FORM S-3/A

Registration statement for specified transactions by certain issuers [amend]

Filing Date: **1994-04-20**
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FILER

ANNTAYLOR STORES CORP

CIK:**874214**| IRS No.: **133499319** | State of Incorp.:**DE** | Fiscal Year End: **0202**
Type: **S-3/A** | Act: **33** | File No.: **033-52941** | Film No.: **94523336**
SIC: **5621** Women's clothing stores

Business Address
142 WEST 57TH ST
NEW YORK NY 10019
2125413300

AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON APRIL 20, 1994

REGISTRATION NO. 33-52941

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

AMENDMENT NO. 1
TO
FORM S-3
REGISTRATION STATEMENT UNDER
THE SECURITIES ACT OF 1933

ANNTAYLOR STORES CORPORATION
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

DELAWARE	13-3499319
(STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION)	(I.R.S. EMPLOYER IDENTIFICATION NUMBER)

142 WEST 57TH STREET
NEW YORK, NEW YORK 10019
(212) 541-3300
(ADDRESS, INCLUDING ZIP CODE, AND TELEPHONE NUMBER, INCLUDING AREA CODE, OF REGISTRANT'S PRINCIPAL EXECUTIVE OFFICES)

JOCELYN F.L. BARANDIARAN, ESQ.
ANNTAYLOR STORES CORPORATION
142 WEST 57TH STREET
NEW YORK, NEW YORK 10019
(212) 541-3300
(NAME, ADDRESS, INCLUDING ZIP CODE, AND TELEPHONE NUMBER, INCLUDING AREA CODE, OF AGENT FOR SERVICE)

COPIES TO:

ROBERT B. PINCUS, ESQ.	FAITH D. GROSSNICKLE, ESQ.
SKADDEN, ARPS, SLATE, MEAGHER & FLOM	SHEARMAN & STERLING
ONE RODNEY SQUARE	599 LEXINGTON AVENUE
WILMINGTON, DELAWARE 19801	NEW YORK, NEW YORK 10022
(302) 651-3000	(212) 848-4000

APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO THE PUBLIC: As soon as practicable after the effective date of this Registration Statement.

If the only securities being registered on this form are being offered pursuant to dividend or interest reinvestment plans, please check the following box. / /

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 of the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box. / /

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(A) OF THE SECURITIES ACT OF 1933 OR UNTIL THE REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(A), MAY DETERMINE.

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EXPLANATORY NOTE

This Registration Statement contains a Prospectus relating to a public offering in the United States and Canada (the "U.S. Offering") of an aggregate of 4,000,000 shares of common stock, par value $.0068 per share (the "Common

Stock"), of AnnTaylor Stores Corporation, together with separate Prospectus pages relating to a concurrent offering outside the United States and Canada of an aggregate of 1,000,000 shares of Common Stock (the "International Offering"). The complete Prospectus for the U.S. Offering follows immediately. After such Prospectus are the following alternate pages for the International Offering: a front cover page, an "Underwriting" section and a back cover page. All other pages of the Prospectus for the U.S. Offering are to be used for both the U.S. Offering and the International Offering. A copy of the complete Prospectus for each of the U.S. and International Offerings, in the exact forms in which they are to be used after effectiveness, will be filed with the Securities and Exchange Commission pursuant to Rule 424(b).

SUBJECT TO COMPLETION
PRELIMINARY PROSPECTUS DATED APRIL 20, 1994

PROSPECTUS

5,000,000 SHARES

[LOGO]

COMMON STOCK

Of the 5,000,000 shares of Common Stock offered, 1,000,000 shares are being sold by AnnTaylor Stores Corporation and 4,000,000 shares are being sold by certain stockholders of the Company. See "Selling Stockholders". The Company will not receive any of the proceeds from the sale of shares by the Selling Stockholders.

Of the 5,000,000 shares of Common Stock offered, 4,000,000 shares are being offered hereby in the United States and Canada by the U.S. Underwriters and 1,000,000 shares are being offered in a concurrent offering outside the United States and Canada by the International Underwriters. The initial offering price and the aggregate underwriting discount per share are identical for both Offerings. See "Underwriting".

The Common Stock is listed on the New York Stock Exchange under the symbol "ANN". On April 19, 1994, the last sale price of the Common Stock as reported on the New York Stock Exchange was $32 1/4 per share.

FOR INFORMATION CONCERNING CERTAIN FACTORS THAT SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE "INVESTMENT CONSIDERATIONS".

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION, NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

<TABLE><CAPTION>

	PRICE TO PUBLIC	UNDERWRITING DISCOUNT(1)	PROCEEDS TO COMPANY(2)	PROCEEDS TO SELLING STOCKHOLDERS(2)
<S>	<C>	<C>	<C>	<C>
Per Share	$	$	$	
Total(3)	$	$	$	

</TABLE>

(1) The Company and the Selling Stockholders have agreed to indemnify the several Underwriters against certain liabilities, including liabilities under the Securities Act of 1933, as amended. See "Underwriting".
(2) Before deducting expenses estimated at $ payable by the Company and $ payable by the Selling Stockholders.
(3) The Selling Stockholders have granted the Underwriters a 30-day option to purchase up to an additional 750,000 shares solely to cover over-allotments, if any. If such option is exercised in full, the total Price to Public, Underwriting Discount and Proceeds to Selling Stockholders will be $, $ and $, respectively. See "Underwriting".

The shares are offered by the several Underwriters, subject to prior sale, when, as and if issued to and accepted by them, and subject to the approval of certain legal matters by counsel for the Underwriters and certain other conditions. The Underwriters reserve the right to withdraw, cancel or modify such offer and to reject orders in whole or in part. It is expected that delivery of shares will be made in New York, New York on or about , 1994.

MERRILL LYNCH & CO.

WILLIAM BLAIR & COMPANY

MORGAN STANLEY & CO.
INCORPORATED

ROBERTSON, STEPHENS & COMPANY

The date of this Prospectus is , 1994.

INFORMATION CONTAINED HEREIN IS SUBJECT TO COMPLETION OR AMENDMENT. A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION. THESE SECURITIES MAY NOT BE SOLD NOR MAY OFFERS TO BUY BE ACCEPTED PRIOR TO THE TIME THE REGISTRATION STATEMENT BECOMES EFFECTIVE. THIS PROSPECTUS SHALL NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY NOR SHALL THERE BE ANY SALE OF THESE SECURITIES IN ANY STATE IN WHICH SUCH OFFER, SOLICITATION OR SALE WOULD BE UNLAWFUL PRIOR TO REGISTRATION OR QUALIFICATION UNDER THE SECURITIES LAWS OF ANY SUCH STATE.

AVAILABLE INFORMATION

The Company has filed with the Securities and Exchange Commission (the "Commission") a Registration Statement (which term shall encompass any amendments thereto) on Form S-3 under the Securities Act of 1933, as amended (the "Securities Act"), for the registration of the Common Stock (the "Registration Statement"). This Prospectus, which constitutes a part of the Registration Statement, does not contain all of the information set forth in the Registration Statement, certain items of which are contained in exhibits to the Registration Statement as permitted by the rules and regulations of the Commission. For further information with respect to the Company and the Common Stock, reference is made to the Registration Statement, including the exhibits thereto, and the financial statements and notes filed or incorporated by reference as a part thereof. Statements made in this Prospectus concerning the contents of any document referred to herein are not necessarily complete. With respect to each such document filed with the Commission as an exhibit to the Registration Statement, reference is made to the exhibit for a more complete description of the matter involved, and each such statement shall be deemed qualified in its entirety by such reference. The Registration Statement and the exhibits thereto filed by the Company with the Commission may be inspected at the public reference facilities maintained by the Commission at Room 1024, 450 Fifth Street, N.W., Washington, D.C. 20549, or at its regional offices located at 500 West Madison Street, Suite 1400, Chicago, Illinois 60661 and Seven World Trade Center, 13th Floor, New York, New York 10048. Copies of such material can be obtained from the public reference section of the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549, at prescribed rates. Such materials can also be inspected at the offices of the New York Stock Exchange (the "NYSE"), 20 Broad Street, New York, New York 10005.

The Company is subject to the periodic reporting and other informational requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and, in accordance therewith, files reports and other information with the Commission. Such reports and other information filed with the Commission may be inspected and copied at the locations described above. The Company will furnish all reports and other information required by the periodic reporting and informational requirements of the Exchange Act to the Commission and will furnish copies of such reports and other information to the holders of the Common Stock.

DOCUMENTS INCORPORATED BY REFERENCE

The Company's Annual Report on Form 10-K for the fiscal year ended January 29, 1994, as heretofore filed by the Company under the Exchange Act (File No. 33-28522) with the Commission, is incorporated herein by reference and is attached as Annex I to this Prospectus. In addition, all documents filed by the Company pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act subsequent to the date of this Prospectus and prior to the termination of the offering of the Common Stock shall be deemed to be incorporated by reference herein and to be a part hereof from the date of filing of such documents. Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of this Prospectus to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus.

The Company will provide, without charge to each person to whom this Prospectus has been delivered, a copy of any or all of the documents referred to above which have been or may be incorporated by reference herein, other than exhibits to such documents (unless such exhibits are specifically incorporated by reference therein). Requests for such copies should be directed to AnnTaylor Stores Corporation, 142 West 57th Street, New York, New York 10019, Attention: Jocelyn F.L. Barandiaran, Corporate Secretary, (212) 541-3300.

IN CONNECTION WITH THE OFFERINGS, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT

TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE COMMON STOCK OFFERED HEREBY AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH TRANSACTIONS MAY BE EFFECTED ON THE NEW YORK STOCK EXCHANGE OR OTHERWISE. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE COMPANY

AnnTaylor Stores Corporation (the "Company"), through its wholly owned subsidiary AnnTaylor, Inc. ("Ann Taylor"), is a leading national specialty retailer of better quality women's apparel, shoes and accessories sold primarily under the Ann Taylor brand name. The Company's merchandising strategy focuses on achieving the "Ann Taylor look", which emphasizes classic styles, updated to reflect current fashion trends. The Company considers the Ann Taylor name a fashion brand, defining a distinctive collection of career and casual separates, weekend wear, dresses, tops, accessories and shoes, coordinated as part of a total wardrobing strategy. This total wardrobing strategy is reinforced by an emphasis on customer service. Ann Taylor sales associates assist customers in merchandise selection and wardrobe coordination, helping them achieve the Ann Taylor look while reflecting the customers' personal styles.

As of January 29, 1994, Ann Taylor operated 231 stores in 38 states and the District of Columbia. Approximately two-thirds of the stores are located in regional malls and upscale specialty retail centers, with the balance in downtown and village locations. Nine of the Company's stores are Ann Taylor Factory Stores, located in factory outlet malls. The Company believes that its customer base consists primarily of relatively affluent, fashion-conscious women from the ages of 20 to 50, and that the majority of its customers are working women with limited time to shop who are attracted to Ann Taylor by its focused merchandising and total wardrobing strategies, personalized customer service, efficient store layouts and continual flow of new merchandise.

The Company has grown significantly over the last five years, with net sales increasing from $353.9 million in fiscal 1989 to $501.6 million in fiscal 1993. During this period, the number of stores increased from 119 to 231, and total store square footage increased from 409,000 to 929,000 square feet. The Company recently increased its estimate of new store square footage for 1994 and currently expects to increase store square footage by at least 230,000 square feet, or approximately 25%, in fiscal 1994. Management anticipates that approximately 70% of this new square footage will consist of new stores, of which about half will be Ann Taylor stores and about half will be Ann Taylor Factory Stores. The balance of the 1994 square footage increase will result from store expansions . The Company intends to increase store square footage by in excess of 200,000 square feet in each of fiscal 1995 and fiscal 1996, subject to general economic conditions, the availability of desirable locations and the negotiations of acceptable lease terms.

Since becoming Chairman and Chief Executive Officer in February 1992, Sally Frame Kasaks has redirected the Company's merchandising and marketing efforts to enhance the position of Ann Taylor as a fashion brand. The Company's strategy has been broadened to include not only the opening of new stores in new and existing markets, but also the expansion of existing stores and the introduction of product line extensions and additional channels of distribution. The principal elements of the Company's strategy include:

- Emphasis on product design and development to reinforce the exclusivity of Ann Taylor merchandise, by expanding the Company's fabric and merchandise design team.

- Renewed focus on consistent quality and fit, by strengthening the production management team responsible for technical design and factory and merchandise quality assurance.

- Development of global and direct sourcing capabilities to reduce costs and shorten lead times. The Company increased its merchandise purchases through its direct sourcing joint venture, which acts as an agent exclusively for Ann Taylor, from 7.3% of merchandise purchased in fiscal 1992 to 23.5% in fiscal 1993.

- Development of a merchandise pricing structure that emphasizes consistent everyday value rather than promotions, adding to the credibility of the Ann Taylor brand.

- Introduction of product line extensions building on the strength of the Ann Taylor brand name. In fall 1992, the Company increased its presence in casual wear by introducing ATdenim, which is now sold in all Ann Taylor stores. In fall 1993, Ann Taylor petites were tested in the career

separates and dress categories in 25 stores. By fall 1994, a broader range of Ann Taylor petites will be carried in approximately 100 Ann Taylor stores. In fiscal 1994, the Company plans to test an Ann Taylor signature

fragrance and related products.

. Introduction of two larger store prototypes. Most new and expanded stores will be approximately 5,500 square feet, and, in certain premier markets, new and expanded stores will be approximately 10,000-12,000 square feet. These new store prototypes are designed to reinforce the Ann Taylor total wardrobing concept, allow the proper presentation of Ann Taylor product extensions, and improve customer service and ease of shopping.

. Introduction of additional channels of distribution. In fiscal 1993, the Company introduced Ann Taylor Factory Stores which sell Ann Taylor merchandise designed or produced specifically for the factory stores, in addition to serving as a clearance vehicle for merchandise from Ann Taylor stores. In fiscal 1994, the Company intends to test free standing Ann Taylor shoe stores as an additional channel of distribution for Ann Taylor brand footwear. The Company also views its fashion catalog, which presently is used principally as an advertising vehicle, as a potential future channel of distribution.

. Increased investment in more sophisticated point-of-sale and inventory management systems, including the integration of the Company's merchandise planning, store assortment planning, and merchandise allocation and replenishment systems. These enhancements are designed to enable the Company to manage its business more effectively and cost efficiently by improving customer service and providing the ability to better manage inventory levels.

. Construction of a 250,000 square foot national distribution center in Louisville, Kentucky to replace, in early 1995, the Company's existing 90,000 square foot distribution facilities in Connecticut.

Outlet shopping is one of the fastest growing segments of the retail apparel industry, appealing to consumers' increasing orientation to value and to manufacturers' and retailers' desire for additional channels of distribution and control over liquidation of their product. In 1993, the Company began testing Ann Taylor Factory Stores in outlet malls as an additional channel of distribution, by converting its four then existing clearance centers to the factory store format and opening five new factory stores in outlet malls. Ann Taylor Factory Stores sell Ann Taylor merchandise designed or produced specifically for the factory stores, having an average initial price lower than that of merchandise carried in Ann Taylor stores, and also serve as a clearance vehicle for merchandise from Ann Taylor stores. In fiscal 1993, approximately 36% of the merchandise sold in Ann Taylor Factory Stores was produced specifically for these stores.

The Company was formed at the direction of Merrill Lynch Capital Partners, Inc. ("ML Capital Partners"), a wholly owned subsidiary of Merrill Lynch & Co., Inc. ("ML&Co."), for the purpose of acquiring Ann Taylor in a leveraged buy-out transaction (the "Acquisition") in 1989. Certain limited partnerships controlled directly or indirectly by ML Capital Partners, together with certain other affiliates of ML&Co. (collectively, the "ML Entities"), own approximately 52.3% of the outstanding Common Stock and are offering for sale 4,000,000 shares of Common Stock in the Offerings (as defined below). After the Offerings, the ML Entities will continue to own approximately 32.6% of the outstanding Common Stock (29.3% if the Underwriters' over-allotment option is exercised in full). The ML Entities have two designees on the Company's Board of Directors and, following the Offerings, will continue to be in a position to influence the management of the Company.

The Company is a holding company that was incorporated under the laws of the State of Delaware in 1988 under the name AnnTaylor Holdings, Inc. The Company changed its name to AnnTaylor Stores Corporation in April 1991. The principal executive offices of the Company are located at 142 West 57th Street, New York, New York 10019, and the telephone number is (212) 541-3300.

RECENT RESULTS

The Company's net sales for the five weeks ended April 2, 1994 totaled $56,397,000, an increase of 26.8% from $44,472,000 in the five weeks ended April 3, 1993. Comparable store sales increased 13.6%, compared to the same five-week period last year. March sales were affected positively by the one-week shift in the Easter holiday from April in 1993 to March in 1994. For the fiscal year-to-date period ended April 2, 1994, the Company's net sales totaled $93,807,000, an increase of 25.7% from $74,640,000 for the same period in 1993. The Company's comparable store sales increased 13.0% in the fiscal year to date period compared to the same period in 1993. Historically, changes in the Company's comparable store sales have varied from month to month and season to season. As a result, the Company believes that the increases in comparable store sales for the periods referred to above are not necessarily indicative of comparable store sales to be achieved for the entire fiscal year.

THE OFFERINGS

Of the 5,000,000 shares of Common Stock offered, 4,000,000 shares are being offered in the United States and Canada by the U.S. Underwriters, and 1,000,000 shares are being offered concurrently outside the United States and Canada by the International Underwriters (together, the "Offerings").

Common Stock Offered By:	
The Company	1,000,000 shares
Selling Stockholders	4,000,000 shares
Common Stock Outstanding after the Offerings(1)	22,952,339 shares
Use of Proceeds	The net proceeds to the Company will be used to reduce bank indebtedness. See "Use of Proceeds".
NYSE Symbol	ANN

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(1) Based upon shares outstanding as of March 15, 1994 and (i) includes 61,209 shares of Common Stock issuable upon exercise of the Company's outstanding warrants, which are exercisable for Common Stock at no exercise price (the "Warrants") and (ii) excludes 1,522,236 shares of Common Stock issuable upon exercise of outstanding employee stock options, of which 482,913 are presently exercisable at an average price of $16.45 per share.

INVESTMENT CONSIDERATIONS

Prospective purchasers should consider carefully all of the information set forth in this Prospectus and, in particular, the following investment considerations relating to an investment in the Common Stock.

INDEBTEDNESS

The Company incurred substantial indebtedness in connection with financing the Acquisition. Over the last five years, the Company has repaid a significant amount of this indebtedness and has engaged in refinancing transactions that have lowered its cost of funds. As of January 29, 1994, after giving effect to the sale by the Company of 1,000,000 shares in the Offerings and the application of the estimated net proceeds therefrom to reduce outstanding indebtedness, the Company's total debt would have been $158,400,000 and its ratio of total debt to total capitalization would have been .36 to one. See "Use of Proceeds" and "Capitalization". Ann Taylor's bank credit agreement (the "Bank Credit Agreement") contains numerous financial and operating covenants and requires Ann Taylor to make scheduled semi-annual principal payments totalling $3,795,000 in each of fiscal 1994 and 1995, $5,055,000 in each of fiscal 1996 and 1997 and $5,700,000 in fiscal 1998, after giving effect to the application of the estimated net proceeds to the Company of the Offerings. The Company's ability to make scheduled payments or to refinance its obligations with respect to its indebtedness depends on its financial and operating performance, which, in turn, is subject to prevailing economic conditions and to financial, business and other factors beyond its control. In addition, after giving effect to the Company's interest rate swap agreement, all of the Company's indebtedness bears interest at floating rates causing the Company to be sensitive to changes in prevailing interest rates.

