

ANN INC.**COMPENSATION COMMITTEE CHARTER****I. Statement of Purpose**

The Compensation Committee is a standing committee of the Board of Directors. The purpose of the Committee is to discharge the responsibilities of the Board of Directors relating to compensation philosophy and practices for the Company's Chief Executive Officer, executive officers, other key management employees as the Committee may determine (together, "management") and the Company's non-employee directors to ensure that management's and the Board's interests are aligned with the interests of shareholders of the Company. The Committee shall make recommendations to the Board of Directors with respect to any proposed employee benefits plans, incentive compensation plans and equity-based plans. The Committee shall also review and discuss with management the Company's compensation discussion and analysis ("CD&A") and the proposals relating to the shareholder advisory votes on executive compensation and the frequency of such votes (the "Say on Pay" and "Say When on Pay" proposals) to be included in the Company's proxy statement and shall prepare a report on executive compensation (the "Compensation Committee Report") for inclusion in such proxy statement, as required by the rules of the Securities and Exchange Commission (the "SEC").

II. Organization

A. *Charter.* At least annually, this charter shall be reviewed and reassessed by the Committee and any proposed changes shall be submitted to the Board of Directors for approval.

B. *Members.* The members of the Committee shall be appointed by the Board of Directors and shall meet the independence requirements of applicable law and the listing standards of the New York Stock Exchange, the requirements of an "outside director" for purposes of Section 162(m) of the Internal Revenue Code of 1986, as amended, and the requirements of a "non-employee director" for purposes of Section 16 of the Securities Exchange Act of 1934, as amended. The Committee shall be comprised of at least three members. The Board of Directors shall also designate a Committee Chairperson. Committee members and the Committee Chairperson serve at the pleasure of the Board of Directors.

C. *Meetings.* In order to discharge its responsibilities, the Committee shall each year establish a schedule of meetings; additional meetings may be scheduled as required.

D. *Quorum; Action by Committee.* A quorum at any Committee meeting shall be at least two members. All determinations of the Committee shall be made by a majority of its members present at a meeting duly called and held, except as specifically provided herein (or where only two members are present, by unanimous vote). The Board of Directors may designate one or more directors as alternate members of the Committee, who may replace any absent or disqualified member at any meeting of the Committee. In the absence or disqualification of a member of the Committee, and in the absence of a designation by the Board of Directors of an alternate member to replace the absent or disqualified member, the member or members thereof present at any meeting and not disqualified from voting, whether or not he/she or they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any absent or disqualified member, provided that such other member satisfies all applicable criteria for membership on the Committee. Any decision or determination of the Committee reduced to writing and signed by all of the members of the Committee shall be fully as effective as if it had been made at a meeting duly called and held.

E. *Agenda, Minutes and Reports.* The Chairperson of the Committee shall be responsible for establishing the agendas for meetings of the Committee. An agenda, together with materials relating to the subject matter of each meeting, shall be sent to members of the Committee prior to each meeting. Minutes for all meetings of the Committee shall be prepared to document the Committee's discharge of its responsibilities. The minutes shall be circulated in draft form to all Committee members to ensure an accurate final record and shall be approved at a subsequent meeting of the Committee. The Chairperson of the Committee shall make regular reports to the Board of Directors.

F. *Committee Performance Evaluation.* The Committee shall evaluate its performance on an annual basis and develop criteria for such evaluation.

III. Responsibilities

The following shall be the principal responsibilities of the Committee:

A. *Goals and Objectives.* The Committee shall review and approve periodically, but no less frequently than annually, the Company's goals and objectives relevant to compensation of the Chief Executive Officer and other management, including the balance between short-term compensation and long-term incentives, shall evaluate the performance of the Chief Executive Officer and other management in light of those goals and objectives and, either as a committee or together with the other independent directors (as directed by the Board of Directors), shall set the compensation level of the Chief Executive Officer and other management based on such evaluation.

