2004
Annual
Report

Dressing for the Future

dressbarn

dressbarn

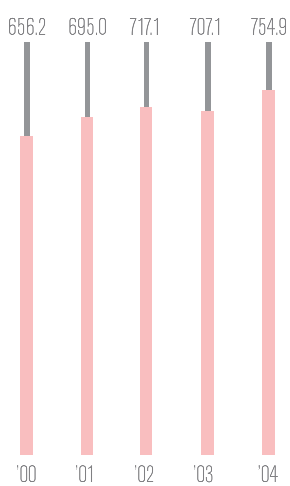
dressbarn operates a national chain of almost 800 specialty stores featuring its own line of career and casual fashions for women. **dressbarn** believes in value pricing, convenient locations and current style. These elements, combined with an emphasis on customer service and product knowledge, have earned **dressbarn** a devoted following.

2004 Financial Highlights

Fiscal Year	2004	2003	2002
Operating Results			
Net sales	**$754,903,000**	$707,121,000	$717,136,000
Income before taxes	**44,178,000**	12,568,000	59,283,000
Net earnings	**30,141,000**	8,044,000	37,941,000
Net earnings as a percent of net sales	**4.0%**	1.1%	5.3%
Net earnings per share—diluted	**$1.00**	$0.25	$1.01
Financial Position			
Working capital	**$146,002,000**	$117,567,000	$230,959,000
Current ratio	**1.9**	1.7	2.8
Total assets	**461,835,000**	423,145,000	462,997,000
Shareholders' equity	**261,639,000**	226,893,000	334,253,000
Return on average shareholders' equity	**12.3%**	2.9%	12.0%
Number of stores at end of fiscal period	**776**	772	754
Total store square footage	**5,724,000**	5,655,000	5,439,000

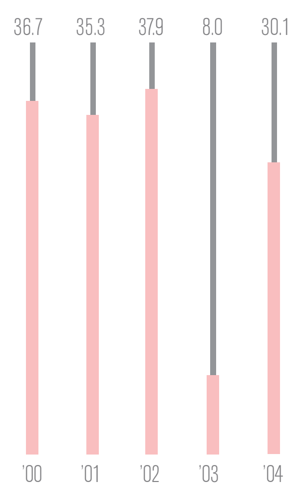
Net Sales

(dollars in millions)



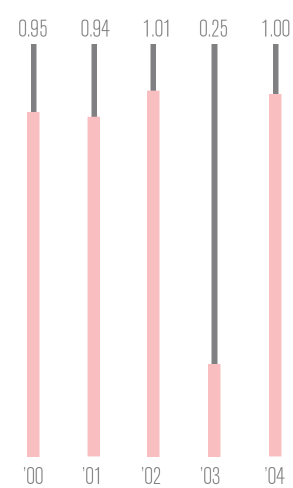
Net Earnings

(dollars in millions)



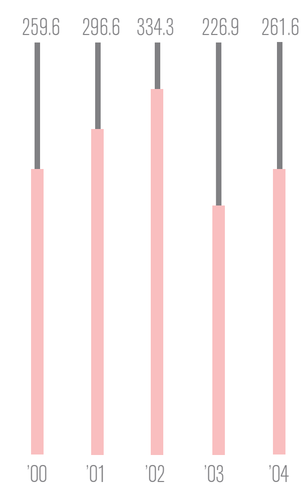
Earnings Per Share

(diluted)



Shareholders' Equity

(dollars in millions)




Our differentiated merchandise is fashion-current
and offers high perceived value.

To Our Shareholders:

Fiscal 2004 was a year of transition and a challenge for our Company. Such economic factors as rising fuel prices, increasing interest rates and ongoing geopolitical uncertainties dampened consumer confidence.

Despite a disappointing Fall season, we gained traction in the second half of the year as our strategies took hold and we received positive confirmation from our customers. As we enter Fiscal 2005, our highest priorities are to accelerate this momentum and to increase our overall sales productivity.

Net sales for the fiscal year ended July 31, 2004 ("Fiscal 2004") grew 7% to $754.9 million for the 53-week fiscal year, compared with 2003's 52-week fiscal year. Same store sales increased 2% on a comparable 52-week basis while increasing 4% during the second half of the year.

Net earnings for the fiscal year were $30.1 million, or $1.00 per diluted share, compared with $8.0 million, or $0.25 per diluted share last year. Last year's earnings were impacted by a litigation charge resulting from a jury award against our Company for an unsuccessful acquisition. Net earnings, excluding this effect, would have been $28.5 million, or $0.89 per diluted share. The Company has appealed this verdict, which is scheduled to be heard by the Connecticut Supreme Court towards the end of this calendar year.

Our strong cash and marketable securities position of over $175 million has enabled us to continue our store growth while investing in new technology and further strengthening our infrastructure. During Fiscal 2004, we invested $13 million installing a new state-of-the-art store register system that will reduce costs, provide enhanced functionality, and improve operating efficiencies and store productivity. Our new store systems are being further enhanced with the implementation of a wide area network that will provide real-time communication between our stores and the Store Support Center.

In merchandising, we are focused on providing current fashion and newness with upgraded fabrications and enhanced feminine details that elevate the actual and perceived value of our merchandise. We seek to deliver the right product, at the right time, at the right price; adapting seasonal deliveries to better respond to customer needs and market dynamics.

We continually explore new opportunities, be they expanding into new categories that complement the **dressbarn** brand or maximizing existing categories with high potential to satisfy our customers' needs.

In marketing, building the brand by increasing awareness, and creating customer loyalty has been our primary focus to help drive sales. Through our national print campaign in lifestyle magazines, public relations, in-store communications, and feminizing and personalizing the in-store environment, enhancing the image of **dressbarn** has been a key initiative in Fiscal 2004 and remains an important strategic objective in Fiscal 2005. Understanding the behavior of our customer and developing targeted, segmented direct mail promotions, based upon those learnings, helps drive the customer into our store and is paramount to our success.

Our **dressbarn** private label credit card continues to grow. We have developed new programs to increase its penetration of sales and to enhance the value of the card. This year, we introduced a newly designed credit card to our preferred customers and launched a new platinum card for our best customers.

In addition, we actively support national cause related marketing initiatives like Dress For Success as well as Relay For Life and breast cancer awareness programs to support the American Cancer Society. These programs, held at the grassroots level within our communities, support and nurture our connection to our customers.

The primary focus of our real estate strategy is exploring opportunities for growth in both new and existing markets while carefully monitoring demographic shifts in our trade areas. We selectively open new stores, continue to remodel and enhance some of our older stores, and aggressively close underperforming units so as to strengthen our base.

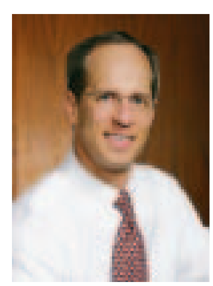
Upholding a high level of customer service is inherent in our brand value as well as working to refine and upgrade our Store Associate training and recognition programs. We believe our success is predicated on the quality, knowledge and commitment of our people.

To our shareholders, suppliers and 8,500 associates, we are grateful for your support and dedication to our ongoing success. As we look to 2005, we are confident that our strategies are positioned to drive sales and productivity, positively impacting our business and shareholders' value.

Elliot S. Jaffe
Co-Founder & Chairman

David R. Jaffe
President & Chief Executive Officer

Elliot S. Jaffe
Co-Founder &
Chairman



David R. Jaffe
President &
Chief Executive Officer


Increasing awareness and
customer loyalty builds our brand.

Market Prices of Common Stock

The Common Stock of The Dress Barn, Inc. (the "Company") is traded over-the-counter on the NASDAQ National Market System under the symbol DBRN.

The Company's Board of Directors approved a 2-for-1 stock split in the form of a 100% stock dividend on the Company's issued and outstanding common stock in May 2002. The stock split was distributed on May 31, 2002 to shareholders of record on May 17, 2002. All historic share and per share information contained in this report have been adjusted to reflect the impact of the stock split.

The table below sets forth the high and low bid prices as reported by NASDAQ for the last eight fiscal quarters. These quotations represent prices between dealers and do not include retail mark-ups, mark-downs or other fees or commissions and may not represent actual transactions.

	Fiscal 2004 Bid Prices		Fiscal 2003 Bid Prices	
	High	Low	High	Low
Fiscal Period				
First Quarter	**$14.53**	**$12.30**	$15.90	$11.06
Second Quarter	**$15.86**	**$13.90**	$16.19	$13.09
Third Quarter	**$18.72**	**$14.74**	$15.00	$12.43
Fourth Quarter	**$18.10**	**$15.56**	$15.23	$12.20

Number of Record Holders

The number of record holders of the Company's common stock as of October 1, 2004 was approximately 2,100.

Dividend Policy

The Company has never paid cash dividends on its common stock. Payment of dividends is within the discretion of the Company's Board of Directors.

Securities Authorized for Issuance Under Equity Compensation Plans

The following table summarizes our equity compensation plans as of July 31, 2004.

Plan Category	Number of securities to be issued upon exercise of outstanding options	Weighted average exercise price of outstanding options	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
	(a)	(b)	(c)
Equity compensation plans approved by security holders	2,673,979	$10.46	3,530,616
Equity compensation plans not approved by security holders	—	—	—
Total	2,673,979	$10.46	3,530,616

Issuer Purchases of Equity Securities (1)

Quarter Ending July 31, 2004

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs (2)
May 1, 2004—May 31, 2004	19,700	$15.87	19,700	2,881,725

(1) The Company has a $75 million Stock Buyback Program (the "Program") which was originally announced on April 5, 2001. Under the Program, the Company may repurchase its shares from time to time, either in the open market or through private transactions, whenever it appears prudent to do so. The Program has no expiration date.

(2) Based on the closing price of $16.75 per share at July 30, 2004.

