

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

The Committee's purpose is to provide assistance to the Board of Directors in fulfilling its obligations with respect to matters involving the accounting, auditing, financial reporting, internal control over financial reporting and legal compliance functions of the Company and its subsidiaries, including without limitation, assisting the Board of Directors in its oversight of (i) the integrity of the Company's financial statements; (ii) the major financial risk exposures and the steps the Company is taking to monitor and control those risks; (iii) the Company's compliance with legal and regulatory requirements; (iv) the Company's independent auditors' qualifications and independence; and (v) the performance of the Company's independent auditors and the Company's internal audit function. The Committee shall also prepare the report of the Committee required to be included in the Company's annual proxy statement.

**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 Committee shall be comprised of three or more directors to be appointed by the Board of Directors on the recommendation of the Nominating and Corporate Governance Committee. Each member of the Committee shall meet the independence, experience and expertise requirements of the New York Stock Exchange and applicable law. Each member of the Committee must be financially literate, as such qualification is interpreted by the Board of Directors in its business judgment, or (to the extent permitted by applicable listing rules) must become financially literate within a reasonable period of time after his or her appointment to the Committee. In addition, at least one member of the Committee must have accounting or related financial management expertise, as the Board of Directors interprets such qualification in its business judgment. Further, either (i) at least one member of the Committee must be an audit committee financial expert, as such term is defined in the rules and regulations promulgated by the Securities and Exchange Commission pursuant to the Sarbanes-Oxley Act of 2002, or (ii) if no member of the Committee is an audit committee financial expert, the Committee shall so inform the Board of Directors and make the required disclosures in the Company's annual proxy statement.

The Board of Directors shall also designate a Committee Chairperson who may not serve on any other committee of the Board of Directors of the Company unless the Board of Directors approves such service on another committee. No director may serve as a member of the Committee if such director serves on the audit committee of more than two other public companies, unless the Board of Directors determines that such simultaneous service would not impair the ability of such director to effectively serve on the Committee. Any such determination must be disclosed on the Company's website or in the Company's annual proxy statement. Committee members and the Committee Chairperson serve at the pleasure of the Board of Directors.

C. *Meetings.* The Committee shall meet once every fiscal quarter or more frequently as it shall determine is necessary to carry out its duties and responsibilities. The Committee shall meet separately on a periodic basis with (i) management, (ii) the vice-president of the Company's internal auditing department or other person responsible for the internal audit function and (iii) the Company's independent auditors.

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 or held (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 the 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. *Performance Evaluation.* The Committee shall evaluate its performance on an annual basis and establish criteria for such evaluation.

### III. Responsibilities

The following shall be the principal responsibilities of the Committee:

A. *Engagement of Independent Auditors.* The Committee shall be directly responsible for the appointment, compensation, retention and oversight of the work of the independent auditors (including resolution of disagreements between management and the independent auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company. The Committee shall also have the authority to engage the independent auditors to perform non-audit services, as further described under Section III.E below. The independent auditors shall report directly to the Committee.

B. *Determination as to Independence and Performance of Independent Auditors.* The Committee shall receive, before the engagement of the independent auditor and not less frequently than annually thereafter, reports from the independent auditors affirming the auditors' independence, which reports shall include such details (including any relationships between the independent auditor and the Company that, in the auditor's professional judgment, may reasonably be thought to bear on its independence) as are required by the rules of the Public Company Accounting Oversight Board (PCAOB), applicable law and listing standards. The Committee shall discuss such reports with the auditors, and if so determined by the Committee, take appropriate action to satisfy itself of the independence of the auditors. The Committee shall also receive periodic reports from the independent auditors (not less frequently than annually) confirming that the (i) lead audit partner and reviewing audit partner responsible for the audit of the Company's financial statements have not performed audit services for the Company for more than the previous five consecutive fiscal years of the Company, and (ii) chief executive officer, chief financial officer, controller, chief accounting officer or other person serving in an equivalent position of the Company, was not, within one year prior to the initiation of the audit, an employee of the independent auditor who participated in any capacity in the Company's audit.

