, are optimistic and assume the best in each other, and are accountable for our actions and results. We encourage honest debate, collaborate and partner with each other, and bring new ideas and are open to change.

We Honor Our Full Lives – We encourage a balance between work and life. We seek diversity—in thought, background, and experience. We provide tools and resources that make it easy for us to do our best work, and we invest in and develop people so that they can grow.

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OUR COMMITMENT TO COMPLIANCE AND ETHICS

INTRODUCTION

Protecting our reputation is the responsibility of every associate. We must always act with integrity; when we do, others will know they can trust us and have confidence that we will be honest and fair. We want to be known as a company that always honors its commitments and is a reliable business partner. When we do the right thing, we protect our reputation and that will help us to succeed even in today's complex and competitive business environment.

Our Code of Conduct (the "Code") is designed to help when you have questions about what to do in specific situations. It is a summary of how we will do business in accordance with our Values and Behaviors, our policies, and various laws and regulations. The Company's business and reputation are dependent upon the integrity and high moral standards of every associate and director. However, the Code does not attempt to encompass all possible situations — for that, we must rely on your good sense of what is right and prudent.

HOW TO USE THIS CODE

The Code is designed to serve as a resource when you need information about our policies or standards or when you are faced with a difficult ethical situation.

It's impossible to anticipate every question you may have or situation you might face, so in addition to the Code, ANN INC. also has other resources that can be of help. These additional resources are listed throughout the Code. As always, the Company relies on you to use good judgment and to seek help when you need it.

TO WHOM THIS CODE APPLIES

This Code applies to all officers, directors and associates of ANN INC. Certain business partners, such as agents, consultants, vendors and temporary associates serve as an extension of ANN INC. and they are expected to follow the spirit of the Code, as well as any applicable contractual provisions, when working on behalf of ANN INC.

Managers who supervise our business partners and temporary associates are responsible for ensuring that they too understand our ethics standards. If an external business partner fails to comply with our Code of Conduct, our expectations regarding compliance and ethics, and/or its related contractual obligations, it may result in the termination of its contract.

For our suppliers, we have the ANN INC. Global Supplier Principles and Guidelines which can be found on the ANN INC. website.

OVERSIGHT

The Legal Department is responsible for overseeing compliance with this Code and other relevant Company policies. You should feel free to look to the Legal Department as a resource to consult with before taking action, especially when you think the Code or other Company practices may be ambiguous or you think your actions might otherwise implicate some aspect of the Code or Company practices.

ASKING QUESTIONS – USING THE COMPLIANCE & ETHICS HOTLINE

If you see or suspect any illegal or unethical behavior, or you have a question about what to do, talk to your manager and ask for help.

Sometimes, you may not be able to talk about an issue with your manager. If that's the case, you have several options. You may contact another manager in your department, your Human Resources partner or the Legal Department.

At all times, and for any type of concern, you can also call **ANN INC.'s Compliance & Ethics Hotline (1-800-688-2273** – for the U.S. and Canada). For information about calling the Hotline from outside the U.S. and Canada or to make a report via the internet, go to **www.anninc.ethicspoint.com**.

You can also submit issues or concerns via e-mail (**compliance_and_ethics@anninc.com**) or mail (**ANN INC., 7 Times Square, New York, NY 10036, ATTN: General Counsel**).

The Company will make every reasonable attempt to ensure that your concerns are addressed appropriately.

WHAT TO EXPECT WHEN YOU USE THE COMPLIANCE & ETHICS HOTLINE

The Compliance & Ethics Hotline is available 24 hours a day, seven days a week. Trained specialists from an independent third party provider of corporate compliance services will answer your call, document your concerns and forward a written report to the appropriate resource at ANN INC. for further investigation. Callers outside of the U.S. can make a report in English or in the native language of the countries where our offices are located.

When you contact ANN INC.'s Compliance & Ethics Hotline you may choose to remain anonymous. All reports will be treated equally whether they are submitted anonymously or not.

After you make a report, you will receive an identification number so you can follow up on your concern. Following up is especially important if you have submitted a report anonymously, as we may need additional information in order to conduct an effective investigation. Please note, however, that out of respect for privacy, the Company will not be able to inform you about specific findings or individual disciplinary actions.

To the extent possible, any report you make will be kept confidential by all individuals responsible for reviewing and investigating the matter.

ANN INC. has an opportunity to improve every time you ask a question or raise a concern. When you take action, speak up and report questionable conduct, you are protecting your colleagues and our reputation. Remember, an issue cannot be addressed unless it is brought to someone's attention.

QUESTION Our manager typically does nothing when concerns about potential misconduct are brought to her attention and I believe she makes things difficult for co-workers who raise issues. Now I have a problem. A co-worker is doing something that I believe to be ethically wrong. What should I do?

A: Take action and speak up. Starting with your manager is often the best way to efficiently address concerns. However, if you do not believe that it is appropriate or do not feel comfortable doing so, you should talk to another member of management, your Human Resources partner, the Legal Department or make a report with the Compliance & Ethics Hotline.

QUESTION What if someone misuses the Compliance & Ethics Hotline and falsely accuses someone of wrongdoing?

A: Experience has shown that the Compliance & Ethics Hotline is rarely used for malicious purposes. It is important to know, however, that we follow up on all calls and anyone who uses the Compliance & Ethics Hotline in bad faith to spread falsehoods or threaten others, or with the intent to unjustly damage another person's reputation, will be subject to disciplinary action up to and including termination.

OUR NON-RETALIATION POLICY

You can report ethical violations in confidence and without fear of retaliation. ANN INC. will not tolerate any retaliation against an associate who, in good faith, asks questions, makes reports of possible violations of the Code or Company policies or assists in an investigation of suspected wrongdoing.

QUESTION I suspect there may be some unethical behavior going on in my department involving my manager. I know I should report my suspicions, and I'm thinking about using the Compliance & Ethics Hotline, but I'm concerned about retaliation.

A: After you make the report, if you believe you are experiencing any retaliation, you should report it. We take claims of retaliation seriously. Reports of retaliation will be thoroughly investigated and, if they are true, retaliators will be disciplined up to and including termination.

ASSOCIATE RESPONSIBILITIES

Each of us must take responsibility for acting with integrity, even when this means making difficult choices. Meeting our responsibilities is what enables us to succeed and grow, today – and in the future.

- ▶ Always act in a professional, honest, and ethical manner when acting on behalf of the Company.
- ▶ Know the information in the Code and the Business Conduct Guidelines, as well as other ANN INC. policies and procedures, paying particular attention to the topics that pertain to your job responsibilities.

Remember: There is no excuse, including the desire to meet business goals, for violating laws, regulations, the ANN INC. Code of Conduct, the Business Conduct Guidelines or other Company policies.

SUPERVISOR RESPONSIBILITIES

Supervisors are responsible for setting a good example and promoting compliance and ethical conduct in their area by acting with honesty, integrity and fairness at all times.