This Management's Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with the financial statements and accompanying notes appearing elsewhere in this report. As used in this report, the terms "fiscal 2004," "fiscal 2003," and "fiscal 2002" refer to our fiscal years ended July 31, 2004, July 26, 2003, and July 27, 2002, respectively. Fiscal 2004 consisted of 53 weeks. Fiscal 2003 and fiscal 2002 consisted of 52 weeks. The term "fiscal 2005" refers to our fiscal year that will end on July 30, 2005. For comparison purposes, it is more meaningful for certain items to use fiscal 2004's results less the extra week, or the fifty-two week period ended July 24, 2004 ("fifty-two week" period or "fifty-two weeks").

Forward-Looking Statements

Certain statements contained in this Annual Report are forward-looking and involve a number of risks and uncertainties. Among the factors that could cause actual results to differ materially are, but are not limited to, the following: general economic conditions and consumer confidence, including consumers' reaction to global political instability; competitive factors and pricing pressures, including the promotional activities of department stores, mass merchandisers and other specialty chains; changes in levels of store traffic or consumer apparel buying patterns; import risks, including potential disruptions, an increase in the rate of import duties or the expiration of quotas in January 2005 and increased U.S. Customs regulation of importing activities, effectiveness of the Company's brand awareness and marketing programs, economic and political problems in countries from which merchandise is imported, and duties, tariffs and quotas on imported merchandise; the Company's ability to predict fashion trends; the availability, selection and purchasing of attractive merchandise on favorable terms; adverse weather conditions; inventory risks due to shifts in market demand and other factors that may be described in the Company's filings with the Securities and Exchange Commission. The Company does not undertake to publicly update or revise the forward-looking statements even if experience or future changes make it clear that the projected results expressed or implied therein will not be realized.

Critical Accounting Policies and Estimates

The Company's accounting policies are more fully described in Note 1 of the Notes to Consolidated Financial Statements. Management's discussion and analysis of the Company's financial condition and results of operations are based upon the Company's consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these financial statements requires the Company to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, income taxes and related disclosures of contingent assets and liabilities. On an ongoing basis, the Company evaluates estimates, including those related primarily to inventories, investments, long-lived assets, income taxes, claims and contingencies and litigation. The Company bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. Management believes the following accounting principles are the most critical because they involve the most significant judgments, assumptions and estimates used in preparation of the Company's financial statements.

Revenue Recognition

While the Company's recognition of revenue does not involve significant judgment, revenue recognition represents an important accounting policy of the Company. As discussed in Note 1 to the Consolidated Financial Statements, the Company recognizes sales at the point of purchase when the customer takes possession of the merchandise and pays for the purchase, generally with cash or credit card. Sales from purchases made with gift certificates and layaway sales are also recorded when the customer takes possession of the merchandise. Gift certificates and merchandise credits are recorded as a liability until they are redeemed. The Company has a reserve for estimated sales returns.

Merchandise Inventories

The Company's inventory is valued using the retail method of accounting and is stated at the lower of cost or market. Under the retail inventory method, the valuation of inventory at cost and resulting gross margin are calculated by applying a calculated cost to retail ratio to the retail value of inventory. The retail inventory method is an averaging method that has been widely used in the retail industry due to its practicality. Inherent in the retail method are certain significant management judgments and estimates including, among others, initial merchandise markup, markdowns and shrinkage, which significantly impact the ending inventory valuation at cost as well as the resulting gross margins. Physical inventories are conducted in January and July to calculate actual shrinkage and inventory on hand. Estimates are used to charge inventory shrinkage for the first and third fiscal quarters of the fiscal year. The Company continuously reviews its inventory levels to identify slow-moving merchandise and broken assortments, using markdowns to clear merchandise. A provision is recorded to reduce the cost of inventories to its estimated net realizable value. Consideration is given to a number of quantitative factors, including anticipated subsequent markdowns and aging of inventories. To the extent that actual markdowns are higher or lower than estimated, the Company's gross margins could increase or decrease and, accordingly, affect its financial position and results of operations. A significant variation between the estimated provision and actual results could have a substantial impact on the Company's results of operations.

Long-lived assets

The Company primarily invests in property and equipment in connection with the opening and remodeling of stores and in computer software and hardware. Most of the Company's store leases give the Company the option to terminate the lease if certain specified sales volumes are not achieved during the first few years of the lease. The Company periodically reviews its store locations and estimates the recoverability of its assets, recording an impairment charge when the Company expects to exercise its right to terminate the store's lease early using this option. This determination is based on a number of factors, including the store's historical operating results and cash flows, estimated future sales growth, real estate development in the area and perceived local market conditions that can be difficult to predict and may be subject to change. In addition, the Company regularly evaluates its computer-related and other assets and may accelerate depreciation over the revised useful life if the asset is no longer in use or has limited future value. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation or amortization are removed from the accounts, and any resulting gain or loss is reflected in income for that period.

Claims and Contingencies

The Company is subject to various claims and contingencies related to insurance, taxes and other matters arising out of the normal course of business. The Company is self-insured for expenses related to its employee medical and dental plans, and its worker's compensation plan, up to certain thresholds. Claims filed, as well as claims incurred but not reported, are accrued based on management's estimates, using information received from plan administrators, historical analysis, and other relevant data. The Company has stop-loss insurance coverage for individual claims in excess of $250,000. The Company accrues its estimate of probable settlements of Federal and state tax audits. At any one time, many tax years are subject to audit by various taxing jurisdictions. The results of these audits and negotiations with taxing authorities may affect the ultimate settlement of these issues. Although the Company is generally conservative in the estimation of its claims and contingencies and believes its accruals for claims and contingencies are adequate, it is possible that actual results could significantly differ from the recorded accruals for claims and contingencies.

Litigation

The Company is subject to various claims and contingencies relating to litigation arising out of the normal course of business. If the Company believes the likelihood of an adverse legal outcome is probable and the amount is estimable it accrues a liability. The Company consults with legal counsel on matters related to litigation and seeks input from other experts both within and outside the Company with respect to matters in the ordinary course of business. On July 7, 2003, after an unforeseen jury verdict, a trial court entered a final judgment of approximately $32 million in compensatory damages and expenses against the Company in a previously disclosed lawsuit. As a result, the Company recorded a litigation charge of $32 million for the judgment, even though the Company continues to strongly believe there is no merit in the jury verdict and is vigorously pursuing an appeal. If upon appeal the entire judgment or a portion thereof is modified, the Company will adjust its litigation accrual accordingly (see note 5 of the Notes to the Consolidated Financial Statements for additional information). In the fourth quarter of fiscal 2004, as required as part of the above legal judgment the Company deposited $38.6 million in an escrow account, utilizing its operating funds. The escrow account is an interest bearing account and is included in restricted cash on the Company's balance sheet. The amount deposited includes interest on the unpaid judgment through December 31, 2004. This escrow will terminate when a final non-appealable judgment is entered. At that time, the amount of the judgment, if any, will be paid to the plaintiff with any balance returned to the Company.

On March 17, 2003, the Company was served with a class action lawsuit in California. This class action lawsuit is a wage and hour case and was brought on behalf of all Managers, Assistant Managers and Associate Managers who worked for Dress Barn in California. The complaint alleges that Dress Barn improperly classified these employees as "salaried exempt." The Company is in settlement discussions with the plaintiff. Whether or not the settlement is effected, the Company does not expect the outcome to have a material adverse effect.

Income Taxes

The Company does business in various jurisdictions that impose income taxes. Management determines the aggregate amount of income tax expense to accrue and the amount currently payable based upon the tax statutes of each jurisdiction. This process involves adjusting income determined using generally accepted accounting principles for items that are treated differently by the applicable taxing authorities. Deferred tax assets and liabilities are reflected on the Company's balance sheet for temporary differences that will reverse in subsequent years. If different judgments had been made, the Company's tax expense, assets and liabilities could be different.

Inflation

The Company does not believe that inflation has had a material effect on the results of operations during the periods presented. However, there can be no assurance that the Company's business will not be effected by inflation in the future.

Stock Split

The Company's Board of Directors approved a 2-for-1 stock split in the form of a 100% stock dividend on the Company's issued and outstanding common shares in May 2002 (the "stock split"). The stock dividend was distributed on May 31, 2002 to shareholders of record on May 17, 2002. All historic share and per share information contained in this report have been adjusted to reflect the impact of the stock split.

Results of Operations

The table below sets forth certain financial data of the Company expressed as a percentage of net sales for the periods indicated:

	Fiscal Year Ended		
	July 31, 2004	July 26, 2003	July 27, 2002
Net sales	**100.0%**	100.0%	100.0%
Cost of sales, including occupancy and buying costs	**63.2%**	64.1%	63.2%
Selling, general and administrative expenses	**27.5%**	27.2%	26.0%
Depreciation and amortization	**3.3%**	2.9%	3.3%
Litigation charge	**—**	4.5%	—
Interest income	**0.3%**	0.4%	0.8%
Interest (expense)	**(0.7)%**	—	—
Earnings before income taxes	**5.9%**	1.8%	8.3%
Net earnings	**4.0%**	1.1%	5.3%

Fiscal 2004 Compared to Fiscal 2003

The results of the Company for fiscal 2004 were favorably impacted by the extra reporting week. Net sales increased by 6.8% to $754.9 million for fiscal 2004, from $707.1 million in fiscal 2003. Net sales for the fifty-two week period ended July 24, 2004 were $743.2 million, an increase of $36.1 million or 5.1% from the prior year. The increase from fiscal 2003 was due to a 1.9% increase in same store sales, as well as a 2.9% increase in average store square footage. Same store sales are the primary means most retailers use to evaluate their sales performance. Same store sales represented approximately 86% of total sales for fiscal 2004. The increase in store square footage was due to the opening of 53 new stores, primarily combination Dress Barn/Dress Barn Woman stores ("Combo Stores"), which carry both Dress Barn and Dress Barn Woman merchandise, offset in part by the square footage reduction from the closings of 47 under-performing stores. The Company had 776 stores in operation at July 31, 2004 compared to 772 stores in operation as of July 25, 2003.