The Committee shall review the qualifications and performance of the Company's independent auditors, including the lead partner, annually. In doing so, the Committee shall consult with management and the head of internal audit and shall also obtain and review a written report by the independent auditors describing their internal quality-control procedures and any material issues raised by the most recent internal quality-control review, or peer review (if applicable), or by any inquiry or investigation by governmental or professional authorities within the preceding five years, respecting one or more independent audits carried out by the independent auditors and the response of the independent

auditors, and any steps taken to deal with any such issues. The Committee shall present its conclusions with respect to the qualifications, performance and independence of the independent auditors to the full Board of Directors.

In addition to assuring the regular rotation of the lead audit partner as required by law, the Committee shall consider whether, in order to assure continuing auditor independence, there should be regular rotation of the audit firm itself. Any selection of the auditors by the Committee may be subject to shareholder ratification.

*C. Determination as to Performance of Internal Auditors.* The Committee shall annually review the experience and qualifications of the senior members of the internal audit group and review and approve any appointment, reassignment or dismissal of such members. The Committee shall also consider, at least annually, in consultation with the independent accountants, the vice-president of internal audit and the Chief Financial Officer, the audit scope and plan of the internal audit group.

*D. Audits by Internal and Independent Auditors.* The Committee shall discuss with the vice-president of internal audit and the independent auditors the overall scope and plans for their respective audits, including the adequacy of the budget, staffing and other factors that may affect the effectiveness and timeliness of such audits. In this connection, the Committee shall discuss with management, the internal audit group and the independent auditors the adequacy and effectiveness of the accounting and financial controls, the Company's major financial, legal compliance, technology and business continuity risk exposures, and the steps management has taken to monitor and mitigate such exposures, among other considerations that may be relevant to their respective audits. The Committee shall review with management and the independent auditors the Company's report on its internal control over financial reporting and the independent auditor's attestation report thereon. The Committee shall review with the Chief Executive Officer and Chief Financial Officer and independent auditors, periodically, the following: (i) all significant deficiencies in the design or operation of internal control over financial reporting which could adversely affect the Company's ability to record, process, summarize, and report financial data, including any material weaknesses in internal control over financial reporting identified by the Company's independent auditors; (ii) any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting; and (iii) any significant changes in internal control over financial reporting or other factors that could significantly affect internal control over financial reporting, including any corrective actions with regard to significant deficiencies and material weaknesses.

*E. Pre-Approval of Audit and Permitted Non-Audit Services.* The Committee shall approve guidelines for the retention of the independent auditors

for any permitted non-audit services and the fee for such services and shall determine procedures for the approval of audit and permitted non-audit services in advance. The Committee shall, in accordance with such procedures, approve in advance any audit or permitted non-audit service provided to the Company by the independent auditors, all as required by applicable law or listing standards. Approval of the audit and permitted non-audit services may also be made by one or more members of the Committee as shall be designated by the Committee, and the person(s) granting such approval shall report such approval to the Committee at the next scheduled meeting.

F. *Review of Disclosure Controls and Procedures.* The Committee shall review periodically, but in no event less frequently than quarterly, management's conclusions about the effectiveness of the Company's disclosure controls and procedures, including any significant deficiencies in, or material non-compliance with, such controls and procedures.

G. *Review of Annual SEC Filings.* The Committee shall review and discuss with management, the independent auditors and, if appropriate, the vice-president of internal audit, the financial information to be included in the Company's Annual Report on Form 10-K, including the specific disclosures under Management's Discussion and Analysis of Financial Condition and Results of Operations, the independent auditors' judgments on the Company's selection and application of accounting principles, reasonableness of significant judgments, clarity of the disclosures in the financial statements and adequacy of internal control over financial reporting. The Committee shall also discuss the results of the annual audit and any other matters required to be communicated to the Committee by the independent auditors under generally accepted auditing standards, applicable law or listing standards. Based on such review and discussion, the Committee shall make a determination whether to recommend to the Board of Directors that the audited financial statements be included in the Company's Annual Report on Form 10-K.

H. *Review of Quarterly SEC Filings and Other Communications.* The Committee shall review and discuss with management, the independent auditors and, if appropriate, the vice-president of internal audit, the quarterly financial information to be included in the Company's Quarterly Reports on Form 10-Q, including the specific disclosures under Management's Discussion and Analysis of Financial Condition and Results of Operations, the results of the independent auditors' review of the Company's quarterly financial information, and the adequacy of internal control over financial reporting, and shall discuss any other matters required to be communicated to the Committee by the independent auditors under generally accepted auditing standards, applicable law or listing standards.