COMPETITION AND OTHER BUSINESS FACTORS

The women's retail apparel industry is highly competitive. Ann Taylor competes primarily with better department stores, specialty retailers and boutiques engaged in the retail sale of better quality women's apparel, many of which are larger and have greater resources than the Company. Sales and earnings of the Company depend to a significant extent upon its ability to respond to changes in fashion trends. The Company's future performance will be subject to a number of factors beyond its control, including economic downturns, cyclical variations in the retail market for better quality women's apparel and rapid changes in fashion preferences. In addition, in order to increase store square footage at anticipated rates, the Company will have to continue to expand through both new store openings and expansion of square footage of existing stores. Such growth will be dependent upon general economic and business conditions affecting consumer confidence and spending, the availability of desirable locations and the negotiation of acceptable lease terms. In December 1993, the Company announced that it will be relocating its 12,500 square foot flagship store on East 57th Street in New York City, which represented approximately 2.9% of net sales in fiscal 1993, upon the expiration of that store's lease in February 1995. The Company is exploring several alternatives, but has not yet entered into a lease for a new location.

CONTROL OF THE COMPANY

After completion of the Offerings, the ML Entities will own approximately 32.6% of the outstanding Common Stock (approximately 29.3% if the Underwriters' over-allotment option is exercised in full). Consequently, the ML Entities, which will continue to have two designees on the Company's Board of Directors, will continue to be in a position to influence the management of the Company. See "Selling Stockholders".

SELECTED FINANCIAL INFORMATION

The following selected financial information for the five years ended January 29, 1994 is derived from the audited consolidated financial statements of the Company. References herein to years are to the Company's 52-or 53-week fiscal year, which ends on the Saturday nearest January 31 in the following calendar year. All fiscal years for which financial information is included in this Prospectus had 52 weeks, except fiscal 1989, which had 53 weeks. This summary data is qualified in its entirety by the detailed information and consolidated financial statements, including notes thereto, and management's discussion and analysis included or incorporated by reference herein. See "Documents Incorporated by Reference" and Annex I hereto.

<TABLE><CAPTION>

	FISCAL YEARS ENDED				
	JAN. 29, 1994	JAN. 30, 1993	FEB. 1, 1992	FEB. 2, 1991	FEB. 3, 1990
	(DOLLARS IN THOUSANDS, EXCEPT PER SQUARE FOOT AND PER SHARE DATA)				
<S>	<C>	<C>	<C>	<C>	<C>
OPERATING STATEMENT INFORMATION:					
Net sales, including leased shoe departments (a)	$ 501,649	$ 468,381	$ 437,711	$ 410,782	$ 353,912
Cost of sales	271,749	264,301	234,136	217,414	189,293
Gross profit	229,900	204,080	203,575	193,368	164,619
Selling, general and administrative expenses	169,371	152,072	150,842	125,872	109,598
Distribution center restructuring charge (b)	2,000	--	--	--	--
Amortization of goodwill (c)	9,508	9,504	9,506	9,484	9,711
Operating income	49,021	42,504	43,227	58,012	45,310
Interest expense (d)	17,696	21,273	33,958	50,081	55,858
Stockholder litigation settlement (e)	--	3,905	--	--	--
Other (income) expense, net	(194)	259	542	168	29
Income (loss) before income taxes and extraordinary loss	31,519	17,067	8,727	7,763	(10,577)
Income tax provision	17,189	11,150	7,703	6,657	600
Income (loss) before extraordinary loss	14,330	5,917	1,024	1,106	(11,177)
Extraordinary loss (f)	11,121	--	16,835	--	--
Net income (loss)	3,209	5,917	(15,811)	1,106	(11,177)
Preferred stock dividend	--	--	--	--	(1,000)
Net income (loss) applicable to Common Stock	$ 3,209	$ 5,917	$ (15,811)	$ 1,106	$ (12,177)
Income (loss) per share before extraordinary loss	$ .66	$ .28	$ .05	$ .08	$ (.91)
Extraordinary loss per share (f)	.51	--	.87	--	--
Net income (loss) per share	$ .15	$ .28	$ (.82)	$ .08	$ (.91)
Weighted average shares outstanding (in thousands)	21,929	21,196	19,326	14,160	13,312
OPERATING INFORMATION:					
Percentage increase (decrease) in total comparable store sales (g)(h)	2.3%	(1.0)%	(5.6)%	2.3%	14.3%
Percentage increase (decrease) in owned comparable store sales (g)(h)(i)	4.0%	0.8%	(0.9)%	5.1%	16.5%
Average net sales per gross square foot (g)(j)	$ 576	$ 600	$ 642	$ 740	$ 771
Number of stores:					
Open at beginning of the period	219	200	170	139	119
Opened during the period	13	20	33	32	21
Expanded during the period	12	5	3	3	2
Closed during the period	1	1	3	1	1
Open at end of the period	231	219	200	170	139
Total square footage at end of the period	929,000	814,000	746,000	616,000	492,000
BALANCE SHEET INFORMATION (AT END OF PERIOD):					
Working capital	$ 53,283	$ 29,539	$ 26,224	$ 42,234	$ 23,705
Goodwill, net (c)	332,537	342,045	351,549	361,055	370,539
Total assets	513,399	487,592	491,747	510,724	493,160
Total debt	189,000	195,474	211,917	380,362	365,787

Stockholders' equity	259,271	245,298	229,464	47,483	57,532

</TABLE>

(Footnotes on following page)

(Footnotes for preceding page)

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(a) Prior to 1990, all shoes sold in Ann Taylor stores were sold in leased shoe departments. The Company introduced Ann Taylor brand shoes in 1990 and phased out the leased shoe departments over a two and a half year period ended February 1, 1993.

(b) Relates to the relocation of the Company's distribution center, expected to be completed in early 1995, and represents a charge of $1,100,000 principally for severance and job training benefits and $900,000 for the write-off of the net book value of certain assets that are not expected to be used in the new facility. This charge reduced 1993 net earnings by $.05 per share.

(c) As a result of the Acquisition, which was effective as of January 29, 1989, the excess of the allocated purchase price over the fair value of the Company's net assets of $380,250,000 was recorded as goodwill and is being amortized on a straight-line basis over 40 years.

(d) Includes non-cash interest expense of $4,199,000, $8,581,000, $12,243,000, $18,294,000 and $13,819,000 in fiscal 1993, 1992, 1991, 1990 and 1989, respectively, from accretion of original issue discount and the amortization of deferred financing costs and, in 1992, 1991 and 1990, issuance of additional 10% junior subordinated exchange notes due 2004.

(e) Relates to the settlement in January 1993 of a stockholder class action lawsuit that was filed against the Company and certain other defendants in October 1991.

(f) In fiscal 1993, Ann Taylor incurred an extraordinary loss of $17,244,000 ($11,121,000, or $.51 per share, net of income tax benefit) in connection with the refinancing of its long-term debt. In fiscal 1991, Ann Taylor incurred an extraordinary loss of $25,900,000 ($16,835,000, or $.87 per share, net of income tax benefit) in connection with the repurchase of outstanding debt securities with the proceeds from the initial public offering of the Company's Common Stock.

(g) Percentage changes in comparable store sales and average net sales per gross square foot have been adjusted so that all figures relate to a 52-week year.

(h) Comparable store sales are calculated by excluding the net sales of a store for any month of one period if the store was not open during the same month of the prior period. A store opened within the first two weeks of a month is deemed to have been opened on the first day of that month and a store opened thereafter in a month is deemed to have been opened on the first day of the next month. For example, if a store were opened on June 8, 1992, its sales from June 8, 1992 through year-end 1992 and its sales from June 1, 1993 through year-end 1993 would be included in determining comparable store sales for 1993 compared to 1992. In addition, in a year with 53 weeks (such as 1989) the extra week is not included in determining comparable store sales. For the periods previous to 1993, when a store's square footage has been increased as a result of expansion or relocation in the same mall or specialty center, the store continues to be treated as a comparable store. Commencing with stores expanded in fiscal 1993, any store the square footage of which is expanded by more than 15% is treated as a new store upon the reopening of the expanded store.

(i) Excludes sales from leased shoe departments.

(j) Average net sales per gross square foot is determined by dividing net sales by the average of the gross square feet at the beginning and end of each period. Unless otherwise indicated, references herein to square feet are to gross square feet, rather than net selling space.

</TABLE>

PRICE RANGE OF COMMON STOCK

The Common Stock is traded on the New York Stock Exchange under the symbol "ANN". The following table sets forth, for the periods indicated, the high and low closing sale prices of the Common Stock as reported on the New York Stock Exchange Composite Tape.

<TABLE><CAPTION>

	HIGH	LOW
<S>	<C>	<C>
Fiscal 1992		
First Quarter	$ 23 1/8	$ 16 1/2
Second Quarter	24 5/8	18 3/4
Third Quarter	24 1/4	16 3/4
Fourth Quarter	24 3/8	19 1/4
Fiscal 1993		
First Quarter	$ 23 1/4	$ 17 7/8
Second Quarter	27 7/8	20
Third Quarter	29 5/8	22 7/8
Fourth Quarter	28 1/4	20 7/8
Fiscal 1994		
First Quarter (through April 19, 1994)	$ 36	$ 20 7/8

</TABLE>

On April 19, 1994, the last reported sale price of Common Stock on the New York Stock Exchange Composite Tape was $32 1/4.

DIVIDEND POLICY

The Company has never paid dividends on the Common Stock and does not intend to pay dividends for the foreseeable future. As a holding company, the ability of the Company to pay dividends is dependent upon the receipt of dividends or other payments from Ann Taylor. The payment of dividends by Ann Taylor to the Company is subject to certain restrictions under the Bank Credit Agreement and the indenture relating to Ann Taylor's 8 3/4% Subordinated Notes due 2000. The payment of cash dividends on the Common Stock is also subject to certain restrictions contained in the Company's guarantee of Ann Taylor's obligations under the Bank Credit Agreement. Any determination to pay cash dividends in the future will be at the discretion of the Company's Board of Directors and will be dependent upon the Company's results of operations, financial condition, contractual restrictions and other factors deemed relevant at that time by the Company's Board of Directors.

USE OF PROCEEDS

The net proceeds to the Company from the sale of 1,000,000 shares of Common Stock by the Company in the Offerings are estimated to be approximately $30,600,000 (net of underwriting discounts and estimated expenses payable by the Company). The Company intends to use such net proceeds to pay down amounts outstanding under the term loan (the "Term Loan") under the Bank Credit Agreement in accordance with the terms of such agreement. The Term Loan, which was used in part to discharge Ann Taylor's then outstanding subordinated notes, had an aggregate amount outstanding of $54,000,000 at January 29, 1994. The Term Loan has a maturity date of January 15, 1999 and, on January 29, 1994, the weighted average interest rate on borrowings under the Term Loan was 5.13%. The Company will not receive any of the proceeds of the sale of shares by the Selling Stockholders. The Company and the Selling Stockholders have agreed to share expenses incurred in connection with the Offerings proportionately based upon the number of shares sold by each of them.

CAPITALIZATION

The following table sets forth the consolidated capitalization of the Company at January 29, 1994, and as adjusted to give effect to the sale of 1,000,000 shares of Common Stock by the Company in the Offerings and the application of an estimated $30,600,000 of net proceeds therefrom, based on an assumed offering price of $32 1/4 per share, to repay outstanding indebtedness as described in "Use of Proceeds".

<TABLE><CAPTION>

	JANUARY 29, 1994	
	ACTUAL	AS ADJUSTED
	(IN THOUSANDS)	
<S>	<C>	<C>
Current portion of long-term debt	$ 8,757	$ 3,795
Long-term debt:		
Term loan	$ 45,243	$ 19,605
Revolving credit loan	2,000	2,000
Receivables facility	33,000	33,000
Subordinated notes	100,000	100,000
Total long-term debt	180,243	154,605
Stockholders' equity:		
Common stock	149	156
Additional paid-in capital	271,810	302,403
Warrants	7,378	7,378
Accumulated deficit	(16,756)	(16,756)
Deferred compensation	(119)	(119)
Less: treasury stock	(3,191)	(3,191)
Total stockholders' equity	259,271	289,871
Total capitalization	$ 439,514	$ 444,476

</TABLE>

SELLING STOCKHOLDERS

The following table sets forth certain information concerning the beneficial ownership of Common Stock by each Selling Stockholder as of March 15, 1994 and as adjusted to reflect the sale in the Offerings of the 4,000,000 shares of Common Stock offered by the Selling Stockholders. Except as otherwise noted, the following information assumes no exercise of the over-allotment option granted to the Underwriters by the Selling Stockholders.

<TABLE><CAPTION>

	OWNERSHIP PRIOR TO THE OFFERINGS			OWNERSHIP AFTER THE OFFERINGS	
NAME OF BENEFICIAL OWNER	NO. OF SHARES OF COMMON STOCK	PERCENT OF COMMON STOCK	NO. OF SHARES BEING OFFERED	NO. OF SHARES OF COMMON STOCK	PERCENT OF COMMON STOCK
<S>	<C>	<C>	<C>	<C>	<C>
Merrill Lynch Capital Partners (a) (b).....	8,933,013	40.7%	3,114,366	5,818,647	25.4%
ML IBK Positions, Inc. (a) (c).....	1,583,867	7.2%	552,192	1,031,675	4.5
Merchant Banking L.P. No. III (a) (c).....	631,480	2.9%	220,156	411,324	1.8
KECALP Inc. (a) (c) (d).....	324,941	1.5%	113,286	211,655	0.9

</TABLE>

- ---

<TABLE>
<S> <C>

(a) Each of the ML Entities is an affiliate of Merrill Lynch, Pierce, Fenner & Smith Incorporated ("Merrill Lynch"), one of the U.S. Underwriters, and Merrill Lynch International Limited, one of the International Underwriters. The ML Entities beneficially own an aggregate of 11,473,301 shares, approximately 52.3%, of the outstanding Common Stock and, after the Offerings, will continue to own approximately 32.6% of the outstanding Common Stock (29.3% if the Underwriters' over-allotment option is exercised in full). The ML Entities have two designees on the Company's Board of Directors and, following the Offerings, will continue to be in a position to influence the management of the Company. The ML Entities shown are deemed to have shared voting and investment power with other Merrill Lynch affiliates with respect to the shares of Common Stock shown to be beneficially owned by them.

(b) Shares of Common Stock beneficially owned by ML Capital Partners are owned of record as follows: 5,598,309 by Merrill Lynch Capital Appreciation Partnership No. B-II, L.P., 3,279,220 by ML Offshore LBO Partnership No. B-II, and 55,484 by MLCP Associates L.P. No. I. ML Capital Partners is the indirect managing general partner of Merrill Lynch Capital Appreciation Partnership No. B-II, L.P., the indirect investment general partner of ML Offshore LBO Partnership No. B-II, and the general partner of MLCP Associates L.P. No. I. The address for ML Capital Partners and each of the aforementioned recordholders is 767 Fifth Avenue, New York, New York 10153.

(c) The address of ML IBK Positions, Inc., Merchant Banking L.P. No. III, KECALP Inc., Merrill Lynch KECALP L.P. 1987 and Merrill Lynch KECALP L.P. 1989 is North Tower, World Financial Center, New York, New York 10281.

(d) Shares of Common Stock beneficially owned by KECALP Inc. are owned of record as follows: 310,235 by Merrill Lynch KECALP L.P. 1989 and 14,706 by Merrill Lynch KECALP L.P. 1987. KECALP Inc. is the general partner of each of these two entities.

</TABLE>

DESCRIPTION OF CAPITAL STOCK

The Company's authorized capital stock consists of 40,000,000 shares of Common Stock, par value $.0068 per share, and 2,000,000 shares of preferred stock, par value $.01 per share. Ann Taylor's authorized capital stock consists of 1,000 shares of common stock, par value $1.00 per share, of which one share is issued and outstanding and is owned by the Company.

COMMON STOCK

All outstanding shares of Common Stock are fully paid and nonassessable and holders thereof have no redemption, preemptive or subscription rights.

Subject to the rights of any holders of preferred stock, the holders of shares of Common Stock are entitled to share ratably in such dividends as may be declared by the Board of Directors and paid by the Company out of funds legally available therefor and, upon dissolution and liquidation, to share ratably in the net assets available for distribution to stockholders. Holders of shares of Common Stock are entitled to one vote per share for the election of directors and on all matters to be submitted to a vote of the Company's stockholders.

The Company has never paid dividends on the Common Stock and does not intend to pay dividends for the foreseeable future. The payment of cash dividends on the Common Stock is restricted by the terms of the agreements governing Ann Taylor's long-term debt. See "Price Range of Common Stock" and "Dividend Policy".

The Common Stock is listed on the New York Stock Exchange.

PREFERRED STOCK

The Company's Certificate of Incorporation, as amended, authorizes the Board of Directors (without stockholder approval) to, among other things, issue shares of preferred stock from time to time in one or more series, each series to have such powers, designations, preferences and rights, and qualifications, limitations or restrictions thereof, as may be determined by the Board of Directors. The Company currently has no shares of preferred stock outstanding.

CERTAIN CERTIFICATE OF INCORPORATION AND BY-LAW PROVISIONS

Pursuant to the Company's Certificate of Incorporation, the Board of Directors of the Company is divided into three classes serving staggered three-year terms. Directors can be removed from office only for cause and only by the affirmative vote of the holders of a majority of the then-outstanding shares of capital stock entitled to vote generally in an election of directors. Vacancies on the Board of Directors may be filled only by the remaining directors and not by the stockholders.

The Certificate of Incorporation also provides that any action required or permitted to be taken by the stockholders of the Company may be effected only at an annual or special meeting of stockholders, and prohibits stockholder action by written consent in lieu of a meeting. The Company's By-laws provide that special meetings of stockholders may be called only by the chairman, the president or the secretary of the Company and must be called by any such officer at the request in writing of the Board of Directors. Stockholders are not permitted to call a special meeting or to require that the Board of Directors call a special meeting of stockholders.

The By-laws establish an advance notice procedure for the nomination, other than by or at the direction of the Board of Directors, of candidates for election as directors as well as for other stockholder proposals to be considered at annual meetings of stockholders. In general, notice of intent to nominate a director or raise business at such meetings must be received by the Company not less than

60 nor more than 90 days prior to the anniversary of the previous year's annual meeting, and must contain certain specified information concerning the person to be nominated or the matters to be brought before the meeting and concerning the stockholder submitting the proposal.

The foregoing summary is qualified in its entirety by the provisions of the Company's Certificate of Incorporation and By-laws, copies of which have been filed as exhibits to the Registration Statement of which this Prospectus is a part.

After completion of the Offerings, the ML Entities will continue to own approximately 32.6% of the outstanding Common Stock (approximately 29.3% if the Underwriters' over-allotment option is exercised in full). The ML Entities have two designees on the Company's Board of Directors and, following the Offerings, will continue to be in a position to influence the management of the Company. See "Selling Stockholders".

LIMITATIONS ON DIRECTORS' LIABILITY

The Company's Certificate of Incorporation provides that no director of the Company shall be liable to the Company or its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability (i) for any breach of the director's duty of loyalty to the Company or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) in respect of certain unlawful dividend payments or stock redemptions or repurchases or (iv) for any transaction from which the director derived an improper personal benefit. The effect of these provisions is to eliminate the rights of the Company and its stockholders (through stockholders' derivative suits on behalf of the Company) to recover monetary damages against a director for breach of fiduciary duty as a director (including breaches resulting from grossly negligent behavior), except in the situations described above. These provisions will not limit the liability of directors under federal securities laws.

CERTAIN UNITED STATES FEDERAL TAX CONSEQUENCES TO NON-U.S. STOCKHOLDERS

The following is a general discussion of certain of the United States federal tax consequences of the acquisition, ownership and disposition of shares of Common Stock by non-U.S. holders. For purposes of this discussion, a "non-U.S. holder" is any person other than (i) a citizen or resident of the United States, (ii) a corporation, partnership or other entity created or organized in the United States or under the laws of the United States or of any State, or (iii) an estate or trust whose income is includible in gross income for United States federal income tax purposes regardless of its source. This discussion does not consider any specific facts or circumstances that may apply to a particular non-U.S. holder. Furthermore, the following discussion is based

on current provisions of the Internal Revenue Code of 1986, as amended (the "Code"), and administrative and judicial interpretations as of the date hereof, all of which are subject to change. Each prospective non-U.S. holder is urged to consult its own tax adviser with respect to the United States federal income and estate tax consequences of acquiring, owning and disposing of shares of Common Stock, as well as any tax consequences arising under the laws of any state, local or other taxing jurisdiction.