The sales increase was the result of several factors. More customer traffic to its stores resulted in more customer transactions and higher sales associate productivity and increased jewelry sales resulted in increased units sold per transaction. These factors were partially offset by a slight decrease in the average price per transaction due primarily to an increase in jewelry sales. The Company believes the increase in the number of customer transactions was the result of greater customer acceptance of the Company's more updated and fashionable merchandise assortment and intensified marketing and store presentation efforts.

The Company's real estate strategy for fiscal 2005 is to continue opening primarily Combo Stores and converting its existing single-format stores into Combo Stores, while closing its under-performing locations. In addition, the Company will target certain Combo stores to increase sales productivity by enhancing the merchandise selection with an expanded "missy" presentation through the layering on of new and expanded classifications. Store expansion will focus on both expanding in the Company's existing major trading areas and developing and expanding into new markets. For fiscal 2005 the Company is currently projecting net square footage growth in the low single-digit percentage range.

Gross profit (net sales less cost of goods sold, including occupancy and buying costs), increased 9.5% to $277.9 million, or 36.8% of net sales, in fiscal 2004 from $253.9 million, or 35.9% of net sales in fiscal 2003. The increase in gross profit, as a percentage of net sales, is due to higher maintained margins, the leverage on buying costs gained from increased same store sales, and the leverage from the extra fifty-third week of net sales on fixed occupancy costs. For the fifty-two weeks, gross profit was 36.6% of net sales.

Selling, general and administrative (SG&A) expenses increased by 8% to $207.6 million, or 27.5% of net sales, in fiscal 2004 from $192.5 million or 27.2% of net sales, in fiscal 2003. For the fifty-two weeks, SG&A increased by 6% to $204.7 million, or 27.5% of net sales from $192.5 million, or 27.2% of net sales last fiscal year. The increase of 30 basis points reflects lack of sales leverage, increased marketing expense, as well as increased costs associated with impending Sarbanes-Oxley compliance and training costs for the Company's new POS system. The Company continues to focus on controlling its costs and enhancing productivity.

Other income for fiscal 2004 increased 96% to $1.5 million from $0.8 million in fiscal 2003. The Company received a full year's rent versus a partial year in fiscal 2003 by Dunnigan Realty, LLC from the unaffiliated tenants of the Suffern facility. In January 2003, Dunnigan Realty, LLC, a wholly-owned subsidiary of the Company, acquired a distribution/office facility in Suffern, New York (the "Suffern facility"), of which the major portion is the Company's corporate offices and distribution center.

Depreciation expense increased by 18% to $24.6 million in fiscal 2004, versus $20.9 million in fiscal 2003. The increase resulted from a higher number of closed stores (47 stores closed in fiscal 2004 versus 28 stores closed in fiscal 2003) and related write-offs ($4.9 million in fiscal 2004 versus $1.5 million in fiscal 2003), the first year depreciation of the new Point of Sale (POS) system, and the first full year of depreciation of the Company headquarters.

Interest income decreased by 33% to $2.2 million for fiscal 2004 from $3.3 million for fiscal 2003. The decrease was due primarily to a reduction in funds available for investment for most of the fiscal year after the purchase of the Company headquarters for $45.3 million in the fourth quarter of 2003, partially offset by an increase in interest rates.

Interest expense for the fiscal year was $5.3 million. Interest expense includes a $3.3 million charge related to the $32 million legal accrual recorded in fiscal 2003. This legal accrual was recorded as the result of court judgment against the Company relating to a previously disclosed lawsuit arising from an unsuccessful acquisition in 1997. On July 7, 2003, after a jury trial the trial court entered a final judgment of approximately $32 million in compensatory damages and expenses, which is subject to post-judgment interest. The trial court ruled against the plaintiffs' motion for any punitive damages or pre-judgment interest. The Company believes there is no merit in the jury verdict. Both parties have appealed, with the plaintiff seeking pre-judgment interest. If upon appeal the judgment is subsequently modified, the Company will adjust its litigation accrual accordingly (see note 5 of the Notes to the Consolidated Financial Statements). Interest accrues on the unpaid judgment at the statutory rate of 10% annually which the Company has provided for at the rate of approximately $800,000 each quarter in its litigation accrual. The remaining interest expense represents the mortgage interest from the financing of the Suffern facility in July 2003 (a 5.3% fixed rate over a 20-year term).

The effective tax rate for fiscal 2004 was 31.8% versus 36.0% in fiscal 2003. The decrease resulted from the reversal of certain income tax reserves of approximately $2.0 million. Such reversal resulted primarily from the Company finalizing certain pending tax audits. Going forward, the Company expects the effective tax rate to remain in the 36% range.

Net earnings for fiscal 2004 increased to $30.1 million from $8.0 million in fiscal 2003. Net earning were favorably impacted by approximately $1.6 million or $0.05 per share by the extra reporting week in fiscal 2004. Diluted earnings per share also increased to $1.00 per share versus $0.25 per share in fiscal 2003. Operating income for fiscal 2004 increased to $45.7 million from $8.6 million in fiscal 2003. Excluding the litigation charge of $32 million in fiscal 2003, net earnings and operating income would have been $28.5 million and $40.6 million, respectively. Diluted earnings per share would have been $0.89 per share in fiscal 2003.

Fiscal 2003 Compared to Fiscal 2002

Net sales decreased by 1.4% to $707.1 million for fiscal 2003, from $717.1 million for fiscal 2002. The sales decrease from fiscal 2003 was due to a 4.6% decrease in same store sales, offset by approximately 4% increase in total selling square footage. The increase in store square footage was due to the opening of 46 new stores, primarily combination Dress Barn/Dress Barn Woman stores ("Combo Stores"), which carry both Dress Barn and Dress Barn Woman merchandise, offset in part by the square footage reduction from the closing of 28 under-performing stores. The number of stores in operation increased to 772 stores as of July 26, 2003, from 754 stores in operation as of July 27, 2002. The Company believes the sales decrease was the result of less customer traffic to its stores resulting in fewer customer transactions. The Company believes the war, the economy, unemployment, as well as unseasonable weather all affected its customer traffic.

The Company suspended all mailing of catalogs and e-commerce sales in November 2001. The Company discontinued all e-commerce operations, choosing to utilize its internet site to reinforce store promotions and provide store and product information, helping to drive store traffic and communicate with its retail customers. Fiscal 2002 earnings per diluted share were reduced by approximately $0.11 due to the operating costs of the catalog and e-commerce operations.

Gross profit (net sales less cost of goods sold, including occupancy and buying costs) decreased by 3.7% to $253.9 million, or 35.9% of net sales, in fiscal 2003 from $263.7 million, or 36.8% of net sales, in fiscal 2002. The decrease in gross profit as a percentage of sales was primarily due to negative leverage on buying and occupancy costs from decreased same store sales. In addition, fiscal 2003 markdowns were higher as a percentage of sales due to lower than expected sales volumes requiring increased promotional activities to maintain inventory levels in line with sales trends. These additional markdowns were slightly offset by higher initial margins due to continued sourcing improvements and efficiencies. Inventory levels as of the end of fiscal 2003 were more current and lower per store than the prior year.

Selling, general and administrative ("SG&A") expenses increased by 3.3% to $192.5 million, or 27.2% of net sales, in fiscal 2003 from $186.4 million, or 26.0% of net sales, in fiscal 2002. The increase in SG&A as a percentage of net sales for fiscal 2003 was primarily due to negative same store sales leverage on SG&A expenses. SG&A expenses increased primarily due to increased store operating costs, primarily selling, benefits, maintenance and repair and insurance costs resulting from the increase in the Company's store base. In addition, the colder than normal winter in most parts of the country put added pressure on utility costs in the second and third quarters. The Company continues to focus on controlling its costs and enhancing productivity.

Depreciation expense decreased by 11.1% to $20.9 million in fiscal 2003, versus $23.5 million in fiscal 2002. Fiscal 2003 was favorably impacted by the fiscal 2002 fourth quarter writedown of obsolete software and equipment. This offset the increase in depreciation from the acquisition by Dunnigan Realty, LLC, a wholly-owned subsidiary of the Company, of a distribution/office facility in Suffern, New York (the "Suffern facility"), of which the major portion is the Company's corporate offices and distribution center. Fiscal 2003 also benefited from lower store construction costs than the prior year as the Company opened 50 stores in fiscal 2003 versus 74 stores opened during the prior year.

The litigation charge of $32 million is the result of court judgment against the Company relating to a previously disclosed lawsuit arising from an unsuccessful acquisition.

Interest income—net decreased by 42.0% to $3.2 million for fiscal 2003 from $5.5 million for fiscal 2002. This decrease was due to lower investment rates versus last year coupled with less cash available for investments. During fiscal 2003, the Company used approximately $120.8 million for the Dutch Auction Tender Offer completed at the end of October 2002 (the "Tender Offer"), in which the Company repurchased 8 million of its common shares. The Company used approximately $45 million to acquire the Suffern facility in January 2003.

Other income for fiscal 2003 was approximately $0.8 million. Other income represents rental income by Dunnigan Realty, LLC from the unaffiliated tenants of the Suffern facility.

Net earnings for fiscal 2003 decreased 78.8% to $8.0 million versus $37.9 million in fiscal 2002. Diluted earnings per share also decreased 75.1% to $0.25 per share versus $1.01 in fiscal 2002. Excluding the litigation charge of $32 million, net earnings would have been $28.5 million, a decrease of 24.8% from $37.9 million. Operating income would have been $40.6 million, compared to $53.8 million last year. Diluted earnings per share would have been $0.89, a decrease of 11.9% from earnings of $1.01 last year.