- ▶ Be a resource for others. Be proactive. Look for opportunities to discuss and address challenging situations with others.
- ▶ Help create an environment where everyone feels comfortable asking questions and reporting potential violations of the Code and Company policies without fear of retaliation. Respond quickly and effectively to concerns that are brought to your attention.
- ▶ If you supervise third parties, ensure that they understand their compliance and ethics obligations.

QUESTION I'm a manager and I'm not clear what my obligations are if someone comes to me with an accusation – and what if it involves a senior leader?

A: Regardless of the party or parties involved, you must report all allegations without exception. ANN INC. provides several avenues for reporting concerns. If for any reason you are uncomfortable making a report to a particular person, you may talk to any of the other resources listed in the Code (including the Compliance & Ethics Hotline) or another member of management.

QUESTION I'm a manager. If I observe misconduct in an area not under my supervision, am I still required to report the issue?

A: While you are chiefly responsible for associates, contractors and third parties under your supervision, as a leader you are obliged to take action in this situation. The best approach is to talk first with the manager who oversees the area where the problem is occurring. If this doesn't work, or isn't feasible, you should report the issue up the management chain, speak with your Human Resources partner or the Legal Department, or report the issue through the Compliance & Ethics Hotline.

COOPERATING WITH INVESTIGATIONS

All associates are required to cooperate fully and truthfully with investigations. With respect to inquiries from regulators and inspectors, we must never mislead them and never alter or destroy documents or records in response to an investigation.

All requests for information, other than what is provided on a routine basis, should be reported to the Legal department immediately. When we are notified of an external investigation, we will take prompt action to preserve documents that may be relevant.

QUESTION I just learned that a good friend of mine at work has been accused of sexual harassment and that an investigation is being launched. I can't believe it's true and I think it's only fair that I give my friend an advance warning or a 'heads up' so she can defend herself. Don't I have a responsibility as a friend to tell her?

A: Under no circumstances should you give her a 'heads up.' Your friend will be given the opportunity to respond to these allegations and every effort will be made to conduct a fair and impartial investigation. An allegation of sexual harassment is a very serious matter with implications not only for the individuals involved but also for the Company. Alerting your friend could jeopardize the investigation and expose the Company to additional risk and possible costs.

MAKING THE RIGHT CHOICE – GUIDELINES FOR ETHICAL DECISION-MAKING

Making the right decision is not always easy. There will be times when you'll be under pressure or unsure of what to do. Always remember – when you have a tough choice to make, you're not alone. Your colleagues and management are available to help, and you have other resources to turn to including the Code, our policies, your colleagues and the Compliance & Ethics Hotline.

When faced with a tough decision, it may help to ask yourself these questions:

- ▶ Is it legal?
- ▶ Is it consistent with Our Values & Behaviors, this Code and our policies?
- ▶ Is it based on a thorough understanding of the risks involved?
- ▶ Will I be able to look myself in the mirror and be proud of the decision?
- ▶ Would I still be comfortable with the decision if it appeared in the newspaper?

If the answer to any of these questions is no, stop and ask for guidance.

QUESTION My department sets various goals that we are asked to achieve. Sometimes I feel pressured to violate the Code and Company policies to achieve these goals. Is this acceptable?

A: No. While successful businesses set high goals and associates strive to achieve them, you should never violate the Code or ANN INC.'s policies to achieve your goals.

WHERE TO GO FOR HELP

If you know of or have good reason to suspect a violation of this Code or the Company's policies has occurred, you can reach out to:

- ▶ Your supervisor;
- ▶ Your Department head;
- ▶ Your Human Resources partner;
- ▶ The Legal Department; or
- ▶ The Compliance & Ethics Hotline

ACCOUNTABILITY AND DISCIPLINE

As an associate or director of ANN, you are expected to uphold the highest standards of professionalism in the workplace and while conducting Company business. Ethical behavior on the job essentially comes down to honesty and fairness in dealing with clients, vendors, competitors and the public, as well as with your fellow associates and directors.

Violating relevant laws, regulations, the Code, the Business Conduct Guidelines or other Company policies, or encouraging others to do so, exposes the Company to liability and puts ANN INC.'s reputation at risk. Violations of laws or regulations may result in legal proceedings and penalties including, in some circumstances, individual criminal prosecution. Violations of the law or the Code will lead to disciplinary action, up to and including termination.

▶ Integrity

OUR RELATIONSHIP WITH ONE ANOTHER

We owe each other honesty, respect and fair treatment and we should always treat others as we would want to be treated. This is the basis of our commitment to one another and is the foundation of our success. To maintain our commitment and to attract and retain talented individuals of all backgrounds it is vital that we continue to have a supportive, professional and respectful work environment.

Maintaining this environment not only helps ANN INC. succeed, it also creates an environment where each of us can thrive and reach our full potential.

DIVERSITY AND NON-DISCRIMINATION

ANN INC. brings together associates with a wide variety of backgrounds, skills and cultures. Combining such a wealth of talent and resources creates the diverse and dynamic teams that consistently drive our results.

Our colleagues, job applicants and business partners are entitled to respect and should be evaluated on the basis of their qualifications, demonstrated skills and achievements.

ANN INC. is committed to providing a work environment that is free from discrimination and conduct that is harassing, coercive or disruptive. We prohibit discrimination based on a person's race, color, age, sex, sexual orientation, gender identity or expression, genetic information, religion, marital status, national origin, ancestry, citizenship or alien status, veteran status, physical or mental disability, or any other classification or characteristic protected by federal, state or local law.

MAKE SURE YOU:

- ▶ Treat others respectfully and professionally.
- ▶ Do not discriminate against others on the basis of any characteristic protected by law or Company policy.

WATCH OUT FOR:

- ▶ Actions, comments, jokes or materials, including emails, which others might consider offensive.
- ▶ Inappropriate bias when judging others. Assessments should be based solely on performance, using objective, quantifiable standards, where possible.

TO LEARN MORE:

- ▶ Discuss any questions or concerns about diversity and equal opportunity with your Human Resources partner.
- ▶ Review ANN INC.'s Equal Employment Opportunity Policy which is found in the Business Conduct Guidelines.

QUESTION One of my co-workers sends e-mails containing jokes and derogatory comments about certain nationalities. They make me uncomfortable, but no one else has spoken up about them. What should I do?

A: You should notify your immediate manager, Human Resources partner or the Legal Department. Sending such jokes violates Our Values as well as our policies pertaining to the use of e-mail and our prohibitions on harassment and discrimination. You can also report the matter through ANN INC.'s Compliance & Ethics Hotline. By not "speaking up," you are condoning discrimination and tolerating behavior that can seriously erode the team environment we have all worked to create.

HARASSMENT-FREE WORKPLACE

We all have the right to work in an environment that is free from intimidation, harassment and abuse.

Verbal or physical conduct by any associate that harasses another, disrupts another's work performance, or creates an intimidating, offensive, abusive or hostile work environment will not be tolerated.

