Information Services Group Inc.
Form S-1/A
November 16, 2006

QuickLinks -- Click here to rapidly navigate through this document

As filed with the Securities and Exchange Commission on November 16, 2006

File No. 333-136536

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Amendment No. 2
to

Form S-1

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

INFORMATION SERVICES GROUP, INC.

(Exact name of registrant as specified in its charter)

Delaware	**6770**	**20-5261587**
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification No.)

Four Stamford Plaza
107 Elm St.
Stamford, CT 06902
(203) 517-3100

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Michael P. Connors, Chairman and Chief Executive Officer
Four Stamford Plaza
107 Elm St. Stamford, CT 06902
(203) 517-3100

(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

Emanuel Cherney	**Christopher S. Auguste**
Kaye Scholer LLP	**Kramer Levin Naftalis & Frankel LLP**
425 Park Avenue	**1177 Avenue of the Americas**
New York, NY 10022	**New York, NY 10036**
Telephone: (212) 836-8000	**Telephone: (212) 715-9100**
Facsimile: (212) 836-8689	**Facsimile: (212) 715-8000**

Approximate date of commencement of proposed sale to the public: As soon as practicable after the effective date of this registration statement.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933 check the following box. ý

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

CALCULATION OF REGISTRATION FEE

Title of Each Class of Security to be Registered	Amount to be Registered	Proposed Maximum Offering Price Per Security(1)	Proposed Maximum Aggregate Offering Price(1)	Amount of Registration Fee
Units, each consisting of one share of Common Stock, $0.001 par value, and one Warrant(2)	21,562,500	$ 8.00	$ 172,500,000	$ 18,457.50
Shares of Common Stock included as part of the Units(2)	21,562,500			
Warrants included as part of the Units(2)	21,562,500			(3)
Shares of Common Stock underlying the Warrants included in the Units(2)(4)	21,562,500	$ 6.00	$ 129,375,000	$ 13,843.13
Underwriters' Unit Purchase Option	1	$ 100.00	$ 100	(3)
Units underlying the Underwriters' Unit Purchase Option ("Underwriters' Units")(4)	937,500	$ 9.60	$ 9,000,000	$ 963.00
Shares of Common Stock included as part of the Underwriters' Units(4)	937,500			(3)
Warrants included as part of the Underwriters' Units(4)	937,500			(3)
Shares of Common Stock underlying the Warrants included in the Underwriters' Units(4)	937,500	$ 7.50	$ 7,031,250	$ 752.34
Total			$ 317,906,350	$ 34,015.97(5)

(1) Estimated solely for the purpose of calculating the registration fee.

(2) Includes 2,812,500 Units, and 2,812,500 shares of Common Stock and 2,812,500 Warrants underlying such Units, which may be issued on exercise of a 30-day option granted to the Underwriters to cover over-allotments, if any.

(3) No fee pursuant to Rule 457(g).

(4) Pursuant to Rule 416, there are also being registered such indeterminable additional securities as may be issued to prevent dilution as a result of stock splits, stock dividends or similar transactions.

(5) Fees previously paid.

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED NOVEMBER 16, 2006

PROSPECTUS

$150,000,000

Information Services Group, Inc.

18,750,000 Units

Information Services Group, Inc. is a blank check company recently formed for the purpose of effecting a merger, capital stock exchange, asset or stock acquisition or other similar business combination with one or more domestic or international operating businesses. Our efforts in identifying a prospective target will not be limited to a particular industry, although we intend to focus our efforts on the information services industry, including business, media, marketing and consumer information opportunities. These opportunities may be in major industry segments such as consumer products, retail, financial services, media, marketing, healthcare, government and technology. We do not have any specific merger, capital stock exchange, asset acquisition or other business combination under consideration or contemplation, and we have not, nor has anyone on our behalf, contacted any potential target business or had any discussions, formal or otherwise, with respect to such a transaction.

This is an initial public offering of our securities. Each unit has an offering price of $8.00 and consists of:

- one share of our common stock; and
- one warrant.

Each warrant entitles the holder to purchase one share of our common stock at a price of $6.00. Each warrant will become exercisable on the later of our completion of a business combination and , 2007 **[one year from the date of this prospectus]**, and will expire on , 2010 **[four years from the date of this prospectus]**, or earlier upon redemption.

Our principal stockholder, Oenoke Partners, LLC, which is an affiliate of our officers, has agreed to purchase from us 5,000,000 warrants at a price of $1.00 per warrant, in a private placement prior to the completion of this offering. The warrants purchased in the private placement will be identical to those sold in this offering, except that the warrants purchased by Oenoke Partners, LLC, are not subject to repurchase or redemption by us. Oenoke Partners, LLC has agreed that it will not sell or otherwise transfer the warrants purchased in the private placement until after we complete a business combination.

We have granted the underwriters a 30-day option to purchase up to 2,812,500 additional units solely to cover over-allotments, if any (over and above the 18,750,000 units referred to above). The over-allotment will be used only to cover the net syndicate short position resulting from the initial distribution. We have also agreed to sell to the underwriters for $100, as additional compensation, an option to purchase up to a total of 937,500 units at a per-unit offering price of $9.60. The units issuable upon exercise of this option will be identical to those offered by this prospectus except that the warrants included in the option have an exercise price of $7.50 (125% of the exercise price of the warrants included in the units sold in the offering). The purchase option and its underlying securities have been registered under the registration statement of which this prospectus forms a part.

There is presently no public market for our units, common stock or warrants. We have applied to have our units listed on the American Stock Exchange under the symbol "III.U" on or promptly after the date of this prospectus. The common stock and warrants comprising the units will begin separate trading five business days following the earlier to occur of (1) expiration or termination of the underwriters' over-allotment option and (2) the exercise in full of the over-allotment option, subject in either case to our filing a Current Report on Form 8-K with the Securities and Exchange Commission, containing an audited balance sheet reflecting our receipt of the gross proceeds of this offering and issuing a press release announcing when such separate trading will begin. Once the securities comprising the units begin separate trading, the common stock and warrants will be traded on American Stock Exchange under the symbols "III" and "III.WS", respectively. We cannot assure you that our securities will be or continue to be listed on the American Stock Exchange.

Investing in our securities involves a high degree of risk. See "Risk Factors" beginning on page 14 of this prospectus for a discussion of information that should be considered in connection with investing in our securities.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	Per Unit	Total(1)
Public offering price	$8.00	$150,000,000
Underwriting discount(2)	$0.56	$ 10,500,000
Proceeds, before expenses, to us	$7.44	$139,500,000

(1) The underwriters have an option to purchase up to an additional 2,812,500 units at the public offering price, less the underwriting discount, within 30 days of the date of this prospectus to cover any over-allotments. If the underwriters exercise this option in full, the total public offering price, underwriting discount and proceeds, before expenses to us, will be $172,500,000, $12,075,000 and $160,425,000, respectively. See "Underwriting."

(2) Includes deferred underwriting discount of $0.16 per unit, or $3,000,000 ($3,450,000 if the underwriters' over-allotment option is exercised in full), which equals 2.0% of the gross proceeds and which the underwriters have agreed to defer until the consummation of our initial business combination. If a business combination is not consummated, the deferred underwriting discount will not be paid. No discounts or commissions are payable with respect to the units purchased in the private placement. See "Underwriting."

Of the proceeds from this offering and the private placement, approximately $7.62 per unit, or $142,800,000 ($7.61 per unit, or $164,175,000 if the underwriters' over-allotment option is exercised in full), will be deposited into a trust account at Deutsche Bank Trust Company Americas maintained by Continental Stock Transfer & Trust Company acting as trustee.

We are offering the units for sale on a firm commitment basis. The underwriters expect to deliver our securities to investors in the offering on or about , 2006.

Book-Running Manager

Deutsche Bank Securities

Co-Manager

Morgan Joseph   Lazard Capital Markets

, 2006

You should rely only on the information contained in this prospectus. We have not authorized anyone to provide you with different information. We are not making an offer of these securities in any state where the offer is not permitted. You should not assume that the information contained in this prospectus is accurate as of any date other than the date on the front of this prospectus.

MARKET AND INDUSTRY INFORMATION

Information regarding industry data pertaining to our proposed business in the section entitled "Proposed Business" contained in this prospectus consists of reports compiled by Veronis Suhler Stevenson. Neither we nor any of our affiliates has entered into any agreement (whether service provider agreements, underwriting agreements, consulting agreements, or any other agreements) with Veronis Suhler Stevenson. Neither we nor any of our affiliates is affiliated with Veronis Suhler Stevenson. We take responsibility for compiling and extracting, but we have not independently verified market and industry data provided by third parties or by industry or general publications, and we take no further responsibility for this data.

SUMMARY

This summary highlights certain information appearing elsewhere in this prospectus. For a more complete understanding of this offering, you should read the entire prospectus carefully, including the risk factors and the financial statements and the related notes and schedules thereto. Unless otherwise stated in this prospectus:

- *references to "we," "us" or "our company" refer to Information Services Group, Inc.;*
- *references to our "principal stockholder" refer to Oenoke Partners, LLC, an affiliate of our officers;*
- *unless we tell you otherwise, the information in this prospectus assumes that the underwriters will not exercise their over-allotment option;*
- *references to a "business combination" mean our initial acquisition of one or more domestic or international operating businesses through a merger, capital stock exchange, asset or stock acquisition or other similar business combination;*
- *references to the "private placement" refer to our private placement of 5,000,000 warrants, at a price of $1.00 per warrant, to our principal stockholder, Oenoke Partners, LLC, which will occur prior to the completion of this offering; and*
- *references to "public stockholders" refers to the holders of common stock sold as part of the units in this offering or in the open market, including our existing stockholders to the extent that they purchase or acquire such shares.*

Our Business

We are a blank check company organized under the laws of the State of Delaware on July 20, 2006. We were formed to acquire, through a merger, capital stock exchange, asset acquisition or other similar business combination, one or more domestic or international operating businesses. We intend to focus our efforts on the information services industry, including business, media, marketing and consumer information opportunities (the "target industry"). These opportunities may be in major industry segments such as consumer products, retail, financial services, media, marketing, healthcare, government and technology. We intend to identify acquisition opportunities where we can apply management's experience within these segments to enhance the value of the acquired company's product and service offerings.

Although we intend to focus on identifying acquisition candidates in the information services industry and we will not initially actively seek to identify acquisition candidates in other industries, in the event that an opportunity is presented to us in another industry, we may consider pursuing that opportunity if we conclude that it represents an attractive investment opportunity for us. In addition, if we are unable to identify an acquisition candidate which we deem to be attractive in the information services industry after having expended a reasonable amount of time and effort to identify such a candidate, we may then decide to more actively seek opportunities in other industries. At present, we are not able to ascertain (i) what opportunities, if any, in industries outside of the target industry may be presented to us, (ii) how much time and effort we may expend prior to determining that we may not be able to identify favorable investment opportunities in the target industry or (iii) which other industries we may choose to examine with the objective of identifying a favorable investment opportunity. In the event we elect to pursue an investment outside of the target industry, we expect that our management, in conjunction with our board of directors and senior advisors, will engage in discussions to identify, based upon their respective familiarity with the business climate in general and specific industries in particular, one or more other industries which are likely to include a significant number of companies which would be suitable acquisition candidates. Once having identified such industry or industries, we would make known our interest in those industries to investment bankers and others who we believe may be able to identify companies in such industry or industries that may be candidates for a transaction.

We do not currently have any specific operating businesses under consideration. We have not identified or been provided with the identity of, or had any direct or indirect contact with potential targets. Additionally, we have not engaged or retained any agent or other representative to identify or locate any suitable target, although we may do so following the offering. To date, our efforts have been limited to organizational activities and activities related to this offering.

Our management brings extensive experience with global operations, mergers and acquisitions, acquisition integration, and financial experience with leading firms in the information services industry. Our Chairman and CEO, Michael Connors, most recently served as Chairman and CEO of VNU's Media Measurement and Information (MMI) Group. VNU NV (VNU) is a leading global information and media company. In 2001, Mr. Connors was instrumental in creating the MMI Group, which comprises VNU's media information, entertainment, software and internet businesses, including Nielsen Media Research, Nielsen Entertainment and NetRatings. In addition to leading the MMI Group, Mr. Connors served as chairman of VNU World Directories, which included VNU's Yellow Pages and directory businesses operating in seven countries. Mr. Connors also served as a member of the VNU Executive Board. Prior to joining VNU, Mr. Connors was Vice Chairman of ACNielsen Corporation, where he helped lead the turnaround of ACNielsen into a profitable company. During his leadership, ACNielsen's equity value grew from $893 million, its market capitalization immediately following its spinoff in November, 1996 from The Dun & Bradstreet Corporation (D&B), to $2.3 billion, its sale price to VNU in February, 2001. After the acquisition of ACNielsen by VNU in 2001, Mr. Connors led the successful integration of ACNielsen into VNU. Prior to that, as Senior Vice President of D&B, Mr. Connors played a key role in the breakup of D&B into three separate publicly traded companies. Prior to its breakup, D&B owned, among others, the following companies in the information services industry: Moody's Investors Service, Inc., R.H. Donnelley, IMS Health, ACNielsen Corporation, Nielsen Media Research, D&B Credit Services and a majority stake in Gartner Group. At the time of its breakup, D&B was one of the largest data and information companies in the world.

We have a strong and distinguished board of directors. In addition to Mr. Connors, our board of directors includes Robert J. Chrenc, R. Glenn Hubbard and Robert E. Weissman, individuals with established records in industry and the financial community. Formerly Executive Vice President, Chief Financial Officer and Chief Administrative Officer of ACNielsen Corporation, Mr. Chrenc currently is a director of Symbol Technologies Inc. Dr. Hubbard has served as the Dean of Columbia University, Graduate School of Business since 2004 and was Chairman of the President's Council of Economic Advisers from 2001 to 2003. Mr. Weissman retired in January 2001 after nearly 30 years of experience as Chief Executive Officer for several public corporations, including most recently IMS Health Incorporated, and prior to that Cognizant Corporation and The Dun & Bradstreet Corporation. We expect to rely heavily on their collective talent and experience in analyzing investment opportunities.

We believe the projected demand for products and services in the information services industry presents attractive opportunities for consolidation and growth. The information services industry encompasses companies which create, produce, deliver, distribute and/or market products and services including:

- Market research, including research analytics, media measurement and related products and services;
- Marketing services, including targeted, measurable campaign execution and related analytics;
- Advisory services, including execution consulting, data management, technology implementation and analytics;
- Data services, including data collection, data mining, data harmonization, data organization, data distribution, interpretation and reporting;
- Products and services related to the creation or placement of any type of advertising or media;
- Software to utilize, analyze, interpret and enhance market, business or consumer data;
- Internet-based services, products and technology relating to the collection, aggregation, measurement, analysis and distribution of information; and
- Content, including text, audio, video, images and any combinations thereof, in print, broadcast, online or other distribution vehicles or any combinations thereof.

Although we may effect business combinations with companies operating in any industry we choose (including companies operating outside of the information services industry under circumstances described above), we believe that there are numerous business opportunities in the industries on which we will be focused. However, we have not conducted any research with respect to identifying the number and characteristics of the potential business combination candidates within our targeted industry, or any industry, or the location of the target industry domestically or internationally, or the likelihood or probability of success of any proposed business combination. Accordingly, we cannot assure you that we will be able to locate a target business or that we will be able to engage in a business combination with a target business on favorable terms, or at all.