Liquidity and Capital Resources

The Company has generally funded, through internally generated cash flow, all of its operating and capital needs. These include the opening or acquisition of new stores, the remodeling of existing stores, and the continued expansion of its Combo Stores. In fiscal 2004, total capital expenditures were $29.8 million, net of landlord construction allowances. Excluding the $45.3 million for the acquisition of the Suffern facility in fiscal 2003, capital expenditures were $18.0 million and $28.3 million in fiscal 2003 and fiscal 2002, respectively, net of landlord construction allowances. The increase in fiscal 2004 capital expenditures was due to the investment in new store point of sale equipment and more total store remodelings. The Company repurchased 19,700 outstanding shares of its stock for a total cost of $ 0.3 million on the open market in fiscal 2004. In fiscal 2003, the Company repurchased 8 million outstanding shares of its stock in the Tender Offer for a total cost of $120.8 million. The Company repurchased in the open market 757,600 outstanding shares of its stock for a total cost of $9.0 million during fiscal 2002. In fiscal 2003 and 2002, shares repurchased were retired and treated as authorized but unissued shares, with the cost of the reacquired shares debited to retained earnings and the par value debited to common stock.

The Company funds inventory expenditures through cash flows from operations and the favorable payment terms the Company has established with its vendors. The Company's net cash provided by operations in fiscal 2004 decreased to $14.7 million as compared to $56.8 million in fiscal 2003 and $72.3 million in fiscal 2002. The decrease in fiscal 2004 was primarily due to the required funding of the escrow account of $38.6 million (see following paragraph), while the decrease in fiscal 2003 versus fiscal 2002 was primarily due to the decrease in net earnings.

In the fourth quarter of fiscal 2004, as required as part of an outstanding legal judgment (see note 5 of the Notes to the Consolidated Financial Statements) the Company deposited $38.6 million in an escrow account, utilizing its operating funds. The escrow account is an interest bearing account and is included in restricted cash on the Company's balance sheet. The amount deposited includes interest on the unpaid judgment through December 31, 2004. This escrow will terminate when a final non-appealable judgment is entered. At that time, the amount of the judgment, if any, will be paid to the plaintiff with any balance returned to the Company.

In January 2003, Dunnigan Realty, LLC, a wholly-owned consolidated subsidiary of the Company, purchased the Suffern facility, of which the major portion is the Company's corporate offices and distribution center, for approximately $45.3 million utilizing the Company's internally generated funds. In July 2003, Dunnigan Realty, LLC borrowed $34.0 million under a favorable fixed rate mortgage loan. The mortgage has a twenty-year term with annual payments of $2.8 million including principal and interest and is secured by a first mortgage lien on the Suffern facility. Dunnigan Realty, LLC receives rental income and reimbursement for taxes and common area maintenance charges from the Company and two additional tenants that occupy the Suffern facility that are not affiliated with the Company. These rental payments are more than sufficient to cover the mortgage payments and planned capital and maintenance expenditures.

At July 31, 2004, the Company had $122.7 million in marketable securities and other investments. The portfolio consists primarily of municipal bonds that can readily be converted to cash. The Company holds no options or other derivative instruments. Working capital was approximately $146.0 million at July 31, 2004. In addition, the Company had available $70 million in unsecured lines of credit bearing interest below the prime rate. The Company had no debt outstanding under any of the lines at July 31, 2004. However, potential borrowings were limited by approximately $43 million of outstanding letters of credit primarily to vendors for import merchandise purchases. The Company does not have any off-balance sheet arrangements or transactions with unconsolidated, limited purpose entities, other than operating leases entered into in the normal course of business and letters of credit. The Company does not have any undisclosed material transactions or commitments involving related persons or entities.

In fiscal 2005, the Company plans to open approximately 50 additional stores and close 30 to 40 stores. Total fiscal 2005 capital expenditures, which are primarily attributable to the Company's store opening, renovation and refurbishment programs, are expected to be approximately $20 million net of landlord construction allowances. The Company intends to focus on both expanding in the Company's existing major trading markets and developing and expanding into new markets. The Company believes that its cash, cash equivalents, marketable securities and investments, together with cash flow from operations, will be adequate to fund the Company's proposed capital expenditures and other anticipated operational obligations.

Contractual Obligations and Commercial Commitments

The estimated significant contractual cash obligations and other commercial commitments at July 31, 2004 are summarized in the following table:

		Payments Due by Period (000's)			
Contractual Obligations	Totals	Fiscal 2005	Fiscal 2006-2007	Fiscal 2008-2009	Fiscal 2010 And Beyond
Operating lease obligations	$388,269	$92,026	$139,267	$77,485	$ 79,491
Mortgage principal and interest	52,583	2,768	5,535	5,535	38,745
	$440,852	$94,794	$144,802	$83,020	$118,236

		Amount of Commitment Expiration Period (000's)			
Other Commercial Commitments	Totals	Fiscal 2005	Fiscal 2006-2007	Fiscal 2008-2009	Fiscal 2010 And Beyond
Trade letters of credit	$38,048	$38,048	$—	$—	$—
Standby letters of credit	4,575	4,575	—	—	—
Firm purchase orders	130	130	—	—	—
	$42,753	$42,753	$—	$—	$—

In addition to the commitments represented in the above table, the Company enters into a number of cancelable and non-cancelable commitments during the year. Typically, these commitments are for less than a year in duration and are principally focused on the construction of new retail stores and the procurement of inventory. The Company does not maintain any long-term or exclusive commitments or arrangements to purchase merchandise from any single supplier. Preliminary commitments with the Company's private label merchandise vendors typically are made five to seven months in advance of planned receipt date. Substantially all of the Company's merchandise purchase commitments are cancelable up to 30 days prior to the vendor's scheduled shipment date.

Seasonality

The Company has historically experienced substantially lower earnings in its second fiscal quarter ending in January than during its other three fiscal quarters, reflecting the intense promotional atmosphere that has characterized the Christmas shopping season in recent years. The Company expects this trend to continue for fiscal 2005. In addition, the Company's quarterly results of operations may fluctuate materially depending on, among other things, increases or decreases in same store sales, adverse weather conditions, shifts in timing of certain holidays, the timing of new store openings, net sales contributed by new stores, and changes in the Company's merchandise mix.

Consolidated Balance Sheets

Amounts in thousands, except share data

	July 31, 2004	July 26, 2003
ASSETS		
Current Assets:		
Cash and cash equivalents	**$ 15,141**	$ 37,551
Restricted cash and cash equivalents (see note 1)	**38,661**	—
Marketable securities and investments (see note 2)	**122,700**	113,897
Merchandise inventories	**116,912**	110,348
Deferred income tax asset (see note 7)	**10,583**	11,437
Prepaid expenses and other	**8,898**	7,383
Total Current Assets	**312,895**	280,616
Property and Equipment:		
Land and buildings	**45,391**	45,391
Leasehold improvements	**60,978**	61,014
Fixtures and equipment	**173,466**	164,163
Computer software	**23,302**	19,369
	303,137	289,937
Less accumulated depreciation and amortization	**162,346**	154,033
	140,791	135,904
Other Assets	**8,149**	6,625
TOTAL ASSETS	**$461,835**	$423,145
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable—trade	**$ 66,776**	$ 65,090
Accrued salaries, wages and related expenses	**21,349**	18,882
Litigation accrual (see note 5)	**36,128**	35,592
Other accrued expenses	**27,089**	28,134
Customer credits	**8,970**	7,284
Income taxes payable	**5,548**	7,088
Current portion of long-term debt	**1,033**	979
Total Current Liabilities	**166,893**	163,049
Long-Term Debt (See note 3)	**31,988**	33,021
Long-Term Deferred Tax Liability (See note 7)	**1,315**	182
Commitments and Contingencies (See note 8)		
Shareholders' Equity:		
Preferred stock, par value $.05 per share:		
Authorized—100,000 shares		
Issued and outstanding—none	**—**	—
Common stock, par value $.05 per share:		
Authorized—50,000,000 shares		
Issued and outstanding—29,618,660 and 29,169,559 shares, respectively	**1,482**	1,458
Additional paid-in capital	**63,554**	58,200
Retained earnings	**197,438**	167,297
Treasury stock, to be retired	**(313)**	—
Accumulated other comprehensive loss	**(522)**	(62)
	261,639	226,893
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**$461,835**	$423,145

See notes to consolidated financial statements

Consolidated Statements of Earnings

Amounts in thousands, except per share amounts

Fiscal Year Ended	July 31, 2004	July 26, 2003	July 27, 2002
Net sales	**$754,903**	$707,121	$717,136
Cost of sales, including occupancy and buying costs	**476,952**	453,178	453,428
Gross profit	**277,951**	253,943	263,708
Selling, general and administrative expenses	**207,570**	192,466	186,375
Depreciation and amortization	**24,645**	20,856	23,508
Litigation charge (see note 5)	**—**	32,000	—
Operating income	**45,736**	8,621	53,825
Interest income	**2,204**	3,332	5,458
Interest expense	**(5,288)**	(164)	—
Other income	**1,526**	779	—
Earnings before provision for income taxes	**44,178**	12,568	59,283
Provision for income taxes	**14,037**	4,524	21,342
Net earnings	**$ 30,141**	$ 8,044	$ 37,941
Earnings per share:			
Basic	**$1.02**	$0.26	$1.04
Diluted	**$1.00**	$0.25	$1.01
Weighted average shares outstanding:			
Basic	**29,413**	31,219	36,495
Diluted	**30,120**	31,942	37,516