AT ANN INC. WE DO NOT TOLERATE:

- ▶ Threatening or intimidating remarks, obscene phone calls, stalking or any other form of harassment.
- ▶ Causing physical injury to another.
- ▶ Intentionally damaging someone else's property or acting aggressively in a manner that causes someone else to fear injury.
- ▶ Threatening or intimidating behavior -- at any time, for any purpose.

A common form of harassment is sexual harassment, which in general occurs when:

- ▶ Actions that are unwelcome, such as a request for a date, a sexual favor, or other similar conduct of a sexual nature, are made a condition of employment or used as the basis for employment decisions.
- ▶ An intimidating, offensive, or hostile work environment is created by unwelcome sexual advances, insulting jokes, or other offensive verbal or physical behavior of a sexual nature.

MAKE SURE YOU:

- ▶ Help each other by speaking out when a co-worker's conduct makes you and/or others uncomfortable.
- ▶ Never tolerate sexual or other kinds of harassment including requests for sexual favors, or other unwelcome verbal or physical conduct of a sexual nature.
- ▶ Demonstrate professionalism. Do not visit inappropriate internet sites or display sexually explicit or offensive pictures.
- ▶ Promote a positive attitude toward policies designed to build a safe, ethical and professional workplace.
- ▶ Report all incidents of harassment and intimidation that may compromise our ability to work together and be productive.

WATCH OUT FOR:

- ▶ Unwelcome remarks, gestures or physical contact.
- ▶ The display of sexually explicit or offensive pictures or other materials.
- ▶ Sexual or offensive jokes or comments (explicit or by innuendo) and leering.
- ▶ Verbal abuse, threats or taunting.

TO LEARN MORE:

- ▶ Discuss any questions or concerns about workplace harassment with your manager, Human Resources partner or the Legal Department.
- ▶ Review the ANN INC. Policy Against Harassment which is found in the Business Conduct Guidelines.

QUESTION While on a business trip, a colleague of mine repeatedly asked me out for drinks and made comments about my appearance that made me uncomfortable. I asked him to stop, but he wouldn't. We weren't in the office and it was 'after hours' so I wasn't sure what I should do.

A: This type of conduct is not tolerated, not only during working hours but in all work-related situations, including business trips. Tell your colleague such actions are inappropriate and must be stopped, and if they continue you should report the situation to your manager, Human Resources partner, the Legal Department or the Compliance and Ethics Hotline.

ASSOCIATE PRIVACY

In recent years, individuals, companies and governments have grown increasingly concerned about the privacy and security of personal information. As a result, laws protecting personal information and how it may be collected, shared and used are becoming more common.

Many of us have access to personal information related to our colleagues and others. While protecting this information may now be a legal requirement, for us at ANN INC., privacy has always been a matter of trust.

MAKE SURE YOU:

- ▶ Learn about the types of information that are given heightened protection by the law and Company policy (for example, personally identifiable information such as social security numbers and bank account numbers) and protect them through appropriate means (such as encryption or other types of limited access).

- ▶ Protect the confidentiality of personal information of current and former colleagues, as well as job applicants, business partners and clients.
- ▶ Never share colleagues' information – inside or outside the Company.
- ▶ Don't access, discuss or share confidential associate information unless it is within the scope of your responsibilities and there is a legitimate business reason to do so.
- ▶ Consult the Legal Department if law enforcement, a regulatory authority or any other person outside the Company requests associate information.
- ▶ Return or destroy personal information you no longer need for business reasons in accordance with our records retention policies.
- ▶ Only share confidential associate information within the Company if it is required for business reasons and you have made sure it will be appropriately protected.
- ▶ Immediately report to a manager any loss or inadvertent disclosure of associate information.

WATCH OUT FOR:

- ▶ Unintentional exposure of confidential associate information in public settings such as on phone calls or while working on your laptop.
- ▶ The loss of control of confidential associate information. When sending personal information across borders or to third parties, make sure that the transmissions are for legitimate business reasons and that they comply with local law.

TO LEARN MORE

- ▶ Discuss any questions, concerns about associate privacy and confidential information with your Human Resources partner or the Legal Department.
- ▶ Review the ANN INC. Data Privacy and Security Program and the ANN INC. Data Security Incident Response Plan which are found in the Business Conduct Guidelines.

SAFE AND HEALTHY WORK ENVIRONMENT

ANN INC. is committed to providing a safe and healthy work environment for our colleagues and visitors and to avoiding adverse impact and injury to the environment and the communities in which we do business. Each of us is responsible for acting in a way that protects ourselves, others and the environment.

Situations that may pose a health, safety or environmental hazard must be reported immediately. We can only achieve our goal of a safe and healthy workplace through the active participation and support of everyone.

MAKE SURE YOU:

- ▶ Observe the safety and security rules and practices that apply to your job.
- ▶ Always display and swipe your personal identification badge when entering and exiting our buildings and do not allow others to enter without properly swiping their personal identification badges.
- ▶ Respect the environmental rights and interests of our neighbors and the communities in which we operate.
- ▶ Report all concerns to your Human Resources partner, the Legal Department or the Risk Management Department.

WATCH OUT FOR:

- ▶ Unsafe practices or work conditions.
- ▶ Lax enforcement of security standards, such as facility entry procedures.

TO LEARN MORE:

- ▶ Discuss any questions, concerns about environmental, health and safety with a member of the Risk Management Department, the Legal Department or your Human Resources partner.

PREVENTING WORKPLACE VIOLENCE

Violence of any kind has no place at ANN INC. We won't tolerate the following:

- ▶ Intimidating, threatening or hostile behavior.
- ▶ Causing physical injury to another.
- ▶ Acts of vandalism, arson, sabotage or other criminal activities.
- ▶ The carrying of weapons on to Company property (except as permitted by state law).

DRUG AND ALCOHOL USE POLICY

- ▶ Our position here is clear. While at work or on Company business, you should never be impaired. You should always be ready to carry out your work duties.
- ▶ While conducting ANN INC. business, do not use, possess or be under the influence of illegal drugs or any substance that could interfere with a safe and effective work environment or harm the Company's reputation.

QUESTION I've noticed some practices that we do in my area that don't seem safe. What should I do? I'm new here, and don't want to be considered a troublemaker.

A: Discuss your concerns with your manager or a member of the Risk Management Department. There may be very good reasons for the practices, but it's important to remember that raising a concern about safety does not cause trouble, it is being responsible.

QUESTION Are subcontractors expected to follow the same health, safety and security policies and procedures as associates?

A: Absolutely. ANN INC. associates are responsible for ensuring that subcontractors and vendors at work on ANN INC. premises understand and comply with all applicable laws and regulations governing the particular location, as well as additional requirements the Company may impose.

OUR RELATIONSHIP WITH THE COMPANY

CONFLICTS OF INTEREST

A conflict of interest happens whenever you have a competing interest that may interfere with your ability to make an objective and effective decision for ANN INC. Conflicts of interest may also arise if you receive (or a family member receives) an improper personal benefit as a result of your position with ANN INC. Each of us is expected to use good judgment and avoid situations that can lead to even the appearance of a conflict of interest which can undermine the trust others place in us and damage our reputation.