While we may seek to effect business combinations with more than one target business, our initial business combination must have a fair market value at least equal to 80% of our net assets at the time of such acquisition (all of our assets, including the funds held in the trust account other than the deferred underwriting discount, less our liabilities). Consequently, it is likely that we will have the ability to effect a business combination with only a single domestic or international operating business. The target business that we acquire may have a fair market value significantly in excess of 80% of our net assets. Although as of the date of this prospectus we have not engaged or retained, had any discussions with, or entered into any agreements with, any third party regarding any such potential financing transactions, we could seek to fund such a business combination by raising additional funds through the sale of our securities or through loan arrangements. However, if we were to seek such additional funds, any such arrangement would only be consummated simultaneously with our consummation of a business combination. Since we have no specific business combination under consideration, we have not entered into any such fundraising agreement and have no current intention of doing so. There is no assurance that such fundraising arrangement, if desired, would be available on acceptable terms, if at all. If we are unable to consummate a business combination within the allotted time periods set forth in this prospectus, we will implement a plan of dissolution and distribution which will include the liquidation of our trust account to our public stockholders.

Our executive offices are located at Four Stamford Plaza, 107 Elm St., Stamford, CT 06902, and our telephone number is (203) 517-3100.

The Offering

Securities offered:	18,750,000 units, at $8.00 per unit, each unit consisting of:
	one share of common stock; and
	one warrant.
Trading commencement and separation of common stock and warrants:	The units will begin trading on or promptly after the date of this prospectus. The common stock and warrants comprising the units will begin separate trading five business days following the earlier to occur of (1) expiration or termination of the underwriters' over-allotment option and (2) its exercise in full, subject in either case to our having filed the Form 8-K described below and having issued a press release announcing when such separate trading will begin.
Separate trading of the common stock and warrants is prohibited until:	In no event will the common stock and warrants begin to trade separately until we have filed a Current Report on Form 8-K with the Securities and Exchange Commission, or SEC, containing an audited balance sheet reflecting our receipt of the gross proceeds of this offering. We will file this Form 8-K promptly after the consummation of this offering, which is anticipated to take place three business days from the date of this prospectus. If the over-allotment option is exercised following the initial filing of such Form 8-K, a second or amended Form 8-K will be filed to provide updated financial information to reflect the exercise of the over-allotment option.
Common stock:	
Number outstanding before this offering and the private placement:	4,687,500 shares(1)
Number to be outstanding after this offering and the private placement:	23,437,500 shares(2)

(1) Does not include 703,125 shares issued to Oenoke Partners, LLC, for an aggregate purchase price equal to $703.13 and which are subject to repurchase to the extent the underwriters over-allotment option is not exercised.

(2) Assumes no exercise of the underwriter's over-allotment option and, therefore, that we repurchase 703,125 shares previously placed with Oenoke Partners, LLC.

Warrants:	
Number outstanding before this offering and the private placement:	0 warrants
Number to be outstanding after this offering and the private placement:	23,750,000 warrants
Exercisability:	Each warrant is exercisable for one share of common stock.
Exercise price:	$6.00
Exercise period:	The warrants will become exercisable on the later of:
	the completion of a business combination on the terms described in this prospectus and
	[ ], 2007 **[one year from the date of this prospectus].**
	The warrants will expire at 5:00 p.m., New York City time, on [ ], 2010 **[four years from the date of this prospectus]** or earlier upon redemption.
Redemption:	We may redeem the outstanding warrants (including any warrants held by any of the underwriters as a result of the underwriters exercise of the unit purchase option) at any time after the warrants become exercisable:
	in whole and not in part;
	at a price of $0.01 per warrant;
	upon a minimum of 30 days' prior written notice of redemption; and
	if, and only if, the last sales price of our common stock equals or exceeds $11.50 per share for any 20 trading days within a 30 trading day period ending three business days before we send the notice of redemption.
	In the event that the common stock issuable upon exercise of the warrants has not been registered, qualified or deemed to be exempt under the securities laws of the state of residence of the holder of the warrants, we will not have the right to redeem the warrants.
	The redemption criteria for our warrants have been established at a price which is intended to provide warrant holders a reasonable premium to the initial exercise price and to provide a sufficient degree of liquidity to cushion the market to our redemption call. However, there is no assurance that the price of the common stock will exceed $11.50 or the warrant exercise price after the redemption call is made.

	We may exercise this redemption right at our option, with no requirement for the consent of the underwriter or any other person.
	The warrants issued in the private placement are not subject to redemption.
Private placement:	Our principal stockholder, Oenoke Partners, LLC, which is an affiliate of our officers, has agreed to purchase from us an aggregate of 5,000,000 warrants at a price of $1.00 per warrant, for an aggregate purchase price of $5,000,000, in a private placement immediately prior to the completion of this offering. Oenoke Partners, LLC currently engages in no business activities other than to hold our securities. It does not have employees or advisors and its members consist solely of our management. The warrants purchased in the private placement will be identical to those sold in this offering, except that the private placement warrants will not be subject to redemption. Oenoke Partners, LLC has agreed that it will not sell or otherwise transfer the warrants until after we consummate a business combination.
	The $5,000,000 of proceeds from the private placement will be added to the proceeds of this offering and will be held in the trust account pending our completion of a business combination on the terms described in this prospectus. If we do not complete such a business combination, then the $5,000,000 of proceeds will be part of the liquidating distribution to our public stockholders and the warrants issued in the private placement will expire worthless.
Proposed American Stock Exchange symbols for our:	
Units:	"III.U"
Common stock:	"III"
Warrants:	"III.WS"
Proceeds of this offering and the private placement to be held in the trust account:	$142,800,000, or approximately $7.62 per unit, of the proceeds of this offering will be placed in a trust account at Deutsche Bank Trust Company Americas maintained by Continental Stock Transfer & Trust Company, pursuant to an agreement to be signed on the date of this prospectus. The amount to be placed in the trust account includes $5,000,000 of proceeds from the private placement and $3,000,000 of deferred underwriting discount. We believe that the inclusion in the trust account of the proceeds from the private placement and the deferred underwriting discount is a benefit to our stockholders because these amounts will ensure that additional proceeds will be available for distribution to investors if a liquidation of the trust account occurs as part of our dissolution and distribution prior to our completing an initial business combination. These proceeds will not be released until the earlier of the completion of a business combination and our liquidation as part of our plan of dissolution and distribution. Therefore, unless and until a business combination is consummated, the proceeds held in the trust account will not be available for our use for any expenses related to this offering or expenses which we may incur related to the investigation and selection of a target business and the negotiation of an agreement to acquire a target business. These expenses may be paid prior to a business combination only from the proceeds of this offering and the private placement not held in the trust account (initially, $4,000,000) after payment of expenses related to this offering. It is possible that we could use a portion of the funds not in the trust account to make a deposit, down payment or fund a "no-shop" provision with respect to a particular proposed business combination. In the event we were ultimately required to forfeit such funds (whether as a result of our breach of the agreement relating to such payment or otherwise), we may not have a sufficient amount of working capital available outside of the trust account to pay expenses related to finding a suitable business combination without securing additional financing. If we were unable to secure additional financing, we would most likely fail to consummate a business combination in the allotted time and would be forced to liquidate our trust account as part of our plan of dissolution and distribution.

6

The underwriters have agreed to defer $3,000,000 of their underwriting discount ($3,450,000 if the over-allotment option is exercised in full) until the consummation of our initial business combination. Upon the consummation of an initial business combination, this deferred underwriting discount of $0.16 per unit, which equals 2.0% of the gross proceeds of this offering, will be released to the underwriters and any public stockholders exercising their conversion rights out of the proceeds of this offering held in the trust account at Deutsche Bank Trust Company Americas maintained by Continental Stock Transfer & Trust Company acting as trustee. The underwriters will not be entitled to any interest accrued on the deferred discount.

Warrant proceeds paid to us:	None of the warrants may be exercised until after the consummation of a business combination and, thus, after the proceeds of the trust account have been disbursed. Accordingly, the warrant exercise price will be paid directly to us and not placed in the trust account.
Limited payments to insiders:	Prior to the completion of a business combination, we will not pay any fees, reimbursements or other cash payments to our officers, directors or senior advisors or their respective affiliates other than:
	repayment on the earlier of August 1, 2007 and the completion of this offering of a $100,000 loan, plus interest at the rate of 5% per annum, compounded semiannually, made by Oenoke Partners LLC;
	repayment on the earlier of October 3, 2007 and the completion of this offering of a $150,000 loan, plus interest at the rate of 5% per annum, compounded semiannually, made by Oenoke Partners, LLC; and
	reimbursement for any expenses related to this offering and to identifying, investigating and implementing a suitable business combination.
Stockholders must approve our initial business combination:	We will seek stockholder approval before we effect our initial business combination, even if the nature of the acquisition would not ordinarily require stockholder approval under applicable state law. In connection with the vote required for our initial business combination, all of our existing stockholders, including our principal stockholder and all of our officers, directors and senior advisors, have agreed to vote the shares of common stock then owned by them in accordance with the majority of the shares of common stock voted by the public stockholders. We will proceed with a business combination only if a majority of the shares of common stock voted by the public stockholders are voted in favor of the business combination and only if public stockholders owning less than 20% of the shares sold in this offering exercise their conversion rights described below. Voting against the business combination alone will not result in conversion of a stockholder's shares for the conversion price described below. Such stockholder must have also exercised its conversion rights described below. In addition, if we seek approval from our stockholders to consummate a business combination within 90 days prior to the expiration of 24 months (assuming that the period in which we need to consummate a business combination has been extended to 24 months, as provided in our amended and restated certificate of incorporation) from the date of this offering, the proxy statement related to such business combination will also seek stockholder approval for our board's recommended plan of dissolution and distribution, in the event our stockholders do not approve such business combination.

Conversion rights for public stockholders voting to reject our initial business combination:	If our initial business combination is approved and completed, public stockholders voting against our initial business combination will be entitled to convert their shares of common stock into a pro rata share of the aggregate amount then on deposit in the trust account, including their pro rata portion of the deferred underwriting discount and any interest income earned on the trust account, net of income taxes payable on the interest income on the trust account. We refer to this amount as the conversion price. Public stockholders who convert their common stock will be paid as soon as reasonably practicable their conversion price following their exercise of conversion rights and will continue to have the right to exercise any warrants they own. We estimate that the initial per share conversion price will be approximately $7.62 per share, without taking into account interest earned on the trust account or taxes payable on such interest. This amount is less than the $8.00 per unit price in this offering and may be lower than the market price of the common stock on the date of conversion. Accordingly, there may be a disincentive on the part of public stockholders to exercise their conversion rights.
Dissolution and distribution if no business combination:	We will dissolve and distribute only to our public stockholders the amount in our trust account (including any accrued interest, net of income taxes payable thereon) plus any remaining net assets outside the trust account if we do not effect a business combination within 18 months after consummation of this offering (or within 24 months from the consummation of this offering if a letter of intent, agreement in principle or definitive agreement has been executed within 18 months after consummation of this offering and the business combination has not yet been consummated within such 18 month period). Pursuant to our amended and restated certificate of incorporation, upon the expiration of the applicable time periods, our purpose and powers will be limited to dissolving, liquidating and winding up. Also contained in our amended and restated certificate of incorporation is the agreement of our board to dissolve our company upon the expiration of the applicable time period. We will seek stockholder approval for the plan of dissolution and distribution, and our principal stockholder, officers, directors and senior advisors have agreed to vote all shares owned by them in favor of the dissolution and distribution. As soon as reasonably practicable upon the approval by our stockholders of our plan of dissolution and distribution, we will liquidate our trust account to our public stockholders and pay, or reserve for payment, from funds not held in trust, our liabilities and obligations. All claims (whether existing, pending or that may be potentially brought against us in the next ten years) of our creditors must be paid or reasonably provided for prior to any distribution of funds held in the trust account to our stockholders. All of our officers, directors, senior advisors and principal stockholder directly or indirectly own common stock in our company, but have waived their right to receive distributions (other than with respect to common stock, or any shares of common stock underlying units, they purchase in connection with this offering or in the after market) upon the liquidation of the trust account, or as part of any plan of dissolution and distribution in the event we do not consummate a business combination within the required time periods. In addition, if we seek approval from our stockholders to consummate a business combination within 90 days of the expiration of 24 months (assuming that the period in which we need to consummate a business combination has been extended, as provided in our amended and restated certificate of incorporation) from the date of this offering, the proxy statement related to the business combination will also seek stockholder approval for our board's recommended plan of dissolution and distribution, in the event our stockholders do not approve the business combination. If no proxy statement seeking the approval of our stockholders for a business combination has been filed 30 days prior to the date which is 24 months (assuming that the period in which we need to consummate a business combination has been extended, as provided in our amended and restated certificate of incorporation) from the date of this offering, our board will, prior to such date, convene, adopt and recommend to our stockholders a plan of dissolution and distribution, and on such date file a proxy statement with the SEC seeking stockholder approval for this plan.

We expect that all costs associated with the implementation and completion of our plan of dissolution and distribution will be funded by funds not held in our trust account, although we cannot assure you that there will be sufficient funds for such purpose. To the extent such funds are not available, Oenoke Partners, LLC has agreed to advance us the necessary funds and has agreed not to seek repayment for such expenses, though it has not taken a reserve for this possibility and there can be no assurance that it will be able to meet its obligations under this agreement.

	In the event we seek stockholder approval for a plan of dissolution and distribution and do not obtain such approval, we will nonetheless continue to pursue stockholder approval for our dissolution. Pursuant to the terms of our amended and restated certificate of incorporation, our powers following the expiration of the permitted time periods for consummating a business combination will automatically thereafter be limited to acts and activities relating to dissolving and winding up our affairs, including liquidation. If we do not consummate a business combination, the funds held in our trust account may not be distributed except to our stockholders upon our dissolution and, unless and until such approval is obtained from our stockholders, the funds held in our trust account will not be released. Consequently, holders of a majority of our outstanding stock must approve our dissolution in order to receive the funds held in our trust account and the funds will not be available for any other corporate purpose.
Lock-up of securities:	Our existing stockholders have agreed that, subject to certain limited exceptions, the shares and warrants they owned prior to the completion of this offering (but not the warrants purchased in the private placement) will not be transferable until one year from the date of the closing of the initial business combination. The warrants purchased in the private placement will be subject to the same lock-up restrictions except that the lock-up period will end upon consummation of the initial business combination. All securities which are subject to lockup restrictions will be held in an escrow account maintained by a third party escrow agent pursuant to the terms of a lock-up agreement to be entered into by and among us, the security holders and such escrow agent. Any transferee of securities will be subject to the same restrictions imposed on the existing stockholders.

Risks

We are a newly formed company that has no operations and has generated no revenues. Until we complete a business combination, we will have no operations and will generate no operating revenues. In making your decision on whether to invest in our securities, you should take into account not only the backgrounds of our management team but also the special risks we face as a blank check company. If we make down payments or pay exclusivity or similar fees in connection with structuring and negotiating our initial business combination and we do not complete the specific business combination, the costs incurred for the proposed transaction will not be recoverable. Such an event will result in a loss to us of the costs incurred and could materially and adversely affect subsequent attempts to locate and acquire or merge with another business.

You should carefully consider these and the other risks set forth in the section entitled "Risk Factors" beginning on page 14 of this prospectus.

Summary Financial Data

The following table summarizes the relevant financial data for our business and should be read with our financial statements and the related notes and schedules thereto that are included in this prospectus. We have not had any significant operations to date, so only balance sheet data are presented.

	August 2, 2006	
	Actual	As Adjusted(1)
Balance sheet data:		
Working capital (deficiency)	$ (216,625)	$ 146,578,688
Total assets	334,375	146,578,688
Total liabilities	326,000	3,000,000
Value of common stock which may be converted to cash (approximately $7.62 per share)		28,559,992
Stockholders' equity (deficit)	8,375	$ 115,018,696

(1) Excludes the $100 purchase price for the purchase option issued to the underwriters. Includes the deferred underwriting discount equal to 2.0% of the gross proceeds from the sale of the units to the public stockholders, or $3,000,000 ($3,450,000 if the underwriters' over-allotment option is exercised in full), which the underwriters have agreed to defer until the consummation of our initial business combination.