See notes to consolidated financial statements

Consolidated Statements of Shareholders' Equity & Comprehensive Income

Amounts and shares in thousands

	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income (Loss)	Total Shareholders' Equity
Balance, July 28, 2001	36,474	$2,566	$44,056	$ 364,491	$(114,577)	$ 61	$296,597
Comprehensive income:							
Net earnings				37,941			37,941
Unrealized holding gain on marketable securities						486	486
Total comprehensive income							38,427
Deferred compensation			291				291
Tax benefit from exercise of stock options			2,953				2,953
Employee Stock Purchase Plan activity	9	1	90				91
Shares issued pursuant to exercise of stock options	783	39	4,819				4,858
Purchase of treasury stock	(758)				(8,964)		(8,964)
Retirement of treasury stock		(781)		(122,760)	123,541		—
Balance, July 27, 2002	36,508	1,825	52,209	279,672	—	547	334,253
Comprehensive income:							
Net earnings				8,044			8,044
Unrealized holding loss on marketable securities						(609)	(609)
Total comprehensive income							7,435
Deferred compensation	20	1	264				265
Tax benefit from exercise of stock options			1,381				1,381
Employee Stock Purchase Plan activity	7		87				87
Shares issued pursuant to exercise of stock options	635	32	4,259				4,291
Purchase of treasury stock—Tender Offer	(8,000)				(120,819)		(120,819)
Retirement of treasury stock		(400)		(120,419)	120,819		—
Balance, July 26, 2003	29,170	1,458	58,200	167,297	—	(62)	226,893
Comprehensive income:							
Net earnings				**30,141**			**30,141**
Unrealized holding loss on marketable securities						**(460)**	**(460)**
Total comprehensive income							**29,681**
Deferred compensation	**(1)**		**67**				**67**
Tax benefit from exercise of stock options			**1,460**				**1,460**
Employee Stock Purchase Plan activity	**6**		**83**				**83**
Shares issued pursuant to exercise of stock options	**464**	**24**	**3,744**				**3,768**
Purchase of treasury stock	**(20)**				**(313)**		**(313)**
Balance, July 31, 2004	**29,619**	**$1,482**	**$63,554**	**$ 197,438**	**$ (313)**	**$(522)**	**$261,639**

See notes to consolidated financial statements

Consolidated Statements of Cash Flows

Amounts in thousands

Fiscal Year Ended	July 31, 2004	July 26, 2003	July 27, 2002
Operating Activities:			
Net earnings	**$ 30,141**	$ 8,044	$ 37,941
Adjustments to reconcile net earnings			
to net cash provided by operating activities:			
Depreciation and amortization of property and equipment	**19,740**	19,317	21,827
Loss on disposal of closed store assets	**4,906**	1,539	1,681
Deferred income tax expense (benefit)	**1,987**	(5,386)	1,409
Amortization of debt issuance cost	**152**	—	—
Increase in cash surrender value of life insurance	**(600)**	(1,060)	(566)
Deferred compensation	**67**	265	291
Changes in assets and liabilities:			
(Increase) decrease in restricted cash	**(38,661)**	—	—
(Increase) decrease in merchandise inventories	**(6,564)**	3,023	(8,884)
(Increase) decrease in prepaid expenses and other	**(1,515)**	(3,790)	1,910
(Increase) decrease in other assets	**(232)**	164	30
Increase in accounts payable—trade	**1,686**	1,056	4,484
Increase in accrued salaries and wages	**2,467**	793	870
Increase in litigation accrual	**536**	31,544	1,600
(Decrease) increase in accrued expenses	**(1,045)**	866	(1,480)
Increase in customer credits	**1,686**	634	839
(Decrease) increase in income taxes payable	**(80)**	(187)	10,421
Total adjustments	**(15,470)**	48,778	34,432
Net cash provided by operating activities	**14,671**	56,822	72,373
Investing Activities:			
Purchases of property and equipment	**(29,533)**	(63,334)	(28,335)
Sales and maturities of marketable securities and investments	**62,887**	138,346	109,142
Purchases of marketable securities and investments	**(72,004)**	(93,803)	(94,278)
Purchases of long-term investments	**(900)**	—	—
Net cash used in investing activities	**(39,550)**	(18,791)	(13,472)
Financing Activities:			
(Repayment of) proceeds from long-term debt	**(979)**	34,000	—
Payment for debt issuance cost	**(90)**	(1,730)	—
Purchase of treasury stock	**(313)**	(120,818)	(8,964)
Proceeds from Employee Stock Purchase Plan	**83**	87	91
Proceeds from stock options exercised	**3,768**	4,291	4,858
Net cash used in financing activities	**2,469**	(84,170)	(4,015)
Net (decrease) increase in cash and cash equivalents	**(22,410)**	(46,139)	54,886
Cash and cash equivalents—beginning of year	**37,551**	83,690	28,804
Cash and cash equivalents—end of year	**$ 15,141**	$ 37,551	$ 83,690
Supplemental Disclosure of Cash Flow Information:			
Cash paid for income taxes	**$ 12,130**	$ 10,206	$ 9,511
Cash paid for interest	**$ 1,789**	$ 35	$ —

See notes to consolidated financial statements

1. Summary of Significant Accounting Policies

Principles of consolidation

The consolidated financial statements include the accounts of the Company and its subsidiaries. All material intercompany balances and transactions are eliminated. The Company reports on a 52-53 week fiscal year ending on the last Saturday in July. Fiscal year ended July 31, 2004 consists of 53 weeks. Fiscal years 2003 and 2002 consist of 52 weeks. Certain reclassifications have been made to the prior years' consolidated financial statements to conform to fiscal 2004's presentation.

Business

The Dress Barn, Inc. (including The Dress Barn, Inc. and its wholly-owned subsidiaries (the "Company")) operates a chain of women's apparel specialty stores. The stores, operating principally under the names "Dress Barn" and "Dress Barn Woman," offer in-season, moderate to better quality fashion apparel. The Company is a specialty retailer of women's apparel (in both regular and large sizes), including shoes and accessories. Given the similarities of the economic characteristics and how the Company manages its different store formats, the operations of the Company are aggregated into one reportable segment.

Dunnigan Realty, LLC, a wholly-owned subsidiary of the Company, was formed in fiscal 2003 to purchase, own and operate a distribution/office facility in Suffern, New York (the "Suffern facility"), of which the major portion is the Company's corporate offices and distribution center. Dunnigan Realty, LLC receives rental income and reimbursement for taxes and common area maintenance charges from the Company and two additional tenants that occupy the Suffern facility that are not affiliated with the Company. The rental income from the unaffiliated tenants is shown as "other income" on the Company's Consolidated Statements of Earnings. Intercompany rentals between the Company and Dunnigan Realty, LLC are eliminated in consolidation.

Revenue recognition

Revenues from retail sales, net of returns, are recognized at the point of purchase upon delivery of the merchandise to the customer and exclude sales taxes. Sales from purchases made with gift certificates and layaway sales are also recorded when the customer takes possession of the merchandise. Gift certificates and merchandise credits issued by the Company are recorded as a liability until they are redeemed. The Company records a reserve for estimated product returns based on historical return trends.

Cash and cash equivalents

For purposes of the statement of cash flows, the Company considers its highly liquid investments with maturities of three months or less when purchased to be cash equivalents. These amounts are stated at cost, which approximates market value. The majority of the Company's money market funds at July 31, 2004 were maintained with one financial institution. The Company's cash management process provides for the daily funding of checks as they are presented to the bank. Included in accounts payable at July 31, 2004 and July 26, 2003 are $7.1 million and $16.9 million, respectively, representing outstanding checks.

Restricted cash and cash equivalents

Restricted cash consists of $38.6 million held in escrow as required as part of an outstanding legal judgment. The escrow account is an interest bearing account at the current Federal funds rate plus a margin.

Marketable securities and investments

The Company has categorized its marketable securities as available for sale, stated at market value. The unrealized holding gains and losses are included in other comprehensive income, a component of shareholders' equity, until realized. The amortized cost is adjusted for amortization of premiums and discounts to maturity, with the net amortization included in interest income.

Merchandise inventories

Merchandise inventories are valued at the lower of cost or market as determined by the retail method.

Property and equipment

Property and equipment are stated at cost less accumulated depreciation and amortization. Depreciation and amortization are computed using the straight-line method over the following estimated useful lives:

Building	25 years
Leasehold improvements	10 years or term of lease, if shorter
Fixtures and equipment	10 years
Software	5—7 years
Automotive equipment	5 years

Valuation of long-lived assets

The Company regularly reviews the carrying value of its long-lived assets. Whenever events or changes in circumstances indicate that the carrying amount of its assets might not be recoverable, the Company, using its best estimates based on reasonable and supportable assumptions and projections, has reviewed for impairment the carrying value of long-lived assets. Based on the review of certain underperforming stores, the Company recorded impairment charges that are included in depreciation expense of $4.9 million, $1.5 million and $1.7 million in 2004, 2003 and 2002, respectively.

Income taxes

The Company accounts for income taxes in accordance with SFAS No. 109, "Accounting for Income Taxes." Deferred taxes are provided using the asset and liability method, whereby deferred income taxes result from temporary differences between the reported amounts in the financial statements and the tax basis of assets and liabilities, as measured by presently enacted tax rates. The Company establishes valuation allowances against deferred tax assets when it is more likely than not the realization of those deferred tax assets will not occur.

Store preopening costs

Non-capital expenditures, such as advertising and payroll costs incurred prior to the opening of a new store are charged to expense in the period they are incurred.

Earnings per share (EPS)

The Company calculates EPS in accordance with the provisions of Statement of Financial Accounting Standards ("SFAS") No. 128, "Earnings per Share." SFAS No. 128 requires dual presentation of basic EPS and diluted EPS on the face of all income statements for all entities with complex capital structures. Basic EPS is computed as net income divided by the weighted average number of common shares outstanding for the period. Diluted EPS reflects the potential dilution that could occur from common shares issuable through stock options, warrants and other convertible securities.

Marketing and advertising costs

Marketing and advertising costs are included in selling, general and administrative expenses and are expensed in the period in which they are incurred. Marketing and advertising expenses were $12.3 million, $10.1 million and $10.0 million for fiscal 2004, 2003 and 2002, respectively.