Conflicts of interest may be actual, potential or even just a matter of perception. Since these situations are not always clear-cut, you need to fully disclose them to your Human Resources partner or the General Counsel so that we can properly evaluate, monitor and manage them.

MAKE SURE YOU:

- ▶ Avoid conflict of interest situations whenever possible.
- ▶ Always make business decisions in the best interest of ANN INC. Disclose any relationship, outside activity or financial interest that may present a possible conflict of interest or the appearance of a conflict. Make your disclosures in writing to your Human Resources partner as well as to the Company's General Counsel.
- ▶ Think ahead and proactively address situations that may put your interests or those of a family member in potential conflict with ANN INC.

WATCH OUT FOR:

Situations including the following, which are common examples of potential conflicts of interest:

CORPORATE OPPORTUNITIES

If you learn about a business opportunity because of your job, it belongs to ANN INC. first. ANN INC. associates may not take for themselves, or direct to any family member or friend, opportunities that are discovered on the job.

FRIENDS AND RELATIVES

On occasion, it is possible that you may find yourself in a situation where you are working with a close friend or relative who works for a client, supplier, competitor, etc. Since it is impossible to anticipate all situations that may create a potential conflict, you should disclose your situation to your Human Resources partner or the General Counsel in order to determine if any precautions need to be taken.

PERSONAL WORK

You must never hire associates under your supervision for outside work that is of personal benefit to you and is unrelated to their work for ANN INC.

OUTSIDE EMPLOYMENT

ANN INC. does not prohibit full-time associates from engaging in employment outside ANN INC., including part-time work or outside consulting. You may not, however, without the Company's consent, work as an employee, consultant or member of the Board of Directors for an organization that markets merchandise or services in competition with ANN INC. In addition, associates may not use ANN INC. assets for outside work nor may outside work be done on ANN INC. time.

COMPETING AGAINST ANN INC.

While you are an associate of ANN INC., you should not engage in any side or personal business that competes with or does any business with ANN INC. This includes any business in which you receive any direct or indirect benefit of any kind.

SUPPLYING ANN INC.

Generally, you may not be a supplier or vendor to the Company nor may you represent or work for a supplier or vendor while you are an associate of the Company. Any exceptions to this practice must be approved by the General Counsel.

PERSONAL FINANCIAL INTERESTS

You should not have a financial interest in any organization that does business with ANN INC., without prior approval of the General Counsel.

PERSONAL INVESTMENTS

You should not have substantial investment in, or obligation to, one of ANN INC.'s clients, suppliers, vendors or competitors, unless the security is publicly traded on a national exchange and there is no possibility for a conflict, and even then it should be a small amount (i.e., under 1%). "Substantial" is hard to define, but as a rule of thumb, it means that your investment should not be big enough for someone to reasonably think that you would do something at ANN INC.'s expense to help your investment.

CIVIC AND POLITICAL ACTIVITIES

Volunteer work and participation in civic organizations is encouraged. You have the right to voluntarily participate in the political process, including making personal political contributions. However, you must always make it clear that your personal views and actions are not those of the Company.

In addition, you must never use ANN INC. funds, assets or resources to support any political candidate or party unless specifically permitted by law and authorized by the Legal Department.

TO LEARN MORE:

- ▶ Discuss any questions or concerns about conflicts of interest with the Legal Department.

PROTECTING ANN INC. ASSETS

We are entrusted with Company assets and are personally responsible for protecting them and using them with care. Company assets include information, materials, supplies, time, intellectual property, software, hardware and facilities. The use of Company assets, facilities or services for any unlawful, improper or unauthorized purpose is strictly prohibited. As described in ANN INC. Information Services policies, the Company reserves the right to monitor use of Company property (including computers, e-mail and phones) in accordance with applicable law.

MAKE SURE YOU:

- ▶ Treat ANN INC. assets the way you would take care of your own property.
- ▶ Limit your personal use of Company assets. Personal use of Company assets, including electronic media such as phones and email, is permitted in limited circumstances. Such use should be kept to a minimum and have no adverse effect on productivity and the work environment.
- ▶ Do not use ANN INC. equipment or information systems to create, store or send content that others might find offensive.

WATCH OUT FOR:

- ▶ Requests to borrow or use ANN INC. equipment without approval.
- ▶ Lax enforcement of electronic access control cards.
- ▶ Situations or incidents that could lead to loss, misuse or theft of Company property.

TO LEARN MORE:

- ▶ Discuss any questions or concerns about protecting ANN INC. IS assets with the Chief Technology Officer or the Director – Information Security. Discuss questions or concerns about protecting other ANN INC. assets with the Legal Department.
- ▶ Review ANN INC.'s Computer Systems Acceptable Use Policy which is found in the Business Conduct Guidelines or the Information Security Policy.

PROTECTING ANN INC. INTELLECTUAL PROPERTY

We are entrusted with maintaining the confidentiality of any ANN INC. intellectual property before it is made public and we are personally responsible for protecting it and making sure it is used properly once it is in the public domain. If you have any questions regarding our intellectual property, including our trademarks and copyrights, you should contact the Legal Department,

CONFIDENTIAL INFORMATION

Each of us must be vigilant and protect ANN INC.'s confidential information. This means keeping it secure, limiting access to those who have a need to know in order to do their job and avoiding discussion of confidential information in public areas. Confidential information includes, but is not limited to:

- ▶ Business plans, budgets and strategies
- ▶ Marketing services and strategies
- ▶ Inventory, pricing and price change strategies
- ▶ Possible new product lines
- ▶ Future merchandise designs, patterns, fabrication or fit
- ▶ Learning programs and manuals
- ▶ Reference materials or guidebooks
- ▶ Client information
- ▶ Unannounced financial data such as sales, earnings or capital requirements
- ▶ Possible mergers, acquisitions or joint ventures

Many of us have access to confidential information related to the Company and our colleagues. The obligation to preserve confidential information continues even after employment ends.

MAKE SURE YOU:

- ▶ Learn about the types of information that are given heightened protection by the law and Company policy (for example, personally identifiable information, such as social security numbers and bank account numbers) and protect them through appropriate means (such as encryption or other types of limited access).

- ▶ Don't access, discuss or share confidential information unless there is a legitimate business reason to do so.
- ▶ Shred any confidential documents once you no longer need them.
- ▶ Comply with the Company's Clean Desk Policy and avoid leaving documents on your desk when leaving for any period of time.
- ▶ Protect intellectual property and confidential information by sharing it only with authorized parties.

WATCH OUT FOR:

- ▶ Unintentional exposure of confidential information in public settings, such as on phone calls or while working on your laptop.
- ▶ The loss of control of confidential information. When sending personal information across borders or to third parties, make sure that the transmissions are for legitimate business reasons and that they comply with local law.

TO LEARN MORE:

- ▶ Discuss any questions, concerns about confidential information with the Legal Department.

QUESTION I have access to my Company email on my cell phone and my cell phone was stolen. What should I do?