The "as adjusted" information gives effect to the sale of the units we are offering pursuant to this prospectus, including the application of the related gross proceeds and the payment of the estimated remaining costs from such sale and the sale of 5,000,000 warrants at a price of $1.00 per warrant in the private placement.

The working capital and total assets amounts include the $142,800,000 (or $164,175,000 if the underwriters' over-allotment option is exercised in full) to be held in the trust account, which will be available to us only upon the consummation of a business combination within the time period described in this prospectus. If a business combination is not consummated, we will be dissolved and the proceeds held in the trust account will be distributed as part of our plan of dissolution and distribution solely to our public stockholders, who, for this purpose, include our existing stockholders with respect to any shares purchased by them in this offering or in the aftermarket.

We will not proceed with a business combination if public stockholders owning 20% or more of the shares sold in this offering vote against the business combination and exercise their conversion rights. Accordingly, if we have the requisite vote, we may effect a business combination even if public stockholders owning up to 3,749,999 shares of the 18,750,000 shares sold in this offering exercise their conversion rights and vote against the business combination. If this occurred, we would be required to convert to cash up to 3,749,999 shares of the 18,750,000 shares sold in this offering, at an initial per-share conversion price of approximately $7.62, without taking into account interest earned on the trust account or taxes payable on such interest. The actual per share conversion price will be equal to:

the amount in the trust account, including a pro rata portion of the deferred underwriting discount and all accrued interest (net of income taxes payable on the interest income on the trust account, calculated as of two business days prior to the actual consummation of the proposed business combination),

divided by the number of units sold in this offering.

RISK FACTORS

An investment in our securities involves a high degree of risk. You should consider carefully all of the material risks described below, together with the other information contained in this prospectus before making a decision to invest in our securities. If any of the following risks occurs, our business, financial condition and results of operations may be adversely affected. In that event, the trading price of our securities could decline, and you could lose all or a part of your investment. This prospectus also contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in the forward-looking statements, including as a result of the risks described below.

Risks Associated with Our Business

We are a development stage company with no operating history and, accordingly, you will not have any basis on which to evaluate our ability to achieve our business objective.

We are a recently incorporated development stage company with no operating results to date. Therefore, our ability to begin operations is dependent upon obtaining financing through the public offering of our securities. Since we do not have an operating history, you will have no basis upon which to evaluate our ability to achieve our business objective, which is to acquire an operating business in the information services industry. We have not conducted any discussions and we have no plans, arrangements or understandings with any prospective acquisition candidates or engaged any agent or other representative to identify or locate suitable acquisition candidates. We have no present revenues and will not generate any revenues until, at the earliest, after the consummation of a business combination. We cannot assure you when or if an initial business combination will occur.

If we are unable to complete an initial business combination and are forced to dissolve and liquidate the trust account, our public stockholders will receive less than $8.00 per share and our warrants will expire worthless.

If we are unable to complete a business combination within the prescribed timeframes and are forced to dissolve and liquidate our assets as part of our plan of dissolution and distribution, the per share liquidation distribution will be less than $8.00 because of the expenses of this offering, our general and administrative expenses and the anticipated costs of seeking an initial business combination, which may include using a portion of the funds not being placed in trust as a down payment or to fund a down payment, lock-up or "no-shop" provision with respect to a particular proposed business combination. If we were to expend all of the net proceeds of this offering and the private placement, other than the proceeds deposited in the trust account, and without taking into account any interest earned on the trust account, the initial per share liquidation price would be $7.62, or $0.38 less than the per unit offering price of $8.00, assuming that amount was not further reduced by claims of creditors. We cannot assure you that the actual per share liquidation price will not be less than $7.62. In the event that our board of directors recommends and our stockholders approve a plan of dissolution and distribution and it is subsequently determined that our reserves for claims and liabilities to third parties are insufficient, stockholders who receive funds from our trust account could be liable up to such amounts to creditors. Furthermore, there will be no distribution with respect to our outstanding warrants, which will expire worthless if we liquidate before the completion of a business combination. For a more complete discussion of the effects on our stockholders if we are unable to complete a business combination, see the section below entitled "Proposed Business Effecting a Business Combination Plan of dissolution and distribution if no business combination."

If the net proceeds of this offering not being placed in the trust account are not sufficient to allow us to operate for at least the next 24 months, we may be unable to complete a business combination.

We believe that, upon consummation of this offering, the funds available to us outside of the trust account will be sufficient to allow us to operate for at least the next 24 months, assuming that a business combination is not consummated during that time. However, we cannot assure you that our estimates will be accurate. We could use a portion of the funds not being placed in the trust account to pay fees to consultants to assist us with our search for a target business. Additionally, we could use a portion of the funds not being placed in the trust account as a down payment or to fund a "no-shop" provision with respect to a particular proposed business combination, although we do not have any current intention to do so. If we did and were subsequently required to forfeit such funds (whether as a result of our breach or otherwise), we might not have sufficient funds to continue searching for, or conduct due diligence with respect to, a target business.

You will not be entitled to protections normally afforded to investors of blank check companies.

Since the net proceeds of this offering are intended to be used to complete a business combination with a target business that has not been identified, we may be deemed to be a "blank check" company under the United States securities laws. However, since we will have net tangible assets in excess of $5,000,000 upon the consummation of this offering and will file a Current Report on Form 8-K with the SEC upon consummation of this offering including an audited balance sheet demonstrating this fact, we are exempt from rules promulgated by the SEC to protect investors of blank check companies such as Rule 419. Accordingly, investors will not be afforded the benefits or protections of those rules. Because we are not subject to Rule 419, our units will be immediately tradable and we have a longer period of time to complete a business combination in certain circumstances than we would if were subject to Rule 419. For a more detailed comparison of our offering to offerings under Rule 419, see the section entitled "Proposed Business Comparison to Offerings of Blank Check Companies" below.

If third parties bring claims against us, the proceeds held in the trust account could be reduced and the per share liquidation price received by stockholders from the trust account as part of our plan of dissolution and distribution will be less than $7.62 per share.

Our placing of funds in the trust account may not protect those funds from third party claims against us. Although we will seek to have all vendors, prospective target businesses and other entities with which we execute agreements waive any right, title, interest or claim of any kind in or to any monies held in the trust account for the benefit of our public stockholders, there is no guarantee that they will execute such agreements, and the execution of such an agreement is not a condition to our doing business with anyone. Even if they do execute such agreements, they would not be prevented from bringing claims against the trust account including, but not limited to, fraudulent inducement, breach of fiduciary responsibility or other similar claims, as well as claims challenging the enforceability of the waiver, in each case in order to gain an advantage with a claim against our assets, including the funds held in the trust account.

Examples of possible instances where we may engage a third party that refuses to execute a waiver include the engagement of a third party consultant whose particular expertise or skills are believed by management to be significantly superior to those of other consultants that would agree to execute a waiver or in cases where management is unable to find a provider of required services willing to provide the waiver. In any event, our management would perform an analysis of the alternatives available to it and would enter into an agreement with a third party that did not execute a waiver only if management believed that such third party's engagement would be significantly more beneficial to us than any alternative. In addition, there is no guarantee that such entities will agree to waive any claims they may have in the future as a result of, or arising out of, any negotiations, contracts or agreements with us and not seek recourse against the trust account for any reason. Accordingly, the proceeds held in the trust account could be subject to claims that could take priority over the claims of our public stockholders and the per share liquidation price could be less than the initial $7.62 per share held in the trust account, plus interest (net of any taxes due on such interest, which taxes, if any, shall be paid from the trust account), due to claims of such creditors. If we are unable to complete a business combination and are forced to liquidate, each of our executive officers has jointly and severally agreed to reimburse us for our debts to vendors for services rendered or products sold to us, if we do not obtain a valid and enforceable waiver from that vendor of its rights or claims to the trust account and only to the extent necessary to ensure that such claims do not reduce the amount in the trust account. However, we cannot assure you that our executive officers will be able to satisfy those obligations. Based on the information provided to us in the director and officer questionnaires provided to us in connection with this offering as well as the representations as to their accredited investor status (as such term is defined in Regulation D), we currently believe that such persons are of substantial means and capable of funding their indemnity obligations, even though we have not asked them to reserve for such an eventuality. However, we cannot assure you that our executive officers will be able to satisfy those obligations. We believe the likelihood of our executive officers having to indemnify the trust account is limited because we intend to have all vendors and prospective target businesses as well as other entities execute agreements with us waiving any right, title, interest or claims of any kind in or to monies held in the trust account. In the event that our board recommends and our stockholders approve a plan of dissolution and distribution and it is subsequently determined that our reserve for claims and liabilities to third parties is insufficient, stockholders who received funds from our trust account could be liable for up to such amounts to creditors.

Additionally, if we are forced to file a bankruptcy case or an involuntary case is filed against us that is not dismissed, the funds held in our trust account will be subject to applicable bankruptcy law, and may be included in our bankruptcy estate and subject to the claims of third parties with priority over the claims of our stockholders. To the extent any bankruptcy claims deplete the trust account the per share liquidation distribution would be less than the initial $7.62 per share held in the trust account.

We will dissolve and liquidate if we do not consummate a business combination and our stockholders may be held liable for claims by third parties against us to the extent of distributions received by them.

We will dissolve and disburse the funds in our trust account to our public stockholders if we do not complete a business combination within 18 months after the consummation of this offering (or within 24 months after the consummation of this offering if certain extension criteria are satisfied). There will be no distribution from the trust account with respect to our warrants which will expire worthless. Under Sections 280 through 282 of the Delaware General Corporation Law, or DGCL, stockholders may be held liable for claims, whether existing, pending or that may be potentially brought against it within a ten year period, by third parties against a corporation to the extent of distributions received by them in a dissolution. If the corporation complies with certain procedures intended to ensure that it makes reasonable provision for all such claims against it, including a 60-day notice period during which any third-party claims can be brought against the corporation, a 90-day period during which the corporation may reject any claims brought, and an additional 150-day waiting period before any liquidating distributions are made to stockholders, any liability of stockholders with respect to a liquidating distribution is limited to the lesser of such stockholder's pro rata share of the claim and the amount distributed to the stockholder, and any liability of the stockholder would be barred after the third anniversary of the dissolution. Although we will seek stockholder approval to liquidate the trust account to our public stockholders as part of our plan of dissolution and distribution, we do not intend to comply with these procedures of the DGCL. In the event that the Board recommends and the stockholders approve a plan of dissolution and distribution and it is subsequently determined that our reserve for claims and liabilities to third parties was insufficient, stockholders who received funds could be liable for claims (whether existing, pending or that may be potentially brought against us within a ten year period) for up to such amounts to creditors. As such, our stockholders could potentially be liable for any such claims to the extent of distributions received by them in a dissolution and any liability of our stockholders may extend beyond the third anniversary of such dissolution. We cannot assure you that third parties will not seek to recover from our stockholders amounts owed to them by us.

We cannot predict with certainty the extent to which the funds held in the trust account will be available for distribution to our stockholders in the event we dissolve and liquidate.

We cannot predict with certainty: (i) actual or potential claims or lawsuits that may be brought against us; (ii) what waiver agreements, if any, we will be able to obtain from vendors, service providers and prospective target businesses; (iii) the amount of additional expenses that we may incur that exceeds the amount of funds held outside of the trust; or (iv) the ability of our management to ensure that the proceeds held in the trust account are not reduced by claims of target businesses or vendors. To the extent we are required to make payments in respect of or provide for any such claims, lawsuits, expenses or other costs, the amount of funds held in the trust account for payment to our stockholders will be reduced.

The procedures we must follow under Delaware law and our amended and restated certificate of incorporation if we dissolve and liquidate may result in substantial delays in the liquidation of our trust account to our public stockholders as part of our plan of dissolution and distribution.

Pursuant to, among other documents, our amended and restated certificate of incorporation, if we do not complete a business combination within 18 months after the consummation of this offering, or within 24 months after the consummation of this offering if the extension criteria have been satisfied, we will be required to dissolve, liquidate and wind up in compliance with the provisions of the DGCL. In addition, in the event we seek stockholder approval for a plan of dissolution and distribution and do not obtain such approval, we will nonetheless continue to pursue stockholder approval for our dissolution. If we do not consummate a business combination, the funds held in our trust account may not be distributed except to our stockholders upon our dissolution and, unless and until such approval is obtained from our stockholders, the funds held in our trust account will not be released. Consequently, holders of a majority of our outstanding stock must approve our dissolution in order to receive the funds held in our trust account and the funds will not be available for any other corporate purpose. The procedures required for us to liquidate under the DGCL, or a vote to reject any plan of dissolution and distribution by our stockholders, may result in substantial delays in the liquidation of our trust account to our public stockholders as part of our plan of dissolution and distribution.

If we do not consummate a business combination and dissolve, payments from the trust account to our public stockholders may be delayed.

We currently believe that any plan of dissolution and distribution subsequent to the expiration of the 18 and 24-month deadlines would proceed in approximately the following manner:

- our board of directors will, consistent with its obligations described in our amended and restated certificate of incorporation to dissolve, prior to the passing of such deadline, convene and adopt a specific plan of dissolution and distribution, which it will then vote to recommend to our stockholders; at such time it will also cause to be prepared a preliminary proxy statement setting out the plan of dissolution and distribution as well as the board's recommendation of the plan;

- upon such deadline, we will file our preliminary proxy statement with the SEC;

- if the SEC does not review the preliminary proxy statement, then, 10 days following the passing of such deadline, we will mail the proxy statement to our stockholders, and approximately 30 days following the passing of such deadline we will convene a meeting of our stockholders, at which they will either approve or reject our plan of dissolution and distribution; and

- if the SEC does review the preliminary proxy statement, we currently estimate that we will receive any comments the staff of the SEC may have with respect to the proxy statement within approximately 30 days following the filing of the proxy statement. We will mail the proxy statements to our stockholders following the conclusion of the comment and review process (the length of which we cannot predict with any certainty, and which may be substantial) and we will convene a meeting of our stockholders at which they will either approve or reject our plan of dissolution and distribution.

In the event we seek stockholder approval for a plan of dissolution and distribution and do not obtain such approval, we will nonetheless continue to pursue stockholder approval for our dissolution. Pursuant to the terms of our amended and restated certificate of incorporation, our powers following the expiration of the permitted time periods for consummating a business combination will automatically be limited to acts and activities relating to dissolving and winding up our affairs, including liquidation. If we do not consummate a business combination, the funds held in our trust account may not be distributed except to our stockholders upon our dissolution and, unless and until approval is obtained from our stockholders, the funds held in our trust account will not be released. Consequently, holders of a majority of our outstanding stock must approve our dissolution in order to receive the funds held in our trust account and the funds will not be available for any other corporate purpose.

These procedures, or a vote to reject any plan of dissolution and distribution by our stockholders, may result in substantial delays in the liquidation of our trust account to our public stockholders as part of our plan of dissolution and distribution.

Since we have not currently selected any target business with which to complete a business combination, we are unable to currently ascertain the merits or risks of the operations of that business.

Since we have not yet identified a prospective target business, investors in this offering have no current basis to evaluate the possible merits or risks of the operations of that business. Although our management will endeavor to evaluate the risks inherent in a particular target business, we cannot assure you that we will properly ascertain or assess all of the significant risk factors. We also cannot assure you that an investment in our units will not ultimately prove to be less favorable to investors in this offering than a direct investment, if an opportunity were available, in a target business. For a more complete discussion of our selection of a target business, see the section below entitled "Proposed Business Effecting a Business Combination We have not identified a target business."