DIVIDENDS

In general, dividends paid to a non-U.S. holder will be subject to United States withholding tax at a 30% rate (or a lower rate prescribed by an applicable tax treaty) unless the dividends are either (i) effectively connected with a trade or business carried on by the non-U.S. holder within the United States, or (ii) if a tax treaty applies, attributable to a United States permanent establishment maintained by the non-U.S. holder. Dividends effectively connected with such trade or business or attributable to such permanent establishment will generally be subject to United States federal income tax at regular rates and, in the case of a corporation, may be subject to the branch profits tax. To determine the applicability of a tax treaty providing for a lower rate of withholding, dividends paid to an address in a foreign country are presumed under current Treasury regulations to be paid to a resident of that country. However, if Treasury regulations proposed in 1984 are finally adopted, non-U.S. holders will be required to file certain forms to obtain the benefit of any applicable tax treaty providing for a lower rate of withholding tax on dividends.

GAIN ON DISPOSITION

A non-U.S. holder generally will not be subject to United States federal income tax on any gain recognized on a disposition of a share of Common Stock unless (i) the Company is or has been a "U.S. real property holding corporation" for United States federal income tax purposes (which the Company does not believe that it is or likely to become) and the non-U.S. holder disposing of the share owned, directly or constructively, at any time during the five-year period preceding the disposition, more than five percent of the Common Stock; (ii) the gain is effectively connected with the conduct of a trade or business within the United States or the non-U.S. holder or, if a tax treaty applies, attributable to a permanent establishment maintained within the United States by a non-U.S. holder; (iii) in the case of a non-U.S. holder who is an individual, holds the share as a capital asset and is present in the United States for 183 days or more in the taxable year of the disposition, either (a) such non-U.S. holder has a "tax home", for U.S. federal income tax purposes, in the United States, and the gain from the disposition is not attributable to an office or other fixed place of business maintained by such non-U.S. holder in a foreign country, or (b) the gain from the disposition is attributable to an office or fixed place of business maintained by such non-U.S. holder in the United States; or (iv) the non-U.S. holder is subject to tax pursuant to provisions of the Code applicable to certain United States expatriates.

FEDERAL ESTATE TAX

Shares of Common Stock owned or treated as owned by an individual non-U.S. holder at the time of death will be includible in the individual's gross estate for United States federal estate tax purposes unless an applicable estate tax treaty provides otherwise.

BACKUP WITHHOLDING AND INFORMATION REPORTING REQUIREMENTS

The Company must report annually to the Internal Revenue Service and to each non-U.S. holder the amount of dividends paid to, and the tax withheld with respect to, such holder. These information reporting requirements apply regardless of whether withholding was reduced or eliminated by an applicable tax treaty. Copies of these information returns may also be made available under the provisions of a specific treaty or agreement to the tax authorities in the country in which the non-U.S. holder resides. United States backup withholding tax (which generally is a withholding tax imposed at the rate of 31% on certain payments to persons who fail to furnish the information required under the United States information reporting requirements) will generally not apply to dividends paid on Common Stock to a non-U.S. holder at an address outside the United States.

The payment of the proceeds of the disposition of Common Stock by a non-U.S. holder to or through the United States office of a broker will be subject to information reporting and backup withholding at a rate of 31 percent unless the owner certifies its status as a non-U.S. holder under penalties of perjury or otherwise establishes an exemption. The payment of the proceeds of the disposition by a non-U.S. holder of Common Stock to or through a non-U.S. office of a broker will generally not be subject to backup withholding and information reporting. However, in the case of proceeds from the disposition of Common Stock paid to or through a non-U.S. office of a broker that is a United States person, a United States "controlled foreign corporation" for U.S. federal income tax purposes or any other person 50 percent or more of whose gross income

from all sources for a certain three-year period was effectively connected with a United States trade or business, information reporting will apply unless the broker has documentary evidence in its files of the owner's status as a non-U.S. holder.

Any amounts withheld under the backup withholding rules from a payment to a non-U.S. holder will be refunded (or credited against the non-U.S. holder's United States federal income tax liability, if any) provided that the required information is furnished to the Internal Revenue Service.

The backup withholding and information reporting rules are currently under review by the Treasury Department, and their application to the Common Stock is subject to change.

UNDERWRITING

Subject to the terms and conditions set forth in the U.S. Purchase Agreement (the "U.S. Purchase Agreement") among the Company, the Selling Stockholders and each of the Underwriters named below (the "U.S. Underwriters"), and concurrently with the sale of 1,000,000 shares of Common Stock to the International Underwriters (as defined below), the Company and the Selling Stockholders severally have agreed to sell to each of the U.S. Underwriters, and each of the U.S. Underwriters severally has agreed to purchase, the aggregate number of shares of Common Stock set forth opposite its name below.

<TABLE><CAPTION>

U.S. UNDERWRITER	NUMBER OF SHARES
<S>	<C>
Merrill Lynch, Pierce, Fenner & Smith Incorporated	
William Blair & Company	
Morgan Stanley & Co. Incorporated	
Robertson, Stephens & Company, L.P.	
Total	4,000,000

</TABLE>

Merrill Lynch, Pierce, Fenner & Smith Incorporated, William Blair & Company, Morgan Stanley & Co. Incorporated and Robertson, Stephens & Company, L.P. are acting as representatives (the "U.S. Representatives") of the U.S. Underwriters.

The Company and the Selling Stockholders have also entered into an International Purchase Agreement (the "International Purchase Agreement") with certain underwriters outside the United States and Canada (the "International Underwriters") for whom Merrill Lynch International Limited, William Blair & Company, Morgan Stanley & Co. International Limited and Robertson, Stephens & Company, L.P. are acting as Co-Lead Managers (the "Co-Lead Managers"). Subject to the terms and conditions set forth in the International Purchase Agreement, and concurrently with the sale of 4,000,000 shares of Common Stock to the U.S. Underwriters, the Company and the Selling Stockholders severally have agreed to sell to the International Underwriters, and the International Underwriters severally have agreed to purchase, an aggregate of 1,000,000 shares of Common Stock. The offering price per share and the total underwriting discount per share are identical under the U.S. Purchase Agreement and the International Purchase Agreement.

In the U.S. Purchase Agreement and the International Purchase Agreement, the several U.S. Underwriters and the several International Underwriters, respectively, have agreed, subject to the terms and conditions set forth therein, to purchase all of the shares of Common Stock being sold pursuant to each such Agreement if any of the shares of Common Stock being sold pursuant to each such Agreement are purchased. Under certain circumstances, the commitments of non-defaulting U.S. Underwriters or International Underwriters may be increased. The purchases of Common Stock by the U.S. Underwriters and the International Underwriters are conditioned upon one another.

The U.S. Underwriters propose initially to offer the shares to the public at the public offering price set forth on the cover page of this Prospectus and to certain selected dealers (who may include U.S. Underwriters) at such price less a concession not in excess of $ per share. The U.S. Underwriters may allow, and such dealers may reallow, a discount not in excess of $ per share to certain other dealers. After the public offering, the public offering price,

concession and discount may be changed.

The Selling Stockholders have granted an option to the U.S. Underwriters, exercisable during the 30-day period after the date hereof, to purchase up to an aggregate of 600,000 additional shares of Common Stock at the public offering price set forth on the cover page hereof, less the underwriting discount. The U.S. Underwriters may exercise this option only to cover over-allotments, if any, made on the sale of shares of Common Stock offered hereby. To the extent that the U.S. Underwriters exercise this option, each U.S. Underwriter will be obligated, subject to certain conditions, to purchase

approximately the number of additional shares of Common Stock proportionate to such U.S. Underwriter's initial amount reflected in the foregoing table. The Selling Stockholders have also granted an option to the International Underwriters, exercisable during the 30-day period after the date hereof, to purchase up to an aggregate of 150,000 additional shares of Common Stock to cover over-allotments, if any, on terms similar to those granted to the U.S. Underwriters.

The U.S. Underwriters and the International Underwriters have entered into an Intersyndicate Agreement (the "Intersyndicate Agreement") that provides for the coordination of their activities. Pursuant to the Intersyndicate Agreement, sales may be made between the U.S. Underwriters and the International Underwriters of such number of shares of Common Stock as may be mutually agreed. The prices of any shares of Common Stock so sold shall be the public offering price, less an amount not greater than the selling concession.

For information regarding the ownership by affiliates of Merrill Lynch of Common Stock and the representation of affiliates of Merrill Lynch on the Board of Directors of the Company, see "Selling Stockholders".

Because the Company is an affiliate of Merrill Lynch, one of the U.S. Underwriters, the U.S. Offering is being conducted in accordance with the applicable provisions of Schedule E of the By-Laws ("Schedule E") of the National Association of Securities Dealers, Inc. ("NASD"). In accordance with Schedule E, no NASD member participating in the distribution will be permitted to confirm sales to accounts over which it exercises discretionary authority without the prior specific written consent of the customer. In addition, under the rules of the NYSE, Merrill Lynch is precluded from issuing research reports that make recommendations with respect to the Common Stock for so long as the Company is an affiliate of Merrill Lynch.

Each of the Company, the Selling Stockholders and certain officers of the Company will agree, for a period of 120 days after the effective date of the Registration Statement of which this Prospectus is a part, subject to certain exceptions, not to sell or otherwise dispose of any shares of Common Stock or securities convertible into or exchangeable or exercisable for Common Stock, or any rights or warrants to acquire Common Stock, without the prior written consent of Merrill Lynch.

The Company and the Selling Stockholders have agreed to indemnify the U.S. Underwriters and the International Underwriters against certain liabilities, including liabilities under the Securities Act.

Under the terms of the Intersyndicate Agreement, the U.S. Underwriters and any dealer to whom they sell shares of Common Stock will not offer to sell or sell shares of Common Stock to persons who are non-United States or Canadian persons or to persons they believe intend to resell to persons who are non-United States or Canadian persons, and the International Underwriters and any dealer to whom they sell shares of Common Stock will not offer to sell or sell shares of Common Stock to United States or Canadian persons or to persons they believe intend to resell to United States or Canadian persons, except, in each case, for transactions pursuant to the Intersyndicate Agreement.

LEGAL MATTERS

Certain legal matters with respect to the Common Stock have been passed upon for the Company by Jocelyn F.L. Barandiaran, Esq., Vice President, General Counsel and Corporate Secretary of the Company, and by Skadden, Arps, Slate, Meagher & Flom, Wilmington, Delaware, and for the Underwriters by Shearman & Sterling, New York, New York. Skadden, Arps, Slate, Meagher & Flom occasionally acts as counsel to certain of the Underwriters. Shearman & Sterling occasionally acts as counsel to ML Capital Partners and the ML Entities. Ms. Barandiaran has been granted options to purchase 40,000 shares of Common Stock.

EXPERTS

The financial statements as of January 29, 1994 and January 30, 1993 and for each of the three years in the period ended January 29, 1994 included and incorporated by reference in this prospectus from the Company's Annual Report on

Form 10-K for the fiscal year ended January 29, 1994 have been audited by Deloitte & Touche, independent auditors, as stated in their report, which is included and incorporated by reference herein, and have been so included and incorporated in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

ANNEX I

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-K

(MARK ONE)

X ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934 (FEE REQUIRED).
FOR THE FISCAL YEAR ENDED JANUARY 29, 1994
OR
/ / TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934 (NO FEE REQUIRED).
COMMISSION FILE NO. 33-28522
ANNTAYLOR STORES CORPORATION
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

DELAWARE	13-3499319
(STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION)	(I.R.S. EMPLOYER IDENTIFICATION NUMBER)
142 WEST 57TH STREET, NEW YORK, NY	10019
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)	(ZIP CODE)

(212) 541-3300
(REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE)

SECURITIES REGISTERED PURSUANT TO SECTION 12(B) OF THE ACT:

TITLE OF EACH CLASS	NAME OF EACH EXCHANGE ON WHICH REGISTERED
COMMON STOCK, $.0068 PAR VALUE	THE NEW YORK STOCK EXCHANGE

SECURITIES REGISTERED PURSUANT TO SECTION 12(G) OF THE ACT:
NONE.

Indicate by check mark whether registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No __.

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. Yes X No __.

The aggregate market value of the registrant's voting stock held by non-affiliates of the registrant as of March 15, 1994 was $342,335,184.

The number of shares of the registrant's Common Stock outstanding as of March 15, 1994 was 21,891,130.

DOCUMENTS INCORPORATED BY REFERENCE:
NONE.

PART I

ITEM 1. BUSINESS
GENERAL

AnnTaylor Stores Corporation (the "Company"), through its wholly owned subsidiary, AnnTaylor, Inc. ("Ann Taylor"), is a leading national specialty retailer of better quality women's apparel, shoes and accessories sold primarily under the Ann Taylor brand name. As of January 29, 1994, the Company operated

231 stores in 38 states and the District of Columbia.

The Company is a holding company that was incorporated under the laws of the state of Delaware in 1988 under the name AnnTaylor Holdings, Inc. The Company changed its name to AnnTaylor Stores Corporation in April 1991. Unless the context indicates otherwise, all references herein to the Company include the Company and its wholly owned subsidiary Ann Taylor.

The first Ann Taylor store was opened in New Haven, Connecticut in 1954. Over the years, the number of stores gradually expanded and by 1981 there were 36 stores. Allied Stores Corporation ("Allied Stores") acquired the then parent of Ann Taylor in 1981 and began a rapid expansion program for the Ann Taylor stores, which continued after Allied Stores was acquired by the Campeau Corporation in 1986. Ann Taylor grew significantly after 1981, with the number of stores increasing to 119 by the end of 1988, at which time Ann Taylor was acquired by the Company (the "Acquisition"). Since the Acquisition, the number of stores has increased to 231.

In May 1991, the Company completed an initial public offering (the "IPO") in which it issued and sold 6,882,395 shares of its common stock, par value $.0068 per share (the "Common Stock"), at a price of $26.00 per share, resulting in aggregate net proceeds of approximately $166,541,000 (after payment of expenses of the offering by the Company). The net proceeds from the IPO were used to repurchase certain debt securities issued by Ann Taylor in connection with financing the Acquisition.

The Company's merchandising strategy focuses on achieving the "Ann Taylor look," which emphasizes classic styles, updated to reflect current fashion trends. The Company considers the Ann Taylor name a fashion brand, defining a distinctive collection of career and casual separates, weekend wear, dresses, tops, accessories and shoes, coordinated as part of a total wardrobing strategy.

The Company's total wardrobing strategy is reinforced by an emphasis on customer service. Ann Taylor sales associates assist customers in merchandise selection and wardrobe coordination, helping them achieve the Ann Taylor look while reflecting the customers' personal styles. The Company believes that its customer base consists primarily of relatively affluent, fashion-conscious women from the ages of 20 to 50, and that the majority of its customers are working women with limited time to shop who are attracted to Ann Taylor by its focused merchandising and total wardrobing strategies, personalized customer service, efficient store layouts and continual flow of new merchandise.

Since becoming Chairman and Chief Executive Officer in February 1992, Sally Frame Kasaks has redirected the Company's merchandising and marketing efforts to enhance the position of Ann Taylor as a fashion brand. The Company's strategy has been broadened to include not only the opening of new stores in new and existing markets, but also the expansion of existing stores and the introduction of product line extensions and additional channels of distribution. The principal elements of the Company's strategy include:

- Emphasis on product design and development to reinforce the exclusivity of Ann Taylor merchandise, by expanding the Company's fabric and merchandise design team.

- Renewed focus on consistent quality and fit, by strengthening the production management team responsible for technical design and factory and merchandise quality assurance.

- Development of the Company's global and direct sourcing capabilities, to reduce costs and shorten lead times. The Company increased its merchandise purchases through its direct sourcing joint venture, which acts as an agent exclusively for Ann Taylor, placing orders directly with manufacturers, from 7.3% of merchandise purchased in fiscal 1992 to 23.5% in fiscal 1993.

- Development of a merchandise pricing structure that emphasizes consistent everyday value rather than promotions, adding to the credibility of the Ann Taylor brand.

- Introduction of product line extensions building on the strength of the Ann Taylor brand name. In fall 1992, the Company increased its presence in casual wear by introducing its own line of denim known as ATdenim, that is now sold in all Ann Taylor stores. In fall 1993, Ann Taylor petites were tested in the career separates and dress categories in 25 stores. By fall 1994, a broader range of Ann Taylor petites will be carried in approximately 100 Ann Taylor stores. In fiscal 1994, the Company plans to test an Ann Taylor signature fragrance and related products.

- Introduction of two larger store prototypes. Most new and expanded stores will be approximately 5,500 square feet, and, in certain premier markets, new and expanded stores will be approximately 10,000 to 12,000 square feet. These new store prototypes are designed to reinforce the Ann Taylor

total wardrobing concept, allow the proper presentation of Ann Taylor product extensions, and improve customer service and ease of shopping.

. Introduction of additional channels of distribution. In fiscal 1993, the Company introduced Ann Taylor Factory Stores which sell Ann Taylor merchandise designed or produced specifically for the factory stores, in addition to serving as a clearance vehicle for merchandise from Ann Taylor stores. In fiscal 1994, the Company intends to test free standing Ann Taylor shoe stores as an additional channel of distribution for Ann Taylor brand footwear. The Company also views its fashion catalog, which presently is used principally as an advertising vehicle, as a potential future channel of distribution.

. Increased investment in more sophisticated point-of-sale and inventory management systems, including the integration of the Company's merchandise planning, store assortment planning, and merchandise allocation and replenishment systems. These enhancements are designed to enable the Company to manage its business more effectively and cost efficiently by improving customer service and providing the ability to better manage inventory levels.

. Construction of a 250,000 square foot national distribution center in Louisville, Kentucky to replace, in early 1995, the Company's existing 90,000 square foot distribution facilities in Connecticut.

MERCHANDISING

Ann Taylor stores offer a distinctive collection of career and casual separates, dresses, tops, weekend wear, shoes and accessories, consisting primarily of exclusive Ann Taylor brand name fashions. The Company's merchandising strategy focuses on achieving the "Ann Taylor look" which emphasizes classic styles, updated to reflect current fashion trends. Ann Taylor stores offer a variety of coordinated apparel and an assortment of shoes and accessories, to enable customers to assemble complete outfits. Sales associates are trained to assist customers in merchandise selection and wardrobe coordination, helping them achieve the Ann Taylor look while reflecting the customers' personal styles. The Company encourages sales associates to become familiar with regular customers to assist these customers in finding merchandise suited to their tastes and wardrobe needs. The Company has a liberal return policy, which it believes is comparable to those offered by better department stores and other specialty retail stores.

The following table sets forth the approximate percentage of net sales attributable to each merchandise group for the past three years:

<TABLE><CAPTION>

	PERCENTAGE OF NET SALES		
MERCHANDISE GROUP	1993	1992	1991
<S>	<C>	<C>	<C>
Separates	31.6%	31.0%	32.2%
Dresses	17.3	20.7	19.1
Tops	27.4	22.2	20.2
Weekend wear	11.7	11.1	9.7
Shoes (a)	6.0	7.2	8.6
Accessories	6.0	7.8	10.2
Total	100.0%	100.0%	100.0%

</TABLE>

- ---------------

(a) Includes net sales from Ann Taylor brand footwear in 1993, 1992 and 1991 (representing 6.0%, 5.5% and 4.9% of net sales, respectively) and net sales through leased shoe departments located in Ann Taylor stores in 1992 and 1991. Leased shoe departments were phased out of Ann Taylor stores in stages from August 1990 through February 1, 1993. As of February 1, 1993, there were no leased shoe departments remaining at any Ann Taylor stores. See "Shoes" below.

A principal element of the Company's business strategy is the introduction of product line extensions. For example, Ann Taylor shoes, which were sold in 99 Ann Taylor stores in 1992, were expanded to 126 stores in fiscal 1993 and are expected to be in over 155 stores by fall 1994. In fall 1992, the Company

increased its presence in casual wear by introducing its own line of denim known as ATdenim, that is now sold in all Ann Taylor stores. In fall 1993, Ann Taylor petites were tested in the career separates and dress categories in 25 stores. By fall 1994, a broader range of Ann Taylor petites will be carried in approximately 100 Ann Taylor stores. In fiscal 1994, the Company also plans to test an Ann Taylor signature fragrance and related products.