A: You should immediately reach out to the ANN INC. Help Desk at 1-877-748-3330 or AT_HelpDesk@anninc.com and let them know your cell phone was stolen. You should also report the theft to your supervisor and/or regional office and the local police.

MAINTAINING ACCURATE BUSINESS RECORDS

Business partners, government officials and the public need to be able to rely on the accuracy and completeness of our disclosures and business records. Accurate information is also essential within the Company so that we can make good decisions.

Our books and records must accurately and fairly reflect our transactions in reasonable detail and in accordance with our accounting practices and policies. Those who are responsible for or involved in the preparation of the Company's filings with the Securities and Exchange Commission should ensure that those filings and communications contain disclosure that is full, fair, accurate, timely and understandable. While associates with a role in financial or operational recording or reporting have a special responsibility in this area, all of us contribute to the process of recording business results and maintaining records. Each of us is responsible for helping to ensure the information we record is accurate and complete and maintained in a manner that is consistent with our system of internal controls.

If you suspect any irregularity relating to the integrity of our records, you need to report it immediately to the Legal Department or the ANN INC. Compliance & Ethics Hotline.

MAKE SURE YOU:

- ▶ Create accounting and business records that accurately reflect the truth of the underlying event or transaction.
- ▶ Record transactions as prescribed by our system of internal controls.
- ▶ Write carefully and clearly in all your business communications, including emails. Write with the understanding that someday they may become public documents.

- ▶ Sign only documents – including contracts – you have reviewed, are authorized to sign, and believe are accurate and truthful.

WATCH OUT FOR:

- ▶ Financial entries that are not clear and complete or that hide or disguise the true nature of any transaction.
- ▶ Undisclosed or unrecorded funds, assets or liabilities.

TO LEARN MORE:

- ▶ Discuss any questions, concerns about our records management and disclosure processes or legal holds with a member of the Legal Department.

QUESTION At the end of the last quarter reporting period, my manager asked me to record additional expenses even though I had not yet received the invoices from the supplier and the work has not yet started. I agreed to do it, mostly because I didn't think it really made a difference since we were all sure that the work would be completed in the next quarter. Now I wonder if I did the right thing.

A: No, you did not. Costs must be recorded in the period in which they are incurred. The work was not started and the costs were not incurred by the date you recorded the transaction. It was therefore a misrepresentation and, depending on the circumstances, could amount to fraud.

COMMUNICATING WITH THE PUBLIC

ANN INC. needs a consistent voice when making disclosures or providing information. It is important that only authorized persons speak on behalf of the Company. We must maintain the highest standards of ethics, objectivity and transparency. We are committed to honest, professional and legal communications to colleagues, business partners, and the public. All inquiries, requests for interviews or requests for information should be directed to Corporate Communications or Investor Relations. No associates may respond to such inquiries or requests themselves.

MAKE SURE YOU:

- ▶ Never speak publicly on behalf of the Company unless you are specifically authorized to do so by Corporate Communications, Investor Relations or the General Counsel.
- ▶ Refer all inquiries about our operations, sales or financial results, or strategic plan to Corporate Communications or Investor Relations.
- ▶ Never give the impression that you are speaking on behalf of the Company in any

personal communication, including user forums, blogs, chat rooms and bulletin boards.

WATCH OUT FOR:

- ▶ Any suggestion you speak for the Company in your personal communications, including in emails, blogs, message boards and social networking sites.
- ▶ Temptations to use your Company title or affiliation outside of work for ANN INC. – such as in charitable or community work – without making clear the fact that the use is for identification only and that you are not representing the Company.
- ▶ Invitations to speak “off the record” to reporters or others who ask you for information about the Company.

TO LEARN MORE:

- ▶ Discuss any questions, concerns about communicating with the public with Corporate Communications or Investor Relations.
- ▶ Review the ANN INC. Policy Regarding External Communications which is found in the Business Conduct Guidelines.

▶ *Honesty*

RESPONSIBLE USE OF IS RESOURCES

The Company computer systems, including any Company-provided devices, supplied or made available to you to perform your job are the property of ANN INC., and you are responsible for using those systems, including email, properly and in accordance with Company policy.

ANN INC. has adopted an “Official Use Only” policy for its computer systems, but incidental and occasional personal use is permitted. Please keep in mind, however, that any personal documents and messages on Company systems and devices will not be afforded any right of privacy or confidentiality.

The Company may, at any time, access or review any files, documents or electronic communications (including, but not limited to, emails, instant messages and text messages) on the Company’s computer systems and devices, including personal files.

MAKE SURE YOU:

- ▶ Don’t use the computer systems in a manner that would violate the Company’s workplace violence, equal opportunity employment or harassment policies.
- ▶ Don’t use the computer systems for illegal activity such as illegal copying of software.
- ▶ Don’t use the computer systems to access, download, share or transmit pornographic material of any kind.

TO LEARN MORE:

- ▶ Refer to the ANN INC. Computer Systems Acceptable Use Policy which is found in the Business Conduct Guidelines.

RESPONSIBLE USE OF SOCIAL MEDIA

The Company understands that many of our associates use a variety of social networks to express themselves. You are individually responsible for and may be legally liable for content you post on the internet. Unless it is part of your job responsibilities, you should only communicate on social media in your personal capacity, not on behalf of the Company.

Be careful when writing communications that might be published online. If you participate in online forums, blogs, newsgroups, chat rooms, or bulletin boards, before you hit the ‘send’ button, think carefully. Keep in mind that anything you post via social media may be reposted. You should use your best judgment and exercise personal responsibility whenever participating in social media or online activities.

MAKE SURE YOU:

- ▶ Never comment on confidential and non-public Company information such as the Company’s current or future business performance or business plans.
- ▶ Never disclose personal information about other associates or clients.
- ▶ Don’t post comments or images that violate the Company’s workplace violence, equal opportunity employment or harassment policies.
- ▶ Disclose that you work for the Company if you comment on or promote any ANN INC. product service on any form of social media.

TO LEARN MORE:

- ▶ Refer to the ANN INC. Social Media Policy which is found in the Business Conduct Guidelines.

OUR RELATIONSHIP WITH OUR CLIENTS AND BUSINESS PARTNERS

FAIR DEALING

We treat our clients and business partners fairly. We work to understand and meet their needs, while always remaining true to our own ethical standards. We tell the truth about our merchandise and services and we do not make promises we can't keep.

The Company's reputation depends on your professionalism and integrity in conducting business and in representing the brand. You should deal honestly and in good faith with our clients, shareholders, suppliers, regulators, business partners, competitors and others. Never take unfair advantage through manipulation, concealment, abuse of privileged or confidential information, misrepresentation, fraudulent behavior, or any other unfair practice.

In short, treat others as you would like to be treated.

MAKE SURE YOU:

- ▶ Treat each client fairly and honestly.
- ▶ Never agree to a client, supplier or business partner's request to do something you regard as unethical or unlawful.
- ▶ Are responsive to client requests and questions.
- ▶ Promise what you can deliver and deliver what you promise.