We may seek investment opportunities in industries outside of our target industry (which industries may or may not be outside of our management's area of expertise).

Although we intend to focus on identifying acquisition candidates in our target industry and we will not initially actively seek to identify acquisition candidates in other industries (which industries may or may not be outside of our management's area of expertise), we will consider an acquisition outside of our target industry if (i) an acquisition candidate is presented to us and we determine that such candidate offers an attractive investment opportunity for our company or (ii) we are unable to identify a suitable candidate in the target industry after having expended some amount of time and effort in an attempt to do so. Although our management will endeavor to evaluate the risks inherent in any particular acquisition candidate, we cannot assure you that we will adequately ascertain or assess all of the significant risk factors. We also cannot assure you that an investment in our units will not ultimately prove to be less favorable to investors in this offering than a direct investment, if an opportunity were available, in an acquisition candidate.

Subject to the limitations that our business combination must have a fair market value of at least 80% of our net assets at the time of the acquisition (all of our assets, including the funds held in the trust account other than the deferred underwriting discount, less our liabilities), we will have virtually unrestricted flexibility in identifying and selecting a prospective acquisition candidate. In addition, because there is no limitation on our ability to raise additional capital through equity placements or through loans, we may be able to acquire a company with a fair market value in an amount greater than 80% of our net assets at the time.

Under Delaware law, the requirements and restrictions relating to this offering contained in our amended and restated certificate of incorporation may be amended, which could reduce or eliminate the protection afforded to our stockholders by such requirements and restrictions.

Our amended and restated certificate of incorporation contains certain requirements and restrictions relating to this offering that will apply to us until the consummation of a business combination. Specifically, our amended and restated certificate of incorporation provides, among other things, that:

- upon consummation of this offering, a certain amount of the proceeds from this offering will be placed into the trust account, which funds may not be disbursed from the trust account to our stockholders except upon our liquidation or in the event a stockholder exercises the conversion right set forth below;

- prior to the consummation of our initial business combination, we will submit such business combination to our stockholders for approval;

- we may consummate our initial business combination only if approved by a majority of the shares of common stock voted by the public stockholders and only if public stockholders owning less than 20% of the shares sold in this offering exercise their conversion rights;

- if our initial business combination is approved and consummated, public stockholders who voted against the business combination and exercised their conversion rights will receive their pro rata share of the trust account, including their pro rata portion of the deferred underwriting discount and all accrued interest (net of income taxes payable on the interest income on the trust account);

- if our initial business combination is not consummated or a letter of intent, an agreement in principle or a definitive agreement is not signed within the time periods specified in this prospectus:

  - our corporate purposes and powers will immediately thereupon be limited to acts and activities relating to dissolving and winding up our affairs, including liquidation, and we will not be able to engage in any other business activities; and

  - our board of directors will be required to adopt, within 15 days after the expiration of the allotted time periods, a resolution pursuant to Section 275(a) of the DGCL finding our dissolution advisable and provide notices to our stockholders as required by Section 275(a) as soon as reasonably practicable thereafter; and

- our initial business combination must have a fair market value equal to at least 80% of our net assets at the time of such business combination (all of our assets, including the funds held in the trust account, including all accrued interest (net of (1) income taxes payable on the interest income on the trust account and (2) the deferred underwriting discount), less our liabilities).

Our amended and restated certificate of incorporation requires that we obtain unanimous consent of our stockholders to amend the above-described provisions. However, the validity of unanimous consent provisions under Delaware law has not been settled. A court could conclude that the unanimous consent requirement constitutes a practical prohibition on amendment in violation of the stockholders' implicit rights to amend the corporate charter. In that case, the above-described provisions would be amendable without unanimous consent and any such amendment could reduce or eliminate the protection afforded to our stockholders. However, we view the foregoing provisions, including the requirement that the public stockholders owning less than 20% of the shares sold in this offering exercise their conversion rights in order for our initial business combination to be consummated, as obligations to our stockholders, and we will not take any action to waive or amend any of these provisions, including by seeking to amend our certificate of incorporation to increase or decrease this threshold.

Because we are a blank check company, it may be difficult for us to complete a business combination during the prescribed time period.

Based upon publicly available information, we have identified approximately 69 blank check companies that have gone public since August 2003. Of these companies, only nine have actually completed a business combination. The remaining approximately 59 blank check companies have more than $4.3 billion in trust and are seeking to complete business acquisitions. Of these companies, only 26 have announced that they have entered into definitive agreements or letters of intent with respect to potential business combinations but have not yet consummated business combinations. Accordingly, there are approximately 33 blank check companies with more than $2.7 billion in trust that have filed registration statements and are seeking, or will be seeking, to complete business combinations. Furthermore, the fact that only nine of such companies have completed business combinations and only 26 other of such companies have entered into definitive agreements for business combinations may be an indication that there are only a limited number of attractive targets available to such entities or that many targets are not inclined to enter into a transaction with a blank check company, and therefore we also may not be able to consummate a business combination within the prescribed time period. If we are unable to consummate an initial transaction within the prescribed time period, our purpose will be limited to dissolving, liquidating and winding up.

We may issue shares of our capital stock to complete a business combination, which would reduce the equity interest of our stockholders and likely cause a change in control of our ownership.

Our amended and restated certificate of incorporation authorizes the issuance of up to 75,000,000 shares of common stock, par value $0.001 per share, and 10,000,000 shares of preferred stock, par value $0.001 per share. Immediately after this offering (assuming no exercise of the underwriters' over-allotment option), there will be 21,250,000 authorized but unissued shares of our common stock available for issuance (after appropriate reservation for the issuance of shares upon full exercise of our outstanding warrants and the purchase option granted to the underwriters). Although we have no commitments as of the date of this offering to issue our securities, we may issue a substantial number of additional shares of our common stock or preferred stock, or a combination of common and preferred stock, to complete a business combination. The issuance of additional shares of our common stock or any number of shares of our preferred stock:

- may significantly reduce the equity interest of investors in this offering;
- may cause a change in control if a substantial number of our shares of common stock are issued, which may affect, among other things, our ability to use our net operating loss carry forwards, if any, and may also result in the resignation or removal of our present officers and directors;
- may adversely affect prevailing market prices for our securities; and
- may subordinate the rights of holders of our common stock if preferred stock is issued with rights senior to those afforded to our common stock.

For a more complete discussion of the possible structure of a business combination, see the section below entitled "Proposed Business Effecting a Business Combination Selection of a target business and structuring of a business combination."

We may issue debt securities or otherwise incur substantial debt to complete a business combination, which may adversely affect our leverage and financial condition.

Although we have no commitments as of the date of this prospectus to issue any debt securities, or to otherwise incur outstanding debt, we may choose to incur substantial debt to complete a business combination. If we issue debt securities, it could result in:

- default and foreclosure on our assets if our operating revenues after a business combination are insufficient to pay our debt obligations;
- acceleration of our obligations to repay the indebtedness even if we have made all principal and interest payments when due if the debt security contains covenants that require the maintenance of certain financial ratios or reserves and any such covenant is breached without a waiver or renegotiation of that covenant;
- our immediate payment of all principal and accrued interest, if any, if the debt security is payable on demand; and
- our inability to obtain additional financing, if necessary, if the debt security contains covenants restricting our ability to obtain additional financing while such security is outstanding.

For a more complete discussion of the possible structure of a business combination, see the section below entitled "Proposed Business Effecting a Business Combination Selection of a target business and structuring of a business combination."

Our ability to effect a business combination and to execute any potential business plan afterwards will be dependent upon the efforts of our key personnel, some of whom may join us following a business combination and whom we may have only a limited ability to evaluate.

Our ability to effect a business combination will be dependent upon the efforts of our key personnel. The future role of our key personnel following a business combination, however, cannot presently be fully ascertained. Although we expect most of our management, particularly our Chief Executive Officer, to remain associated with us following a business combination, we may employ other personnel following the business combination. While we intend to closely scrutinize any additional individuals we engage after a business combination, we cannot assure you that our assessment of these individuals will prove to be correct. If we acquired a target business in an all-cash transaction, it would be more likely that current members of management would remain with us if they chose to do so. If a business combination were structured as a merger whereby the stockholders of the target company were to control the combined company following a business combination, it may be less likely that management would remain with the combined company unless it was negotiated as part of the transaction via the acquisition agreement, an employment agreement or other arrangeicial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934 requires our directors and executive officers, and persons who own more than ten percent of a registered class of our equity securities (collectively, Reporting Persons) to file with the SEC initial reports of ownership (on Form 3) and reports of changes in ownership of the Common Stock and other equity securities of the Company (on Forms 4 and 5). Reporting Persons are additionally required to furnish us with copies of all Section 16(a) reports they file.

To our knowledge, based solely upon a review of the copies of such reports furnished to us, all Section 16(a) reports for the fiscal year ended February 2, 2019 were timely filed, with the exception of Mr. Schriver, who did not timely file two reports on Form 4 covering three transactions; and Ms. Windal who did not timely file one report on Form 4 covering one transaction.

10

Table of Contents

EXECUTIVE COMPENSATION

Overview

The Compensation Committee of our Board of Directors (the Committee) has developed and implemented compensation policies, plans, and programs that seek to enhance our profitability, and thus stockholder value, by aligning the financial interests of our senior management with those of our stockholders. Our compensation arrangements are designed to attract and retain corporate officers and other key employees and to motivate them to perform to the full extent of their abilities, in the best long-term interests of our stockholders.

The Company operates on a 52/53-week fiscal year ending on the Saturday nearest January 31 of each year. References in this discussion to our fiscal year 2018 refer to the fiscal year, or periods within such fiscal year, which began February 4, 2018 and ended February 2, 2019. References to our fiscal year 2017 refer to the fiscal year, or periods within such fiscal year, which began January 29, 2017 and ended February 3, 2018.

This discussion of our executive compensation program, and the tables that follow, focuses on our named executive officers, which are defined pursuant to SEC rules. Our named executive officers for fiscal year 2018 are: Marla Ryan, our current Chief Executive Officer; David Helkey, our current Chief Financial and Operating Officer; Rodney Schriver, our current Senior Vice President and Chief Accounting Officer; Melissa Payner-Gregor, our former interim Chief Executive Officer; David Stern, our former Executive Vice President and Chief Financial Officer; and Ronald Masciantonio, our former Executive Vice President and Chief Administrative Officer.

Composition of the Committee

Ms. Windal, Mr. Kleffner and Mr. Morgan serve on the Committee, and each is considered to be an independent director under the applicable NASDAQ and SEC rules. The Committee meets at least annually regarding executive compensation decisions.

Significant Personnel Developments

In fiscal year 2018, following our 2018 Annual Meeting, our Board of Directors focused on our Company s continuing transformation, with an emphasis on Company-wide performance and improving shareholder value. As part of implementing a comprehensive and attainable business plan geared toward accelerating revenue growth, rationalizing expenses, and improving our profitability, the Board sought to facilitate necessary leadership shifts to drive change and realize our transformational goals. Key changes in our executive management team during fiscal year 2018 are summarized below.

Resignation of Melissa Payner-Gregor and Appointment of Marla Ryan

Ms. Payner-Gregor was named the Company s interim Chief Executive Officer effective January 3, 2018. However, following our 2018 Annual Meeting, Ms. Payner-Gregor resigned from her position on May 29, 2018 to pursue other opportunities, and in connection with her resignation, Ms. Ryan was appointed as our Chief Executive Officer.

In connection with her interim appointment, Ms. Payner-Gregor entered into a letter agreement with the Company, pursuant to which her base salary was set at an annual rate of $620,000 and she was entitled to receive a cash bonus of $50,000 upon the earlier of her termination by the Company or employment through June 30, 2018 (the Interim Bonus). Pursuant to a separate March 22, 2018 letter agreement by and between the Company and Ms. Payner-Gregor, upon Ms. Payner-Gregor s cessation of service, the Company agreed to pay the applicable premium for

Ms. Payner-Gregor s and her dependents COBRA continuation coverage (including any tax withholding required in connection with that payment, determined on a grossed-up basis) until such time as the continued coverage terminates or expires in accordance with COBRA (COBRA Subsidy). Upon her separation from the Company,
Ms. Payner-Gregor executed a Release Agreement with the Company, effective as

Table of Contents

of June 1, 2018, pursuant to which Ms. Payner-Gregor received payment of the Interim Bonus and COBRA Subsidy, and Ms. Payner-Gregor and the Company each released certain claims against the other.

In connection with her appointment as our Chief Executive Officer, Ms. Ryan entered into a letter agreement with the Company, dated May 30, 2018, pursuant to which Ms. Ryan was entitled to an annual base salary of $620,000 and participation in the Company s standard medical, health, and retirement plans available to its senior executive officers. Upon Ms. Ryan s termination without cause or resignation for good reason (each as defined in the letter agreement), Ms. Ryan was entitled to receive, subject to her execution of a general release of claims, a lump sum severance payment of $50,000 and a 12-month subsidy for any COBRA continuation costs for Ms. Ryan and her dependents. However, the terms and provisions of the letter agreement were superseded by an Executive Employment Agreement between Ms. Ryan and the Company, dated as of November 1, 2018, as described below under Employment Agreements and Potential Payments upon Termination or Change in Control.

Departure of David Stern and Appointment of David Helkey

David Stern, our former Executive Vice President and Chief Financial Officer, departed the Company effective as of August 10, 2018. In connection with his departure, Mr. Stern and the Company entered into a Separation and Release Agreement, pursuant to which Mr. Stern became entitled to receive certain separation benefits described in his former Executive Employment Agreement with the Company, including 12 months of continued base salary ($405,000 in the aggregate), a prorated bonus for fiscal year 2018, based on actual performance, and a 12-month COBRA subsidy; however, all of Mr. Stern s unvested equity awards were forfeited. Mr. Stern and the Company each released certain claims against the other pursuant to the Separation and Release Agreement.

David Helkey was appointed by the Board as our Chief Financial and Operating Officer, effective as of January 21, 2019. In connection with his appointment, Mr. Helkey entered into an Executive Employment Agreement with the Company, dated as of January 9, 2019, as described below under Employment Agreements and Potential Payments upon Termination or Change in Control.

Resignation of Ronald Masciantonio

Ronald Masciantonio, our former Executive Vice President and Chief Administrative Officer, resigned from the Company effective as of June 4, 2018. In connection with his departure, Mr. Masciantonio and the Company entered into a Separation and Release Agreement, pursuant to which Mr. Masciantonio became entitled to receive certain separation benefits described in his former Amended and Restated Executive Employment Agreement with the Company, including 12 months of continued base salary ($425,000 in the aggregate), a prorated bonus for fiscal year 2018, based on actual performance, and a 12-month COBRA subsidy; however, all of Mr. Masciantonio s unvested equity awards were forfeited. Mr. Masciantonio and the Company each released certain claims against the other pursuant to the Separation and Release Agreement.

Consideration of Most Recent Stockholder Advisory Vote on Executive Compensation

During fiscal year 2018, we again conducted a Say-On-Pay stockholder advisory vote, as required by the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010. Approximately 43% of the shares voting were voted in favor of the non-binding, advisory vote on our executive compensation. However, this low result occurred in connection with a contested election at our 2018 Annual Meeting at which Ms. Windal, Ms. Alden, Mr. Morgan, and Ms. Ryan were elected to replace the former members of the Board of Directors. Following our 2018 Annual Meeting, except for pre-existing contractual obligations to certain executive officers, the Committee engaged in a comprehensive, ongoing restructuring of our executive compensation program, which is intended to align our named executive officers interests with those of our stockholders in the continuing transformation of our Company.