The Committee shall also review the Company's earnings press releases and financial information and earnings guidance periodically provided to analysts

and rating agencies (which may consist of a discussion of the types of information to be provided and types of presentation to be made) to the extent required by applicable law or listing standards.

I. *Review of Certain Matters with Internal and Independent Auditors.* The Committee shall review periodically with management, the vice-president of internal audit and independent auditors (i) major issues regarding accounting principles and financial statement presentations, including any significant changes in the Company's selection or application of accounting principles, and major issues as to the adequacy of the Company's internal controls and any special audit steps adopted in light of material control deficiencies; (ii) analyses prepared by management and/or the independent auditor setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative GAAP methods on the financial statements; and (iii) the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements of the Company.

J. *Consultation with Independent Auditors.* The Committee shall review with the independent auditors any problems or difficulties the auditors may have encountered in connection with the annual audit or otherwise and any management letter issued or proposed to be issued by the auditors and the Company's response to that letter. Such review shall address any difficulties encountered in the course of the audit work, including any restrictions on the scope of activities or access to required information, any disagreements with management regarding generally accepted accounting principles and other matters, material adjustments to the financial statements recommended by the independent auditors and adjustments that were proposed but "passed" (as immaterial or otherwise) and any communications between the audit team and the audit firm's national office regarding auditing or accounting issues presented during the audit engagement.

K. *Preparation of Report for Proxy Statement.* The Committee shall produce the report of the Committee that is required to be included in the Company's annual proxy statement, all in accordance with applicable rules and regulations.

L. *Policies for Employment of Former Audit Staff.* The Committee shall set clear hiring policies for the Company's hiring of employees or former employees of the independent auditors, which shall meet the requirements of the PCAOB, applicable law and listing standards.

M. *Establishment of "Whistleblowing" Procedures.* The Committee shall establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or

auditing matters and the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

N. *Review of Legal and Regulatory Compliance.* The Committee shall periodically review with management, including the General Counsel, and the independent auditors any correspondence with, or other action by, regulators or governmental agencies and any complaints or published reports that raise concerns regarding the Company's financial statements, accounting or auditing matters or compliance with the Company's Business Conduct Guidelines and Code of Conduct. The Committee shall review at least annually with the General Counsel or her designee the adequacy and appropriateness of the Company's compliance programs. The Committee shall also meet periodically and separately with the General Counsel to review material legal affairs of the Company and the Company's compliance with applicable law and listing standards. The General Counsel has express authority to communicate personally with the Chairperson of the Committee about any such matters as appropriate.

O. *Assessment and Management of Risk.* The Committee shall discuss the Company's guidelines and policies to govern the process by which risk assessment and management is undertaken. In connection with this discussion, the Committee shall discuss the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures.

P. *Conflicts; Compliance with Business Conduct Guidelines; Grant of Waivers.* The Committee shall review and investigate any matters pertaining to the integrity of management, including conflicts of interest, or adherence to the Company's Business Conduct Guidelines and Code of Conduct. In connection with these reviews, the Committee will meet, as deemed appropriate, with the General Counsel and other officers or employees of the Company. The Committee shall be responsible for determining whether and on what terms to grant to any Director or executive officer a waiver from the Company's Business Conduct Guidelines or Code of Conduct.

Q. *Access to Records, Consultants and Others.* The Committee shall have full authority (i) to investigate any matter brought to its attention with full access to all books, records, facilities and personnel of the Company; (ii) to retain outside legal, accounting or other consultants to advise the Committee (with sole authority to approve related fees and retention terms); and (iii) to request any officer or employee of the Company, the Company's outside counsel, internal audit group or independent auditors to attend a meeting of the Committee or to meet with any members of, or consultants or advisors to, the Committee.

R. *Delegation.* To the extent permitted by applicable law and listing standards, 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.

S. *Other Delegated Responsibilities.* The Committee shall also carry out such other duties as may be delegated to it by the Board of Directors from time to time.

#### IV. Management and Independent Auditor Responsibility

In discharging its responsibilities, the Committee is not itself responsible for the planning or conduct of audits or for any determination that the Company's financial statements are complete and accurate or in accordance with generally accepted accounting principles. Management has the responsibility for the financial statements and the independent auditors have the responsibility to audit such financial statements in accordance with generally accepted auditing standards.

As approved on March 11, 2015.