WATCH OUT FOR:

- ▶ Pressures from colleagues or managers to cut corners on quality or delivery standards.
- ▶ Temptations to tell clients what you think they want to hear rather than the truth; if a situation is unclear, begin by presenting a fair and accurate picture as a basis for decision.

TO LEARN MORE:

- ▶ Discuss any questions or concerns about our products or client service with your manager or a member of your senior leadership team.

PROTECTING THE CONFIDENTIAL INFORMATION OF CLIENTS AND OTHERS

Our clients and our business partners place their trust in us. We must protect their confidential information. You have an obligation to keep confidential any information acquired with respect to present, past or prospective clients, suppliers and shareholders.

In addition to protecting the Company's intellectual property rights, the Company respects the valid intellectual property rights of others. Unauthorized use of the intellectual property rights of others may expose the Company to civil law suits and damages. In many countries, theft and misappropriation of trade secrets, proprietary information, or other intellectual property may result in significant fines and criminal penalties to both the Company and to the individual.

MAKE SURE YOU:

- ▶ Learn about the types of information that are given heightened protection by the law and Company policy (for example – personally identifiable information such as social security numbers and bank account numbers) and protect them through appropriate means (such as encryption or other types of limited access).
- ▶ Never share client or business partner confidential information outside the Company except as authorized.
- ▶ Immediately report any loss or theft of client or business partner confidential information.
- ▶ Respect the copyrights, trademarks and license agreements of others when dealing with printed or electronic materials, software or other media content.

WATCH OUT FOR:

- ▶ Requests by business partners for information about our clients or other business partners.
- ▶ Unintentional exposure of third party information in public settings such as on phone calls or while working on your laptop.

TO LEARN MORE:

- ▶ Discuss any questions or concerns about client or business partner privacy with the Legal Department.
- ▶ Review the ANN INC. Data Privacy and Security Program and the ANN INC. Data Security Incident Response Plan which are found in the ANN INC. Business Conduct Guidelines, and the ANN INC. Privacy Policy.

QUESTION One of my co-workers who recently joined ANN INC. from a competitor has a client list and a price list of the competitor. She says she plans to use it to our advantage. Should I just ignore this and let her do it?

A: No. If an associate retains competitor information it can result in legal action by the competitor. You must report this to the Legal Department for appropriate action.

GIFTS AND ENTERTAINMENT

In the right circumstances, a modest holiday gift may be a thoughtful “thank you,” or a meal may be an appropriate setting for a business discussion that strengthens a professional relationship. However, if not handled carefully, the exchange of gifts and entertainment can look like a conflict of interest, especially if it happens frequently or if the value is large enough that someone could reasonably think it is influencing a business decision.

When it comes to gifts and entertainment, our position is clear – we do not give or offer any gift that is intended, or that may appear to be intended, to gain an improper advantage in selling goods or services, conducting transactions or representing ANN INC.’s interests.

GIFTS AND ENTERTAINMENT, BEFORE YOU ACT – THINK

Gifts and entertainment come in all different forms: shirts, pens, dinners, tickets to sporting events, to name just a few examples. Before you accept or offer gifts or entertainment, think about the situation – does it legitimately support ANN INC.’s interest? Is the amount reasonable and customary? Does it conform to ANN INC.’s policies and guidelines? Would this embarrass you or the Company if it was on the front page of the newspaper?

GIFTS AND ENTERTAINMENT OF GOVERNMENT REPRESENTATIVES

ANN INC. is committed to meeting the many special legal, regulatory and contractual requirements that apply when working with government officials, both domestic and foreign. These requirements may apply to bidding, accounting, invoicing, subcontracting, employment practices, contract performance, gifts and entertainment and other matters.

In addition, ANN INC. may be legally obligated to impose these requirements on any agents or subcontractors we bring in to help us with our work. You must always make sure you know whether you are dealing with a government-related entity. This is not always obvious. Businesses such as airlines, oil companies and telecommunications providers may be owned or controlled by a government, in whole or in part, and subject to special rules. Gifts and meals should never be offered or given to government officials, unless they are pre-approved by the General Counsel.

MAKE SURE YOU:

- ▶ Only provide and accept gifts and entertainment that are reasonable complements to business relationships, i.e., no more than amenities such as meals or occasional tickets.
- ▶ Accept only gifts with a value of \$100 or less, individually or in the aggregate, from any single source in a given 12 month period.

- ▶ Do not give gifts or benefits exceeding \$100. All gifts and benefits given by an associate (beyond something of nominal value such as a pen, mug, etc.) must be documented on an expense report.
- ▶ Never accept gifts of any kind from a business partner with whom you are involved in contract negotiations.
- ▶ Do not request or solicit personal gifts, favors, entertainment or services.
- ▶ Do not accept gifts of cash or cash equivalents (i.e., gift cards). Do not give gifts of cash or cash equivalents to others (other than gift cards of nominal value provided to associates to reward performance).
- ▶ Understand and comply with the policies of the recipient's organization before offering or providing gifts, favors or entertainment.
- ▶ **Never** give a gift of any value to a government official, unless it is pre-approved by the General Counsel.

WATCH OUT FOR:

- ▶ Business partners or clients who may have gift and entertainment standards that are more strict than ours.
- ▶ Business partners that appear to be privately held but are actually considered government entities.
- ▶ Third parties or agents who are thought to be valuable primarily for their personal ties rather than for the services they are to perform or who request compensation out of proportion to their services.

TO LEARN MORE:

- ▶ Discuss any questions, concerns about gifts and entertainment with the Legal Department.
- ▶ Review the ANN INC. Anti-Corruption Policy which is found in the ANN INC. Business Conduct Guidelines and the ANN INC. Travel & Entertainment Policy.

QUESTION **When I was traveling, I received a gift from a business partner that I believe was excessive. What should I do?**

A: You need to let your manager know or report it to the General Counsel as soon as possible. We may need to return the gift with a letter explaining our policy. If a gift is perishable or impractical to return, another option may be to distribute it to associates or donate it to charity, with a letter of explanation to the donor.

QUESTION **During contract negotiations with a potential new supplier, the new supplier mentioned that they had a complimentary registration to a local business seminar. They are unable to attend and asked if I would like to go in their place. I had been thinking of attending the seminar anyhow, since the subject of the seminar applies to my work. There's no personal gain to me, it would be good for ANN INC., and it would be a shame to waste the registration; I planned on saying 'yes.' Now I wonder if that would be the right decision.**

A: You should decline the offer. If you are involved in contract negotiations, you must never accept any gifts while the negotiation process is on-going. Accepting gifts during negotiations can give the appearance of a 'quid pro quo' and is always inappropriate.

OUR RELATIONSHIP WITH THE GOVERNMENT AND THE LAW

ANTITRUST AND FAIR COMPETITION

We believe in free and open competition and never engage in improper practices that may limit competition. We never look to gain competitive advantages through unethical or illegal business practices, but rather through superior performance.