Table of Contents

Role of Compensation Consultant; Participation of Management in the Compensation Process

Prior to our 2018 Annual Meeting, the former Board of Directors and Committee sometimes solicited input from Korn Ferry Hay Group, an outside executive compensation consulting firm to assist it in evaluating the Company s executive compensation practices for senior management personnel. Following the 2018 Annual Meeting, the new Committee retained the services of Compensation Advisory Partners, an outside executive compensation consultant, to review the Company s executive compensation program and policies and to advise on the terms of Ms. Ryan s Executive Employment Agreement, as described below under Employment Agreements and Potential Payments upon Termination or Change in Control. The Committee assessed the independence of Compensation Advisory Partners and concluded that its work for the Company did not raise any conflict of interest.

In the course of providing advice to the Committee on potential employment terms for Ms. Ryan, Compensation Advisory Partners developed a peer group of similarly sized specialty retail and apparel companies that served as a general market reference for pay levels and pay practices. The peer group is described below under Peer Group.

The Committee requests input from time to time from members of management, including our Chief Executive Officer, regarding the Company s compensation practices, but the Committee is responsible for final decisions regarding any compensation for our named executive officers.

Peer Group

The peer group used by the Committee as a general market reference includes the specialty retail and apparel companies listed below. The companies were selected because they fell within the range of 0.5x to 2.5x the revenues that the Company reported in the prior year.

Boot Barn Holdings, Inc.

The Buckle, Inc.

The Cato Corporation

Christopher & Banks Corporation

Citi Trends, Inc.

Delta Apparel, Inc.

Destination XL Group, Inc.

Francesca s Holdings Corporation
Iconix Brand Group, Inc.

J.Jill, Inc.

New York & Company, Inc.

Rocky Brands, Inc.

Tilly s Inc.

Vera Bradley, Inc.

Zumiez Inc.

Effect of Historical Contractual Arrangements

The Committee s compensation decisions are made in light of our current and foreseeable future circumstances and with an eye toward conformity with perceived best practices. However, the Committee s approach to compensation in fiscal year 2018 was also influenced by our existing contractual commitments to certain named executive officers, which were in effect prior to our Board s election at the 2018 Annual Meeting. Certain of those contractual commitments were required to be honored upon the management departures described above, although our current Board of Directors and Committee did not negotiate the terms of such pre-existing commitments.

13

Table of Contents

Elements of Compensation

The principal elements of our named executive officers compensation are: (1) base salary, (2) annual cash bonuses, (3) equity-based incentives, and (4) severance and change in control benefits. The Company provides limited perquisites to its employees and executives generally, including standard health and welfare benefit plans and participation in a 401(k) plan. Prior to their separations of employment with us, Messrs. Stern and Masciantonio also received automobile expense reimbursements, as described in the Summary Compensation Table, below.

Base Salary

The base salary of each named executive officer constitutes compensation for discharging such named executive officer s job responsibilities, taking into account such factors as the individual executive s experience, tenure, and alternative employment opportunities. During fiscal year 2018, the base salaries applicable to our named executive officers were as follows: Ms. Ryan: $620,000, reduced to $350,000 on November 1, 2018 in connection with Ms. Ryan s entry into an Executive Employment Agreement with us; Mr. Helkey: $275,000; Mr. Schriver: $265,000; Ms. Payner-Gregor: $620,000; Mr. Stern: $405,000; and Mr. Masciantonio: $425,000.

Annual Bonuses Ms. Ryan and Mr. Helkey

Ms. Ryan and Mr. Helkey are entitled to an EBITDA-based cash bonus in each calendar year pursuant to a formula set forth in their employment agreements with us, as summarized in the table below:

If estimated adjusted EBITDA is	Ms. Ryan s cash bonus earned is	Mr. Helkey s cash bonus earned is
Less than or equal to the Company s actual adjusted EBITDA for the prior year	1.2% of the difference between estimated adjusted EBITDA and $0.	0.7% of the difference between estimated adjusted EBITDA and $0.
Above the prior year s actual adjusted EBITDA but below budgeted adjusted EBITDA	1.2% of the prior year s actual adjusted EBITDA *plus* 3.5% of the difference between estimated adjusted EBITDA and the prior year s actual adjusted EBITDA.	0.7% of the prior year s actual adjusted EBITDA *plus* 2.5% of the difference between estimated adjusted EBITDA and the prior year s actual adjusted EBITDA.
Above budgeted adjusted EBITDA	1.2% of the prior year s actual adjusted EBITDA *plus* 3.5% of the difference between budgeted adjusted EBITDA and the prior year s actual adjusted EBITDA *plus* 7.0% of the difference of estimated adjusted EBITDA and budgeted adjusted EBITDA.	0.7% of the prior year s actual adjusted EBITDA *plus* 2.5% of the difference between budgeted adjusted EBITDA and the prior year s actual adjusted EBITDA *plus* 5.0% of the difference of estimated adjusted EBITDA and budgeted adjusted EBITDA.

However, Ms. Ryan s and Mr. Helkey s total annual cash compensation (*i.e.*, base salary and cash bonus) are subject to a cap of $2,000,000 and $1,200,000, respectively. Ms. Ryan s annual bonus for 2018 was determined based on adjusted EBITDA for our second through fourth quarters of 2018 and prorated based on the number of days that Ms. Ryan was employed with us during such quarters. Mr. Helkey s annual bonus for 2018 was determined based on adjusted EBITDA for fiscal 2018 and prorated based on the number of days Mr. Helkey was employed during such fiscal year.

Payments of the annual cash bonus are generally payable in 12 monthly draws after the Company estimated adjusted EBITDA for an applicable year is determined, subject to true up following the completion of the Company s audited financials for such year. The Committee believes that adjusted EBITDA is the appropriate performance metric for annual bonus purposes because it believes that continued profitability will be the key driver to increase stockholder value.

Table of Contents

For purposes of calculating the 2018 bonus payable to Ms. Ryan (which was based on adjusted EBITDA for our second through fourth quarters of 2018), our budgeted adjusted EBITDA was $11,657,000 and our prior year s actual adjusted EBITDA was $6,688,000. Based on an estimated adjusted EBITDA for 2018 of $8,172,000, Ms. Ryan received a prorated bonus in respect of 2018 of $120,553, which is reported in the Non-Equity Incentive Compensation column of the Summary Compensation Table, below.

For purposes of calculating the 2018 bonus payable to Mr. Helkey, our budgeted adjusted EBITDA was $21,012,000 and our prior year s actual adjusted EBITDA was $13,012,000. Based on an estimated adjusted EBITDA for 2018 of $16,026,000, Mr. Helkey received a prorated bonus in respect of 2018 of $5,472, which is reported in the Non-Equity Incentive Compensation column of the Summary Compensation Table, below.

Annual Bonus Mr. Schriver

In March 2018, the former Committee established fiscal year 2018 performance criteria and a target bonus for Mr. Schriver (set at 40% of base salary, with a threshold bonus of 3% of base salary and a maximum bonus of 60% of base salary). This bonus was subject to achieving a prescribed level of adjusted EBITDA, which the former Committee defined as earnings before interest, taxes, depreciation and amortization, adjusted to exclude the impact of: (i) loss on impairment of tangible or intangible assets; (ii) gain or loss on disposal of assets; (iii) gain or loss from the early extinguishment, redemption, or repurchase of debt; (iv) stock-based compensation expense; (v) any expenses incurred by the Company in connection with certain extraordinary, unusual, or infrequently occurring events reported in the Company s public filings; and (vi) the impact of any changes to accounting principles that become effective during the 2018 fiscal year. The level of adjusted EBITDA that would yield a threshold payout was $16,000,000; the level of adjusted EBITDA that would yield a target payout was $21,000,000; and the level of adjusted EBITDA that would yield a maximum payout was $33,400,000. Based on an achieved adjusted EBITDA of $16,026,000 for fiscal year 2018, Mr. Schriver was entitled to receive a bonus in respect of fiscal year 2018 of $11,130, which is reported in the Non-Equity Incentive Compensation column of the Summary Compensation Table, below.

Annual Bonuses Messrs. Stern and Masciantonio

In March 2018, the former Committee established fiscal year 2018 performance criteria and target bonuses for each of Messrs. Stern and Masciantonio (set at 60% of base salary, with a threshold bonus of 6% of base salary and a maximum bonus of 120% of base salary). These bonuses were subject to achieving a prescribed level of adjusted EBITDA, which the former Committee defined as earnings before interest, taxes, depreciation and amortization, adjusted to exclude the impact of: (i) loss on impairment of tangible or intangible assets; (ii) gain or loss on disposal of assets; (iii) gain or loss from the early extinguishment, redemption, or repurchase of debt; (iv) stock-based compensation expense; (v) any expenses incurred by the Company in connection with certain extraordinary, unusual, or infrequently occurring events reported in the Company s public filings; and (vi) the impact of any changes to accounting principles that become effective during the 2018 fiscal year. The level of adjusted EBITDA that would yield a threshold payout was $16,000,000; the level of adjusted EBITDA that would yield a target payout was $21,000,000; and the level of adjusted EBITDA that would yield a maximum payout was $33,400,000.

Because Messrs. Stern s and Masciantonio s employment with us ended prior to the end of fiscal year 2018, each was entitled only to a prorated bonus for fiscal year 2018, based on actual performance and prorated for the period of time during fiscal year 2018 that he remained employed with us. Based on an achieved adjusted EBITDA of $16,026,000 for fiscal year 2018, Messrs. Stern and Masciantonio were entitled to receive a bonus in respect of fiscal year 2018 of $13,324 and $8,999, respectively, which are reported in the Non-Equity Incentive Compensation column of the Summary Compensation Table, below.

Table of Contents

Equity-Based Incentives

The Committee believes that equity awards, when appropriately structured, provide powerful long-term incentives and align the interests of the named executive officers with the interests of our stockholders. Accordingly, we emphasize equity in the total compensation packages provided to our named executive officers. Equity awards are made under our Amended and Restated 2005 Equity Incentive Plan.

Equity Awards for Fiscal Year 2018   Ms. Ryan and Mr. Helkey

In connection with entering into their Executive Employment Agreements with us, Ms. Ryan and Mr. Helkey were each granted an initial equity award. Ms. Ryan s initial award, granted on November 1, 2018, was comprised as follows: 30% of the total value in stock options to purchase shares of our Common Stock, 20% of the total value in time-based restricted stock units (RSUs), and 50% of the total value in performance-based restricted stock units (PSUs). Mr. Helkey s initial award, granted on January 23, 2019, was comprised as follows: 20% of the total value in stock options to purchase shares of our Common Stock, 20% of the total value in RSUs, and 60% of the total value in PSUs. The number of each type of award granted to Ms. Ryan and Mr. Helkey are summarized in the table below:

Name	Stock Options (#)	RSUs (#)	PSUs (#)
Marla Ryan	71,985	30,188	75,471
David Helkey	19,666	12,618	37,855

The options are designed as an incentive to reward absolute increases in the price of our Common Stock, while the RSUs are designed to encourage retention. The PSUs are designed to reward relative total stockholder return (RTSR) compared to peer companies over an approximate three-year performance period, as described in further detail below.

The options and RSUs vest in four equal installments on each of the first four anniversaries of November 1, 2018 (in the case of Ms. Ryan) or January 21, 2019 (in the case of Mr. Helkey), subject to continued employment on the applicable vesting date (but subject to accelerated vesting if the executive is terminated without cause or resigns for good reason within two years of (or for Mr. Helkey, within 18 months following) the consummation of a change in control, and, in the case of Ms. Ryan, prorated vesting upon a termination by reason of death or disability).

The PSUs vest over a performance period, which, for Ms. Ryan, begins on May 29, 2018 and ends on January 30, 2021, and for Mr. Helkey, begins on January 21, 2019 and ends on January 30, 2022, based on our RTSR over the performance period and generally subject to continued employment through the date that our earnings are released with respect to the fiscal year ending on the last day of the performance period (but subject to accelerated vesting at the target level if the executive is terminated without cause or resigns for good reason within two years of (or for Mr. Helkey, within 18 months following) the consummation of a change in control, and, for Ms. Ryan, eligibility for prorated vesting, based on actual performance, upon a termination by reason of death or disability). The RTSR will be measured with respect to a peer group selected by the Committee and will reflect a 20-trading day average stock price immediately prior to the beginning and end of the performance period. An executive may earn between 0% and 200% of the target PSUs granted, based on the following scale:

If RTSR Is	Then the Percentage of

	Target PSUs Earned Is
Below the 25th Percentile	0%
At the 25th Percentile	50%
At the 55th Percentile	100%
At the 75th Percentile or Above	200%

16

Table of Contents

The number of PSUs earned will be interpolated on a straight-line basis for performance in between the applicable levels. However, if our total stockholder return is negative over the performance period, the number of PSUs earned cannot exceed the target number.

The Committee chose RTSR as a performance measure because the retail industry is volatile and the Company is engaged in a sweeping transformation process. This ongoing transformation process makes it difficult to identify budget-based financial or operational measures with sufficient precision to use for long-term incentive purposes, but the RTSR metric allows the Committee to reward the senior team if the Company outperforms its peer group.

Equity Awards for Fiscal Year 2018 Mr. Schriver

On March 13, 2018, the former Committee approved the grant of 20,000 shares of time-based restricted stock and 20,000 time-based options to purchase our Common Stock to Mr. Schriver, each such award subject to service-based vesting in equal annual installments over the four-year period commencing on the grant date, which was April 20, 2018. The former Committee concluded that these awards were appropriate and necessary to retain and motivate Mr. Schriver during a period of leadership transition.

Equity Awards for Fiscal Year 2018 Messrs. Masciantonio and Stern

On March 13, 2018, the former Committee approved the grant of 35,000 shares of time-based restricted stock and 35,000 time-based options to purchase our Common Stock to each of Messrs. Masciantonio and Stern, each such award subject to service-based vesting in equal annual installments over the four-year period commencing on the grant date, which was April 20, 2018, subject to accelerated vesting upon a change in control. The former Committee concluded that these awards were appropriate and necessary to retain and motivate key employees during a period of leadership transition. On March 13, 2018, the Compensation Committee also modified time-based equity awards granted to Messrs. Masciantonio and Stern in October 2017 to provide for accelerated vesting upon a change in control. This reconciled the change in control treatment of the October 2017 awards to that of both prior and subsequent awards.

As described above under Departure of David Stern and Appointment of David Helkey and Resignation of Ronald Masciantonio, all of Mr. Stern s and Mr. Masciantonio s unvested equity awards were forfeited in connection with their respective terminations of employment.

Severance and Change in Control Benefits

The specific terms of our severance and change in control arrangements are discussed below under the heading Employment Agreements and Potential Payments upon Termination or Change in Control.

Additional Compensation Information

Tax and Accounting Considerations Affecting Executive Compensation

Section 162(m) of the Internal Revenue Code of 1986, as amended, places a limit of $1.0 million on the amount of compensation a public company may deduct for federal income tax purposes in any one year paid to certain covered employees. For taxable years ending December 31, 2017 and earlier, covered employees generally referred to the company s chief executive officer and its next three most highly compensated executive officers (other than the chief financial officer). However, for taxable years after December 31, 2017, chief financial officers are included in the definition of covered employees, and the definition additionally extends to any individual who is (or was) a covered employee for any taxable year beginning after December 31, 2016.

Table of Contents

For taxable years prior to December 31, 2017, this limitation did not apply to compensation that was considered qualified performance based compensation under the rules of Section 162(m). This exemption was repealed by recent legislation, such that compensation paid to our covered executive officers in excess of $1.0 million will not be deductible unless it qualifies for transitional relief applicable to certain arrangements in place as of November 2, 2017 (the scope of which remains uncertain).

The deductibility of compensation is just one in a variety of considerations relevant to the design of our compensation program, and as such, the Committee reserves the right to grant compensation that may not be tax deductible under the provisions of Section 162(m) or otherwise.