Recent accounting pronouncements

In January 2003, the FASB issued Interpretation No. 46, "Consolidation of Variable Interest Entities, an Interpretation of Accounting Research Bulletin No. 51, Consolidated Financial Statements." This interpretation applies immediately to variable interest entities created after January 31, 2003 and to variable interest entities in which an enterprise obtains an interest after that date. It applies in the first fiscal year or interim period beginning after December 15, 2003, to variable interest entities in which an enterprise holds a variable interest it acquired before February 1, 2003. The Company has no variable interest entities; therefore, the implementation of this interpretation will not impact the Company's financial statements.

In December 2002, the FASB issued Statement of Financial Accounting Standards No. 148, "Accounting for Stock-Based Compensation - Transition and Disclosure" ("SFAS 148"). SFAS 148 amends Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation" ("SFAS 123"), to provide alternative methods of transition for companies that voluntarily change to a fair value-based method of accounting for stock-based employee compensation. SFAS 148 also amends the disclosure provisions of SFAS 123 for both interim and annual financial statements. The disclosure provisions of SFAS 148 are effective for annual reports for fiscal years ending after December 15, 2002, and for interim financials for periods beginning after December 15, 2002. The Company adopted the interim reporting provisions of SFAS 148 for its third quarter ended April 26, 2003 and the annual reporting provisions for fiscal 2003.

In April 2003, the FASB issued SFAS No.149, "Amendment of Statement 133 on Derivative Instruments and Hedging Activities." SFAS No. 149 amends and clarifies the accounting for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities under SFAS 133, "Accounting for Derivative Instruments and Hedging Activities." SFAS No. 149 is generally effective for contracts entered into or modified after June 30, 2003 and for hedging relationships designated after June 30, 2003. The adoption of SFAS No. 149 on July 1, 2003, as required, had no impact on the Company's financial statements.

In May 2003, the FASB issued SFAS No. 150, "Accounting for Certain Financial Instruments with Characteristics of Both Liabilities and Equity." SFAS No. 150 establishes standards for how an issuer classifies and measures certain financial instruments with characteristics of both liabilities and equity. SFAS No. 150 requires that certain financial instruments be classified as liabilities that were previously considered equity. The adoption of this standard on July 1, 2003, as required, had no impact on the Company's financial statements.

In March 2004, the Emerging Issues Task Force ("EITF") reached a consensus on Issue No. 03-1, *The Meaning of Other-Than-Temporary Impairments and Its Application to Certain Investments* ("EITF 03-1"). EITF 03-1 provides a three-step impairment model for determining whether an investment is other-than-temporarily impaired and requires the Company to recognize such impairments as an impairment loss equal to the difference between the investment's cost and fair value at the reporting date. The guidance is effective for the Company during the first quarter of fiscal 2005. The Company does not believe that the adoption of EITF 03-1 will have a significant effect on its financial statements.

Use of estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Comprehensive income

Comprehensive income consists of net earnings and unrealized holding gains and losses on marketable securities, net of tax.

Stock-based compensation

The Company uses the intrinsic value method to account for stock-based compensation in accordance with Accounting Principles Board Opinion No. 25, where compensation expense, if any, is measured as the excess of the market price of the stock over the exercise price on the measurement date. No compensation expense is recognized for the Company's option grants that have an exercise price equal to the market price on the date of grant or for the Company's Employee Stock Purchase Plan. In accordance with SFAS No. 148, "Accounting for Stock-Based Compensation—Transition and Disclosure—An Amendment of SFAS No. 123" ("SFAS 148"), the Company discloses the pro forma effects of recording stock-based employee compensation plans at fair value on net earnings and net earnings per common share—basic and diluted as if the compensation expense was recorded in the financial statements.

Had compensation cost for the Company's stock option plans been determined based on the fair value at the option grant dates for awards in accordance with the accounting provisions of SFAS No. 148 (which does not apply to awards prior to fiscal 1996), the Company's net earnings and earnings per share for fiscal 2004, fiscal 2003 and fiscal 2002 would have been reduced to the pro forma amounts indicated below:

Fiscal Year Ended	July 31, 2004	July 26, 2003	July 27, 2002
(In thousands, except per share amounts)			
Net earnings as reported	**$30,141**	$ 8,044	$37,941
Deduct: Total stock-based employee compensation expense determined under fair value based method for all awards net of related tax effects	**(2,060)**	(1,939)	(1,429)
Pro forma net earnings	**$28,081**	$ 6,105	$36,512
Earnings per share			
Basic—as reported	**$1.02**	$0.26	$1.04
Basic—pro forma	**$0.95**	$0.20	$1.00
Diluted—as reported	**$1.00**	$0.25	$1.01
Diluted—pro forma	**$0.93**	$0.19	$0.97

The fair values of the options granted under the Company's fixed stock option plans were estimated on the date of grant using the Black-Scholes option-pricing model with the following assumptions:

Fiscal Year Ended	July 31, 2004	July 26, 2003	July 27, 2002
Weighted average risk-free interest rate	**3.3%**	3.1%	4.0%
Weighted average expected life (years)	**5.0**	5.0	5.0
Expected volatility of the market price of the Company's common stock	**39.1%**	43.9%	43.9%

The Black-Scholes option valuation model was developed for use in estimating the fair value of traded options, which have no vesting restrictions and are fully transferable. In addition, option valuation models require input of highly subjective assumptions including the expected stock price volatility. Because the Company's employee stock options have characteristics significantly different from those of traded options, and because changes in subjective input assumptions can materially affect the fair value estimate, in management's opinion, the existing models do not necessarily provide a reliable single measure of the fair value of its employee stock options.

Financial instruments

Concentration of Credit Risk—Financial instruments, which potentially subject the Company to concentrations of credit risk, are principally bank deposits and short-term investments. Cash and cash equivalents are deposited with high credit quality financial institutions. Short-term investments principally consist of "triple A" or "double A" rated instruments. The Dunnigan Realty LLC mortgage loan is a 20-year fully amortizing loan with a fixed rate of 5.33%.

Fair Value of Financial Instruments—The carrying amounts of cash, cash equivalents, short-term investments and accounts payable approximate fair value because of the short-term nature, and maturity of such instruments.

Stock split

The Company's Board of Directors approved a 2-for-1 stock split in the form of a 100% stock dividend on the Company's issued and outstanding common stock in May 2002. The stock dividend was distributed on May 31, 2002 to shareholders of record on May 17, 2002. All historic share and per share information contained in this report have been adjusted to reflect the impact of the stock split.

Treasury (reacquired) shares

Shares repurchased are usually retired and treated as authorized but unissued shares, with the cost of the reacquired shares debited to retained earnings and the par value debited to common stock.

2. Marketable Securities and Investments

The amortized cost and estimated fair value of marketable securities and investments consisted of the following:

	July 31, 2004		July 26, 2003	
	Estimated Fair Value	Cost	Estimated Fair Value	Cost
(In 000's)				
Money Market Funds	**$ 4,676**	**$ 4,676**	$ 10,301	$ 10,301
Short-Term Investments	**35,545**	**35,545**	27,581	27,581
Tax Free Municipal Bonds	**80,746**	**81,176**	74,286	74,199
US Govt. Securities Fund	**1,733**	**1,878**	1,729	1,878
	$122,700	**$123,275**	$113,897	$113,959

The scheduled maturities of marketable securities and investments at July 31, 2004 are:

Due In	Estimated Fair Value	Cost
(In 000's)		
One year or less	$ 62,746	$ 63,002
One year through five years	59,954	60,273
Six years through ten years	—	—
Over ten years	—	—
	$122,700	$123,275

Unrealized holding gains and (losses) at July 31, 2004 netted to an unrealized loss of approximately $522,000. Proceeds and gross realized (losses) gains from the sale of securities in fiscal 2004, 2003 and 2002 were $62.9 million and $0.8 million, $138.3 million and $(0.7) million, $109.1 million and $1.0 million, respectively. For the purposes of determining gross realized gains and losses, the cost of securities is based upon specific identification.

3. Long-Term Debt

Long-term debt consists of the following:

	July 31, 2004	July 26, 2003
(In 000's)		
Dunnigan Realty, LLC mortgage loan	**$33,021**	$34,000
Less: current portion	**(1,033)**	(979)
Total	**$31,988**	$33,021

The Dunnigan Realty, LLC mortgage loan (the "mortgage") is collateralized by a mortgage lien on a distribution/office facility in Suffern, New York (the "Suffern facility"), of which the major portion is the Company's corporate offices and distribution center. Dunnigan Realty, LLC, a wholly owned subsidiary of the Company, receives rental income and reimbursement for taxes and common area maintenance charges from the Company and two additional tenants that occupy the Suffern facility that are not affiliated with the Company. All intercompany transactions are eliminated. Payments of principal and interest on the mortgage, a 20-year fully amortizing loan with a fixed interest rate of 5.33%, are due monthly through July 2023. In connection with the mortgage, the Company paid approximately $1.7 million in debt issuance costs. These costs were capitalized and will be amortized over the life of the mortgage. Scheduled maturities of the mortgage in each of the next five fiscal years are as follows: 2005—$1.0 million; 2006—$1.1 million; 2007—$1.1 million; 2008—$1.2 million; 2009—$1.4 million; 2010 and thereafter—$27.4 million. Interest expense relating to the mortgage for fiscal 2004 was approximately $1.8 million.

4. Earnings Per Share

Basic earnings per share are computed based upon the weighted average number of common shares outstanding. Diluted earnings per share are computed based upon the weighted average number of common and common equivalent shares outstanding. Common equivalent shares outstanding consist of shares covered by stock options.

A reconciliation of basic and diluted weighted average number of common shares outstanding is presented below:

Fiscal Year Ended	July 31, 2004	July 26, 2003	July 27, 2002
(In 000's)			
Weighted average number of common shares outstanding—basic	**29,413**	31,219	36,495
Net effect of dilutive stock options based on the treasury stock method using the average market price	**707**	723	1,021
Weighted average number of common shares outstanding—diluted	**30,120**	31,942	37,516

Common stock equivalents of 2,000, 170,000 and 150,000 for the fiscal years ended July 31, 2004, July 26, 2003 and July 27, 2002, respectively, were excluded because such common stock equivalents were anti-dilutive.