MERCHANDISE DESIGN AND PRODUCTION

Ann Taylor merchandise is developed based upon current fashion trends and analysis of prior year sales. The Company's merchandising and product development groups determine needs for the upcoming season, design styles to fill those needs and arrange for the production of merchandise either through vendors who are private label specialists or directly with a factory.

The Company is continuing to develop its capability to source its merchandise directly with manufacturers and decrease its dependence on vendors who are not themselves manufacturers. The Company believes that direct sourcing improves its competitive position by reducing costs and shortening lead times. To this end, in May 1992, the Company commenced a joint venture known as CAT U.S., Inc. ("CAT") with Cygne Designs, Inc., which was formed for the purpose of sourcing Ann Taylor merchandise directly with manufacturers. The Company currently owns a 40% interest in CAT. Merchandise purchased by Ann Taylor through CAT represented 23.5% and 7.3% of all merchandise purchased by the Company in 1993 and 1992, respectively. The Company expects its purchases through CAT to increase to approximately 30% of all merchandise purchased in 1994.

In 1993, the Company purchased merchandise from approximately 285 vendors, including five vendors who each accounted for 4% or more of the Company's merchandise purchases: CAT (23.5%), Cygne Designs, Inc. (20.0%), Parigi (5.0%), Depeche (4.6%) and Andrea Behar (4.3%). In 1993, over 95% of the Company's merchandise was purchased from domestic vendors. The Company's domestic suppliers include vendors who either manufacture merchandise or supply merchandise manufactured by others, as well as vendors that are both manufacturers and suppliers. Consistent with the retail apparel industry as a whole, most of the Company's domestic vendors import a large portion of their merchandise from abroad.

The Company does not maintain any long-term or exclusive commitments or arrangements to purchase from any supplier, although it does have an equity investment in CAT. The Company believes

it has a good relationship with its suppliers and that, as the number of stores increases and existing stores are expanded, there will continue to be adequate sources that will be able to produce a sufficient supply of quality goods in a timely manner and on satisfactory economic terms.

The Company's production management department establishes the technical specifications for all Ann Taylor merchandise, inspects and certifies factories in which Ann Taylor merchandise is produced, conducts periodic inspections of factories while goods are in production to identify potential problems prior to shipment by vendors of merchandise, and upon receipt, inspects merchandise on a test basis for uniformity of sizes and colors, as well as for overall quality of manufacturing. In addition to Company personnel, CAT also performs in-factory quality control inspections on behalf of the Company with respect to all merchandise orders CAT places.

INVENTORY CONTROL AND MERCHANDISE ALLOCATION

The Company's merchandise planning and allocation department analyzes each store's size, location, demographics, sales and inventory history to determine the quantity of merchandise to be purchased and the allocation of merchandise to the Company's stores. Upon receipt, merchandise is allocated in order to achieve an emphasis that is suited to each store's customer base. Each Ann Taylor store carries merchandise in all merchandise groups and sizes (except shoes and petites).

Merchandise typically is sold at its original marked price for several weeks, with the length of time varying by item. The Company reviews its inventory levels in order to identify slow-moving merchandise and broken assortments (items no longer in stock in a sufficient range of sizes) and uses markdowns to clear merchandise. Markdowns may be used if inventory exceeds customer demand for reasons of style, seasonal adaptation, changes in customer preference or if it is determined that the inventory in stock will not sell at its currently marked price. Marked down items that are not sold after several more weeks are generally moved to the Company's factory stores where additional markdowns may be taken. Generally, inventory turns over approximately five times annually.

The Company uses a centralized distribution system, under which all merchandise is received, processed and shipped to the stores through the Company's New Haven, Connecticut distribution facility virtually every business day. The Company is constructing a 250,000 square foot distribution facility in Louisville, Kentucky that will replace the Company's existing facilities by early 1995. See "Properties" and "Management's Discussion and Analysis".

STORES

As of January 29, 1994, the Company operated 231 stores in 38 states and the District of Columbia. The following table sets forth by state the stores that were open as of January 29, 1994:

LOCATIONS BY STATE

STATE	NUMBER OF STORES
Alabama	2
Arizona	3
Arkansas	1
California	38
Colorado	3
Connecticut	10
District of Columbia	4
Florida	17
Georgia	4
Hawaii	1
Illinois	11
Indiana	2
Kentucky	2
Louisiana	4
Maryland	5
Massachusetts	12
Michigan	7
Minnesota	4
Mississippi	1
Missouri	5
Nebraska	1
Nevada	1
New Hampshire	2
New Jersey	11
New Mexico	1
New York	22
North Carolina	3
Ohio	9
Oklahoma	2
Oregon	1
Pennsylvania	12
Rhode Island	1
South Carolina	1
Tennessee	5
Texas	12
Utah	1
Virginia	7
Washington	2
Wisconsin	1

As of January 29, 1994, 111 stores were in regional malls, 54 stores were in upscale specialty centers, 34 stores were in village locations, 23 stores were in downtown locations and 9 stores were factory stores located in factory outlet centers.

The Company selects store locations that it believes are convenient for its customers and consistent with its upscale image. Store locations are determined on the basis of various factors, including geographic location, demographic studies, anchor tenants in a mall location, other specialty stores in a mall or specialty center location or in the vicinity of a village location, and the proximity to professional offices in a downtown or village location.

Ann Taylor stores opened prior to January 30, 1993 averaged 3,300 square feet in size, with the exception of three stores that ranged between 10,300 square feet and 12,500 square feet. During 1992, the Company designed two new store prototypes. The first is a store model of approximately 5,500 square feet, on which most new and expanded stores opened in 1993 and in the future will be based. The Company also designed a new larger store prototype of approximately 10,000 to 12,000 square feet, which is reserved for certain premier markets that management believes can support such a store. Both new store prototypes incorporate modified display features, fixtures and fitting rooms. The Company believes that its new store prototypes enhance the Company's ability to merchandise its customer offerings and reinforce its total wardrobing concept, provide area necessary for the proper presentation of Ann Taylor shoes and other product line extensions, and increase customer service and ease of shopping. The typical Ann Taylor store has approximately 17% of its total square footage allocated to stockroom and other non-selling space.

Outlet shopping is one of the fastest growing segments of the retail apparel industry, appealing to consumers' increasing orientation to value and to manufacturers' and retailers' desire for additional channels of distribution and control over liquidation of their product. In 1993, the Company began testing factory stores as an additional channel of distribution, by converting its four then existing clearance centers to the factory store format and opening five new factory stores in outlet malls. Ann Taylor Factory Stores sell Ann Taylor merchandise manufactured specifically for the factory stores and having an average initial price generally lower than the average initial price of merchandise carried in Ann Taylor stores, as well as serve as a clearance vehicle for merchandise from Ann Taylor stores. In 1993, approximately 36% of all merchandise sold in Ann Taylor Factory Stores was manufactured specifically for these stores.

EXPANSION

Ann Taylor has grown significantly since the Acquisition, with the number of stores increasing from 119 at the beginning of 1989 to 231 at the end of 1993, and with net sales increasing from approximately $353,900,000 in 1989, to approximately $501,600,000 in 1993. The following table sets forth certain information regarding store openings, expansions and closings for Ann Taylor stores ("ATS") and Ann Taylor Factory Stores ("ATO"), since the consummation of the Acquisition in the beginning of the 1989 fiscal year:

<TABLE><CAPTION>

FISCAL YEAR	NUMBER OF STORES: OPEN AT BEGINNING OF FISCAL YEAR	OPENED DURING FISCAL YEAR		ATS EXPANDED DURING FISCAL YEAR	ATS CLOSED DURING FISCAL YEAR	OPEN AT END OF FISCAL YEAR	
		ATS	ATO			ATS	ATO
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
1989	119(a)	20	1(b)	2	1	138	1
1990	139	29	3(b)	3	1	166	4
1991	170	33	0	3	3	196	4
1992	200	20	0	5	1	215	4
1993	219	8	5	12	1	222	9

</TABLE>

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(a) Prior to 1989, the Company did not operate any factory stores or clearance centers.
(b) Prior to 1993, ATO stores served only as clearance centers.

An important aspect of the Company's business strategy is a real estate expansion program that is designed to reach new customers through the opening of new stores (including factory stores) and the expansion of existing stores. As market conditions warrant and as sites become available, the Company adds additional Ann Taylor stores or expands the size of existing stores, in major cities and their affluent suburbs where Ann Taylor already has a presence. The Company also opens new Ann Taylor stores in additional cities that it believes have a sufficient concentration of its target customers. Ann Taylor Factory Stores typically are located outside the shopping radius of Ann Taylor stores, in outlet malls that feature factory outlet stores of other upscale brands. Prior to 1993, the real estate expansion program focused primarily on adding new Ann Taylor stores. The Company now views the expansion of existing stores and the opening of factory stores as an integral part of the Company's expansion strategy.

Once an appropriate site has been selected and a lease signed, the Company generally requires a relatively short lead time to open a new store, with store construction typically taking approximately three months.

In 1993, the Company opened 13 new stores (including 5 factory stores), expanded 12 existing stores and closed one store, resulting in an increase in the Company's total store square footage from approximately 814,000 square feet to approximately 929,000 square feet, a net increase of approximately 115,000 square feet. Approximately 80% of this additional square footage was opened during the second half of 1993. The Company expects to increase store square footage by at least 200,000 square feet, or 21.5%, in 1994. The Company believes that approximately 70% of this new square footage will be represented by new stores, of which about half will be Ann Taylor stores and about half will be Ann Taylor Factory Stores. The balance of the 1994 square footage increase will result from store expansions. The Company intends to increase square footage by approximately 200,000 square feet in each of fiscal 1995 and fiscal 1996. The Company's ability to continue to increase store square footage will be dependent upon general economic and business conditions affecting consumer confidence and spending, the availability of desirable locations and the negotiation of acceptable lease terms. See "Management's Discussion and Analysis--Liquidity and Capital Resources" for a discussion of the restrictions on capital expenditures in the Ann Taylor Bank Credit Agreement.

The average net construction cost to the Company of opening a new store, after giving effect to landlord allowances, was approximately $197,000 (or $38 per square foot) in 1993, compared to $52,000 (or $18 per square foot) in 1992 and $114,000 (or $32 per square foot) in 1991. In most cases, the Company receives allowances from landlords for the construction of new stores which reduce the Company's construction costs. The higher per store net construction costs in 1993 reflect the larger average store sizes, increased costs associated with the new store prototypes and lower average landlord construction allowances.

In 1993, 12 stores were expanded at an aggregate net construction cost to the Company of $7,490,000, or $624,000 per store, after giving effect to landlord allowances. Three of the 12 stores expanded in 1993 were expanded from an average original size of approximately 3,000 square feet to the larger "premier market" prototype. Accordingly, these stores cost more to expand than a typical store expansion. The average gross construction cost per square foot to expand a store is generally comparable to the gross cost per square foot of a new store. Landlord allowances, however, are typically less for an expansion than for a new store.

SHOES

As of January 29, 1994, Ann Taylor shoes were sold in 126 of the Company's 231 stores. The Company intends to include an Ann Taylor shoe department in each new or expanded store, and, in 1994, plans to add shoes to approximately 20 other existing Ann Taylor stores. In addition, in 1994 the Company intends to test free standing Ann Taylor shoe stores as an additional channel of

distribution for Ann Taylor brand footwear.

Prior to 1990, all shoes sold in Ann Taylor stores were sold in leased shoe departments by Joan & David Helpern, Inc. ("Joan & David") pursuant to a license agreement. In 1990, the Company

introduced a line of Ann Taylor brand name shoes. Beginning in August 1990, Joan & David began a scheduled withdrawal of its leased shoe departments, vacating additional departments every six months through the end of fiscal 1992. As of February 1, 1993, Joan & David no longer operated leased shoe departments in any Ann Taylor stores.

Sales through leased shoe departments totaled $8,207,000, or 1.7% of net sales, in 1992, and $16,056,000, or 3.7% of net sales, in 1991. There were no leased shoe department sales during fiscal 1993. Net sales in 1993, 1992 and 1991 included $29,922,000, $25,638,000, and $21,527,000, respectively, in net sales from the Ann Taylor brand name shoe line.

Under the terms of an amended license agreement, entered into in 1990, the Company was entitled to a fee from Joan & David equal to 14.5% of Joan & David's annual net sales through Ann Taylor stores, which, after employee discounts, resulted in the Company retaining an amount equal to approximately 14.4% of such sales. Joan & David was responsible for the costs associated with operating its shoe departments. Persons who worked in the leased shoe departments were employees of Joan & David and received all salary, bonus and commission payments and benefits from Joan & David.

INFORMATION SYSTEMS

The Company is increasing its investment in computer hardware, systems applications and networks to speed customer service, to support the purchase and allocation of merchandise and to improve operating efficiencies.

In fall 1993, the Company began the roll out of a new point of sale system to all Ann Taylor stores. The roll out will be completed by the summer of 1994. Upon completion, the system will allow the introduction of a number of features that will enable the Company to manage its business more effectively and cost efficiently. These features include on-line receipts and transfers of inventory, which will reduce paperwork and result in more timely inventory information; the ability to take credit card applications and account look-up in the stores, which will both improve customer service and reduce expense; and the ability to send advance ship notices to stores prior to their receipt of merchandise, allowing better labor scheduling in the stores and reducing expense. The new system will permit automated promotional tracking, providing better information to the stores on current promotions and providing the results of these promotions to the Company's headquarters on a more timely basis, allowing the Company to respond more quickly and accurately to customer preferences.

During 1994, the Company will upgrade the inventory management system. This upgrade, along with the new point of sale system, will allow full price look-up in the stores and provide for more timely information on inventory levels and better analysis of sales trends. The enhanced information will also allow the Company to more fully integrate its planning and allocation system. By the end of 1995, the Company expects to have its merchandise planning system, store assortment planning system, merchandise allocation system and merchandise replenishment system completely integrated, allowing the Company to respond more quickly to individual store trends and allocate merchandise more closely aligned with an individual store's customer base. The Company is also initiating systems integration with its suppliers. In spring 1994, the Company's first electronic data interchange relationship will be implemented with a hosiery supplier, allowing quicker response to sales and maintenance of inventory levels in line with model stock levels.

CUSTOMER CREDIT

Customers may pay for merchandise with the Ann Taylor credit card, American Express, Visa, MasterCard, cash or check. Credit card sales were 77.9% of net sales in 1993, 77.6% in 1992, and 79.1% in 1991. In 1993, 31.5% of net sales were made with the Ann Taylor credit card and 46.4% were made with third-party credit cards. Accounts written off in 1993 were $1,390,000, or 0.3% of net sales.

Ann Taylor has offered customers its proprietary credit card since 1976. The Company believes that the Ann Taylor credit card enhances customer loyalty while providing the customer with additional

credit. At January 29, 1994, the Company had over 520,000 credit accounts that

had been used during the past 18 months.

ADVERTISING AND PROMOTION

The Company's principal advertising vehicle is its fashion catalog, which it publishes four times per year and mails primarily to Ann Taylor credit card holders. In 1993, the Company ran advertisements in the following national women's fashion magazines: Elle, Vogue and Harpers Bazaar. The Company spent $6,388,000 (1.3% of net sales) on advertising in 1993, compared to $5,509,000 (1.2% of net sales) in 1992 and $8,645,000 (2.0% of net sales) in 1991.

TRADEMARKS AND SERVICE MARKS

The Company is the owner in the United States of the trademark and service mark "AnnTaylor". This mark is protected by several federal registrations in the United States Patent and Trademark Office, covering clothing, shoes, jewelry and certain other accessories, and clothing store services. The terms of these registrations vary from ten to twenty years (expiring in 2003 and 2007), and each is renewable indefinitely if the mark is still in use at the time of renewal. The Company's rights in the "AnnTaylor" mark are a significant part of the Company's business, as this mark is well-known in the women's retail apparel industry. Accordingly, the Company intends to maintain its mark and the related registrations. The Company is not aware of any claims of infringement or other challenges to the Company's right to use its mark in the United States.

The Company owns registrations for the "AnnTaylor" mark for clothing in Japan, Canada and Taiwan, and owns or has applied for registration for the "AnnTaylor" mark for clothing and other goods in Japan and other countries as well.

COMPETITION

The women's retail apparel industry is highly competitive. The Company believes that the principal bases upon which it competes are fashion, quality, value and service. The Company competes with certain departments in better national department stores such as Neiman Marcus, Saks Fifth Avenue, Lord & Taylor, Nordstrom and Bloomingdale's, as well as certain departments in regional department stores, such as Macy's, Marshall Fields and Dillard's. The Company believes that it competes with these department stores by offering a focused merchandise selection, personalized service and convenience, as well as exclusive Ann Taylor fashions, which distinguish its goods from the goods carried by these department stores. Certain of the Company's product lines also compete with other specialty retailers such as Talbots, Ralph Lauren, The Limited, The Gap and Banana Republic. The Company believes that its focused merchandise selection and exclusive Ann Taylor brand name fashions distinguish it from other specialty retailers. Many of the Company's competitors are considerably larger and have substantially greater financial, marketing and other resources than the Company, and there is no assurance that the Company will be able to compete successfully with them in the future.

EMPLOYEES

Store management receives compensation in the form of salaries and performance-based bonuses. Sales associates are paid on an hourly basis plus performance incentives. A number of programs exist that offer incentives to both management and sales associates to increase sales and support the Company's total wardrobing strategy. For example, certain incentive programs offer individual associates cash awards for selling multiple wardrobe items and for achieving individual sales goals. Other programs provide bonuses or cash awards to all associates in a store that has achieved, for example, the highest percentage increase in sales for a given period.

As of January 29, 1994, the Company had 3,741 employees, of whom 880 were full-time salaried employees, 1,628 were full-time hourly employees and 1,233 were part-time hourly employees. None of the Company's employees are represented by a labor union. The Company believes that its relationship with its employees is good. As of January 29, 1994, approximately 90% of the Company's employees were eligible to participate in the Company's health care benefits program.

ITEM 2. PROPERTIES

As of January 29, 1994, the Company had 231 stores, all of which were

leased. The leases typically provide for an initial five-to ten-year term and grant the Company the right to extend the term for one or two additional five-year periods. In most cases, the Company pays a minimum rent plus a contingent rent based on the store's net sales in excess of a specified threshold. The contingent rental payment is typically 5% of net sales in excess of the applicable threshold. Substantially all of the leases require the Company to pay insurance, utilities and repair and maintenance expenses and contain tax escalation clauses. The current terms of the Company's leases, including renewal options, expire as follows:

YEARS LEASE TERMS EXPIRE	NUMBER OF STORES
1994-1996	50
1997-1999	20
2000-2002	20
2003 and later	141

Ann Taylor leases corporate offices at 142 West 57th Street, New York, containing approximately 71,000 square feet. The lease for these premises expires in 2006. Ann Taylor also leases office space in New Haven, which contains approximately 31,000 square feet. The lease for these offices expires in 1996.

Ann Taylor leases its New Haven distribution center, which contains 78,790 square feet. The lease for this facility expires on March 31, 1995, with an option to extend this lease for an additional three months. In early 1994, the Company announced that it will be purchasing property in Louisville, Kentucky on which it will construct a 250,000 square foot facility that will replace the Company's existing distribution center facilities in Connecticut in early 1995. See "Management's Discussion and Analysis".

ITEM 3. LEGAL PROCEEDINGS

Ann Taylor has been named as a defendant in several legal actions arising from its normal business activities. Although the amount of any liability that could arise with respect to these actions cannot be accurately predicted, in the opinion of the Company, any such liability will not have a material adverse effect on the financial position or results of operations of the Company.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

The Common Stock is listed and traded on the New York Stock Exchange under the symbol ANN. The number of holders of record of Common Stock at March 15, 1994 was 440. The following table sets forth the high and low closing sales prices for the Common Stock on the New York Stock Exchange during fiscal 1993 and fiscal 1992.