We do not enter into agreements with competitors to engage in any anti-competitive behavior, including setting prices or dividing up clients, suppliers or markets or agreeing not to deal with certain suppliers, distributors or other competitors.

Antitrust laws are complex and compliance requirements can vary depending on the circumstance, but in general, the following activities are red flags and should be avoided and reported to the Legal Department:

COLLUSION — when companies secretly communicate or agree on how they will compete. This could include agreements or exchanges of information on pricing, terms, wages, or allocations of markets.

BID-RIGGING — when competitors or service providers manipulate bidding so that fair competition is limited. This may include comparing bids, agreeing to refrain from bidding or knowingly submitting noncompetitive bids.

MAKE SURE YOU:

- ▶ Never share the Company's competitively sensitive information with a competitor of the Company.
- ▶ Never share competitively sensitive information of business partners or other third parties with their competitors. Never take advantage of anyone through manipulation, abuse of privileged information, misrepresentation of facts or any other intentionally unethical or illegal action.
- ▶ Obtain competitive information only through legal and ethical means, never through misrepresentation, or through any

behavior that could be construed as “espionage” or “spying” or which you would not be willing to fully disclose.

WATCH OUT FOR:

- ▶ Temptations to engage in informal conversations with competitors about competitively sensitive information. A conversation may be a breach of competition law whether it is formal or informal.
- ▶ Use or dissemination of non-public information about competitors from new hires or candidates for employment.

TO LEARN MORE:

- ▶ Discuss any questions, concerns about antitrust and anti-competitive business practices with the General Counsel.

QUESTION I received sensitive pricing information from one of our competitors. What should I do?

A: You should contact the Legal department without delay and before any further action is taken. It is important that from the moment we receive such information we demonstrate respect for antitrust laws and we make clear that we expect others to do the same. This requires appropriate action that can only be decided on a case-to-case basis and may include sending a letter to the competitor.

ANTI-CORRUPTION AND BRIBERY

ANN INC. has a commitment to ethics and integrity and compliance with anti-bribery laws, including but not limited to the U.S. Foreign Corrupt Practices Act and Canada’s Corruption of Foreign Public Officials Act. All countries prohibit the bribery of their own public officials and many also prohibit the bribery of officials of other countries. Our policy goes beyond these laws and prohibits improper payments in all of our activities, both with governments and in the private sector.

ANN INC. has a zero tolerance policy for bribery. No ANN INC. associate, agent, supplier, contractor, vendor or other representative may, either directly or indirectly, offer or give anything of value to a government official at any time for any reason.

It is especially important that we carefully monitor third parties acting on our behalf. We must always be sure to perform due diligence and know our business partners, and all those through whom we conduct our business. We must know who they are and what they are doing on our behalf. They must understand that they are required to operate in strict compliance with our standards and to maintain accurate records of all transactions.

IF YOU ARE EVER OFFERED OR ASKED FOR A BRIBE

If you are offered or asked for a bribe, no matter how small, you must refuse it and clearly state ANN INC.’s policy of never engaging in bribery or corruption. You should then immediately report the incident to the General Counsel or the Compliance & Ethics Hotline.

Giving or accepting any form of bribe is serious misconduct and will lead to discipline, up to and including termination.

MAKE SURE YOU:

- ▶ Never give anything of value to any governmental officials, unless it is pre-approved by the General Counsel.
- ▶ Understand the standards set forth in the anti-bribery laws which apply to your role at ANN INC.
- ▶ Accurately and completely record all gifts and payments to third parties.
- ▶ Are careful when using agents who represent us or third parties who introduce business partners to us. Monitor them during the duration of any agreement to ensure they live up to our standards.

WATCH OUT FOR:

- ▶ Apparent violations of anti-bribery laws by our business partners.
- ▶ Agents who do not wish to have all terms of their engagement with ANN INC. clearly documented in writing.

TO LEARN MORE:

- ▶ Discuss any questions, concerns about anti-corruption and bribery with the Legal Department.
- ▶ Review the ANN INC. Anti-Corruption Policy which is found in the ANN INC. Business Conduct Guidelines.

QUESTION I work with a foreign agent and I suspect that some of the money we pay him goes toward making payments or bribes to government officials. What should I do?

A: This matter should be reported to the General Counsel immediately. If there is bribery and we fail to act, both you and ANN INC. could be liable. While investigating these kinds of matters can be culturally difficult in some countries, any agent doing business for us should understand the necessity of these measures. It is important and appropriate to remind ANN INC. agents of this policy.

INSIDER TRADING

ANN INC. is committed to fair and open markets for publicly-traded securities. In the course of business, some associates (“Insiders”) may become aware of “material non-public information” about ANN INC. Material non-public information means significant and confidential information that has not been publicly disclosed and that a reasonable investor would consider in making an investment decision or that could reasonably be expected to affect the Company’s stock price. You are prohibited from buying or selling securities based on insider information or passing it on to others who then trade (“tipping”).

MAKE SURE YOU:

- ▶ Do not buy or sell securities of ANN INC. when you have material non-public information.
- ▶ Do not disclose material non-public information to others.

WATCH OUT FOR:

- ▶ Requests by friends or family for information about ANN INC. or companies that we do business with or have confidential information about. Even casual conversations could be viewed as illegal “tipping” of inside information.
- ▶ **TIPPING** – You need to be very careful when you have this type of information to make sure you do not share it with anyone, either on purpose or by accident, unless it is essential for ANN INC.-related business. Giving this information to anyone else who might make an investment decision based on your inside information is considered “tipping” and is against the law regardless of whether you benefit from the outcome of their trading.

TO LEARN MORE:

- ▶ Discuss any questions, concerns about insider trading with the General Counsel.
- ▶ Review the Guidelines for Trading in ANN INC. Securities which is found in the ANN INC. Business Conduct Guidelines.

QUESTION I'm not sure what kind of information is covered by the term "material non-public information." What does it include?

A: "Material non-public information" includes any information that a reasonable investor would consider important when deciding whether to buy, sell or hold a security. This can include news about acquisitions, financial results, important management changes, as well as news about the financial performance of a company. If you're in doubt about whether certain information is material or has been released to the public, don't trade until you have consulted with the General Counsel.

POLITICAL ACTIVITIES

You have the right to voluntarily participate in the political process, including making personal political contributions. However, you must always make it clear that your personal views and actions are not those of the Company.

In addition, you must never use ANN INC. funds, assets or resources to support any political candidate or party unless specifically permitted by law and authorized by the General Counsel.

MAKE SURE YOU:

- ▶ Receive all necessary approvals before using any Company resources to support political activities.
- ▶ Ensure that your personal political views and activities are not viewed as those of the Company.
- ▶ Do not use ANN INC. resources or facilities to support your personal political activities.

WATCH OUT FOR:

- ▶ **LOBBYING** – Interactions with government officials or regulators that could

be seen as lobbying must be discussed in advance and coordinated with the General Counsel.