Stock Ownership Guidelines

We have formal stock ownership guidelines in place for our named executive officers, which require that:

- The Chief Executive Officer own shares of our Common Stock having a fair market value equal to or greater than three times her then-current annual base salary; and

- Each other named executive officer own shares of our Common Stock having a fair market value equal to or greater than his or her then current annual base salary.

Named executive officers are required to attain the specified level of stock ownership within five years of the named executive officer s appointment. The failure of a named executive officer to comply with these guidelines will be considered by the Committee when determining future equity grants for such named executive officer. Compliance with these guidelines may be waived at the discretion of the Board. We believe that these ownership guidelines will provide a significant incentive for each of the named executive officers to ensure that his or her actions, and the actions of all those reporting to such officer, are focused on the creation of sustainable stockholder value and the avoidance of excessive risk. All of our named executive officers who remain employed with us are within the five-year grace period under the guidelines to achieve the required level, and none of our named executive officers have yet achieved the required level.

Clawbacks

The Committee continues to evaluate the implementation of a clawback policy and intends to adopt such a policy after the SEC provides further guidance on that issue.

Table of Contents

Summary Compensation Table

The following table provides information about our named executive officers compensation earned during our fiscal years ended February 2, 2019 (*i.e.*, fiscal year 2018), and February 3, 2018 (*i.e.*, fiscal year 2017):

Name and Principal Position	Fiscal Year	Salary ($)	Bonus ($)	Stock Awards ($) (1)	Option Awards ($) (1)	Non-Equity Incentive Compensation ($)	All Other Compensation ($)	Total ($)
Marla Ryan *Chief Executive Officer*	2018	341,846		560,000	240,000	120,553	18,157 (2)	1,280,556
David Helkey *Chief Financial and Operating Officer*	2018	10,576		160,000	40,000	5,472		216,048
Rodney Schriver *Senior Vice President & Chief Accounting Officer*	2018	265,000		53,001	29,639	11,130		358,770
Melissa Payner-Gregor *Former Interim Chief Executive Officer*	2018	226,538					66,812 (3)	293,350
	2017	116,735		9,240				125,975
David Stern *Former Executive Vice President & Chief Financial Officer*	2018	225,865		92,751	52,429	13,324	466,559 (5)	850,928
	2017	405,000	125,000 (4)	231,000			12,000 (6)	773,000
Ronald J. Masciantonio *Former Executive Vice President & Chief Administrative Officer*	2018	156,923		92,751	52,429	8,999	477,481 (8)	788,583
	2017	403,058	242,000 (7)	231,000			12,000 (6)	888,058

(1) The amounts in the columns titled Stock Awards and Option Awards reflect the grant date fair values of equity awards, computed in accordance with FASB ASC Topic 718. See Note 12 to our consolidated financial statements included in our Annual Report on Form 10-K for the fiscal year ended February 2, 2019 (filed with the

SEC on April 16, 2019) for a discussion of the assumptions used in the valuation of stock-based awards. For Ms. Ryan and Mr. Helkey, the Stock Awards column includes $400,000 and $120,000, respectively, in respect of PSU awards granted in 2018, based upon the probable outcome of the applicable performance conditions. However, assuming that such conditions were achieved at their maximum level, the grant date fair value of Ms. Ryan s and Mr. Helkey s PSUs would instead be $800,000 and $240,000, respectively.

(2) This amount represents the amount of legal fees that were reimbursed to Ms. Ryan in connection with the negotiation of her employment agreement with us.

(3) This amount represents the severance pay and benefits that Ms. Payner-Gregor received in connection with her separation from employment with us, including payment of the Interim Bonus ($50,000) and the COBRA Subsidy ($14,812).

(4) This amount represents a retention bonus that was paid to Mr. Stern in fiscal year 2017.

(5) This amount represents the automobile expense reimbursements that Mr. Stern received in fiscal year 2018 ($7,000) and the severance pay and benefits that Mr. Stern received in connection with his separation from employment with us, including cash severance ($405,000), 12-month COBRA subsidy ($31,194), and payment of accrued but unpaid vacation ($23,365).

(6) These amounts represent fiscal year 2017 automobile expense reimbursements.

(7) These amounts represent retention bonuses of $117,000 and $125,000 that were paid to Mr. Masciantonio in fiscal year 2017.

(8) This amount represents the automobile expense reimbursements that Mr. Masciantonio received in fiscal year 2018 ($5,000) and the severance pay and benefits that Mr. Masciantonio received in connection with his separation from employment with us, including cash severance ($425,000), 12-month COBRA subsidy ($22,962), and payment of accrued but unpaid vacation ($24,519).

Table of Contents

Outstanding Equity Awards at Fiscal Year-End

The following table sets forth equity awards outstanding as of February 2, 2019, for each of our named executive officers.

	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested ($) [1]	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights [2]	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares
Marla Ryan		71,985 [3]	5.30	10/31/2028				
					30,188 [4]	89,055		
							37,736	111,321
David Helkey		19,666 [5]	3.17	1/23/2029				
					12,618 [6]	37,223		
							18,928	55,838
Rodney Schriver		20,000 [7]	2.65	4/20/2028				
					20,000 [8]	59,000		
					18,750 [9]	55,313		
Melissa Payner-Gregor (10)								
David Stern (10)								
Ronald Masciantonio (10)								

(1) The market value is based upon the closing price of our Common Stock on February 1, 2019, the last trading day in our fiscal year 2018 ($2.95).

(2) The amounts included in this column represent PSU awards, reported at the threshold level of achievement. As more fully described above, PSUs are generally subject to achievement of applicable performance metrics over the applicable performance period and the executive s continued employment through the date of the applicable earnings release following the conclusion of the performance period, but subject to accelerated or prorated vesting upon certain terminations of employment.

(3) As more fully described above, Ms. Ryan s time-based options generally vest in equal installments on each of the first four anniversaries of November 1, 2018, subject to Ms. Ryan s continued employment on each vesting date, but subject to accelerated or prorated vesting upon certain terminations of employment.

(4) As more fully described above, Ms. Ryan s RSUs generally vest in equal installments on each of the first four anniversaries of November 1, 2018, subject to Ms. Ryan s continued employment on each vesting date, but subject to accelerated or prorated vesting upon certain terminations of employment.

(5) As more fully described above, Mr. Helkey s time-based options generally vest in equal installments on each of the first four anniversaries of January 21, 2019, subject to Mr. Helkey s continued employment on each vesting date, but subject to accelerated vesting upon certain terminations of employment.
(6) As more fully described above, Mr. Helkey s RSUs generally vest in equal installments on each of the first four anniversaries of January 21, 2019, subject to Mr. Helkey s continued employment on each vesting date, but subject to accelerated vesting upon certain terminations of employment.
(7) As more fully described above, Mr. Schriver s time-based options generally vest in equal installments on each of the first four anniversaries of April 20, 2018, subject to Mr. Schriver s continued employment on each vesting date.
(8) As more fully described above, this award of time-based restricted stock generally vests in equal installments on each of the first four anniversaries of April 20, 2018, subject to Mr. Schriver s continued employment on each vesting date.
(9) These shares of restricted stock were granted on December 4, 2017 with an initial vesting term of four years. One-fourth of the award initially vested on December 4, 2018; one-fourth will vest on December 4, 2019, one fourth will vest on December 4, 2020; and one-fourth will vest on December 4, 2021.
(10) None of Ms. Payner-Gregor, David Stern, or Ronald Masciantonio held any equity awards as of February 2, 2019.

Table of Contents

Employment Agreements and Potential Payments upon Termination or Change in Control

We have entered into employment agreements with Ms. Ryan and Messrs. Helkey and Schriver that provide payments and benefits in the event of a termination of employment under various circumstances, including in connection with a change in control. The discussion below describes these employment agreements, including a description of the compensation payable to each such executive upon these various termination events.

As described in further detail above, Ms. Payner-Gregor, Mr. Stern, and Mr. Masciantonio all separated from employment with us during fiscal year 2018; please refer to the Summary Compensation Table and the discussions above under Resignation of Melissa Payner-Gregor and Appointment of Marla Ryan, Departure of David Stern and Appointment of David Helkey, and Resignation of Ronald Masciantonio for a description of the separation payments and benefits provided in connection with their respective terminations.

Executive Employment Agreement with Ms. Ryan

The Company entered into an Executive Employment Agreement with Ms. Ryan on November 1, 2018 (the CEO Employment Agreement). The initial term of the CEO Employment Agreement is for three years, subject to automatic, successive one-year renewals unless either the Company or Ms. Ryan provides notice of non-renewal at least 90 days prior to expiration. Under the terms of the CEO Employment Agreement, Ms. Ryan is entitled to a base salary of $350,000 (subject to annual review by the Committee), the annual EBITDA-based cash bonus described above under Annual Bonuses Ms. Ryan and Mr. Helkey, and participation in the Company s general employee benefit programs available to senior executives. The CEO Employment Agreement also entitled Ms. Ryan to receive the initial equity grants described above under Equity Awards for Fiscal Year 2018 Ms. Ryan and Mr. Helkey.

Upon a termination of Ms. Ryan s employment by the Company without cause or by Ms. Ryan for good reason, Ms. Ryan would be entitled to receive: (i) payment of all accrued and unpaid base salary through the date of such termination; (ii) payment of any cash bonus not yet paid, but earned for the calendar year in which Ms. Ryan s employment is terminated; (iii) payment of (a) six months of base salary, in the event that such termination occurs in the first 12 months of the term of the CEO Employment Agreement; (b) nine months of base salary, in the event that such termination occurs in the second year of the term of the CEO Employment Agreement; and (c) 12 months of base salary, in the event that such termination occurs in the third year of the term of the CEO Employment Agreement or thereafter; and (iv) a 12-month COBRA subsidy. However, if the severance event occurs within two years after a change in control, then the salary continuation referenced in clause (iii) above will be increased to 24 months and will be payable in one lump sum, and the COBRA subsidy referenced in clause (iv) above will be increased from 12 to 18 months. Ms. Ryan s severance benefits are subject to her execution and delivery of a release of claims in favor of the Company.

As described above under Equity Awards for Fiscal Year 2018 Ms. Ryan and Mr. Helkey, if Ms. Ryan is terminated without cause or resigns for good reason within two years of the consummation of a change in control, then Ms. Ryan s initial option grant, RSU grant, and PSU grant would immediately vest (with the PSUs vesting at the target level). In addition, Ms. Ryan would be entitled to prorated vesting of such awards and a prorated cash bonus upon a termination by reason of death or disability.

The CEO Employment Agreement contains certain non-competition and non-solicitation provisions which operate during Ms. Ryan s employment. In addition, the non-competition covenants continue to apply following Ms. Ryan s employment with the Company for: (i) nine months, following a cessation of employment within the first 12 months of the term of the CEO Employment Agreement; or (ii) 12 months, following a cessation of employment at any time after the first 12 months of the term of the CEO Employment Agreement. The non-solicitation covenants continue to apply following Ms. Ryan s employment with the Company for 12 months following a cessation of employment at any time. In addition to the foregoing, Ms. Ryan is subject to perpetual confidentiality and non-disparagement covenants.

Table of Contents

Executive Employment Agreement with Mr. Helkey

The Company entered into an Executive Employment Agreement with Mr. Helkey on January 9, 2019 (the CFO Employment Agreement). The initial term of the CFO Employment Agreement is for three years (commencing on January 21, 2019), subject to automatic, successive one-year renewals unless either the Company or Mr. Helkey provides notice of non-renewal at least 90 days prior to expiration. Under the terms of the CFO Employment Agreement, Mr. Helkey is entitled to a base salary of $275,000 (subject to annual review by the Committee), the annual EBITDA-based cash bonus described above under Annual Bonuses Ms. Ryan and Mr. Helkey, and participation in the Company s general employee benefit programs available to senior executives. The CFO Employment Agreement also entitled Mr. Helkey to receive the initial equity grants described above under Equity Awards for Fiscal Year 2018 Ms. Ryan and Mr. Helkey. In addition, the CFO Employment Agreement provides Mr. Helkey with a one-time relocation reimbursement package in the aggregate amount of $30,000 to be used in connection with Mr. Helkey s relocation to the Moorestown, New Jersey area (none of which was paid in fiscal year 2018). In addition, until the earlier of the completion of such relocation or six months following Mr. Helkey s start date, the Company will reimburse Mr. Helkey for pre-approved temporary housing costs and travel costs for up to three round trips per month between Mr. Helkey s current residence and the Company s principal executive offices (but no such payments were made in fiscal year 2018). The Company will also provide Mr. Helkey with a tax gross-up for taxes incurred in connection with the relocation reimbursements. The relocation reimbursements and related gross-up are subject to repayment by Mr. Helkey if, within 36 months after his last reimbursement, he fails to maintain a residence in the Moorestown, New Jersey area without the Company s consent, resigns without good reason, or is terminated for cause.

Upon a termination of Mr. Helkey s employment by the Company without cause or by Mr. Helkey for good reason, Mr. Helkey would be entitled to receive: (i) payment of all accrued and unpaid base salary through the date of such termination; (ii) payment of any cash bonus not yet paid, but earned for the calendar year in which Mr. Helkey s employment is terminated; (iii) payment of (a) six months of base salary, in the event that such termination occurs in the first 12 months of the term of the CFO Employment Agreement; (b) nine months of base salary, in the event that such termination occurs in the second year of the term of the CFO Employment Agreement; and (c) 12 months of base salary, in the event that such termination occurs in the third year of the term of the CFO Employment Agreement or thereafter; and (iv) a six-month COBRA subsidy. However, if the severance event occurs within 18 months after a change in control, then the salary continuation referenced in clause (iii) above will be 12 months in all circumstances, and the COBRA subsidy referenced in clause (iv) above will be increased from six to 12 months. Mr. Helkey s severance benefits are subject to his execution and delivery of a release of claims in favor of the Company.

As described above under Equity Awards for Fiscal Year 2018 Ms. Ryan and Mr. Helkey, if Mr. Helkey is terminated without cause or resigns for good reason within 18 months following the consummation of a change in control, then Mr. Helkey s initial option grant, RSU grant, and PSU grant would immediately vest (with the PSUs vesting at the target level).

The CFO Employment Agreement contains certain non-competition and non-solicitation provisions which operate during Mr. Helkey s employment and for 12 months following Mr. Helkey s termination for any reason. In addition, Mr. Helkey is subject to perpetual confidentiality and non-disparagement covenants.

Executive Employment Agreement with Mr. Schriver

The Company entered into an Executive Employment Agreement with Mr. Schriver on December 4, 2017 (the CAO Employment Agreement). The CAO Employment Agreement does not have a defined term and will be in effect until Mr. Schriver s termination of employment. Under the terms of the CAO Employment Agreement, Mr. Schriver is entitled to an initial base salary of $265,000 and an initial target bonus of 40% of his base salary (subject to annual review by the Chief Executive Officer).

Table of Contents

Upon a termination of Mr. Schriver s employment by the Company without cause or by Mr. Schriver for good reason, Mr. Schriver would be entitled to receive: (i) payment of all accrued and unpaid base salary through the date of such termination; (ii) payment of any cash bonus not yet paid, but earned for the calendar year in which Mr. Schriver s employment is terminated; (iii) payment of 26 weeks of base salary; and (iv) a 26-week COBRA subsidy. However, if the severance event occurs within 24 months after a change in control, then the salary continuation referenced in clause (iii) above will be 52 weeks, plus an additional 40% of his base salary, in all circumstances, and the COBRA subsidy referenced in clause (iv) above will be increased from 26 weeks to 52 weeks. Mr. Schriver s severance benefits are subject to his execution and delivery of a release of claims in favor of the Company.