5. Litigation

The Company is involved in various routine legal proceedings incident to the ordinary course of business. On May 18, 2000, an action was filed against the Company seeking compensatory and punitive damages for alleged unfair trade practices and alleged breach of contract arising out of negotiations for an acquisition the Company never concluded. The case went to a jury trial in 2003, and a jury verdict of $30 million of compensatory damages was awarded against the Company. On July 7, 2003, the court entered a final judgment of approximately $32 million in compensatory damages and expenses, which is subject to post-judgment interest. The trial court ruled against the plaintiffs' motion for any punitive damages or pre-judgment interest.

Based on this judgment, the Company recorded a litigation charge of $32 million in its fiscal 2003 fourth quarter results. The Company believes there is no merit in the jury verdict and is vigorously pursuing an appeal. Plaintiffs have cross-appealed seeking an increase in the amount of the judgment. If upon appeal the judgment is subsequently modified or reversed, the Company will adjust its litigation charge accordingly. Interest accrues on the unpaid judgment at the statutory rate of 10% annually which the Company has provided for at the rate of approximately $800,000 each quarter in its litigation accrual. The Company has also accrued for other pending litigation in its litigation accrual. In the fourth quarter of fiscal 2004, as required as part of an outstanding legal judgment the Company deposited $38.6 million in an escrow account, utilizing its operating funds. The escrow account is an interest bearing account and is included in restricted cash and cash equivalents on the Company's balance sheet.

6. Employee Benefit Plans

The Company sponsors a defined contribution retirement savings plan (401(k)) covering all eligible employees. The Company also sponsors an Executive Retirement Plan for certain officers and key executives. Both plans allow participants to defer a portion of their annual compensation and receive a matching employer contribution on a portion of that deferral. During fiscal 2004, 2003 and 2002, the Company incurred expenses of $1,815,000, $1,363,000 and $1,156,000, respectively, relating to the contributions to and administration of the above plans. The Company also sponsors an Employee Stock Purchase Plan, which allows employees to purchase shares of Company stock during each quarterly offering period at a 10% discount through weekly payroll deductions. The Company does not provide any additional postretirement benefits.

7. Income Taxes

The components of the provision for income taxes were as follows:

Fiscal Year Ended	July 31, 2004	July 26, 2003	July 27, 2002
(In 000's)			
Federal:			
Current	$10,268	$ 7,772	$16,517
Deferred	1,177	(4,314)	1,090
	11,445	3,458	17,607
State:			
Current	1,782	2,138	3,415
Deferred	810	(1,072)	320
	2,592	1,066	3,735
Provision for income taxes	$14,037	$ 4,524	$21,342

Significant components of the Company's deferred tax assets and liabilities were as follows:

	July 31, 2004	July 26, 2003	July 27, 2002
(In 000's)			
Deferred tax assets:			
Inventory capitalization and inventory-related items	$ 4,121	$ 4,293	$ 1,927
Capital loss carryover	85	2,847	2,759
Employee benefits	3,050	2,438	2,754
Litigation accrual	14,248	14,308	—
Other items	2,964	2,973	4,739
Total deferred tax assets	24,468	26,858	12,179
Deferred tax liabilities:			
Depreciation	13,425	11,098	4,878
Other items	1,690	1,659	1,432
Total deferred tax liabilities	15,115	12,757	6,310
Valuation allowance	(85)	(2,847)	—
Net deferred tax assets	$ 9,268	$11,255	$ 5,869

For fiscal 2004, the total net deferred tax asset is presented on the balance sheet as a current asset of $10.5 million and a non-current liability of $1.3 million. For fiscal 2003, the net deferred tax asset is presented on the balance sheet as a current asset of $11.4 million and a non-current liability of $0.2 million. The net deferred tax assets were comprised of approximately $1,429,000 in state deferred taxes and $7,839,000 in federal deferred taxes. In fiscal 2003, a valuation allowance of approximately $2,847,000 had been established relating to the capital loss carryforward, as it was more likely than not that the utilization of such amount will not occur. In addition, the Company successfully resolved several state and Federal audits during fiscal 2004 and 2003, resulting in credits to its tax provision for approximately $2,030,000 and $2,645,000, respectively. The majority of the capital loss carryforward expired during fiscal 2004 resulting in a reduction in the deferred tax asset and related valuation allowance.

Following is a reconciliation of the statutory Federal income tax rate and the effective income tax rate applicable to earnings before income taxes:

Fiscal Year Ended	July 31, 2004	July 26, 2003	July 27, 2002
Statutory tax rate	35.0%	35.0%	35.0%
State taxes—net of federal benefit	3.8%	5.5%	5.2%
Valuation allowance—loss carryforward	—	22.7%	—
Provision adjustment—resolution of tax audits	(4.6)%	(22.5)%	—
Other—net, primarily tax-free interest	(2.4)%	(4.7)%	(4.2)%
Effective tax rate	31.8%	36.0%	36.0%

8. Commitments and Contingencies

Lease commitments

The Company leases all of its stores and its distribution center. Certain leases provide for additional rents based on percentages of net sales, charges for real estate taxes, insurance and other occupancy costs. Store leases generally have an initial term ranging from 5 to 15 years with one or more 5-year options to extend the lease. Some of these leases have provisions for rent escalations during the initial term. The Company leases its 510,000 square foot office and distribution center in Suffern, New York from Dunnigan Realty, LLC, a wholly-owned subsidiary which was formed solely to purchase, own and operate the entire facility (the "Suffern facility") including the portion occupied by the Company. The Company's lease with Dunnigan Realty, LLC expires in 2023, which coincides with the term of the underlying mortgage Dunnigan Realty, LLC utilized to finance the purchase of the Suffern facility (see Note 3 for additional information regarding the mortgage). Dunnigan Realty, LLC receives rental income and reimbursement for taxes and common area maintenance charges from two additional tenants that occupy the Suffern facility that are not affiliated with the Company. The rental income from the other tenants is shown as "other income" on the Company's Consolidated Statements of Earnings. All intercompany transactions are eliminated.

A summary of occupancy costs follows:

Fiscal Year Ended	July 31, 2004	July 26, 2003	July 27, 2002
(In 000's)			
Base rentals	$ 92,094	$ 87,447	$ 85,593
Percentage rentals	2,761	3,898	2,591
Other occupancy costs	30,056	29,069	25,349
	124,911	120,414	113,533
Less: Rental income from third parties	(1,526)	(779)	—
Total	$123,385	$119,635	$113,533

The following is a schedule of future minimum rentals under non-cancellable operating leases as of July 31, 2004, including rents payable to Dunnigan Realty, LLC for the Suffern facility (in thousands):

Fiscal Year	Total
2005	$ 92,026
2006	77,134
2007	62,133
2008	45,829
2009	31,656
Subsequent years	79,491
Total future minimum rentals	$388,269

Although the Company has the ability to cancel certain leases if specified sales levels are not achieved, future minimum rentals under such leases have been included in the above table. The rent payable to Dunnigan Realty, LLC is $2.8 million per fiscal year through fiscal year ending 2023.

Leases with related parties

The Company leases two stores from its Chairman or related trusts. Future minimum rentals under leases with such related parties which extend beyond July 31, 2004, included in the above schedule, are approximately $247,000 annually and in the aggregate $1.0 million. The leases also contain provisions for cost escalations and additional rent based on net sales in excess of stipulated amounts. Rent expense for fiscal years 2004, 2003 and 2002 under these leases amounted to approximately $308,000, $309,000 and $288,000, respectively.

Lines of credit

At July 31, 2004, the Company had unsecured lines of credit with two banks totaling $70 million with interest payable at rates below prime. None of the Company's lines of credit contain any significant covenants or commitment fees. The Company had no debt outstanding under any of the lines at July 31, 2004. However, approximately $43 million of outstanding letters of credit reduced the credit lines available.

Contractual obligations and commercial commitments

The estimated significant contractual cash obligations and other commercial commitments at July 31, 2004 are summarized in the following table:

	Payments Due by Period				
Contractual Obligations	Totals	Fiscal 2005	Fiscal 2006–2007	Fiscal 2008–2009	Fiscal 2010 And Beyond
(In 000's)					
Operating lease obligations	$388,269	$92,026	$139,267	$ 77,485	$ 79,491
Mortgage principal and interest	52,583	2,768	5,535	5,535	38,745
	$440,852	$94,794	$144,802	$83,020	$118,236

	Amount of Commitment Expiration Period				
Other Commercial Commitments	Totals	Fiscal 2005	Fiscal 2006–2007	Fiscal 2008–2009	Fiscal 2010 And Beyond
(In 000's)					
Trade letters of credit	$38,048	$38,048	$—	$—	$—
Standby letters of credit	4,575	4,575	—	—	—
Firm purchase orders	130	130	—	—	—
	$42,753	$42,753	$—	$—	$—

In addition to the commitments represented in the above table, the Company enters into a number of cancelable and non-cancelable commitments during the year. Typically, these commitments are for less than a year in duration and are principally focused on the construction of new retail stores and the procurement of inventory. The Company does not maintain any long-term or exclusive commitments or arrangements to purchase merchandise from any single supplier. Preliminary commitments with the Company's private label merchandise vendors typically are made five to seven months in advance of planned receipt date. Substantially all of the Company's merchandise purchase commitments are cancelable up to 30 days prior to the vendor's scheduled shipment date.

Legal proceedings

The Company is involved in various routine legal proceedings incident to the ordinary course of business. The Company believes that the outcome of all pending and threatened legal proceedings (except for the matter as discussed in Note 5) will, on the whole, not have a material adverse effect on its financial condition or results of operations.

