Ascena Retail Group, Inc.
Form 11-K
January 28, 2013

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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FORM 11-K

(Mark One)

x ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended July 31, 2012

OR

o TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from __________ to __________

Commission file number 0-11736

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A. (Full title of the Plan)

Ascena Retail Group, Inc. 401(k)

Savings Plan

B. (Name of issuer of the securities held pursuant to the Plan)

Ascena Retail Group, Inc.

(Address of principal executive office)

30 Dunnigan Drive

Suffern, NY 10901

845-369-4500

ASCENA RETAIL GROUP, INC. 401(k) SAVINGS PLAN

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All other supplemental schedules required by 29 CFR 2520.103-10 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 have been omitted because they are not applicable.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Members of the Plan Committee and Participants of

Ascena Retail Group, Inc. 401(k) Savings Plan:

We have audited the accompanying statements of net assets available for benefits of Ascena Retail Group, Inc. 401(k) Savings Plan (the “Plan”) as of July 31, 2012 and 2011, and the related statement of changes in net assets available for benefits for the year ended July 31, 2012. These financial statements are the responsibility of the Plan'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, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Ascena Retail Group, Inc. 401(k) Savings Plan as of July 31, 2012 and 2011, and the changes in net assets available for benefits for the year ended July 31, 2012, in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of delinquent participant contributions and the schedule of assets (held at end of year) are presented for the purpose of additional analysis and are not a required part of the 2012 basic financial statements, but are supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. These schedules are the responsibility of the Plan's management. These schedules have been subjected to the auditing procedures applied in our audit of the 2012 basic financial statements and, in our opinion, are fairly stated in all material respects when considered in relation to the basic 2012 financial statements taken as a whole.

/s/ CohnReznick LLP

Roseland, New Jersey

January 28, 2013

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ASCENA RETAIL GROUP, INC. 401(k) SAVINGS PLAN

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
JULY 31, 2012 AND 2011

	2012	2011
ASSETS:		
Participant directed investments at fair value:		
Mutual funds	$99,637,209	$86,280,262
Common collective trust	15,370,768	15,291,378
Ascena Retail Group, Inc. Unitized stock fund	11,323,408	10,376,993
Total investments	126,331,385	111,948,633
Notes receivable from participants	4,577,565	3,894,891
NET ASSETS AVAILABLE FOR BENEFITS AT FAIR VALUE	130,908,950	115,843,524
Adjustment from fair value to contract value for fully benefit-responsive investment contracts	(955,142)	(543,153)
NET ASSETS AVAILABLE FOR BENEFITS	$129,953,808	$115,300,371

See notes to financial statements.

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ASCENA RETAIL GROUP, INC. 401(k) SAVINGS PLAN

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
YEAR ENDED JULY 31, 2012

ADDITIONS:	
Additions to assets attributed to:	
Contributions:	
Participant	$9,766,550
Employer	3,431,185
Participant rollovers	5,970,425
Total contributions	19,168,160
Investment income:	
Net appreciation in fair value of investments	1,958,651
Dividend income	1,763,403
Total investment income	3,722,054
Interest income from notes receivable from participants	500,305
Total additions	23,390,519
DEDUCTIONS:	
Deductions from assets attributed to:	
Benefits paid to participants	8,629,596
Administrative expenses	107,486
Total deductions	8,737,082
NET INCREASE IN NET ASSETS AVAILABLE FOR BENEFITS	14,653,437
NET ASSETS AVAILABLE FOR BENEFITS:	
Beginning of year	115,300,371
End of year	$129,953,808

See notes to financial statements.

ASCENA RETAIL GROUP, INC. 401(k) SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS

AS OF JULY 31, 2012 AND 2011 AND FOR THE YEAR ENDED JULY 31, 2012

1. REORGANIZATION

On January 1, 2011, Ascena Retail Group, Inc., a Delaware corporation ("Ascena"), completed its previously announced reorganization pursuant to the Agreement and Plan of Reorganization dated as of August 20, 2010 (the "Reorganization Agreement"), by and among Ascena, The Dress Barn, Inc., a Connecticut corporation ("dressbarn"), and DB Merger Corp., a Connecticut corporation ("MergerCo"). The Reorganization Agreement was approved and adopted by dressbarn's shareholders at dressbarn's annual meeting of shareholders, which was held on December 17, 2010.