The CAO Employment Agreement contains certain non-competition and non-solicitation provisions which operate during Mr. Schriver s employment and for the greater of (i) six months following Mr. Schriver s termination for any reason and (ii) the period of time during which he receives his cash severance benefits. In addition, Mr. Schriver is subject to perpetual confidentiality covenants.

Key Definitions under the CEO Employment Agreement, CFO Employment Agreement and CAO Employment Agreement

With respect to Ms. Ryan and Messrs. Helkey and Schriver, cause, good reason, and change in control have the following meanings under the CEO Employment Agreement, CFO Employment Agreement, and CAO Employment Agreement, respectively:

> Cause means (i) for Ms. Ryan and Mr. Helkey, conviction of or plea of guilty or nolo contendere to a crime that constitutes a felony (or state law equivalent) or a crime that constitutes a misdemeanor involving moral turpitude, and for Mr. Schriver, conviction of, or the plea of guilty or no contest to, a crime, other than minor traffic offense; (ii) alcohol abuse or use of controlled drugs (other than in accordance with a physician s prescription); (iii) willful misconduct or gross negligence in the course of employment; (iv) material breach of any published Company policy, including (without limitation) the Company s ethics guidelines, insider trading policies, or policies regarding employment practices; (v) material breach of any agreement with a duty owed to the Company or any of its affiliates, and for Ms. Ryan and Mr. Helkey, after written notice and a period of 10 business days to cure; or (vi) for Ms. Ryan and Mr. Helkey, refusal to perform the lawful and reasonable directives of the Board of Directors that are within the scope of employment, and for Mr. Schriver, refusal to perform the lawful and reasonable directives of a supervisor.

> Good reason means, without Ms. Ryan s or Messrs. Helkey s and Schriver s prior consent, (i) for Ms. Ryan, a change in title or removal from the Board of Directors, for Mr. Helkey, a diminution in title, and for Mr. Schriver, a material, adverse change in title, authority or duties; (b) for Ms. Ryan and Mr. Helkey, a reduction in base salary or a reduction in the percentage thresholds used to calculate the annual EBITDA-based cash bonus, in a manner designed to reduce the overall cash bonus payable, and for Mr. Schriver, a reduction in base salary or bonus opportunity described in the CAO Employment Agreement; or (c) a relocation of the principal worksite by more than 50 miles (that, in the case of Mr. Helkey, increases his one-way commute). However, none of the foregoing events or conditions will constitute good reason unless either Ms. Ryan or Messrs. Helkey and Schriver, as applicable, provides the Company with written objection to the event or condition within 30 days following its occurrence, the Company does not cure the event or condition within 30 days of receiving that written objection, and Ms. Ryan or Messrs. Helkey and Schriver, as applicable, resigns employment within 30 days following the

expiration of that cure period.

Table of Contents

Change in control has the meaning set forth in our Amended and Restated 2005 Equity Incentive Plan, and means the occurrence of any of the following, in one transaction or a series of related transactions: (i) any person becoming a beneficial owner, directly or indirectly, of securities of the Company representing more than 50% of the voting power of the Company s then-outstanding securities; (ii) a consolidation, share exchange, reorganization, or merger of the Company resulting in the stockholders of the Company immediately prior to such event not owning at least a majority of the voting power of the resulting entity s securities outstanding immediately following such event; (iii) the sale or other disposition of all or substantially all the assets of the Company, or (iv) a liquidation or dissolution of the Company.

Table of Contents

REPORTS OF COMMITTEES OF THE BOARD OF DIRECTORS

Report of the Audit Committee

The Audit Committee of the Board of Directors has:

- Reviewed and discussed the Company s audited consolidated financial statements for fiscal year 2018 with management;

- Discussed with the Company s independent registered public accountants matters required to be discussed by Public Company Accounting Oversight Board Auditing Standard No. 16, *Communications with Audit Committees*, in connection with the audit of the Company s consolidated financial statements for fiscal year 2018; and

- Received the written disclosures and the letter from the independent registered public accountants required by applicable requirements of the Public Company Accounting Oversight Board for its communications with the Audit Committee regarding independence, and has discussed with the independent registered public accountants its independence.

In reliance on the review and discussions referred to above, the Audit Committee recommended to the Board of Directors that the Company s audited consolidated financial statements be included in the Company s Annual Report on Form 10-K for filing with the SEC for fiscal year 2018.

The Audit Committee
Christopher Morgan, *Chair*
Gregory Kleffner
Anne-Charlotte Windal

The foregoing Report of the Audit Committee shall not be deemed to be incorporated by reference into any filing made by the Company under the Securities Act of 1933 or the Securities Exchange Act of 1934, notwithstanding any general statement contained in any such filing incorporating this Proxy Statement by reference, except to the extent the Company incorporates such report by specific reference.

Table of Contents

PROPOSALS FOR CONSIDERATION BY THE STOCKHOLDERS

ELECTION OF DIRECTORS

(PROPOSAL 1)

Our Board of Directors currently consists of five members whose terms will expire at the Annual Meeting. We are nominating the five incumbent directors for re-election at the Annual Meeting. Mr. Morgan, Ms. Ryan and Ms. Windal were elected by the stockholders at the 2018 Annual Meeting. Ms. Gavales was appointed to the Board of Directors, effective March 18, 2019. Mr. Kleffner was appointed to the Board of Directors, effective March 29, 2019.

If elected, each of these nominees will serve for a one-year term that will expire at our annual meeting of shareholders in 2020 or until his or her successor is duly elected and qualified. Information regarding the nominees is set forth below. All directors bring to the Board of Directors a wealth of executive leadership experience derived from their service in executive or professional positions with large or complex organizations.

The Board recommends that you vote FOR the election of all five nominees to the Board of Directors for a one-year term expiring at the next annual meeting of stockholders.

The persons named as proxies intend to vote the proxies FOR the election of each of the Board of Directors five nominees for a one-year term expiring at the next annual meeting of stockholders unless you indicate on the proxy card a vote to WITHHOLD your vote with respect to any of the nominees.

The nominees recommended by our Board of Directors have consented to serving as nominees for election to our Board of Directors, to being named in this Proxy Statement and to serving as members of our Board of Directors if elected by our stockholders. As of the date of this Proxy Statement, we have no reason to believe that any nominee will be unable or unwilling to serve if elected as a director. However, if prior to the Annual Meeting, for any reason, a nominee becomes unable to serve or for good cause will not serve if elected, our Board of Directors, upon the recommendation of our Nominating and Corporate Governance Committee, may designate a substitute nominee, in which event the shares represented by proxies returned to us will be voted for such substitute nominee. If any substitute nominees are so designated, we will file an amended proxy statement or supplement to the proxy statement that, as applicable, identifies the substitute nominees, discloses that such nominees have consented to being named in the amended proxy statement and to serve as directors if elected, and includes certain biographical and other information about such nominees required by the applicable rules promulgated by the SEC.

The following biographical information is furnished as to each of the Board of Directors nominees for election as a director:

Lisa Gavales, 56, has served as a director of the Company since March 2019. Most recently, Ms. Gavales provided interim leadership for Bluestem Group, Inc., starting in 2017 as President of its Northstar portfolio and for over a year as Interim Chief Executive Officer of Bluestem Group. From 2014 to 2017, Ms. Gavales was Chairman, Chief Executive Officer and President of Things Remembered, where she was instrumental in streamlining the company, and innovating shipping and manufacturing processes, providing better assortments with shorter delivery times. Before that, she served as President and Chief Marketing Officer of Talbots. From 2008 to 2013, Ms. Gavales was Executive Vice President, Chief Marketing Officer at EXPRESS where she led the launch of express.com and reinvigoration of the brand. Earlier in her career, Ms. Gavales spent over a decade at Bloomingdale s where she held a variety of positions including: Senior Vice President of Marketing, where she was responsible for the launch of bloomingdales.com, General Merchandise Manager, and SVP of Planning. Ms. Gavales also sits on the boards of:

Bluestem Brands, True Religion, and Goodwill of Greater Cleveland. Ms. Gavales holds an MBA and BS from the University of Bridgeport. We believe that Ms. Gavales strong operational leadership experience and background in brand building, digital marketing and e-commerce are extremely valuable as the Company continues to optimize its operations across brick-and-mortar and digital channels.

Table of Contents

Gregory Kleffner, 64, has served as a director of the Company since March 2019. Mr. Kleffner was previously the Executive Vice President and Chief Financial Officer of Stein Mart, Inc. with responsibility for financial management, treasury, investor relations, credit card operations, internal audit, stores audit and asset protection. Prior to joining Stein Mart, Mr. Kleffner spent six years at Kellwood Company, a women s apparel and soft goods marketer and manufacturer, in various finance roles including as Chief Financial Officer from 2007 to 2008. During his tenure, Mr. Kleffner was instrumental in the strategic restructuring of the company, including the disposal of certain non-core businesses and the successful integration of several acquisitions. Prior to joining Kellwood Company in 2002, he was Audit Partner at Arthur Andersen LLP in St. Louis. Mr. Kleffner received a Bachelor of Science in Business Administration from Olin Business School at Washington University. We believe that Mr. Kleffner s financial expertise within the retail and apparel industries make him a valuable member of the Board of Directors.

Christopher B. Morgan, 47, has served as a director of the Company since May 2018. Mr. Morgan has been a senior analyst at Kingdon Capital Management, L.L.C. since 2014, researching consumer discretionary, retail and business services. Prior to joining Kingdon, Mr. Morgan was a senior analyst at Centerline Investments Partners from March 2013 to October 2014, a consultant at Suvretta Capital Partners LP from 2011 to 2012 and a Managing Director at Karsh Capital Management from 2006 to 2010, where Mr. Morgan was responsible for stock selection in the consumer discretionary and financial services sectors in a $3.5 billion global equity hedge fund. From 2004 to 2006, Mr. Morgan was a Partner at Copper Beech Capital Management responsible for equity investments in mid-cap consumer discretionary, leisure, business services and specialty financial services. Mr. Morgan served as an equity analyst at Hunter Global Investors from 2001 to 2004 and as an equity research analyst at Donaldson, Lufkin & Jenrette from 1995 to 2000, covering banks and financial services. Prior to that, Mr. Morgan was a credit analyst at Chemical Bank in the corporate banking/commercial lending division. Mr. Morgan received a B.A. in Psychology from Dartmouth College. We believe that the attributes, skills and qualifications that Mr. Morgan has obtained through his experience in analyzing the financial performance of companies will provide the Board of Directors and the Company with valuable insight regarding analyzing and improving the financial performance of the Company.

Marla A. Ryan, 52, has served as Chief Executive Officer and a director of the Company since May 2018. Ms. Ryan is the founder and Chief Executive Officer of Lola Advisors LLC, a business consultancy working in the apparel, beauty and wellness sector. Prior to founding Lola Advisors LLC, Ms. Ryan was employed by Lands End from 2009 through 2017, most recently serving as Senior Vice President of Retail. In this role, Ms. Ryan managed the Retail business unit, including Lands End shops at Sears, retail and outlet stores, and served as a member of the Executive Leadership Team. From 2009 to 2012, Ms. Ryan held various senior positions at Lands End, including Senior Vice President of Global Omni-Merchandising and Vice President of Retail. From 2002 to 2009, Ms. Ryan served in various senior positions at J.Crew, including Vice President of Crewcuts, J.Crew s children s apparel division. Prior to that, she served in various merchandising and management roles at Brooks Brothers, American Eagle, Abercrombie & Fitch and The Gap, Inc. Ms. Ryan has over 25 years of comprehensive functional and executive experience across e-commerce and retail, brand launch and strategy, merchandising, digital marketing, inventory management, real estate and store operations. We believe that Ms. Ryan s extensive experience in the specialty retail industry will provide valuable skills and insights to the Board.

Anne-Charlotte Windal, 49, has been a director of the Company since May 2018. Ms. Windal is the founder of ACW Consulting, LLC, through which she provides strategic advisory services to consumer goods and retail companies. From 2013 to 2016, Ms. Windal was a Senior Analyst for Bernstein Research. In this role, she led a team that provided in-depth investment research and financial analysis on the U.S. specialty retail sector. Prior to joining Bernstein Research, Ms. Windal served as a Partner for NERVE Group, a strategy and creative consultancy to consumer and retail companies. From 2008 to 2010, she served as Senior Vice President and General Manager, Design and Strategy at New York & Company, where she served as a member of the Executive Committee. From 2003 to 2008, Ms. Windal held senior merchandising positions at L Brands, including Senior Vice President, Brand

Development for Bath & Body Works. Prior to that, Ms. Windal was a

Table of Contents

Principal for The Boston Consulting Group. Ms. Windal received an M.S. in Management with a concentration in Finance from Ecole des Hautes Etudes Commerciales and an M.B.A. with a concentration in Marketing and Finance from Columbia Business School. We believe that Ms. Windal s broad expertise in strategy, retail, strategic and merchandising planning, consumer insight and product innovation make her a valuable member of the Board of Directors.

The Board of Directors recommends that you vote FOR this Proposal 1 to elect all of its Nominees to the Board of Directors for a term expiring at the next Annual Meeting of Stockholders.

Table of Contents

RATIFICATION OF

APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTANTS

(PROPOSAL 2)

The Audit Committee of our Board of Directors has appointed the firm of BDO as independent registered public accountants to audit and report on the consolidated financial statements of the Company and its subsidiaries for fiscal year 2019, and to perform such other appropriate accounting and related services as may be required by the Audit Committee. BDO has served as our independent registered public accountants since April 16, 2019. The Board of Directors recommends that the stockholders ratify such selection. This appointment will be submitted to the stockholders for ratification at the Annual Meeting.

The submission of the appointment of BDO is not required by law or by the By-laws of the Company. The Board of Directors is nevertheless submitting it to the stockholders to ascertain their views. If the stockholders do not ratify the appointment, the selection of other independent registered public accountants will be considered by the Board of Directors. If BDO shall decline to accept or become incapable of accepting its appointment, or if its appointment is otherwise discontinued, the Board of Directors will appoint other independent registered public accountants.

A representative of BDO is expected to be present at the Annual Meeting. The representative will have the opportunity to make a statement and will be available to respond to appropriate questions.

The Board of Directors recommends that you vote FOR this Proposal 2 to ratify the appointment of BDO as independent registered public accountants for fiscal year 2019.

Change in Independent Auditors

As previously disclosed, on April 10, 2019, the Company notified KPMG LLP (KPMG) that it would dismiss KPMG as the Company s independent registered public accounting firm immediately upon completion of its audit of the Company s consolidated financial statements as of and for the fiscal year ended February 2, 2019 and the issuance of its report thereon, which occurred on April 16, 2019, concurrent with the filing of the Company s Annual Report on Form 10-K. The dismissal of KPMG was approved by the Audit Committee of the Board of Directors of the Company (the Audit Committee). KPMG s reports on the Company s consolidated financial statements for the fiscal years ended February 2, 2019 and February 3, 2018 did not contain an adverse opinion or a disclaimer opinion and were not qualified as to uncertainty, audit scope or accounting principles.

As previously disclosed, during the Company s two most recent fiscal years ended February 2, 2019 and February 3, 2018, and the subsequent interim period through April 16, 2019, there were: (i) no disagreements, within the meaning of Item 304(a)(1)(iv) of Regulation S-K promulgated under the Exchange Act (Regulation SK) and the related instructions thereto, with KPMG on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which disagreements, if not resolved to the satisfaction of KPMG, would have caused it to make reference to the subject matter of the disagreements in connection with its reports and (ii) no reportable events within the meaning of Item 304(a)(1)(v) of Regulation S-K.