<TABLE><CAPTION>

	MARKET PRICE	
FISCAL YEAR 1992	HIGH	LOW
<S>	<C>	<C>
First quarter	$ 23 1/8	$ 16 1/2
Second quarter	24 5/8	18 3/4
Third quarter	24 1/4	16 3/4
Fourth quarter	24 3/8	19 1/4
FISCAL YEAR 1993		
First quarter	$ 23 1/4	$ 17 7/8
Second quarter	27 7/8	20
Third quarter	29 5/8	22 7/8
Fourth quarter	28 1/4	20 7/8

</TABLE>

The Company has never paid dividends on the Common Stock and does not intend to pay dividends in the foreseeable future. As a holding company, the ability of the Company to pay dividends is dependent upon the receipt of dividends or other payments from Ann Taylor. The payment of dividends by Ann

Taylor to the Company is subject to certain restrictions under Ann Taylor's bank credit agreement (the "Bank Credit Agreement") and the indenture relating to the $110,000,000 principal amount AnnTaylor, Inc. 8 3/4% Subordinated Notes due 2000 (the "8 3/4% Notes"). The payment of cash dividends on the Common Stock by the Company is also subject to certain restrictions contained in the Company's guarantee of Ann Taylor's obligations under the Bank Credit Agreement. Any determination to pay cash dividends in the future will be at the discretion of the Company's Board of Directors and will be dependent upon the Company's results of operations, financial condition, contractual restrictions and other factors deemed relevant at that time by the Company's Board of Directors.

ITEM 6. SELECTED FINANCIAL DATA

The following selected historical financial information for the periods indicated has been derived from the audited consolidated financial statements of the Company. Such financial statements audited by Deloitte & Touche, independent auditors, for the fiscal years 1993, 1992 and 1991 appear elsewhere in this report. The information set forth below should be read in conjunction with "Management's Discussion and Analysis" and the consolidated financial statements and notes thereto of the Company included elsewhere in this report. All references to years are to the fiscal year of the Company, which ends on the Saturday nearest January 31 in the following calendar year. All fiscal years for which financial information is set forth below had 52 weeks, except 1989, which had 53 weeks.

<TABLE><CAPTION>

	FISCAL YEARS ENDED				
	JAN. 29, 1994	JAN. 30, 1993	FEB. 1, 1992	FEB. 2, 1991	FEB. 3, 1990
	(DOLLARS IN THOUSANDS, EXCEPT PER SQUARE FOOT DATA AND PER SHARE DATA)				
<S>	<C>	<C>	<C>	<C>	<C>
OPERATING STATEMENT INFORMATION:					
Net sales, including leased shoe departments (a)	$ 501,649	$ 468,381	$ 437,711	$ 410,782	$ 353,912
Cost of sales	271,749	264,301	234,136	217,414	189,293
Gross profit	229,900	204,080	203,575	193,368	164,619
Selling, general and administrative expenses	169,371	152,072	150,842	125,872	109,598
Distribution center restructuring charge (b)	2,000	--	--	--	--
Amortization of goodwill (c)	9,508	9,504	9,506	9,484	9,711
Operating income	49,021	42,504	43,227	58,012	45,310
Interest expense (d)	17,696	21,273	33,958	50,081	55,858
Stockholder litigation settlement (e)	--	3,905	--	--	--
Other (income) expense, net	(194)	259	542	168	29
Income (loss) before income taxes and extraordinary loss	31,519	17,067	8,727	7,763	(10,577)
Income tax provision	17,189	11,150	7,703	6,657	600
Income (loss) before extraordinary loss	14,330	5,917	1,024	1,106	(11,177)
Extraordinary loss (f)	11,121	--	16,835	--	--
Net income (loss)	3,209	5,917	(15,811)	1,106	(11,177)
Preferred stock dividend	--	--	--	--	1,000
Net income (loss) applicable to common stock	$ 3,209	$ 5,917	$ (15,811)	$ 1,106	$ (12,177)
Income (loss) per share before extraordinary loss	$ .66	$ .28	$ .05	$ .08	$ (.91)
Extraordinary loss per share (f)	(.51)	--	(.87)	--	--
Net income (loss) per share	$ .15	$ .28	$ (.82)	$ .08	$ (.91)
Weighted average shares outstanding (in thousands)	21,929	21,196	19,326	14,160	13,312
OPERATING INFORMATION:					
Percentage increase (decrease) in total comparable store sales (g)(h)	2.3%	(1.0)%	(5.6)%	2.3%	14.3%
Percentage increase (decrease) in owned comparable store sales (g)(h)(i)	4.0%	0.8%	(0.9)%	5.1%	16.5%
Average net sales per gross square foot (g)(j)	$ 576	$ 600	$ 642	$ 740	$ 771
Number of stores:					
Open at beginning of the period	219	200	170	139	119
Opened during the period	13	20	33	32	21
Expanded during the period	12	5	3	3	2
Closed during the period	1	1	3	1	1

Open at the end of the period	231	219	200	170	139
Capital expenditures	$ 25,062	$ 4,303	$ 10,004	$ 11,783	$ 6,146
Depreciation and amortization, including goodwill (c)	$ 18,013	$ 16,990	$ 15,709	$ 14,177	$ 14,662
Working capital turnover (k)	12.1x	16.8x	12.8x	12.4x	13.0x
Inventory turnover (l)	4.9x	5.3x	4.6x	4.6x	7.0x
BALANCE SHEET INFORMATION (AT END OF PERIOD):					
Working capital	$ 53,283	$ 29,539	$ 26,224	$ 42,234	$ 23,705
Goodwill, net (c)	332,537	342,045	351,549	361,055	370,539
Total assets	513,399	487,592	491,747	510,724	493,160
Total debt	189,000	195,474	211,917	380,362	365,787
Stockholders' equity	259,271	245,298	229,464	47,483	57,532

(Footnotes on following page)

(Footnotes for preceding page)

(a) The phase out of leased shoe departments was completed by February 1, 1993.

(b) Relates to the relocation of the Company's distribution center, expected to be completed in early 1995, and represents a charge of $1,100,000 principally for severance and job training benefits and $900,000 for the write-off of the net book value of certain assets that are not expected to be used in the new facility. This charge reduced 1993 net earnings by $.05 per share.

(c) As a result of the Acquisition, which was effective as of January 29, 1989, $380,250,000, representing the excess of the allocated purchase price over the fair value of the Company's net assets, was recorded as goodwill and is being amortized on a straight-line basis over 40 years.

(d) Includes non-cash interest expense of $4,199,000, $8,581,000, $12,243,000, $18,294,000 and $13,819,000 in the fiscal years 1993, 1992, 1991, 1990 and 1989, respectively, from accretion of original issue discount, amortization of deferred financing costs and, in 1992, 1991 and 1990, issuance of additional 10% junior subordinated exchange notes due 2004.

(e) Relates to the settlement in January 1993 of a stockholder class action lawsuit that was filed against the Company and certain other defendants in October 1991.

(f) In fiscal 1993, Ann Taylor incurred an extraordinary loss of $17,244,000 ($11,121,000, or $.51 per share, net of income tax benefit) due to debt refinancing activities. In fiscal 1991, Ann Taylor incurred an extraordinary loss of $25,900,000 ($16,835,000, or $.87 per share, net of income tax benefit), in connection with the repurchase of a portion of its then outstanding debt securities with proceeds from the IPO.

(g) Percentage changes in comparable store sales and average net sales per gross square foot are adjusted so that all figures relate to a 52-week year.

(h) Comparable store sales are calculated by excluding the net sales of a store for any month of one period if the store was not open during the same month of the prior period. A store opened within the first two weeks of a month is deemed to have been opened on the first day of that month and a store opened thereafter in a month is deemed to have been opened on the first day of the next month. For example, if a store were opened on June 8, 1992, its sales from June 8, 1992 through year-end 1992 and its sales from June 1, 1993 through year-end 1993 would be included in determining comparable store sales for 1993, compared to 1992. In addition, in a year with 53 weeks (such as 1989), the extra week is not included in determining comparable store sales. For the periods previous to 1993, when a store's square footage has been increased as a result of expansion or relocation in the same mall or specialty center, the store continues to be treated as a comparable store. Commencing with stores expanded in fiscal 1993, any store the square footage of which is expanded by more than 15% is treated as a new store, upon the opening of the expanded store.

(i) Excludes sales from leased shoe departments.

(j) Average net sales per gross square foot is determined by dividing net sales for the period by the average of the gross square feet at the beginning and end of each period. Unless otherwise indicated, references herein to square feet are to gross square feet, rather than net selling space.

(k) Working capital turnover is determined by dividing net sales by the average of the amount of working capital at the beginning and end of the period.

(l) Inventory turnover is determined by dividing net cost of goods sold (excluding costs of leased shoe departments) by the average of the cost of inventory at the beginning and end of the period.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS GENERAL

Ann Taylor has grown significantly since the Acquisition, with the number of stores increasing from 119 at the beginning of 1989 to 231 at the end of 1993. During fiscal 1993, the Company expanded 12 stores, added 13 new stores and closed one store, resulting in a net increase in the Company's square footage of approximately 115,000 square feet. The Company expects to increase square footage by at least 200,000 square feet, or 21.5%, in fiscal 1994. Management anticipates that approximately 70% of this new square footage will be represented by new stores, of which about half will be Ann Taylor stores and about half will be Ann Taylor Factory Stores. The balance of the 1994 square footage increase will result from store expansions. The Company intends to increase square footage by approximately 200,000 square feet in each of fiscal 1995 and fiscal 1996. The Company's ability to continue to expand will be dependent upon general economic and business conditions affecting consumer spending, the

availability of desirable locations and the negotiation of acceptable lease terms for new locations. See "Business--Expansion".

The Company's net sales do not show significant seasonal variation, although net sales in the third and fourth quarters have traditionally been higher than in the first and second quarters. The Company believes that its merchandise is purchased primarily by women who are buying for their own wardrobes rather than as gifts, and the Company typically experiences only moderate increases in net sales during the Christmas season. As a result of these factors, the Company has not had significant overhead and other costs generally associated with large seasonal variations.

The following table shows the percentages of the Company's net sales and operating income (loss) per quarter for 1993, 1992 and 1991:

<TABLE><CAPTION>

	FISCAL 1993		FISCAL 1992		FISCAL 1991	
	NET SALES	OPERATING INCOME(A)	NET SALES	OPERATING INCOME	NET SALES	OPERATING INCOME (LOSS)
<S>	<C>	<C>	<C>	<C>	<C>	<C>
First Quarter	24.0%	24.3%	24.5%	26.6%	25.4%	39.7%
Second Quarter	24.9	25.3	24.0	19.5	23.1	26.6
Third Quarter	24.3	25.2	24.6	34.6	26.0	33.8
Fourth Quarter	26.8	25.2	26.9	19.3	25.5	(0.1)
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

</TABLE>

- ---

(a) Excludes the $2,000,000 charge to earnings relating to the Company's announced relocation of its distribution center.

COMPARABLE STORE SALES

The following table sets forth for the years 1993, 1992 and 1991 certain information regarding the percentage increase (decrease) over the prior year's sales in (i) total comparable store sales and (ii) owned comparable sales (consisting of total comparable store sales less leased shoe department comparable sales, which were phased out by February 1, 1993):

<TABLE><CAPTION>

	FISCAL 1993	FISCAL 1992	FISCAL 1991
<S>	<C>	<C>	<C>
Comparable store sales:			
Owned sales	4.0%	0.8%	(0.9)%
Total	2.3	(1.0)	(5.6)

</TABLE>

The Company believes that the increase in owned comparable store sales in 1993 and 1992 was primarily due to improved customer acceptance of merchandise offerings and, in 1992, to a higher degree of promotional activities than in 1993.

RESULTS OF OPERATIONS

The following table sets forth operating statement data expressed as a percentage of net sales for the historical periods indicated:

<TABLE><CAPTION>

	FISCAL 1993	FISCAL 1992	FISCAL 1991
<S>	<C>	<C>	<C>
Net sales, including leased shoe departments	100.0%	100.0%	100.0%
Cost of sales	54.2	56.4	53.5

Gross profit (a)	45.8	43.6	46.5
Selling, general and administrative expenses	33.8	32.5	34.5
Distribution center restructuring charge	0.4	--	--
Amortization of goodwill	1.8	2.0	2.2
Operating income	9.8	9.1	9.8
Interest expense	3.5	4.6	7.7
Stockholder litigation settlement	--	0.8	--
Other (income) expense, net	--	--	0.1
Income before income taxes and extraordinary loss	6.3	3.7	2.0
Income tax provision	3.4	2.4	1.8
Income before extraordinary loss	2.9	1.3	0.2
Extraordinary loss	2.3	--	3.8
Net income (loss)	0.6%	1.3%	(3.6)%

</TABLE>

- ---

(a) Gross profit margin on net sales, excluding leased shoe departments, was 44.1% in 1992 and 47.8% in 1991. Gross profit margin on leased shoe department net sales was 14.4% in 1992 and 1991.

FISCAL 1993 COMPARED TO FISCAL 1992

The Company's net sales increased to $501,649,000 in 1993 from $468,381,000 in 1992, an increase of $33,268,000, or 7.1%. The increase in net sales was attributable to the inclusion of a full year of operating results for the 20 stores opened during 1992, the opening of 13 new stores and expansion of 12 stores in 1993 and the increase in comparable store sales. The 2.3% increase in total comparable stores sales was due primarily to customer acceptance of the Company's merchandise offerings in 1993. The increase was partially offset by the closing of one store in 1993. Net sales included $29,922,000 and $25,638,000 from Ann Taylor brand shoes in 1993 and 1992, respectively.

Gross profit as a percentage of net sales increased to 45.8% in 1993 from 43.6% in 1992. This increase was attributable to reduced cost of goods sold resulting from lower markdowns associated with reduced promotional activities, higher initial markups and the elimination of the leased shoe department which had a substantially lower gross margin.

Selling, general and administrative expenses as a percentage of net sales increased to 33.8% in 1993 from 32.5% in 1992. The increase was primarily attributable to additional store tenancy and selling expenses, severance costs, agency fees and relocation expenses, and the Company's continuing investment in such areas as design and manufacturing, marketing and information systems.

Operating income increased to $49,021,000, or 9.8% of net sales, in 1993, from $42,504,000, or 9.1% of net sales, in 1992. As described below, 1993 operating income was reduced by a $2,000,000, or 0.4% of net sales, charge to earnings relating to the Company's announced relocation of its distribution center facility from New Haven, Connecticut to Louisville, Kentucky. Amortization of goodwill from the Acquisition was $9,508,000 in 1993 and $9,504,000 in 1992. Operating income without giving effect to such amortization was $58,529,000, or 11.6% of net sales, in 1993, and $52,008,000, or 11.1% of net sales, in 1992.

In early 1994, the Company announced that it will be relocating its distribution center from New Haven, Connecticut to Louisville, Kentucky in early 1995. The Company will construct a 250,000 square foot distribution center at a cost of approximately $14,000,000. The relocation of the distribution center will affect approximately 105 employees. The Company recorded a $2,000,000 pre-tax restructuring charge ($1,140,000 net of income tax benefit, or $.05 per share) representing approximately $1,100,000 principally for severance and job training benefits, and approximately $900,000 for the write-off of the net book value of certain assets that are not expected to be utilized in the new facility. The Company selected Louisville, Kentucky as the site for its new distribution center facility because of Louisville's central location relative to the Company's stores, which is expected to result in reduced merchandise delivery times, the lower cost of construction in Louisville as compared to the Northeast, and economic incentives offered by the state of Kentucky.

Interest expense was $17,696,000, including $4,199,000 of non-cash interest expense in 1993 and $21,273,000, including $8,581,000 of non-cash interest expense in 1992. The decrease is mostly attributable to lower interest rates resulting principally from refinancing transactions entered into in 1993. As a

result of these refinancing transactions, the weighted average interest rate on the Company's outstanding indebtedness at January 29, 1994 was 6.22% compared to 9.50% at January 30, 1993. After taking into account the Company's interest rate swap agreement, all of the Company's debt obligations bear interest at variable rates. Therefore, the Company's interest expense for fiscal 1993 is not necessarily indicative of interest expense for future periods. See "Liquidity and Capital Resources".

The income tax provision was $17,189,000, or 54.5% of income before income taxes and extraordinary loss in the 1993 period compared to $11,150,000, or 65.3% of income before income taxes in 1992. The effective tax rates for both periods were higher than the statutory rates, primarily because of non-deductible goodwill. During fiscal 1993, the Company adopted the Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes" ("SFAS 109"). Adoption of SFAS 109 did not have a material effect on the results of operations.

The refinancing transactions referred to above resulted in an extraordinary loss of $17,244,000 ($11,121,000 net of income tax benefit), attributable to premiums paid to purchase or discharge Ann Taylor's notes, and to the write-off of deferred financing costs associated with the early retirement of indebtedness. See "Liquidity and Capital Resources".

As a result of the foregoing factors, the Company had net income of $3,209,000, or 0.6% of net sales, for 1993 compared to a net income of $5,917,000, or 1.3% of net sales for 1992.

FISCAL 1992 COMPARED TO FISCAL 1991

The Company's net sales increased to $468,381,000 in 1992 from $437,711,000 in 1991, an increase of $30,670,000, or 7.0%. The increase in net sales was primarily attributable to the inclusion of a full year of operating results for stores opened during 1991 and the opening of 20 new stores in 1992. The Company operated 219 stores at the end of 1992 compared to 200 stores at the end of 1991. The increase was partially offset by the closing of one store in 1992. The decrease of 1.0% in comparable store sales was due to the phaseout of the leased shoe departments offset by the increase of 0.8% in owned comparable store sales (excluding leased shoe departments). The Company believes the increase in owned comparable store sales was primarily attributable to customer acceptance of the Company's fall 1992 merchandise offerings and promotional activities. As a result of the phaseout of the Joan & David leased shoe departments, aggregate net sales contributed by Joan & David declined to $8,207,000 in 1992 from $16,056,000 in 1991, a decrease of 48.9%. Net sales included $25,638,000 and $21,527,000 in net sales from the Ann Taylor brand shoe line in 1992 and 1991, respectively.

Gross profit as a percentage of net sales decreased to 43.6% in 1992 from 46.5% in 1991. This decrease was attributable primarily to increased cost of goods sold resulting from lower initial mark ups and higher markdowns on goods taken in response to the competitive retail environment and, in the first quarter of 1992, poor customer acceptance of the Company's merchandise offerings.

Selling, general and administrative expenses as a percentage of net sales decreased to 32.5% in 1992 from 34.5% in 1991. The decrease was due to the leveraging of central overhead expenses over a larger sales base, lower severance payments and cost savings in other areas, offset in part by higher tenancy and selling costs in new stores.

Operating income decreased to $42,504,000, or 9.1% of net sales, in 1992 from $43,227,000, or 9.8% of net sales, in 1991. Amortization of goodwill from the Acquisition was $9,504,000 in 1992 and $9,506,000 in 1991. Operating income without giving effect to such amortization was $52,008,000, or 11.1% of net sales, in 1992 and $52,733,000, or 12.0% of net sales, in 1991.

Interest expense was $21,273,000, including $8,581,000 of non-cash interest expense in 1992 and $33,958,000, including $12,243,000 of non-cash interest expense in 1991. The decrease in interest expense in 1992 was attributable primarily to lower outstanding indebtedness as a result of the repurchase of the debt securities of Ann Taylor with the proceeds of the IPO in 1991, and was also attributable to lower interest rates in the 1992 period.

During 1992, the Company recorded an expense of $3,905,000 to provide for the settlement of a class action lawsuit that was filed in October 1991.

The income tax provision was $11,150,000, or 65.3% of income before income taxes in the 1992 period compared to $7,703,000, or 88.3% of income before income taxes and extraordinary loss in 1991. The effective rates for both periods were higher than the statutory rate, primarily because of non-deductible goodwill.

As a result of the foregoing factors, the Company had net income of $5,917,000, or 1.3% of net sales, for 1992 compared to a net income before extraordinary loss of $1,024,000 or 0.2% of net sales for 1991.