The Reorganization Agreement provided for the merger (the "Merger") of dressbarn with MergerCo, with dressbarn surviving the Merger as a wholly-owned subsidiary of Ascena, and the conversion of each share of common stock, par value $0.05 per share ("dressbarn Common Stock"), of dressbarn, issued and outstanding immediately prior to the effective time of the Merger, into one duly issued, fully paid and nonassessable share of common stock, par value $0.01 per share ("Ascena Common Stock"), of Ascena. In addition, each outstanding option to purchase or other right to acquire shares of dressbarn Common Stock was automatically converted into an option to purchase or right to acquire, upon the same terms and conditions, an identical number of shares of Ascena Common Stock. Pursuant to a Stock Distribution Agreement, immediately following the Merger, dressbarn distributed the stock of its subsidiaries, Maurices Incorporated, a Delaware corporation ("maurices"), and Tween Brands, Inc., a Delaware corporation, which operates the Justice brand ("Tween Brands"), to Ascena (the Merger and such distribution, collectively, the "Reorganization"). As a result of the Reorganization, Ascena now owns dressbarn, maurices and Tween Brands as sister subsidiaries.

Upon completion of the Reorganization, Ascena, a Delaware corporation, replaced dressbarn, a Connecticut corporation, as the publicly held corporation, and the holders of dressbarn Common Stock now hold the same number of shares and same ownership percentage of Ascena as they held of dressbarn immediately prior to the Reorganization. As of January 3, 2011, shares of Ascena Common Stock commenced trading on the NASDAQ Global Select Market under the symbol "ASNA". The Reorganization did not have an impact on the Plan's financial statements other than participants who previously held The Dress Barn, Inc. Unitized Portfolio shares now hold an equal amount of Ascena Retail Group, Inc. Unitized Stock Fund shares which commenced January 1, 2011.

2. DESCRIPTION OF THE PLAN

The following description of Ascena Retail Group, Inc. 401(k) Savings Plan (the "Plan") is provided for general information purposes only. Participants should refer to the Plan document for more complete information of the Plan's provisions.

***General*-**The Plan is a defined contribution plan covering substantially all of the employees of Ascena Retail Group, Inc., and its participating affiliates (the "Company") who have one year of service and have attained the age of 21. ING is the record keeper of the Plan and State Street Bank was appointed as the trustee of the Plan, effective as of August 1, 2006.

The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA").

***Contributions*-**Each year, participants may elect to contribute up to 75% of their annual pre-tax compensation, as defined in the Plan, subject to certain Internal Revenue Code ("IRC") limitations. Participants who have attained the age of 50 before the end of the calendar year are eligible to make catch-up contributions to the Plan as of January 1st of that year. Each year, the Company may make a discretionary matching contribution to the Plan based on the quarterly compensation that a participant contributes to the Plan. The Company's discretionary matching contribution was 5% of the participant's compensation for each payroll period. During the year ended July 31, 2012, the Company's matching contributions totaled $3,431,185. Additional amounts may be contributed at the discretion of the Company's Board of Directors. No such additional discretionary contributions were made for the year ended July 31, 2012. Participants may also roll over amounts representing distributions from other qualified defined benefit and defined contribution plans.

***Participant Accounts*-**Individual accounts are maintained for each Plan participant. Each participant's account is credited with the participant's contribution, the Company's matching contribution, and allocations of Company discretionary contributions and Plan earnings, and charged with withdrawals and an allocation of Plan losses and administrative expenses. Allocations are based on participant earnings or account balances, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

***Investments*-**Participants direct the investment of their contributions into various investment options offered by the Plan. Company contributions are automatically invested in accordance with the participants' allocation. The Plan currently offers sixteen mutual funds, a common collective trust, and The Ascena Retail Group, Inc. Unitized stock fund as investment options for participants.

***Vesting*-**Participants are vested immediately in their contributions plus actual earnings thereon. Vesting in the Company's contribution portion of their accounts is based on years of continuous service.

Matching Contributions

Years of Service	***Percent Vested***	
Less than 3	0	%
3 or more	100	%

Discretionary Profit Sharing Contributions

Years of Service	***Percent Vested***	
1	20	%

2	40	%
3	60	%
4	80	%
5	100	%

***Notes receivable from participants*-**Participants may borrow from their fund accounts up to a maximum of $50,000 (reduced by the excess of the highest outstanding balance of loans over the last 12 months, over the outstanding balance of the loans on the date of the loan) or 50 percent of the present value of non-forfeitable accrued benefit of the participant, whichever is less. Loans must be at least $500. Generally, the term of the loan may not exceed five years. However, if the loan is for the purchase of a participant’s principal residence, the Plan administrator may permit a longer term. The loans are secured by the balance in the participant's account and bear interest at rates commensurate with local prevailing rates at the time funds are borrowed as determined quarterly by the Plan administrator. Principal and interest is repaid ratably through payroll deductions.

***Payment of Benefits*-**Upon termination of service due to death, disability, retirement or for other reasons, a participant or a beneficiary of the deceased may elect to receive a single lump-sum payment or partial withdraws of at least $500, equal to the value of the participant's vested interest in his or her account.