The Company provided KPMG with a copy of the above disclosure prior to its filing on the Company s Current Report on Form 8-K, and requested KPMG to furnish the Company with a letter addressed to the SEC stating whether it agreed with the above statements and, if not, stating the respects in which it did not agree. A copy of KPMG s letter dated April 16, 2019, is filed as Exhibit 16.1 to the Current Report on Form 8-K filed by the Company on April 16, 2019.

As previously disclosed, on April 16, 2019, the Company engaged BDO as its independent registered public accounting firm for the Company s fiscal year ending February 1, 2020. The decision to engage BDO as the Company s independent registered public accounting firm was approved by the Audit Committee. During the Company s two most recent fiscal years ended February 2, 2019 and February 3, 2018, and the subsequent

Table of Contents

interim period through April 16, 2019, neither the Company nor anyone acting on its behalf consulted with BDO regarding: (i) the application of accounting principles to a specific transaction, either completed or proposed, or the type of audit opinion that might be rendered on the Company s consolidated financial statements, and neither a written report nor oral advice was provided to the Company that BDO concluded was an important factor considered by the Company in reaching a decision as to any accounting, auditing, or financial reporting issue; (ii) any matter that was the subject of a disagreement within the meaning of Item 304(a)(1)(iv) of Regulation S-K and the related instructions; or (iii) any reportable event within the meaning of Item 304(a)(1)(v) of Regulation S-K.

The change in independent auditors was previously disclosed in the Company s Current Report on Form 8-K filed with the SEC on April 16, 2019.

Auditor Fees and Services

The following is a summary of the fees billed to the Company by KPMG for professional services rendered for fiscal years 2018 and 2017:

Fee Category	**Fiscal Year 2018 Fees ($)**	**Fiscal Year 2017 Fees ($)**
Audit Fees (1)	879,025	869,484
Audit-Related Fees (2)	0	272,500
Tax Fees (3)	180,375	174,356
Non-Audit Related Fees (4)	1,780	203,650
Total Fees	1,061,180	1,519,990

(1) Audit Fees consist of fees billed for professional services rendered for the annual audit of the Company s consolidated financial statements and internal control over financial reporting, for reviews of the interim financial statements included in the Company s quarterly reports on Form 10-Q, and for services provided in connection with certain statutory and regulatory filings, including consents.

(2) Audit-Related Fees consist of fees billed for professional services rendered for audit-related services including consultations on proposed financial accounting and reporting related matters.

(3) Tax Fees consist of fees billed for professional services relating to tax compliance and other tax advice.

(4) Non-Audit Related Fees consist of fees billed for annual subscription fees for accounting research tools and professional services for due diligence assistance relating to the formerly proposed merger with Orchestra.

The Audit Committee s pre-approval policies and procedures provide for pre-approval of audit, audit-related, tax and other services. Unless a type of service to be provided by the independent registered public accountants has received general pre-approval, it will require specific pre-approval by the Audit Committee. Any proposed services exceeding pre-approved fee levels require specific pre-approval by the Audit Committee. The pre-approval fee levels for all services to be provided by the independent registered public accountants are established annually by the Audit Committee. The Audit Committee pre-approved all audit, audit-related and non-audit services described above rendered to the Company by KPMG during fiscal years 2017 and 2018 and has pre-approved similar services to be rendered by BDO during the fiscal year 2019. The Audit Committee believes the rendering of these services is not incompatible with the independent registered public accountants maintaining their independence.

30

Table of Contents

ADVISORY VOTE RELATED TO EXECUTIVE COMPENSATION

(PROPOSAL 3)

The requirements of the Securities Exchange Act of 1934 and the related rules of the SEC enable our stockholders to vote to approve, on an advisory (non-binding) basis, the compensation of our named executive officers as disclosed in this Proxy Statement in accordance with the SEC s rules. At our Annual Meeting of Stockholders held in October 2017, our stockholders were asked to vote on whether the Say-on-Pay advisory vote should be held annually, every two years, or every three years. Our stockholders indicated a preference for holding such a vote on an annual basis. Our Board of Directors determined, as a result of such vote on the frequency of the advisory vote to approve our executive compensation, that we will hold a Say-On-Pay stockholder advisory vote to approve our executive compensation every year.

As described in detail under the heading Executive Compensation, our executive compensation programs are designed to attract, motivate, and retain our named executive officers, who are critical to our success. Please read the Executive Compensation discussion above for additional details about our executive compensation programs, including information about the fiscal year 2018 compensation of our named executive officers.

We are asking our stockholders to indicate their support for our named executive officer compensation as described in this Proxy Statement. This proposal, commonly known as a Say-on-Pay proposal, gives our stockholders the opportunity to express their views on our named executive officers compensation. This vote is not intended to address any specific item of compensation, but rather the overall compensation of our named executive officers and the philosophy, policies, and practices described in this Proxy Statement. Accordingly, we will ask our stockholders to vote FOR the following resolution at the Annual Meeting:

RESOLVED, that the Company s stockholders approve, on an advisory basis, the compensation of the named executive officers, as disclosed in the Company s Proxy Statement for the 2019 Annual Meeting of Stockholders pursuant to the compensation disclosure rules of the Securities and Exchange Commission, including the Summary Compensation Table and the other related tables and disclosure.

The Say-on-Pay vote is advisory, and therefore not binding on the Company, the Compensation Committee, or our Board of Directors. Nonetheless, our Board of Directors and our Compensation Committee value the opinions of our stockholders and to the extent there is any significant vote against the named executive officer compensation as disclosed in this Proxy Statement, we will consider our stockholders concerns and the Compensation Committee will evaluate whether any actions are necessary to address those concerns.

The Board of Directors recommends that you vote FOR this Proposal 3 to ratify the compensation of the named executive officers.

Table of Contents

ADDITIONAL INFORMATION

Distribution of Proxy Materials

To expedite delivery, reduce our costs and decrease the environmental impact of our proxy materials, we have used Notice and Access in accordance with an SEC rule that permits us to provide proxy materials to our shareholders over the Internet. By April 25, 2019, we would have mailed a Notice of Internet Availability of Proxy Materials (Notice) to many of our shareholders containing instructions on how to access our proxy materials online. If you received a Notice, you will not receive a printed copy of the proxy materials in the mail. Instead, the Notice instructs you on how to access and review all of the important information contained in our proxy materials. The Notice also instructs you on how you may submit your proxy via the Internet. If you received a notice by mail and would like to receive paper copies of our proxy materials in the mail, you may follow the instructions in the notice for making this request.

Solicitation of Proxies; Expenses

We are required by law to convene an annual meeting of stockholders at which directors are elected. Because our shares are widely held, it would be impractical for our stockholders to meet physically in sufficient numbers to hold a meeting. Accordingly, proxies are solicited from our stockholders. This solicitation of proxies is being made by the Board of Directors and all expenses of this solicitation will be borne by the Company. These costs include, among other items, the expense of preparing, assembling, printing and mailing the notice and proxy materials to stockholders of record and beneficial owners, and reimbursements paid to brokerage firms, banks and other fiduciaries for their reasonable out-of-pocket expenses for forwarding the notice and proxy materials to stockholders and obtaining beneficial owner s voting instructions. In addition to soliciting proxies by mail, directors, officers and employees may solicit proxies on behalf of the Board of Directors, without additional compensation, personally or by telephone. We may also solicit proxies by email from stockholders who are our employees or who previously requested to receive proxy materials electronically.

Forward-Looking Statements

The Company cautions that any forward-looking statements (as such term is defined in the Private Securities Litigation Reform Act of 1995) contained in this Proxy Statement or made from time to time by management of the Company, including those regarding various business initiatives, involve risks and uncertainties, and are subject to change based on various important factors. The following factors, among others, in some cases have affected and in the future could affect the Company s financial performance and actual results and could cause actual results to differ materially from those expressed or implied in any such forward-looking statements: the strength or weakness of the retail industry in general and of apparel purchases in particular, our ability to successfully manage our various business initiatives, the success of our international business and its expansion, our ability to successfully manage and retain our leased department and international franchise relationships and marketing partnerships, future sales trends in our various sales channels, unusual weather patterns, changes in consumer spending patterns, raw material price increases, overall economic conditions and other factors affecting consumer confidence, demographics and other macroeconomic factors that may impact the level of spending for apparel (such as fluctuations in pregnancy rates and birth rates), expense savings initiatives, our ability to anticipate and respond to fashion trends and consumer preferences, unanticipated fluctuations in our operating results, the impact of competition and fluctuations in the price, availability and quality of raw materials and contracted products, availability of suitable store locations, continued availability of capital and financing, our ability to hire, develop and retain senior management and sales associates, our ability to develop and source merchandise, our ability to receive production from foreign sources on a timely basis, our compliance with applicable financial and other covenants under our financing arrangements, potential debt prepayments, the trading liquidity of our Common Stock, changes in market interest rates, our compliance with certain tax incentive and abatement programs, war or acts of terrorism and other factors set forth in the Company s periodic filings with the SEC, or in materials incorporated therein by reference.

Table of Contents

Although it is believed that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct and persons reading this announcement are therefore cautioned not to place undue reliance on these forward-looking statements which speak only as at the date of this announcement. The Company assumes no obligation to update or revise the information contained in this announcement (whether as a result of new information, future events or otherwise), except as required by applicable law.

Householding of Notice and Proxy Materials

As permitted by the SEC, only one copy of the Notice or proxy materials is being delivered to shareholders residing at the same address, unless the shareholders have notified the Company of their desire to receive multiple copies of the Notice or proxy materials. This is known as householding. The Company will promptly deliver, upon oral or written request, a separate copy of the Notice or proxy materials to any shareholders residing at an address to which only one copy was mailed. Requests for additional copies should be directed to: Destination Maternity Corporation, 232 Strawbridge Drive, Moorestown, New Jersey 08057, telephone (856) 291-9700. We will send an individual copy of the Notice or proxy materials to any stockholder who revokes their consent to householding within 30 days of our receipt of such revocation.

Other Business

Management knows of no other matters that will be presented at the Annual Meeting. However, if any other matter properly comes before the meeting, or any adjournment or postponement thereof, it is intended that proxies in the accompanying form will be voted in accordance with the judgment of the persons named therein.

Annual Report

A copy of the Company s Annual Report to Stockholders for fiscal year 2018 accompanies this Proxy Statement.

The Company will provide to each person solicited, without charge except for exhibits, upon request in writing, a copy of its Annual Report on Form 10-K, including the consolidated financial statements and financial statement schedule, as filed with the Securities and Exchange Commission for the fiscal year ended February 2, 2019. Requests should be directed to Destination Maternity Corporation, Attention: Chief Financial Officer, 232 Strawbridge Drive, Moorestown, New Jersey 08057.

Table of Contents

Stockholder Proposals

Stockholders may nominate director candidates and make proposals to be considered at the Annual Meeting of Stockholders to be held in 2020 (the 2020 Annual Meeting). Stockholder proposals intended to be presented at our 2020 Annual Meeting pursuant to Rule 14a-8 under the Exchange Act, must be received by us no later than December 27, 2019. Such proposals must comply with SEC regulations Rule 14a-8 regarding the inclusion of stockholder proposals in Company-sponsored proxy materials. Proposals should be addressed to: Destination Maternity Corporation, Attention: Secretary, 232 Strawbridge Drive, Moorestown, New Jersey 08057.

Any proposal that a stockholder intends to present at the 2020 annual meeting of stockholders other than by inclusion in our proxy statement pursuant to Rule 14a-8, must be received by us no earlier than March 6, 2020 and, no later than April 5, 2020. Stockholders are advised to review our bylaws, which contain additional requirements with respect to advance notice of stockholder proposals and director nominations, copies of which are available without charge upon request. A copy of the full text of the By-law provisions discussed above may be obtained by writing to our Secretary, and all notices and nominations referred to above must be sent to our Secretary, at the following address: Destination Maternity Corporation, Attention: Secretary, 232 Strawbridge Drive, Moorestown, New Jersey 08057.

By Order of the Board of Directors

Marla A. Ryan
Chief Executive Officer

Moorestown, New Jersey

April 25, 2019

Table of Contents

C/O BROADRIDGE ISSUER SOLUTIONS

P.O. BOX 1342

BRENTWOOD, NY 11717

VOTE BY INTERNET - www.proxyvote.com

Use the Internet to transmit your voting instructions and for electronic delivery of information up until 11:59 P.M. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form.

ELECTRONIC DELIVERY OF FUTURE PROXY MATERIALS

If you would like to reduce the costs incurred by us in mailing proxy materials, you can consent to receiving all future proxy statements, proxy cards and annual reports electronically via e-mail or the Internet. To sign up for electronic delivery, please follow the instructions above to vote using the Internet and, when prompted, indicate that you agree to receive or access proxy materials electronically in future years.

VOTE BY PHONE - 1-800-690-6903

Use any touch-tone telephone to transmit your voting instructions up until 11:59 P.M. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you call and then follow the instructions.

VOTE BY MAIL

Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS:

E67978-P22792 KEEP THIS PORTION FOR YOUR RECORDS

DETACH AND RETURN THIS PORTION ONLY

THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED.

DESTINATION MATERNITY CORPORATION	**For All**	**Withhold All**	**For All Except**	To withhold authority to vote for any individual nominee(s), mark For All Except and write the number(s) of the nominee(s) on the line below.
The Board of Directors recommends you vote FOR proposals 1, 2 and 3.				

1. Election of Directors

01) Lisa Gavales
02) Gregory Kleffner
03) Christopher Morgan
04) Marla Ryan
05) Anne-Charlotte Windal

For Against Abstain

2. Ratification of the appointment of BDO USA, LLP as independent registered public accountants.

3. Approval, by non-binding advisory vote, of executive compensation.

Please sign exactly as your name(s) appear(s) hereon. When signing as attorney, executor, administrator, or other fiduciary, please give full title as such. Joint owners should each sign personally. All holders must sign. If a corporation or partnership, please have an authorized officer sign in full corporate or partnership name.

Signature [PLEASE SIGN WITHIN BOX] Date

Signature (Joint Owners) Date

Table of Contents

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting:

The Notice and Proxy Statement and Form 10-K are available at www.proxyvote.com.

E67979-P22792

DESTINATION MATERNITY CORPORATION

Annual Meeting of Stockholders

June 4, 2019, 9:15 AM

This proxy is solicited by the Board of Directors

The stockholder signing this proxy, revoking all previous proxies, hereby appoints David Helkey and Rodney Schriver, and each of them acting individually, as the attorney and proxy of the undersigned, with full power of substitution, to vote, as indicated on the reverse side and in their discretion upon such other matters as may properly come before the meeting, all shares which the undersigned would be entitled to vote at the Annual Meeting of the Stockholders of the Company to be held on June 4, 2019, and at any adjournment or postponement thereof.

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS. UNLESS OTHERWISE SPECIFIED, THE SHARES WILL BE VOTED FOR THE ELECTION OF THE NOMINEES FOR DIRECTOR LISTED ON THE REVERSE SIDE HEREOF, FOR RATIFICATION OF APPOINTMENT OF BDO USA, LLP AS THE COMPANY S INDEPENDENT REGISTERED PUBLIC ACCOUNTANTS FOR THE FISCAL YEAR ENDING FEBRUARY 1, 2020 AND FOR THE ADVISORY VOTE ON EXECUTIVE COMPENSATION. THIS PROXY ALSO DELEGATES DISCRETIONARY AUTHORITY WITH RESPECT TO ANY OTHER BUSINESS WHICH MAY PROPERLY COME BEFORE THE MEETING OR ANY ADJOURNMENT OR POSTPONEMENT THEREOF.

THE STOCKHOLDER SIGNING THIS PROXY HEREBY ACKNOWLEDGES RECEIPT OF THE NOTICE OF ANNUAL MEETING AND PROXY STATEMENT.

Please sign and date your proxy on the reverse side and return it promptly.

Continued and to be signed on reverse side