CHANGES IN RECEIVABLES AND INVENTORIES

Accounts receivable increased to $49,279,000 at the end of 1993 from $43,003,000 at the end of 1992, an increase of $6,276,000, or 14.6%. This increase was partially attributable to Ann Taylor credit card receivables, which increased $2,285,000 to $41,176,661 in 1993, to third-party credit card receivables (American Express, Mastercard and Visa), which increased $1,124,000 due to the timing of payments by the third-party credit card issuers and to construction allowance receivables, which increased $1,814,000 to $3,901,000 in 1993. Ann Taylor credit card sales were 5.4% higher in the last thirteen weeks of 1993 compared to the last thirteen weeks of 1992.

Merchandise inventories increased to $60,890,000 at the end of 1993 from $50,307,000 at the end of 1992, an increase of $10,583,000, or 21.0%. The higher inventory level at the end of 1993 was attributable to the purchase of inventory for new stores that were opened in 1993, the planned square footage increases in spring 1994, planned comparable store sales growth and the earlier receipt of spring goods.

Accounts payable increased to $37,564,000 at the end of 1993 from $23,779,000 at the end of 1992, an increase of $13,785,000, or 57.9%. The increase in accounts payable is primarily due to the increase in inventory at the end of fiscal 1993.

LIQUIDITY AND CAPITAL RESOURCES

The Company's primary sources of working capital are cash flow from operations and borrowings under a $55 million revolving credit facility (the "Revolving Credit Facility") under the Bank Credit Agreement. The following sets forth material measures of the Company's liquidity:

<TABLE><CAPTION>

	FISCAL YEAR		
	1993	1992	1991
	(DOLLARS IN THOUSANDS)		
<S>	<C>	<C>	<C>
Cash provided by operating activities.....	$ 47,322	$ 23,579	$ 40,142
Working capital.....	$ 53,283	$ 29,539	$ 26,224
Current ratio.....	1.78:1	1.38:1	1.36:1
Debt to equity ratio.....	.73:1	.80:1	.92:1

</TABLE>

Cash provided by operating activities increased in 1993 principally as a result of an increase in income before extraordinary loss and a decrease in refundable income taxes. The increase in working capital in 1993 results from the decrease in the current portion of long-term debt from $37,000,000 in 1992 to $8,757,000 in 1993, as a result of the refinancing transactions entered into in 1993.

At January 29, 1994, the Company had $54,000,000 outstanding under the term loan facility under the Bank Credit Agreement (the "Term Loan"). The Bank Credit Agreement requires the Company to make scheduled semi-annual principal payments on the Term Loan, which commenced on January 15, 1994. The Company made the semi-annual payment of $6,000,000 in January, 1994 and an additional payment of $20,000,000 in January 1994. The remaining scheduled payments on the Term Loan are $8,757,000 in fiscal years 1994 and 1995, $11,676,000 in fiscal years 1996 and 1997, and $13,134,000 in fiscal year 1998. During 1992, the principal payments made under the Company's then existing bank credit agreement totaled $26,000,000. The Bank Credit Agreement also requires the Company to make prepayments on the Term Loan if the Company sells certain assets or issues debt or equity securities. Amounts borrowed under the Revolving Credit Facility mature on January 15, 1999; however, the Company is required to reduce the outstanding balance of the Revolving Credit Facility to $20,000,000 or less for a 30-day period in fiscal 1994 and to $15,000,000 or less for a 30-day period each year thereafter.

During 1993, the Company and Ann Taylor entered into a series of refinancing transactions that lowered the Company's average cost of capital. The following table summarizes these transactions.

<TABLE><CAPTION>

	BALANCE AT JANUARY 30, 1993	ADDITIONS	REDUCTIONS	BALANCE AT JANUARY 29, 1994
		(IN THOUSANDS)		
<S>	<C>	<C>	<C>	<C>
Previous term loan	$ 96,969	--	$ (96,969)	--
14 3/8% discount notes	44,069	--	(44,069)	--
13 3/4% subordinated notes	34,295	--	(34,295)	--
10% exchange notes	14,641	--	(14,641)	--
8 3/4% notes	--	$ 110,000	(10,000)	$ 100,000
Term loan	--	80,000	(26,000)	54,000
Receivables facility	--	33,000	--	33,000
Revolving credit loan	5,500	--	(3,500)	2,000
	$ 195,474	$ 223,000	$ (229,474)	$ 189,000

</TABLE>

In July 1993, Ann Taylor entered into a $110,000,000 (notional amount) interest rate swap agreement. Under the agreement the Company receives a fixed rate of 4.75% and pays a floating rate based on LIBOR, as determined in six month intervals. This agreement lowered the effective interest rate on the 8 3/4% Notes by 125 basis points for the first semi-annual period ended January 1994. The swap agreement matures in July 1996.

During the fourth quarter of fiscal 1993, Ann Taylor entered into a receivables financing agreement secured by Ann Taylor credit card receivables. Initial borrowings under the receivables facility (the "Receivables Facility") were $33,000,000.

The Company's capital expenditures totaled $25,062,000, $4,303,000, and $10,004,000 in 1993, 1992 and 1991, respectively. Capital expenditures in 1992 were lower than in 1991 and 1993, in part because the Company slowed its new store expansion program while it developed the new store prototypes. In addition, the average construction allowance per store received in 1992 was higher than amounts received in 1991 and 1993. Capital expenditures in 1993 reflect increased average net construction costs for the opening of new stores, costs associated with the expansion of a greater number of existing stores, lower average landlord construction allowances and costs associated with new management information systems. The Company expects its capital expenditure requirements to be approximately $31,000,000 in 1994, plus $14,000,000 for the new distribution center and material handling equipment.

The Bank Credit Agreement imposes limits on the Company's ability to make capital expenditures and, for 1994, the limit is $31,000,000, exclusive of amounts spent for the distribution center. The actual amount of the Company's capital expenditures will depend in part on the number of stores opened, refurbished, and expanded and on the amount of construction allowances the Company receives from the landlords of its new or expanded stores. See "Business--Expansion".

Dividends and distributions from Ann Taylor to the Company are restricted by both the Bank Credit Agreement and the indenture for the 8 3/4% Notes. The payment by the Company of cash dividends on its Common Stock is also restricted by the Company's guarantee of obligations under the Bank Credit Agreement. See "Market for Registrant's Common Equity and Related Stockholder Matters".

In order to finance its operations and capital requirements, including its debt service payments, the Company expects to use internally generated funds and funds available to it under the Revolving Credit Facility and may seek project financing for the distribution center construction and material handling equipment costs. The Company believes that cash flow from operations and funds available under the

Revolving Credit Facility will be sufficient to enable it to meet its ongoing cash needs for the foreseeable future.

ITEM 8. FINANCIAL STATEMENT AND SUPPLEMENTARY DATA

The following consolidated financial statements of the Company for the years ended January 29, 1994, January 30, 1993 and February 1, 1992 are included as a part of this Report (See Item 14):

Consolidated Statements of Operations for the fiscal years ended January 29, 1994, January 30, 1993 and February 1, 1992.

Consolidated Balance Sheets as of January 29, 1994 and January 30, 1993.

Consolidated Statements of Stockholders' Equity for the fiscal years ended January 29, 1994, January 30, 1993 and February 1, 1992.

Consolidated Statements of Cash Flows for the fiscal years ended January 29, 1994, January 30, 1993 and February 1, 1992.

Notes to Consolidated Financial Statements.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURES

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The following table sets forth certain information regarding the executive officers of the Company as of January 29, 1994:

<TABLE><CAPTION>

NAME	AGE	POSITION AND OFFICES
<S>	<C>	<C>
Sally Frame Kasaks.....	49	Chairman, Chief Executive Officer and Director of the Company and Ann Taylor
Paul E. Francis.....	39	Executive Vice President--Finance and Administration and Director of the Company and Ann Taylor
Bert A. Tieben (1).....	42	Senior Vice President--Finance and Treasurer of the Company and Ann Taylor
Joseph R. Gromek.....	47	Senior Vice President--General Merchandise Manager of the Company and Ann Taylor
Andrea M. Weiss.....	38	Senior Vice President, Director of Stores of the Company and Ann Taylor
Jocelyn F.L. Barandiaran.....	33	Vice President, General Counsel and Corporate Secretary of the Company and Ann Taylor
Gerald S. Armstrong.....	50	Director of the Company and Ann Taylor
James J. Burke, Jr.....	42	Director of the Company and Ann Taylor
Robert C. Grayson.....	49	Director of the Company and Ann Taylor
Rochelle B. Lazarus.....	46	Director of the Company and Ann Taylor
Hanne M. Merriman.....	52	Director of the Company and Ann Taylor

</TABLE>

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(1) Mr. Tieben resigned from this position effective February 4, 1994.

Each member of the Board of Directors of the Company and Ann Taylor holds office for a three-year term and until his or her successor is elected and qualified. Mr. Grayson and Ms. Lazarus serve as members of the audit committee and Mr. Burke, Mr. Armstrong, Ms. Lazarus and Ms. Merriman serve as members of the compensation committee. Directors who are employees of the Company or Merrill Lynch Capital Partners, Inc. (the "ML Capital Partners") do not receive any compensation for serving on either Board of Directors. Directors who are not affiliates of ML Capital Partners or employees of the Company receive $20,000 in compensation plus $750 for each meeting attended. Messrs. Burke and Armstrong are employees of ML Capital Partners, a wholly owned subsidiary of Merrill Lynch & Co., Inc. ("ML&Co."), and serve on the Board of Directors of the Company and Ann Taylor as representatives of two indirect wholly owned subsidiaries of ML&Co. and certain limited partnerships controlled directly or indirectly by ML Capital Partners or ML&Co. and certain affiliates of ML&Co. (the "ML Entities").

SALLY FRAME KASAKS. Ms. Kasaks has been Chairman, Chief Executive Officer and a Director of the Company and Ann Taylor since February 1992. From February 1989 to January 1992, she was president and chief executive officer of Abercrombie & Fitch, a specialty retailer and a division of The Limited, Inc., a specialty retailer. From 1985 to 1988, she was president of Talbots, a specialty women's apparel retailer. For the six years prior to 1985, Ms. Kasaks served in various capacities at Ann Taylor, the last two of those years as president.

PAUL E. FRANCIS. Mr. Francis has been Executive Vice President--Finance and Administration of the Company and Ann Taylor since April 1993, and has been a Director of the Company and Ann Taylor since consummation of the Acquisition in February 1989. He was a vice president of ML Capital Partners from July 1987 to April 1993 and a managing director of the Investment Banking Division of ML&Co. from January 1993 to April 1993. From January 1990 to January 1993, he was a director of the Investment Banking Division of ML&Co.

BERT A. TIEBEN. Mr. Tieben was Senior Vice President--Finance of the Company and Ann Taylor from April 1993 through February 4, 1994 and had been Treasurer of the Company and Ann Taylor

since February 1989. Mr. Tieben was Executive Vice President and Chief Financial Officer of Ann Taylor from April 1988 to April 1993, and of the Company from February 1989 to April 1993.

JOSEPH R. GROMEK. Mr. Gromek has been Senior Vice President--General Merchandise Manager of the Company and Ann Taylor since April 1993. From January 1991 to April 1993, Mr. Gromek was vice president--ready to wear at The Limited stores, a specialty women's apparel retailer and a division of The Limited, Inc., a specialty retailer. From September 1987 to December 1990, he was senior vice president/general merchandise manager--men's and shoes for Saks Fifth Avenue, a department store.

ANDREA M. WEISS. Ms. Weiss has been Senior Vice President, Director of Stores of the Company and Ann Taylor since July 1992. From April 1990 to July 1992, she was director of retail operations for the Walt Disney World Resort, a division of the Walt Disney Company. From November 1987 to April 1990, she was senior vice president--operations for the Naragansett Clothing Company, a specialty women's apparel retailer.

JOCELYN F.L. BARANDIARAN. Ms. Barandiaran has been Vice President, General Counsel and Corporate Secretary of the Company and Ann Taylor since May 1992. From June 1985 to April 1992, she was a corporate mergers and acquisitions associate with the law firm of Skadden, Arps, Slate, Meagher & Flom.

GERALD S. ARMSTRONG. Mr. Armstrong has been a Director of the Company and Ann Taylor since consummation of the Acquisition in February 1989. He joined ML Capital Partners as an executive vice president in November 1988. He has been a partner in ML Capital Partners since May 1993 and a managing director of the Investment Banking Division of ML&Co. since November 1988. Mr. Armstrong is also a director of First USA, Inc., London Fog Corporation, Simmons Company, Beatrice Foods Inc., Blue Bird Corporation, World Color Press, Inc. and Wherehouse Entertainment, Inc.

JAMES J. BURKE, JR. Mr. Burke has been a Director of the Company and Ann Taylor since the Acquisition. He joined ML Capital Partners as president and chief executive officer in January 1987. He has been managing partner of ML Capital Partners since May 1993, a first vice president of Merrill Lynch, Pierce, Fenner & Smith Incorporated ("Merrill Lynch") since July 1988, and a managing director of the Investment Banking Division of ML&Co. since April 1985. Mr. Burke is also a director of Amstar Corporation, Borg-Warner Security Corporation, London Fog Corporation, Supermarkets General Holdings Corporation, Pathmark Stores, Inc., United Artists Theater Circuit, Inc., Wherehouse Entertainment, Inc. and World Color Press, Inc.

ROBERT C. GRAYSON. Mr. Grayson has been a Director of the Company and Ann Taylor since April 1992. Mr. Grayson has been president of Robert C. Grayson & Associates, Inc., a retail marketing consulting firm, since February 1992. From June 1985 to February 1992, Mr. Grayson was the president and chief executive officer of Lerner New York, a specialty women's apparel retailer and a division of The Limited, Inc., a specialty retailer.

ROCHELLE B. LAZARUS. Ms. Lazarus has been a Director of the Company and Ann Taylor since April 1992. She has been President of Ogilvy & Mather New York since June 1991. She was employed by Ogilvy & Mather Direct from 1987 to 1991, serving as President for the last two of those years.

HANNE M. MERRIMAN. Ms. Merriman has been a Director of the Company and Ann Taylor since December 1993. She has been the Principal in Hanne Merriman Associates, retail business consultants, since January 1992, and from February 1990 to December 1990. From January 1991 to June 1992, Ms. Merriman was president and chief operating officer of Nan Duskin, Inc., a specialty women's apparel retailer, and from December 1988 to January 1990 was president and chief executive officer of Honeybee, Inc. a women's apparel retail catalog business and a division of Spiegel, Inc. Previously, Ms. Merriman served in various capacities at Garfinckel's, a department store chain and a division of Allied Stores Corporation, including as president of Garfinckel's from June 1981 to August 1987. Ms. Merriman was a member of the board of directors of the Federal Reserve Bank of Richmond, Virginia from 1984 to 1990, and served as its chairman from December 1989 to December 1990. Ms. Merriman is also a director of USAir Group, Inc., CIPSCO, Inc., Central Illinois Public Service Company, State Farm Mutual Automobile Insurance Company and The Rouse Company. She is a member of the National Women's Forum and a trustee of the American-Scandinavian Foundation.

ITEM 11. EXECUTIVE COMPENSATION

The following summary compensation table sets forth information regarding

the annual and long-term compensation awarded or paid for each of the last three fiscal years to these persons who were, at January 29, 1994, the Chief Executive Officer and the four other most highly compensated executive officers of the Company and Ann Taylor and to one former executive officer who separated from the Company during fiscal year 1993 (collectively, the "named executives"). Neither Ms. Kasaks nor Ms. Weiss was employed by the Company in fiscal year 1991, and neither Mr. Francis nor Mr. Gromek was employed by the Company in fiscal years 1991 or 1992; accordingly, no information is set forth in the table with respect to these officers for those years.

TABLE I
SUMMARY OF COMPENSATION TO CERTAIN EXECUTIVE OFFICERS

<TABLE><CAPTION>

		ANNUAL COMPENSATION			LONG TERM COMPENSATION		
NAME AND PRINCIPAL POSITION	FISCAL YEAR	SALARY($)	BONUS($) (A)	OTHER ANNUAL COMPENSATION($)	AWARDS OF RESTRICTED STOCK($)	AWARDS OF STOCK OPTIONS	ALL OTHER COMPENSATION($) (B)
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Sally Frame Kasaks,.....	1993	$ 650,000	$ 243,750	--	--	30,000	$ 7,755
Chairman & Chief Executive	1992	$ 600,000	$ 150,000	--	$ 1,327,500(c)	200,000	$ 3,077
Officer	1991	--	--	--	--	--	--
Paul E. Francis,.....	1993	$ 262,292	$ 80,167	--	--	70,000	--
Executive Vice	1992	--	--	--	--	--	--
President--Finance &	1991	--	--	--	--	--	--
Administration							
Joseph J. Gromek,.....	1993	$ 282,468	$ 64,750	$ 1,826(d)	--	30,000	$ 1,188
Senior Vice President,	1992	--	--	--	--	--	--
General Merchandise	1991	--	--	--	--	--	--
Manager							
Andrea M. Weiss,.....	1993	$ 234,600	$ 50,625	--	--	15,000	$ 1,318
Senior Vice President,	1992	$ 120,569	$ 35,000	$ 15,576(e)	--	25,000	$ 180
Director of Stores	1991	--	--	--	--	--	--
Bert A. Tieben,.....	1993	$ 279,000	$ 52,313	$ 873,000(g)	--	10,000	$ 4,293
Senior Vice	1992	$ 279,000	--	--	--	15,000	$ 2,486
President--Finance (f)	1991	$ 274,000	--	--	--	--	$ 2,408
Joseph J. Schumm,.....	1993	$ 309,000	$ 61,800	$ 39,375(g)	--	15,000	$ 966
President (h)	1992	$ 309,000	$ 75,000	--	--	25,000	$ 3,499
	1991	$ 209,000	--	--	--	1,470	$ 2,599

</TABLE>

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(a) Bonus awards indicated for 1993 were paid pursuant to the Company's Management Performance Compensation Plan. Bonus amounts indicated for 1992 were guaranteed bonus amounts paid to Ms. Kasaks pursuant to her Employment Agreement (see "Employment Agreements" below); to Ms. Weiss in accordance with the terms of her compensation arrangement upon hire by the Company, and to Mr. Schumm at the discretion of the Board of Directors.

(b) Represents the amount of contributions made by the Company to its 401(k) Savings Plan (for Ms. Kasaks, $4,350 in 1993; for Ms. Weiss, $875 in 1993; for Mr. Schumm, $966 in 1993, $1,817 in 1992 and $1,490 in 1991; and for Mr. Tieben, $3,538 in 1993, $1,732 in 1992 and $1,667 in 1991) and the cost of group term life insurance paid by the Company on behalf of qualifying executive officers during the years shown.

(c) Pursuant to the terms of her Employment Agreement, Ms. Kasaks was awarded 60,000 shares of restricted stock, of which 15,000 vested upon hiring, 15,000 shares vested at the end of each of fiscal years 1992 and 1993, and 15,000 shares vest at the end of fiscal year 1994, provided that Ms. Kasaks continues in the employ of the Company, and provided further that if the Company is sold, all restricted shares will become vested. For purposes of the above table, the 60,000 restricted shares have been valued at $22.125 per share, which was the closing market price of the Company's Common Stock on the New York Stock Exchange on the effective date of the grant. Ms. Kasaks would be entitled to receive dividends on these shares proportionately with the other holders of the Company's Common Stock, if dividends are paid. Ms. Kasaks has received no other awards of restricted stock from the Company.

(d) Represents reimbursement of moving expenses.

(e) Represents $11,627 for living expenses and $3,949 reimbursement for the payment of taxes.

(f) Mr. Tieben resigned from this position effective February 4, 1994 and is presently serving as a consultant to the Company (see "Employment Agreements" below).

(g) Represents compensation deemed to have been received upon the exercise of in-the-money stock options in 1993.

(h) Mr. Schumm resigned from this position effective April 6, 1993 and is presently serving as a consultant to the Company (see "Employment Agreements" below). Mr. Schumm served as President and Chief Operating Officer of the Company and Ann Taylor from February 1992 to April 1993. During fiscal year 1991, Mr. Schumm served as Executive Vice President-Administration, General Counsel and Secretary of the Company and Ann Taylor.