Forfeited Accounts-At July 31, 2012 and 2011, forfeited nonvested accounts totaled $323,645 and $264,406**,** respectively. These accounts may be used to reduce future employer contributions, pursuant to the Plan document. For the year ended July 31, 2012, no amounts were used from forfeited nonvested amounts to reduce employer contributions.

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3.SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

***Basis of Accounting*-**The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America.

***Use of Estimates*-** The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires Plan management to make estimates and assumptions that affect the reported amounts of assets, liabilities and changes therein and disclosure of contingent assets and liabilities. Actual results could differ from those estimates and assumptions.

***Risks and Uncertainties*-**The Plan utilizes various investment instruments, including The Ascena Retail Group, Inc. Unitized stock fund, mutual funds and a common/collective trust. Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, Plan management believes it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the financial statements. Plan management also believes that, the global financial crisis and distress in the financial markets has resulted in extreme volatility in security prices, which may result in a decline in the Plan's investment valuation. It is difficult to predict how long the current economic, capital and credit market conditions will continue and Plan management cannot estimate what impact they will have on the investment securities of the Plan.

***Investment Valuation and Income Recognition*-**The Plan's investments are stated at fair value. Fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The majority of the Plan's investments in mutual funds are valued based on quoted market prices. The Ascena Retail Group, Inc. Unitized stock fund is valued at unit values which are determined by dividing the fund's net assets at fair value by its units outstanding at the valuation dates.

The Wilmington Trust Retirement and Institutional Services Company Collective Investment Trust III for MetLife Group Annuity Contract No. 25554 is a common collective trust ("CCT"). The CCT primarily owns investment contracts that invest in conventional, synthetic and separate account investment contracts (collectively "contracts") issued by life insurance companies, banks and other financial institutions. The contracts are valued at contract value, which represents invested principal plus accrued interest thereon. In determining contract value, the fund manager considers such factors as the benefit responsiveness of the contracts, the ability of the parties to the contracts to perform in accordance with the terms of the contracts and the likelihood of default by the issuer of an investment security (Note 8). In accordance with GAAP, the statements of assets available for benefits present The Wilmington Trust Retirement and Institutional Services Company Collective Investment Trust III for MetLife Group Annuity Contract No. 25554, which invests primarily in benefit-responsive investment contracts, at fair value as well as an additional line showing an adjustment of the fully benefit-responsive investment contracts from fair value to contract value. The statement of changes in assets available for benefits is presented at contract basis. Contract value represents contributions made under the fund, plus earnings, less participant withdrawals. The fair value of the investments in the common/collective trust is determined by the fund’s trustee based on the fair value of the underlying securities within the fund, which represent the Net Asset Value (“NAV”) of shares held by the Plan at year end.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis**.** Dividends are recorded on the ex-dividend date. Net appreciation includes the Plan’s gains and losses on investments bought and sold as well as held during the year.

Management fees and operating expenses charged to the Plan for investments in the mutual funds are deducted from income earned on a daily basis and are reflected as a reduction on net appreciation in fair value of investments.

Administrative Expenses**-**Certain administrative expenses are paid by the Plan or Plan sponsor as provided in the Plan document.

Payment of Benefits**-**Benefit payments to participants are recorded upon distribution. There were no amounts due to participants who elected to withdraw from the Plan as of July 31, 2012 and 2011.

During the year ended July 31, 2012 certain loans in the amount of $5,826 were distributed to participants for tax purposes in the form of deemed distributions. These amounts were included in benefits paid to participants on the statement of changes in assets available for benefits.

Notes Receivable from Participants-Notes receivable from participants are measured at their unpaid principal balance plus any accrued but unpaid interest. Delinquent participant loans are reclassified as distributions based upon the terms of the Plan document.

4. Recent Accounting Pronouncements

In January 2010, the FASB issued Accounting Standards Update ("ASU") No. 2010-06, *Fair Value Measurements and Disclosures* (ASU No. 2010-06), which amends Accounting Standards Codification ("ASC") 820, adding new disclosure requirements for Levels 1 and 2, separate disclosures of purchases, sales, issuances, and settlements relating to Level 3 measurements and clarification of existing fair value disclosures. ASU No. 2010-06 is effective for periods beginning after December 15, 2009, except for the requirement to provide Level 3 activity of purchases, sales, issuances, and settlements on a gross basis, which will be effective for fiscal years beginning after December 15, 2010. The adoption of the new guidance did not have a material impact on the Plan's financial statements.

In September 2010, the FASB issued an accounting standards update requiring that loans made by defined contribution pension plans to plan participants be accounted for as notes receivable from participants rather than as an investment. This update requires that participant loans be segregated from the plan investments and measured at their unpaid principal balance plus accrued but unpaid interest. It is effective retrospectively for periods ending after December 15, 2010. The adoption of this new guidance did not have a material impact on the Plan's financial statements.