9. Stock-Based Compensation Plans

At July 31, 2004, the Company had five stock-based compensation plans. The Company's 1993 Incentive Stock Option Plan provides for the grant of incentive stock options ("ISO's") to purchase up to 2,500,000 shares of the Company's common stock. As of July 31, 2004, there were no shares under the 1993 plan available for future grant. The Company's 1995 Stock Option Plan provides for the granting of either ISO's or non-qualified options to purchase up to 4,000,000 shares of common stock. As of July 31, 2004, there were 98,949 shares under the 1995 plan available for future grant. The Company's 2001 Stock Option Plan provides for the granting of either ISO's or non-qualified options to purchase up to 4,000,000 shares of common stock. As of July 31, 2004, there were 3,431,667 shares under the 2001 plan available for future grant.

The exercise price of ISO's granted under any of the option plans may not be less than the market price of the common stock at the date of grant. Generally, all options granted under these plans vest over a five-year period and expire after ten years from the date of grant.

The Company's 1983 Incentive Stock Option Plan expired on April 4, 1993, and the Company's 1987 Non-Qualified Stock Option Plan expired December 7, 1997. Accordingly, the Company can no longer grant options under either of the two expired plans. The Company's Employee Stock Purchase Plan allows employees to purchase shares of the Company's common stock during each quarterly offering period at a 10% discount through weekly payroll deductions.

The following table summarizes the activities in all Stock Option Plans and changes during each of the fiscal years presented:

	July 31, 2004		July 26, 2003		July 27, 2002	
	Options	**Weighted Average Exercise Price**	Options	Weighted Average Exercise Price	Options	Weighted Average Exercise Price
Options outstanding— beginning of year	**2,950,495**	**$ 9.80**	2,734,352	$ 8.14	3,164,870	$ 7.26
Granted	**269,625**	**13.82**	909,883	12.54	797,266	10.95
Cancelled	**(81,860)**	**10.92**	(59,200)	8.27	(444,580)	10.26
Exercised	**(464,281)**	**8.11**	(634,540)	6.76	(783,204)	6.21
Outstanding end of year	**2,673,979**	**$10.46**	2,950,495	$ 9.80	2,734,352	$ 8.14
Options exercisable at year-end	**860,647**	**$ 8.77**	528,208	$ 7.56	334,108	$ 4.09
Weighted-average fair value of options granted during the year		**$ 5.50**		$ 5.34		$ 4.81

The following table summarizes information about stock options outstanding at July 31, 2004:

Range of Exercise Prices	Number Outstanding as of 7/31/04	Weighted Average Remaining Life	Weighted Average Exercise Price	Number Exercisable as of 7/31/04	Weighted Average Exercise Price
$ 2.50 – $ 5.69	152,336	2.58 years	$ 3.50	151,536	$ 3.49
7.03 – 7.81	621,700	5.04 years	7.04	288,040	7.06
9.75 – 11.25	952,885	7.23 years	10.50	236,031	10.38
11.30 – 13.25	109,100	7.81 years	12.51	25,940	11.34
13.51 – 15.90	837,958	8.48 years	13.94	159,100	14.11
$ 2.50 – $15.90	2,673,979	6.87 years	$10.46	860,647	$ 8.77

10. Quarterly Results of Operations (unaudited)

Fiscal Year Ended July 31, 2004	Fiscal Year	Fourth Quarter	Third Quarter	Second Quarter	First Quarter
(In thousands, except per share amounts)					
Net sales	**$754,903**	**$207,975**	**$183,331**	**$171,053**	**$192,544**
Gross profit, less occupancy and buying costs	**277,951**	**81,260**	**64,251**	**63,535**	**68,905**
Income tax expense	**14,037**	**4,539**	**3,098**	**2,592**	**3,808**
Net earnings	**30,141**	**13,472**	**5,389**	**4,510**	**6,770**
Earnings per share (1)					
Basic	**$1.02**	**$0.45**	**$0.18**	**$0.15**	**$0.23**
Diluted	**$1.00**	**$0.44**	**$0.18**	**$0.15**	**$0.23**

Fiscal Year Ended July 26, 2003	Fiscal Year	Fourth Quarter	Third Quarter	Second Quarter	First Quarter
(In thousands, except per share amounts)					
Net sales	$707,121	$188,131	$165,692	$167,372	$185,926
Gross profit, less occupancy and buying costs	253,943	72,278	55,338	60,107	66,220
Income tax expense (benefit)	4,524	(4,498)	1,468	2,627	4,927
Net earnings (loss)	8,044	(7,992)	2,609	4,668	8,759
Earnings (loss) per share (1)					
Basic	$0.26	$(0.27)	$0.09	$0.16	$0.24
Diluted	$0.25	$(0.27)	$0.09	$0.15	$0.23

(1) Earnings per share is computed independently for each period presented. As a result, the total of the per share earnings for the four quarters does not equal the annual earnings per share.

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders

The Dress Barn, Inc.

Suffern, New York

We have audited the accompanying consolidated balance sheets of The Dress Barn, Inc. and Subsidiaries (the “Company”) as of July 31, 2004 and July 26, 2003, and the related statements of earnings, shareholders’ equity and comprehensive income, and cash flows for each of the three years in the period ended July 31, 2004. These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of The Dress Barn, Inc. and Subsidiaries as of July 31, 2004 and July 26, 2003, and their results of operations and their cash flows for each of the three years in the period ended July 31, 2004 in conformity with accounting principles generally accepted in the United States of America.

Deloitte + Touche LLP

Stamford, Connecticut
October 13, 2004

Directors, Officers & Key Management

DIRECTORS

Elliot S. Jaffe
Co-Founder & Chairman

David R. Jaffe
President &
Chief Executive Officer

Burt Steinberg
Executive Director

Roslyn S. Jaffe
Secretary, Treasurer &
Co-Founder

Kate Buggeln (1)
Governing Board
Business Council for Peace

Klaus Eppler
Pensioned Partner
Proskauer Rose LLP

Marc Lasry (2) (3)
Founding & Managing Partner
Avenue Capital Group

Edward D. Solomon (1) (2)
President
Edward D. Solomon & Co.

John Usdan (1) (2) (3)
President
Midwood Management
Corporation

OFFICERS & KEY MANAGEMENT

Elliot S. Jaffe
Co-Founder & Chairman

David R. Jaffe
President &
Chief Executive Officer

Vivian Behrens
Senior Vice President &
Chief Marketing Officer

Armand Correia
Senior Vice President &
Chief Financial Officer

Keith Fulsher
Senior Vice President &
General Merchandise Manager

Eric Hawn
Senior Vice President
Store Operations

Elise Jaffe
Senior Vice President
Real Estate

Tanzim Ahmad
Vice President
Merchandise Planning

Carol Dauman
Vice President
Business Development

Joseph M. Forbidussi
Vice President
Merchandising

Phillip Giusto
Vice President, IT
Chief Information Officer

Reid Hackney
Vice President
Finance & Controller

Christopher McDonald
Vice President
Corporate Counsel

Mary Ann Molinari
Vice President
Merchandising

David Montieth
Vice President
Human Resources

William Nelson
Vice President
Merchandising

Corinne Salfeety
Vice President
Merchandising

Arthur L. Senn
Vice President
Asset Protection

Richard Sosnovy
Vice President
Real Estate

Arthur Ziluck
Vice President
Merchandising

James Bath
Assistant Vice President
Information Technology

Trudy Chianciola
Assistant Vice President
Store Operations

Ivonne Clayton
Assistant Vice President
Imports and Payables

Kim Collins
Assistant Vice President
Store Operations

Mary Beth Daniels
Assistant Vice President
Customer Relationship
Management

Charles DeCesare
Assistant Vice President
Creative Director

Madalyn Fichtner
Assistant Vice President
Store Operations

Pattra Gahan
Assistant Vice President
Store Operations

William Ilko
Assistant Vice President
Information Technology

Elizabeth Jones
Assistant Vice President
Store Administration

Donna Kanzler
Assistant Vice President
Corporate Taxation

Lisa Krizek
Assistant Vice President
Lease Administration

Jodie S. Levenson
Assistant Vice President
Store Operations

Carmen Lorenzano
Assistant Vice President
Store Operations

Shannon McGinty
Assistant Vice President
Store Operations

R. Christopher Minor
Assistant Vice President
Assistant Controller

Annette Pedersen
Assistant Vice President
Store Operations

Candy Roberts
Assistant Vice President
Store Operations

Jeffrey C. Ross
Assistant Vice President
Operations

Nancy Seaboldt
Assistant Vice President
Information Technology

Donald Smith
Assistant Vice President
Distribution Operations

Isabella Spiegel
Assistant Vice President
Human Resources

M. Veronica Valladares
Assistant Vice President
Marketing

Claudia Verhaeg
Assistant Vice President
Store Operations

(1) Member, Compensation and Stock Option Committee
(2) Member, Audit Committee.
(3) Member, Nominating Committee

Corporate Information

ANNUAL MEETING

The Annual Meeting of the Stockholders of the Company will be held:
November 17, 2004
The Dress Barn, Inc.
30 Dunnigan Drive
Suffern, New York 10901

FORM 10-K

A copy of the Company's Annual Report to the Securities and Exchange Commission on Form 10-K for the year ended July 31, 2004 will be provided to stockholders upon written request to:

Investor Relations
The Dress Barn, Inc.
30 Dunnigan Drive
Suffern, New York 10901

TRANSFER AGENT & REGISTRAR

Communications concerning shareholder records, the transfer of shares, lost certificates or change of address should be directed to:

American Stock Transfer
& Trust Company
59 Maiden Lane
New York, New York 10038

GENERAL COUNSEL

Proskauer Rose LLP
1585 Broadway
New York, New York 10036

INDEPENDENT AUDITORS

Deloitte & Touche LLP
Stamford Harbor Park
333 Ludlow Street
Stamford, Connecticut 06902

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