The following table sets forth certain information with respect to stock options awarded during fiscal year 1993 to the executive officers named in Table I above. These grants are also reflected in Table I. In accordance with Securities and Exchange Commission (the "Commission") rules, the hypothetical realizable values for each option grant are shown based on compound annual rates of stock price appreciation of 5% and 10% from the grant date to the expiration date. The assumed rates of appreciation are prescribed by the Commission and are for illustration purposes only; they are not intended to predict future stock prices, which will depend upon market conditions and the Company's future performance and prospects.

TABLE II
STOCK OPTIONS GRANTED IN FISCAL YEAR 1993

<TABLE><CAPTION>

					POTENTIAL REALIZABLE VALUE AT ASSUMED ANNUAL RATES OF STOCK PRICE APPRECIATION FOR OPTION TERM (B)	
	OPTIONS (A) GRANTED	% OF TOTAL # OF OPTIONS GRANTED TO EMPLOYEES IN FISCAL 1993	EXERCISE PRICE ($/SHARE)	EXPIRATION DATE	5% ($)	10% ($)
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Sally Frame Kasaks.....	30,000	10.75%	$ 20.00	2/26/03	$ 377,400	$ 956,100
Paul E. Francis.....	30,000	10.75%	$ 18.125	4/06/03	$ 341,850	$ 866,550
	40,000	14.34%	$ 26.00	4/06/03	$ 140,800	$ 840,400
Joseph R. Gromek.....	30,000	10.75%	$ 18.125	4/06/03	$ 341,850	$ 866,550
Andrea M. Weiss.....	15,000	5.38%	$ 20.00	2/26/03	$ 188,700	$ 478,050
Bert A. Tieben.....	10,000	3.58%	$ 20.00	2/26/03(c)	$ 125,800	$ 318,700
Joseph J. Schumm.....	15,000	5.38%	$ 20.00	2/26/03(c)	$ 188,700	$ 478,050

</TABLE>

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(a) Options vest and are exercisable 20% upon grant and 20% on each anniversary of the grant, provided that the executive continues in the employ of the Company, and provided further that in the event of the occurrence of certain change in control "Acceleration Events" (as defined under the Company's 1992 Stock Option Plan), all such options will become vested. Pursuant to the respective agreement entered into in connection with the resignation of each of Mr. Tieben and Mr. Schumm from the Company, Mr. Tieben's options became 100% vested on February 4, 1994 and Mr. Schumm's options became 100% vested on April 6, 1993. See "Employment Agreements" below.

(b) These columns show the hypothetical realizable value of the options granted for the ten-year term of the options, assuming that the market price of the Common Stock subject to the options appreciates in value at the annual rate indicated in the table, from the date of grant to the end of the option term.

(c) Expiration date shown is the original expiration date of these options. As a result of Mr. Tieben's and Mr. Schumm's resignations from the Company on February 4, 1994 and April 6, 1993, respectively, the options shown for Mr. Tieben will expire on May 4, 1994 and the options shown for Mr. Schumm expired on July 6, 1993.

In February 1994, the Compensation Committee of the Board of Directors made additional stock option grants to certain executives of the Company, including certain executive officers named in Table I. The total number of options granted to executives on such date was 677,500. These option grants were made subject to stockholder approval of an increase in the maximum number of shares available for grant under the Company's 1992 Stock Option Plan.

Two-thirds of the options granted to each executive are "performance-vesting" options, and one-third of the options granted to each executive are "time-vesting" options. The performance-vesting options become fully exercisable upon the earliest to occur of: (i) the ninth anniversary of the date of grant, (ii) the date on which the trading price of the Common Stock is at least $50.75 (representing a doubling of the stock price on the date of

the grant) for the immediately preceding ten consecutive trading days, provided that this occurs before the fifth anniversary of the grant, and (iii) the date on which the Company's aggregate consolidated net income before extraordinary items for four consecutive quarters after fiscal 1993 equals at least $2.13 per share (representing a tripling of fiscal year 1993

net income before extraordinary items), provided that this occurs before the fifth anniversary of the grant. If the Company achieves 80% of either of the performance measures described in (ii) or (iii) above by the fifth anniversary of the grant, then a portion of the options becomes exercisable, equal to 25% of the grant plus 3 3/4% for every percentage point by which performance exceeds 80% of the measure. The time-vesting options become exercisable 25% per year on each of the first through fourth anniversaries of the date of grant.

The following table shows the number and value of stock options exercised by each of the executive officers named in Table I during fiscal year 1993, the number of all vested (exercisable) and unvested (not yet exercisable) stock options held by each such officer at the end of fiscal year 1993, and the value of all such options that were "in the money" (i.e., the market price of the Common Stock was greater than the exercise price of the options) at the end of fiscal year 1993.

TABLE III

AGGREGATE OPTION EXERCISES IN FISCAL YEAR 1993 AND FISCAL YEAR END OPTION VALUES

<TABLE><CAPTION>

	# OF SHARES ACQUIRED ON EXERCISE	$ VALUE REALIZED	NUMBER OF UNEXERCISED OPTIONS AT END OF FISCAL 1993 EXERCISABLE/ UNEXERCISABLE	VALUE OF UNEXERCISED IN-THE-MONEY OPTIONS AT END OF FISCAL 1993 EXERCISABLE/ UNEXERCISABLE(A)
<S>	<C>	<C>	<C>	<C>
Sally Frame Kasaks.....	--	--	156,000/74,000	$ 11,250/$45,000
Paul E. Francis.....	--	--	14,000/56,000	$ 22,500/$90,000
Joseph R. Gromek.....	--	--	6,000/24,000	$ 22,500/$90,000
Andrea M. Weiss.....	--	--	13,000/27,000	$ 5,625/$22,500
Bert A. Tieben.....	40,000	$ 873,000	19,469/17,000	$ 176,645/$15,000
Joseph J. Schumm.....	15,000	$ 39,375	70,586/ --	$1,041,939/ --

</TABLE>

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(a) Calculated based on the closing market price of the Common Stock of $21.875 on January 28, 1994, the last trading day in fiscal year 1993, less the amount required to be paid upon exercise of the option.

1989 PENSION PLAN. Ann Taylor adopted, as of July 1, 1989, a defined benefit retirement plan for the benefit of the employees of Ann Taylor (the "Pension Plan"). The Pension Plan is a "cash balance pension plan" intended to qualify under Section 401(a) of the Code. An account balance is established for each participant which is credited with a benefit equal to 3% of compensation during each of the participant's first ten years of service, 4% of compensation during each of the participant's next five years of service and 5% of compensation during each of the participant's years of service in excess of fifteen. The Code limits the compensation that may be taken into account under the Pension Plan for any participant. Participants' accounts are credited with interest quarterly at a rate equal to the average one-year Treasury bill rate. Retirement benefits are determined by dividing the amount of a participant's account by a specified actuarial factor, subject, however, to the limitation imposed by the Code. Participants are fully vested in their accounts after completion of five years of service. Participants receive credit for service with Ann Taylor prior to July 11, 1989 (including service with Allied Stores Corporation prior to the closing date of the Acquisition of Ann Taylor by the Company) for purposes of vesting and determining the percentage of compensation that will be credited to their accounts.

As of January 29, 1994, the credited years of service under the Pension Plan for Ms. Kasaks was .75 years, Ms. Weiss was .25 years, Mr. Tieben was 4.5 years and Mr. Schumm (as of the date of his resignation) was 3.0 years. Neither Mr. Francis nor Mr. Gromek were plan participants during fiscal year 1993. The estimated monthly retirement benefit, payable as a single life annuity, that would be payable to each of the executives named in Table I above who were participants in the plan during fiscal year 1993, assuming retirement as of December 31, 1993, the commencement of payments at age 65 and annual interest at the rate of 7.0%, is as follows: Ms. Kasaks, $70; Ms. Weiss, $52; and Mr. Tieben,

$1,565. These benefits would not be subject to any deduction for social security benefits or other offset amounts. As Mr. Schumm was not vested as of his separation date, he is not entitled to retirement benefits under the Pension Plan.

EMPLOYMENT AGREEMENTS. Effective February 3, 1992, the Company and Ms. Sally Frame Kasaks entered into an employment agreement (the "Employment Agreement"), providing for Ms. Kasaks' employment as the Chairman of the Board and Chief Executive Officer of the Company for a term of three years. Under the terms of the Employment Agreement, Ms. Kasaks receives an annual base salary of $600,000 as well as certain other benefits. The Employment Agreement provides for an annual bonus of up to 50% of her annual salary based upon performance awards to be established annually, with a minimum bonus of $150,000 in 1992 and $75,000 in 1993. Pursuant to the Employment Agreement, on February 3, 1992, the Company issued to Ms. Kasaks 60,000 shares of restricted common stock, of which 15,000 shares vested upon grant, 15,000 shares vested at the end of each of fiscal 1992 and 1993, and 15,000 shares vest at the end of fiscal 1994. The Employment Agreement also provides for the issuance to Ms. Kasaks of options to purchase 100,000 shares of Common Stock at an exercise price per share of $22.125 (the fair market value as of the effective date of the Employment Agreement) and options to purchase 100,000 shares of Common Stock at an exercise price per share of $26. One-quarter of each set of options vested at issuance, an additional 25% vested at the end of each of fiscal 1992 and 1993, and an additional 25% vest at the end of fiscal 1994.

The Employment Agreement provides that if the Company is sold, Ms. Kasaks will be entitled to severance benefits of a lump sum payment equal to 24 months salary. In addition, if the Company is sold, all of the shares of restricted Common Stock and options to purchase Common Stock granted under the Employment Agreement will become vested. If Ms. Kasaks is terminated without cause, she will be entitled to severance benefits of a lump sum payment equal to the lesser of 24 months salary or the salary payable for the remaining term of the Employment Agreement.

In connection with Mr. Joseph J. Schumm's resignation on April 6, 1993, the Company, Ann Taylor and Mr. Schumm entered into a Consulting and Severance Agreement, pursuant to which Mr. Schumm is serving as a consultant to the Company and Ann Taylor for one year. Pursuant to the agreement, Mr. Schumm received one year of severance compensation, at his base salary in effect at the time of resignation, plus the amount he would have been entitled to under the Company's Management Performance Compensation Plan for the spring 1993 season as if he had continued as an executive officer of the Company. In addition, all stock options held by Mr. Schumm under the Company's 1989 and 1992 Stock Option Plans became fully vested, and the expiration of all options held by him under the Company's 1989 Stock Option Plan was extended to the tenth anniversary of the respective date of grant of those options, in accordance with the original term of those options.

In connection with Mr. Bert A. Tieben's resignation on February 4, 1994, the Company and Mr. Tieben entered into a Consulting and Severance Agreement, pursuant to which Mr. Tieben is serving as a consultant to the Company and Ann Taylor for up to one year. Pursuant to the agreement, Mr. Tieben will receive up to one year of severance compensation, at his base salary in effect at the time of resignation, plus the amount he would have been entitled to under the Company's Management Performance Compensation Plan for the fall 1993 season as if he had continued as an executive officer of the Company. In addition, all stock options held by Mr. Tieben under the Company's 1989 and 1992 Stock Option Plans became fully vested on February 4, 1994.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

As of March 15, 1994, the ML Entities and certain affiliates held approximately 52.3% of the outstanding Common Stock and as a result, have the voting power to determine the composition of the Boards of Directors of Ann Taylor and the Company and otherwise control the business and affairs of the Company. Messrs. Armstrong and Burke, who are members of the Board of Directors of the Company and Ann Taylor, are employees of ML Capital Partners and serve as representatives of the ML Entities and such affiliates. Mr. Francis, who became an executive officer of the Company and Ann

Taylor in April 1993 and who is a Director of the Company and Ann Taylor, was an employee of ML Capital Partners and served as a representative of the ML Entities and affiliates until April 1993. Messrs. Armstrong and Burke are also members of the Compensation Committee of the Board of Directors of the Company and Ann Taylor. The Company intends to file a registration statement on or about March 31, 1994 relating to the proposed sale in a public offering, by the Company of 1,000,000 shares Common Stock, and by certain ML Entities and their

affiliates of up to 4,000,000 shares of Common Stock. If the proposed public offering is consummated, the ML Entities and their affiliates would continue to control approximately 32.6% of the Common Stock (approximately 29.3% of the over-allotment option granted to the underwriters of such offering is exercised in full) and will continue to be in a position to influence the management of the Company.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

PRINCIPAL STOCKHOLDERS

As of March 15, 1994, the Common Stock was held of record by 440 stockholders. The following table sets forth certain information concerning the beneficial ownership of Common Stock by each stockholder who is known by the Company to own beneficially in excess of 5% of the outstanding Common Stock, by each director, by the executive officers named in Table I above, and by all executive officers and directors as a group, as of March 15, 1994. Except as otherwise indicated, all persons listed below have (i) sole voting power and investment power with respect to their shares of Common Stock (including shares issuable upon the exercise of Warrants), except to the extent that authority is shared by spouses under applicable law, and (ii) record and beneficial ownership with respect to their shares of Common Stock.

<TABLE><CAPTION>

NAME OF BENEFICIAL OWNER	NUMBER OF SHARES OF COMMON STOCK	PERCENT OF COMMON STOCK
<S>	<C>	<C>
Merrill Lynch Capital Partners (a)(b)	8,933,013	40.7%
ML IBK Positions, Inc. (a)(c)	1,583,867	7.2%
Merchant Banking L.P. No. III (a)(c)	631,480	2.9%
KECALP Inc. (a)(d)	324,941	1.5%
Neuberger & Berman (e)	1,287,352	5.9%
James J. Burke, Jr. (f)	35,000	*
Gerald S. Armstrong (f)(g)	3,000	*
Rochelle B. Lazarus (h)	300	*
Robert C. Grayson	15,000	*
Hanne M. Merriman	200	*
Sally Frame Kasaks (i)	222,000	1.0%
Paul E. Francis (f)(i)	36,405	*
Joseph R. Gromek	12,000	*
Andrea M. Weiss (i)	16,129	*
Joseph J. Schumm (i)(j)	73,644	*
Bert A. Tieben (i)(j)	--	*
All executive officers and directors as a group (12 persons) (h)	425,678	1.9%

</TABLE>

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* Less than 1%

<TABLE>
<S> <C>

(a) Each of the ML Entities is an affiliate of Merrill Lynch. The ML Entities beneficially own an aggregate of 11,473,301 shares of Common Stock or approximately 52.3% of the outstanding Common Stock. The ML Entities shown are deemed to have shared voting and investment power with other ML&Co. affiliates with respect to the shares of Common Stock shown to be beneficially owned by them.

</TABLE>

(Footnotes continued on following page)

(Footnotes continued from preceding page)

<TABLE>
<S> <C>

(b) Shares of Common Stock beneficially owned by ML Capital Partners are owned of record as follows: 5,598,309 by Merrill Lynch Capital Appreciation Partnership No. B-II, L.P., 3,279,220 by ML Offshore LBO Partnership No. B-II, and 55,484 by MLCP Associates L.P. No. I. ML Capital Partners is the indirect managing general partner of Merrill Lynch Capital Appreciation Partnership No. B-II, L.P., is the indirect investment general partner of ML Offshore LBO Partnership No. B-II, and is the general partner of MLCP Associates L.P. No. I. The address for ML Capital Partners and each of the aforementioned recordholders is 767 Fifth Avenue, New York, New York 10153.

(c) The address for each of ML IBK Positions, Inc., and Merchant Banking L.P. No. III is 250 Vesey Street,World Financial Center, North Tower, New York, New York 10281.

(d) Shares of Common Stock beneficially owned by KECALP Inc. are owned of record as follows: 310,235 by Merrill Lynch KECALP L.P. 1989, and 14,706 by Merrill Lynch KECALP L.P. 1987. KECALP Inc. is the general partner of each of these two entities. The address for KECALP Inc. and each of the aforementioned recordholders is 250

Vesey Street, World Financial Center, North Tower, New York, New York 10281.

(e) Pursuant to a Schedule 13-G dated January 31, 1994 and filed with the Commission by Neuberger & Berman, Neuberger & Berman has sole voting power with respect to 601,880 shares, shared voting power with respect to 525,000 shares, and shared dispositive power with respect to 1,287,352 shares. Partners of Neuberger & Berman own 1,500 shares in their personal accounts and Neuberger & Berman disclaims beneficial ownership of those shares. The address for Neuberger & Berman is 605 Third Avenue, New York, New York 10158.

(f) James J. Burke, Jr., Gerald S. Armstrong and Paul E. Francis are directors of the Company and Ann Taylor. Messrs. Burke and Armstrong are officers, and until April 1993 Mr. Francis was an officer, of ML Capital Partners and ML&Co. Messrs. Burke, Armstrong and Francis each disclaims beneficial ownership of shares beneficially owned by the ML Entities.

(g) Shares are held by Mr. Armstrong's wife, as custodian for their children. Mr. Armstrong disclaims beneficial ownership of these shares.

(h) Shares are held in a pension fund of which Ms. Lazarus' husband is the sole beneficiary. Ms. Lazarus has no voting or investment power with respect to these shares.

(i) The shares listed include shares subject to options exercisable within 60 days as follows: Ms. Kasaks, 162,000 shares; Mr. Francis, 28,000 shares; Mr. Gromek, 12,000 shares; Ms. Weiss, 16,000 shares; and Mr. Schumm, 70,586 shares; and all executive officers and directors as a group (12 persons), 303,644 shares.

(j) Mr. Schumm and Mr. Tieben resigned from their positions with the Company effective April 6, 1993 and February 4, 1994, respectively.

</TABLE>

ITEM 13. CERTAIN RELATIONSHIP AND RELATED TRANSACTIONS

TRANSACTIONS WITH ML ENTITIES

The Company paid an underwriting commission to Merrill Lynch in connection with the IPO in fiscal 1991 and in connection with the Company's issuance and sale of the 8 3/4% Notes in 1993. The Company also paid commissions to Merrill Lynch in 1991 and 1993 in connection with the repurchase of indebtedness of Ann Taylor. The Company agreed to indemnify Merrill Lynch, as underwriter, against certain liabilities, including certain liabilities under the federal securities laws, in connection with the IPO and the note issuance.

In January 1993, in connection with the settlement, for $4.8 million, of the class action lawsuit known as In Re AnnTaylor Stores Securities Litigation (No. 91 Civ. 7145 (CBM)), and consistent with the Company's indemnification obligations referred to above, the Company, Merrill Lynch and ML&Co., among others, entered into an agreement pursuant to which, after contribution to the settlement by ML&Co. and the application of insurance proceeds, the Company paid to or for the benefit of the plaintiffs $2.8 million of the above referenced settlement amount on behalf of itself and certain other defendants, including Merrill Lynch. The settlement was approved by the Court on May

25, 1993. The Company also reimbursed Merrill Lynch $128,281 for certain costs incurred by it in connection with the class action in fiscal 1992, pursuant to the Company's indemnification obligations.

TRANSACTION WITH DIRECTOR

Robert C. Grayson & Associates, Inc. ("RCG Associates"), a company wholly-owned by Mr. Grayson, has been engaged as a consultant to Ann Taylor with respect to certain real estate and other matters since August 1992. The term of the engagement runs through July 1994 and requires payment by Ann Taylor to RCG Associates of $8,000 per month through January 1994, and $4,000 per month for the period February 1994 to July 1994. For fiscal 1993, RCG Associates received aggregate fees of $96,000 pursuant to this engagement.

TAX SHARING AGREEMENT

Pursuant to a tax sharing agreement, the Company and Ann Taylor have agreed to elect to file consolidated income tax returns for federal income tax purposes and may elect to file such returns in states and other relevant jurisdictions that permit such an election for income tax purposes. With respect to such consolidated income tax returns, the tax sharing agreement generally requires Ann Taylor to pay to the Company the entire tax shown to be due on such consolidated returns, provided that the amount paid by Ann Taylor may not exceed the amount of taxes that would have been owed by Ann Taylor on a stand-alone basis.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

(a) List of documents filed as part of this Annual Report:

The following consolidated financial statements of the Company and the independent auditors' report are included on pages 33 through 49 and are filed as part of this Annual Report:

Consolidated Statements of Operations for the fiscal years ended January 29, 1994, January 30, 1993 and February 1, 1992; Consolidated Balance Sheets as of January 29, 1994 and January 30, 1993; Consolidated Statements of Stockholders' Equity for the fiscal years ended January 29, 1994, January 30, 1993 and February 1, 1992; Consolidated Statements of Cash Flows for the fiscal years ended January 29, 1994, January 30, 1993 and February 1, 1992; Notes to Consolidated Financial Statements; Independent Auditors' Report.