In May 2011, the FASB issued ASU 2011-04, *Amendments to Achieve Common Fair Value Measurements and Disclosure Requirements in U.S. GAAP and IFRS* (ASU 2011-04). ASU 2011-04 amended ASC 820, *Fair Value Measurements and Disclosures*, to converge the fair value measurement guidance in U.S. generally accepted accounting principles ("GAAP") and International Financial Reporting Standards ("IFRS"). Some of the amendments clarify the application of existing fair value measurement requirements, while other amendments change a particular principle in ASC 820. In addition, ASU 2011-04 requires additional fair value disclosures. The amendments are to be applied prospectively and are effective for annual periods beginning December 15, 2011. Plan management is currently evaluating the effect that the provisions of ASU 2011-04 will have on the Plan's financial statements.

5. Fair Value Measurements

ASC 820, *Fair Value Measurements and Disclosures*, defines fair value under GAAP, establishes a framework for measuring fair value and enhances disclosures about fair value measurements. ASC 820 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction value hierarchy which requires an entity to maximize the use of observable inputs when measuring fair value.

The following provides a description of the three levels of inputs that may be used to measure fair value under ASC 820, the types of plan investments that fall under each category, and the valuation methodologies used to measure these investments at fair value. There have been no changes in the methodologies used at July 31, 2012 and 2011.

Level 1 – Inputs to the valuation methodology are quoted prices available in active markets for identical investments as of the reporting date.

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Mutual Funds:

These investments are public investment securities valued using the NAV provided by State Street Bank. The NAV is based on the value of the underlying assets owned by the fund, minus its liabilities, and then divided by the number of shares outstanding. The NAV is quoted in an active market.

Level 2 – Inputs to the valuation methodology are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value can be determined through the use of models or other valuation methodologies.

Common/Collective Trust, SSgA S&P 500 Index Fund and The Ascena Retail Group, Inc. Unitized stock fund:

The fair value of the investments in common/collective trust is determined by the fund’s trustee based on the fair value of the underlying securities within the fund, which represent the net asset value of shares held by the Plan at year end.

The investment in SSgA S&P 500 Index Fund is a public investment security valued using the NAV provided by State Street. The NAV is quoted on a private market that is not active; however, the unit price is based on the underlying investments which are traded on an active market.

The investment in The Ascena Retail Group, Inc. Unitized stock fund is carried at fair value based primarily on the closing price of Ascena Retail Group, Inc. stock on NASDAQ. Investments in Ascena Retail Group, Inc. Unitized stock fund are stated at estimated fair values, which have been determined based on unit values. Unit values are determined by dividing the fund’s net assets at fair value by its units outstanding at the valuation dates. The unit values of Ascena Retail Group, Inc. Unitized stock fund were $17.10 and $15.12 on July 31, 2012 and 2011, respectively.

Level 3 – Inputs to the valuation methodology are unobservable inputs in situations where there is little or no market activity for the asset or liability and the reporting entity makes estimates and assumptions related to the pricing of the asset or liability including assumptions regarding risk.

The table below segregates all financial assets as of July 31, 2012 that are measured at fair value on a recurring basis (at least annually) into the most appropriate level within the fair value hierarchy based on the inputs used to determine the fair value at the measurement date. In accordance with the update to ASC 820, the table below includes the major categorization for debt and equity securities on the basis of the nature and risk of the investments at July 31, 2012:

	Level 1	Level 2	Level 3	Total
Ascena Retail Group, Inc. Unitized stock fund		$11,323,408		$11,323,408
Mutual funds:				
Target date funds	$16,658,451			16,658,451
Growth funds	14,185,531			14,185,531
Index fund		9,040,532		9,040,532
Bond fund	8,850,280			8,850,280
Small cap funds	1,239,851			1,239,851
Mid cap funds	21,531,414			21,531,414
Large cap funds	14,118,606			14,118,606
Other funds	14,012,544			14,012,544
Total mutual funds	90,596,677	9,040,532		99,637,209
Common/collective trust - The Wilmington Trust Retirement and Institutional Services Company Collective Investment Trust III for MetLife Group Annuity Contract No. 25554		15,370,768		15,370,768
Total assets at fair value	$90,596,677	$35,734,708	$ --	$126,331,385

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The table below segregates all financial assets as of July 31, 2011 that are measured at fair value on a recurring basis (at least annually) into the most appropriate level with in the fair value hierarchy based on the inputs used to determine the fair value at the measurement date. In accordance with the update to ASC 820, the table below includes the major categorization for debt and equity securities on the basis of the nature and risk of the investments at July 31, 2011:

	Level 1	Level 2	Level 3	Total
Ascena Retail Group, Inc. Unitized stock fund		$10,376,993		$10,376,993
Mutual funds:				
Target date funds	$10,751,394			10,751,394
Growth funds	20,311,789			20,311,789
Index fund		6,228,480		6,228,480
Bond fund	7,792,481		&n	