- ▶ **PRESSURE** – Never apply direct or indirect pressure on another associate, client or business partner to contribute to, support or oppose any political candidate or party.
- ▶ **IMPROPER INFLUENCE** – Avoid even the appearance that you are making political or charitable contributions in order to gain favor or in an attempt to exert improper influence on behalf of ANN INC.
- ▶ **CONFLICTS OF INTEREST** – Holding or campaigning for political office must not create, or appear to create, a conflict of interest with your ANN INC. duties.

TO LEARN MORE:

- ▶ Discuss any questions or concerns about political contributions or political activities with the Legal Department.

QUESTION I will be attending a fund raiser for a candidate for local office. Is it OK to list my position at ANN INC. as long as I don't use any Company funds or resources?

A: No. You may not associate ANN INC. in any way with your personal political activities.

QUESTION I would like to invite an elected official to speak at an upcoming Company event. Would that be a problem?

A: You must get approval from the General Counsel before inviting an elected official or other governmental officer to attend a Company event. If the invitee is in the midst of a reelection campaign, the Company event could be viewed as support for the campaign. Any food, drink, or transportation provided to the invitee could be considered a gift. In either case, there would be limits and reporting obligations.

INTERNATIONAL TRADE

The Company's business is subject to substantial regulation by various federal, state, local and foreign agencies. For example, merchandise imported from outside the United States is subject to regulation by the U.S. Customs Service. It is ANN INC.'s policy to conduct our import and export operations in accordance with all applicable laws and regulations. Each associate whose duties relate to the import or export of goods must fully comply with all of the laws of the countries in which they operate.

MAKE SURE YOU:

- ▶ Comply with all laws, regulations and Company policies regarding document international trade and customs.

TO LEARN MORE:

- ▶ Discuss any questions or concerns about international trade and customs issues with the Legal Department.

EXPORT CONTROLS AND TRADE SANCTIONS

The Company will abide by all laws and regulations regarding prohibited or banned parties and denied persons and will not engage in any transaction involving a citizen or representative of an embargoed country or an individual or entity subject to government sanction.

ADVERTISING, LABELING AND OTHER REGULATIONS

Our clients trust us to provide them with fair and accurate information. Our advertising should be creative and brand-appropriate, but it must also be accurate and in compliance with applicable laws and regulations. In addition, all of our labeling and packaging must comply with the laws of the country in which the merchandise is sold.

MAKE SURE YOU:

- ▶ Comply with all laws, regulations and Company policies regarding advertising and labeling.
- ▶ Ensure all advertising is fair and accurate.

TO LEARN MORE:

- ▶ Discuss any questions or concerns about advertising, labeling or other regulations with the Legal Department.

RECORD RETENTION AND NON-DESTRUCTION

All Company records and documents must be retained as legally required or pursuant to Company policies. Documents or information subject to a subpoena or an active litigation hold or relevant to an ongoing investigation cannot be destroyed. Contact the Legal department if there is any doubt about the appropriateness of record destruction.

MAKE SURE YOU:

- ▶ Comply with all Company policies regarding document retention and destruction, including Litigation Hold Memos.
- ▶ Never destroy documents in response to, or in anticipation of, an investigation or audit.

WATCH OUT FOR:

- ▶ Accidental destruction of documents or information prior to their destruction date or the release of any litigation hold.

TO LEARN MORE:

- ▶ Discuss any questions or concerns about our records management and disclosure processes or legal holds with the Legal Department.

OUR RELATIONSHIP WITH THE COMMUNITY AND THE MARKETPLACE

SUPPORTING OUR COMMUNITIES

We know that business and global community are intimately connected. Our brands reflect our passion for playing an active role in making the world a better place, and we take pride in supporting causes that are important to our clients and our associates. Supporting women, children, our associates and the environment are key ways in which we fulfill our promise to help our clients put their best selves forward every day.

While each of us is encouraged to become involved in the life of our community by supporting causes and events, it is important to remember that we should not pressure others to contribute to or participate in our preferred charitable organizations. We should avoid participating in ANN INC.'s decisions regarding a charity or other organization where we volunteer as such participation may be viewed as a potential conflict of interest.

OUR COMMITMENT TO WOMEN AND CHILDREN

As a national women's retailer, ANN INC. is dedicated to women and the causes that matter most to them. We are active in the fight against breast cancer through our support of The Breast Cancer Research Foundation. We are also committed to making a difference in the lives of children who struggle with cancer and other catastrophic diseases. We demonstrate this commitment through our partnership with St. Jude's Children's Research Hospital and other local organizations.

OUR COMMITMENT TO HUMAN RIGHTS

We are committed to applicable labor and employment laws everywhere we operate, including promoting the following: lawful freedom of association, the prohibition of forced compulsory and child labor, a safe and healthy working environment, fair wages and benefits and the elimination of any improper employment discrimination. We also take steps to ensure that products we receive from our suppliers are responsibly manufactured and sourced.

By providing fair treatment and a safe working environment to all associates, we improve the Company's success while enhancing the progress of individuals and the communities where we operate.

ANN INC. is dedicated to empowering the women that form our global community and funds initiatives to increase health and financial literacy in our contract manufacturing facilities globally. ANN INC. is signatory to the UN Women's Empowerment Principles, a set of guidelines with the aim of advancing women globally. These principles promote gender equality and equal treatment to ensure the overall well-being of all workers.

OUR COMMITMENT TO THE ENVIRONMENT

We are committed to the environment and we are always looking for new opportunities to reduce our environmental impact. Through our sustainability projects, we are working to improve efficiencies, reduce costs and help mitigate the risks of climate change. These projects include measuring our carbon footprint, educating our teams on actions to improve performance, setting goals and tracking progress. Our efforts to date are founded on a commitment to building sustainability into our business and our supply chain. We have also demonstrated, through cost savings and new innovations, that protecting the environment makes good business sense.

MAKE SURE YOU:

- ▶ Ensure that your personal support of charitable causes is not viewed as those of the Company.
- ▶ Follow the Company's policies and procedures for making and soliciting charitable contributions.

WATCH OUT FOR:

- ▶ Any indication that the Company or our business partners are not living up to our commitments to human rights and corporate social responsibility.
- ▶ Requests from business partners to give to charitable causes. These requests must be approved as part of the Company process, like all other charitable contributions. If a business partner asks you to contribute from your own funds, consult the Legal Department to make sure doing so will not give the appearance of a conflict.

TO LEARN MORE:

- ▶ Discuss any questions, concerns about charitable contributions, our work in the community, or our commitment to social responsibility with your manager or the General Counsel.

QUESTION I have been asked by a local non-profit organization whether ANN INC. can donate a copy machine for their office. The organization does good work in the community and may even benefit Company associates and their families who live nearby. Can the Company make such donations?

A: Before any donations can be made, it must be clear that this will not in any way influence someone to provide ANN INC. with an improper advantage. Then, the question is whether such donations are in line with the Company's general practice on charitable contributions. For this reason, you must obtain approval from the Legal department.

ANN INC.

COMPLIANCE & ETHICS HOTLINE

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