B. *Management Compensation.* The Committee shall establish the compensation level (including base and incentive compensation) and benefits (including any appropriate perquisites) of the Chief Executive Officer and other

management. In determining incentive compensation, the Committee shall consider, among other factors it deems appropriate from time to time, the outcome of shareholder votes on the Say on Pay proposals, the Company's performance and shareholder return (or other criteria) during such periods as the Committee may deem appropriate, the value of similar incentive awards to persons holding comparable positions at comparable companies and the awards given to management in prior years. The Non-Executive Chairman (or the Presiding Director if there is not a Non-Executive Chairman) shall be responsible for communicating to the Chief Executive Officer the evaluation of the performance of the Chief Executive Officer in light of the goals and objectives and the level of compensation approved for the Chief Executive Officer. The Committee shall also be responsible for recommending to the Board of Directors the terms and conditions of the employment agreements for the Chief Executive Officer and other management.

C. Director Compensation. The Committee shall review and approve compensation levels for the Company's non-employee directors. In reviewing director compensation, the Committee shall consider, among other things, compensation paid to directors at similarly situated companies and the time commitments required of the directors.

D. Post-Service Arrangements. The Committee shall evaluate the post-service arrangements and benefits of the Chief Executive Officer and other management and their reasonableness in light of practices at comparable companies, any benefits received by the Company in connection with such arrangements.

E. Incentive Compensation Plans. The Committee shall make recommendations to the Board of Directors with respect to the establishment and terms (including performance standards) of incentive compensation plans and equity-based plans and shall administer such plans, including determining any performance standards under incentive compensation plans and award guidelines under equity-based plans.

F. Appointment and Oversight of Named Fiduciaries. With respect to any material employee benefit plan covering employees of the Company subject to the fiduciary responsibility provisions of the Employee Retirement Income Security Act of 1974, as amended, the Committee shall have the authority to appoint and terminate the named fiduciary or named fiduciaries of such plan and shall have the responsibility to oversee their performance as fiduciaries of such plan, unless such fiduciaries are specified in the constituent plan documents.

G. Evaluation of Compensation Programs. The Committee shall review on a periodic basis the operation of the Company's compensation programs to evaluate their effectiveness and execution and determine whether those programs incent the Company's associates to take unnecessary and / or excessive risks. The Committee shall also recommend to the Board of Directors steps to modify compensation programs that provide benefits or payments that

are not reasonably related or are disproportionate to the benefits received by the Company.

H. *Access to Records and Employees.* In discharging its responsibilities, the Committee shall have full access to any relevant records of the Company. The Committee may request that any officer or other employee of the Company, including the Company's senior compensation or human resources executives, the Company's general counsel or any other person meet with any members of, or consultants to, the Committee.

I. *Outside Advisors.* The Committee shall have the sole authority and responsibility to engage or terminate any outside consultant, legal advisor or other expert (together, "Compensation Advisors") to assist in fulfilling its duties hereunder. The Committee shall receive appropriate funding from the Company, as determined by the Committee in its capacity as a committee of the Board, for the payment of compensation to its Compensation Advisors. In retaining or seeking advice from Compensation Advisors, the Committee shall take into consideration the independence factors for Compensation Advisors specified in the listing standards of the New York Stock Exchange, provided that the Committee may retain or receive advice from any Compensation Advisor it chooses, including Compensation Advisors that are not independent.

J. *Compensation Discussion and Analysis and Compensation Committee Report.* The Committee shall review and discuss with management the Company's CD&A, and based on that review and discussion, recommend to the Board that the CD&A be included in the Company's annual proxy statement. The Committee shall also prepare the Compensation Committee Report to be included in the Company's annual proxy statement in accordance with the rules and regulations of the SEC.

K. *Say on Pay and Say When on Pay Proposals.* The Committee shall review and discuss with management the Company's Say on Pay and Say When on Pay proposals and, based on that review and discussion, recommend to the Board that they be included in the Company's proxy statement. The Committee shall also consider the outcome of shareholder votes for such proposals when establishing compensation, benefits and post-service arrangements for the Chief Executive Officer and other senior management.

L. *Stock Ownership Guidelines.* The Committee shall establish, review and monitor compliance by the Company's senior executives and directors with the Company's stock ownership guidelines.

M. *Delegation.* To the extent permitted by any applicable law, regulation or listing standard, the Committee may delegate any of its responsibilities to a subcommittee comprised of one or more members of the Committee, and the subcommittee shall make periodic reports to the Committee regarding such delegated responsibilities.

N. *Other Duties.* The Committee shall also carry out such other duties that may be delegated to it by the Board of Directors from time to time.

As approved by the Board of Directors on August 22, 2013