(b) Reports on Form 8-K
None.

(c) Exhibits

The exhibits listed in the following exhibit index are filed as a part of this Annual Report.

<TABLE><CAPTION>
EXHIBIT NUMBER
- ---------------
<S> <C>
3.1 Certificate of Incorporation of the Company, as amended. Incorporated by reference to Exhibit No. 3.1 to Post-Effective Amendment No. 4 to the Registration Statement on Form S-1 of AnnTaylor, Inc. filed on May 29, 1991 (Registration No. 33-28522).
3.1.1 Restated Certificate of Incorporation of the Company. Incorporated by reference to Exhibit No. 4.1 to the Company's Registration Statement on Form S-8 filed with the Securities and Exchange Commission (the "Commission") on August 10, 1992 (Registration No. 33-50688).
3.2 By-Laws of the Company. Incorporated by reference to Exhibit No. 3.2 to the Quarterly Report on Form 10-Q of the Company filed on December 17, 1991 (Registration No. 33-28522).
4.1 Indenture, dated as of June 15, 1993, between Ann Taylor and Fleet Bank, N.A., as Trustee, including the form of Subordinated Note due 2000. Incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K of Ann Taylor filed on July 7, 1993.
4.2 Irrevocable Trust Agreement dated as of July 29, 1993, between Ann Taylor and State Street Bank and Trust Company, as trustee under Indenture dated as of July 15, 1989, with respect to the Discount Notes. Incorporated by reference to Exhibit 4.2 to the Quarterly Report of Ann Taylor on Form 10-Q for the Quarter Ended July 31, 1993 filed on September 2, 1993.
4.3 Irrevocable Trust Agreement dated as of July 29, 1993 between Ann Taylor and United States Trust Company of New York, as trustee under Indenture dated as of July 15, 1989 with respect to the Notes. Incorporated by reference to Exhibit 4.3 to the Quarterly Report on Form 10-Q of Ann Taylor for the Quarter Ended July 31, 1993 filed on September 2, 1993.
10.1 Form of U.S. Purchase Agreement among Merrill Lynch, Robertson, Stephens & Company, the other U.S. Underwriters, the Selling Warrantholders and the Company, including the form of Price Determination Agreement. Incorporated by reference to Exhibit No. 1.1 to the Registration Statement of the Company filed on April 11, 1991 (Registration No. 33-39905).
</TABLE>

<TABLE><CAPTION>
EXHIBIT NUMBER
- ---------------
<S> <C>
10.2 Form of International Purchase Agreement among Merrill Lynch International Limited, Robertson, Stephens & Company, the other International Underwriters and the Company, including the form of Price Determination Agreement. Incorporated by reference to Exhibit No. 1.2 to the Registration Statement of the Company filed on April 11, 1991 (Registration No. 33-39905).
10.3 Form of Indenture entered into between Ann Taylor and United States Trust Company of New York, as Trustee, including the form of Subordinated Note due 1999. Incorporated by reference to Exhibit No. 4.1 to Amendment No. 1 to the Registration Statement of the Company and AnnTaylor filed on June 21, 1989 (Registration No. 33-28522).
10.4 Form of Indenture entered into between Ann Taylor and State Street Bank and Trust Company of Connecticut, as successor trustee to The Connecticut Bank and Trust Company, National Association, as Trustee, including the form of Senior Subordinated Discount Note due 1999. Incorporated by reference to Exhibit No. 4.2 to Amendment No. 1 to the Registration Statement of the Company and Ann Taylor filed on June 21, 1989 (Registration No. 33-28522).
10.5 Form of Warrant Agreement entered into between Ann Taylor and The Connecticut Bank and Trust Company, National Association, including the form of Warrant. Incorporated by reference to Exhibit No. 4.3 to Amendment No. 1 to the Registration Statement of the Company and Ann Taylor filed on June 21, 1989 (Registration No. 33-28522).
10.6 Credit Agreement, dated as of June 28, 1993, between Ann Taylor, Bank of America National Trust and Savings Association ("Bank of America"), Bank of Montreal, the financial institutions party thereto, and Bank of America, as Agent. Incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K of Ann Taylor filed on July 7, 1993.
10.6.1 Amendment No. 1 to Credit Agreement, dated as of August 10, 1993, between Ann Taylor, Bank of America National Trust and Savings Association ("Bank of America"), Bank of Montreal, the financial institutions party thereto, and Bank of America, as Agent. Incorporated by reference to Exhibit 10.9 to the Quarterly Report on Form 10-Q of Ann Taylor for the Quarter ended October 30, 1993 filed on November 26, 1993.
10.6.2 Amendment No. 2 to Credit Agreement dated as of October 6, 1993, between Ann Taylor, Bank of America National Trust and Savings Association ("Bank of America"), Bank of Montreal, the financial institutions party thereto, and Bank of America, as Agent. Incorporated by reference

	to Exhibit 10.10 to the Quarterly Report on Form 10-Q of AnnTaylor, Inc. for the Quarter ended October 30, 1993 filed on November 26, 1993.
10.6.3	Amendment No. 3 to Credit Agreement dated as of December 23, 1993, between Ann Taylor, Bank of America National Trust and Savings Association ("Bank of America"), Bank of Montreal, the financial institutions party thereto, and Bank of America, as Agent.
10.6.4	Amendment No. 4 to Credit Agreement dated as of January 24, 1994, between Ann Taylor, Bank of America National Trust and Savings Association ("Bank of America"), Bank of Montreal, the financial institutions party thereto, and Bank of America, as Agent.
10.7	Guaranty, dated as of June 28, 1993, made by the Company in favor of Bank of America, as Agent. Incorporated by reference to Exhibit 10.4 to the Current Report on Form 8-K of Ann Taylor filed on July 7, 1993.
10.8	Security and Pledge Agreement, dated as of June 28, 1993, made by the Company in favor of Bank of America, as Agent. Incorporated by reference to Exhibit 10.5 to the Current Report on Form 8-K of Ann Taylor filed on July 7, 1993.
10.9	License Agreement, dated as of April 30, 1984, between Ann Taylor and Joan & David. Incorporated by reference to Exhibit No. 10.14 to the Registration Statement of the Company and Ann Taylor filed on May 3, 1989 (Registration No. 33-28522).

EXHIBIT NUMBER	
10.10	Agreement, dated March 22, 1990, between Ann Taylor and Chapel Street Shoes, Inc. Incorporated by reference to Exhibit 10.12 to the Annual Report on Form 10-K of the Company filed on April 30, 1990.
10.11	Form of Investor Stock Subscription Agreement, dated February 8, 1989, between the Company and each of the ML Entities. Incorporated by reference to Exhibit No. 10.15 to the Registration Statement of the Company and Ann Taylor filed on May 3, 1989 (Registration No. 33-28522).
10.12	1989 Stock Option Plan. Incorporated by reference to Exhibit No. 10.18 to the Registration Statement of the Company and Ann Taylor filed on May 3, 1989 (Registration No. 33-28522).
10.12.1	Amendment to 1989 Stock Option Plan. Incorporated by reference to Exhibit 10.15.1 to the Annual Report on Form 10-K of the Company filed on April 30, 1993.
10.13	Lease, dated as of March 17, 1989, between Carven Associates and Ann Taylor concerning the West 57th Street headquarters. Incorporated by reference to Exhibit No. 10.21 to the Registration Statement of the Company and Ann Taylor filed on May 3, 1989 (Registration No. 33-28522).
10.13.1	First Amendment to Lease, dated as of November 14, 1990, between Carven Associates and Ann Taylor. Incorporated by reference to Exhibit No. 10.17.1 to the Registration Statement of the Company filed on April 11, 1991 (Registration No. 33-39905).
10.13.2	Second Amendment to Lease, dated as of February 28, 1993, between Carven Associates and Ann Taylor. Incorporated by reference to Exhibit 10.17.2 to the Annual Report on Form 10-K of the Company filed on April 29, 1993.
10.13.3	Extension and Amendment to Lease dated as of October 1, 1993, between Carven Associates and Ann Taylor Incorporated by reference to Exhibit 10.11 to the Quarterly Report on Form 10-Q of Ann Taylor for the Quarter ended October 30, 1993 filed on November 26, 1993.
10.14	Lease, dated December 1, 1985, between Hamilton Realty Co. and Ann Taylor concerning the New Haven distribution center. Incorporated by reference to Exhibit No. 10.22 to the Registration Statement of the Company and Ann Taylor filed on May 3, 1989 (Registration No. 33-28522).
10.14.1	Agreement, dated March 22, 1993, between Hamilton Realty Co. and Ann Taylor amending the New Haven distribution center lease. Incorporated by reference to Exhibit No. 10.14.1 to the Annual Report on Form 10-K of Ann Taylor filed on April 30, 1993.
10.15	Lease, dated October 1, 1988, between Dixson Associates and Ann Taylor concerning Ann Taylor's 3 East 57th Street offices and store, as amended. Incorporated by reference to Exhibit No. 10.23 to the Registration Statement of the Company and Ann Taylor dated May 3, 1989 (Registration No. 33-28522).
10.15.1	Agreement, dated April 12, 1993, between Dixson Associates and Ann Taylor amending the 3 East 57th Street lease. Incorporated by reference to Exhibit No. 10.15.1 to the Annual Report on Form 10-K of Ann Taylor filed on April 30, 1993.
10.16	Tax Sharing Agreement, dated as of July 13, 1989, between the Company and Ann Taylor. Incorporated by reference to Exhibit No. 10.24 to Amendment No. 2 to the Registration Statement of the Company and Ann Taylor filed on July 13, 1989 (Registration No. 33-28522).
10.17	Employment Agreement, effective as of February 3, 1992, between the Company and Sally Frame Kasaks. Incorporated by reference to Exhibit 10.28 to the Annual Report on Form 10-K of the Company filed on April 28, 1992.
10.18	The AnnTaylor Stores Corporation 1992 Stock Option Plan. Incorporated by reference to Exhibit No. 4.3 to the Company's Registration Statement on Form S-8 filed with the Commission on August 10, 1992 (Registration No. 33-50688).

EXHIBIT NUMBER	
10.19	Management Performance Compensation Plan. Incorporated by reference to Exhibit 10.30 to the Quarterly Report on Form 10-Q filed on December 15, 1992.
10.20	Associate Stock Purchase Plan. Incorporated by reference to Exhibit 10.31 to the Quarterly Report on Form 10-Q filed on December 15, 1992.
10.21	Stipulation of Settlement dated February 16, 1993 providing for the settlement of Consolidated Action. Incorporated by reference to Exhibit 10.27 to the Company's Annual Report on Form 10-K filed on April 30, 1993.

10.22	Agreement among Defendants to the Stipulation of Settlement dated February 16, 1993 providing for the settlement of Consolidated Action. Incorporated by reference to Exhibit 10.28 to the Company's Annual Report on Form 10-K filed on April 30, 1993.
10.23	Opinion Re Settlement Plan of Allocation and Application for Attorney's Fees and Expenses dated May 25, 1993, In Re AnnTaylor Stores Securities Litigation. Incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the Quarter ended May 1, 1993 filed on May 28, 1993.
10.24	Consulting and Severance Agreement dated April 6, 1993 between the Company and Joseph J. Schumm. Incorporated by reference to Exhibit 10.30 to the Company's Annual Report on Form 10-K filed on April 30, 1993.
10.25	Interest Rate Swap Agreement dated as of July 22, 1993, between AnnTaylor, Inc. and Fleet Bank of Massachusetts, N.A. Incorporated by reference to Exhibit 10.6 to the Quarterly Report on Form 10-Q of Ann Taylor for the Quarter ended July 31, 1993 filed on September 2, 1993.
10.26	Stock Purchase Agreement, dated as of July 13, 1993, between AnnTaylor, Inc. and Cleveland Investment, Ltd. Incorporated by reference to Exhibit 10.7 to the Quarterly Report on Form 10-Q of Ann Taylor for the Quarter ended July 31, 1993 filed on September 2, 1993.
10.27	Agreement, dated July 13, 1993, among Cygne Designs, Inc., Cygne Designs F.E. Limited, CAT US, Inc., C.A.T. Far East Limited and AnnTaylor, Inc. Incorporated by reference to Exhibit 10.8 on Form 10-Q of Ann Taylor for the Quarter ended July 31, 1993 filed on September 2, 1993. (Confidential treatment has been granted with respect to certain portions of this Exhibit.)
10.28	Receivables Financing Agreement dated January 27, 1994, among AnnTaylor Funding, Inc., Ann Taylor, Clipper Receivables Corporation, State Street Boston Capital Corporation and PNC Bank National Association.
10.29	Purchase and Sale Agreement dated as of January 27, 1994 between AnnTaylor, Inc. and AnnTaylor Funding, Inc.
21	Subsidiaries of the Company.
23	Consent of Deloitte & Touche.

</TABLE>

SIGNATURES

PURSUANT TO THE REQUIREMENTS OF SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934, THE REGISTRANT HAS DULY CAUSED THIS REPORT TO BE SIGNED ON ITS BEHALF BY THE UNDERSIGNED, THEREUNTO DULY AUTHORIZED.

ANNTAYLOR STORES CORPORATION

By: /s/ PAUL E. FRANCIS
.....
Paul E. Francis
Executive Vice President--
Finance and Administration--
Chief Financial Officer

By: /s/ WALTER J. PARKS
.....
Walter J. Parks
Vice President Financial Reporting--
Principal Accounting Officer

Date: March 31, 1994

PURSUANT TO THE REQUIREMENTS OF THE SECURITIES EXCHANGE ACT OF 1934, THIS REPORT HAS BEEN SIGNED BELOW BY THE FOLLOWING PERSONS ON BEHALF OF THE REGISTRANT AND IN THE CAPACITIES AND ON THE DATES INDICATED.

<TABLE><CAPTION>

SIGNATURE	TITLE	DATE
<S>	<C>	<C>
/s/ SALLY FRAME KASAKS ..... Sally Frame Kasaks	Chairman, Chief Executive Officer and Director	March 31, 1994
/s/ PAUL E. FRANCIS ..... Paul E. Francis	Executive Vice President-- Finance and Administration and Director	March 31, 1994
/s/ JAMES J. BURKE, JR. ..... James J. Burke, Jr.	Director	March 31, 1994
/s/ GERALD S. ARMSTRONG	Director	March 31, 1994

Gerald S. Armstrong		
/s/ ROCHELLE B. LAZARUS Rochelle B. Lazarus	Director	March 31, 1994
/s/ ROBERT C. GRAYSON Robert C. Grayson	Director	March 31, 1994
/s/ HANNE M. MERRIMAN Hanne M. Merriman	Director	March 31, 1994

ANNTAYLOR STORES CORPORATION
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT

To the Stockholders of
ANNTAYLOR STORES CORPORATION:

We have audited the accompanying consolidated financial statements of AnnTaylor Stores Corporation and its subsidiary, listed in the accompanying index. 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 generally accepted auditing standards. 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 Company and its subsidiary at January 29, 1994 and January 30, 1993, and the results of their operations and their cash flows for each of the three fiscal years in the period ended January 29, 1994 in conformity with generally accepted accounting principles.

DELOITTE & TOUCHE
New Haven, Connecticut
March 25, 1994

ANNTAYLOR STORES CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE FISCAL YEARS ENDED JANUARY 29, 1994, JANUARY 30, 1993 AND FEBRUARY 1, 1992

	FISCAL YEARS ENDED		
	JANUARY 29, 1994	JANUARY 30, 1993	FEBRUARY 1, 1992
	(IN THOUSANDS EXCEPT PER SHARE AMOUNTS)		
<S>	<C>	<C>	<C>
Net sales, including leased shoe departments	$ 501,649	$ 468,381	$ 437,711
Cost of sales	271,749	264,301	234,136
Gross profit	229,900	204,080	203,575
Selling, general and administrative expenses	169,371	152,072	150,842
Distribution center restructuring charge	2,000	--	--
Amortization of goodwill	9,508	9,504	9,506
Operating income	49,021	42,504	43,227
Interest expense	17,696	21,273	33,958
Stockholder litigation settlement	--	3,905	--
Other (income) expense, net	(194)	259	542
Income before income taxes and extraordinary loss	31,519	17,067	8,727
Income tax provision	17,189	11,150	7,703
Income before extraordinary loss	14,330	5,917	1,024
Extraordinary loss (net of income tax benefit of $6,123,000 and $9,065,000, respectively)	11,121	--	16,835
Net income (loss)	$ 3,209	$ 5,917	$ (15,811)
Net income (loss) per share of common stock:			
Income per share before extraordinary loss	$ .66	$ .28	$ .05
Extraordinary loss per share	(.51)	--	(.87)
Net income (loss) per share	$ .15	$ .28	$ (.82)
Weighted average shares and share equivalents outstanding	21,929	21,196	19,326

</TABLE>

See accompanying notes to consolidated financial statements.

ANNTAYLOR STORES CORPORATION
CONSOLIDATED BALANCE SHEETS
JANUARY 29, 1994 AND JANUARY 30, 1993

<TABLE><CAPTION>

	JANUARY 29, 1994	JANUARY 30, 1993
	(IN THOUSANDS)	
ASSETS		
<S>	<C>	<C>
Current assets		
Cash	$ 292	$ 226
Accounts receivable, net of allowances of $787,000 and $1,006,000, respectively	49,279	43,003
Merchandise inventories	60,890	50,307
Prepaid expenses and other current assets	7,184	5,904
Refundable income taxes	--	5,097
Deferred income taxes	3,750	3,500
Total current assets	121,395	108,037
Property and equipment		
Leasehold improvements	30,539	25,070
Furniture and fixtures	37,596	28,508
Improvements in progress	8,621	624
	76,756	54,202
Less accumulated depreciation and amortization	28,703	22,394
Net property and equipment	48,053	31,808
Deferred financing costs, net of accumulated amortization of $643,000 and $11,917,000, respectively	4,990	3,969
Goodwill, net of accumulated amortization of $47,713,000 and $38,205,000, respectively	332,537	342,045
Deferred income taxes	1,500	--
Investment in CAT	2,245	88
Other assets	2,679	1,645
Total assets	$ 513,399	$ 487,592

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities		
Accounts payable	$ 37,564	$ 23,779
Accrued expenses	21,791	17,719
Current portion of long-term debt	8,757	37,000
Total current liabilities	68,112	78,498
Long-term debt	180,243	158,474
Other liabilities	5,773	5,322
Commitments and contingencies		
Stockholders' equity		
Common stock, $.0068 par value; 40,000,000 shares authorized; 21,902,811 and 21,158,468 shares issued, respectively	149	144
Additional paid-in capital	271,810	261,820
Warrants to acquire 446,249 and 511,922 shares of common stock, respectively	7,378	8,341
Accumulated deficit	(16,756)	(19,965)
Note due from stockholder	--	(999)
Deferred compensation on restricted stock	(119)	(398)
	262,462	248,943
Less: Treasury stock, 450,817 and 522,521 shares, respectively, at cost	(3,191)	(3,645)
Total stockholders' equity	259,271	245,298
Total liabilities and stockholders' equity	$ 513,399	$ 487,592

</TABLE>

See accompanying notes to consolidated financial statements.

ANNTAYLOR STORES CORPORATION
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
FOR THE FISCAL YEARS ENDED JANUARY 29, 1994, JANUARY 30, 1993 AND FEBRUARY 1, 1992
(IN THOUSANDS)

<TABLE><CAPTION>

	COMMON STOCK SHARES	COMMON STOCK AMOUNT	ADDITIONAL PAID-IN CAPITAL	WARRANTS SHARES	WARRANTS AMOUNT	ACCUMULATED DEFICIT	NOTE DUE FROM STOCKHOLDER	RESTRICTED STOCK AWARD	TREASURY STOCK SHARES
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Balance at February 2, 1991	13,093	$ 89	$ 71,391	--	--	$ (10,071)	--	--	1,996
Net loss	--	--	--	--	--	(15,811)	--	--	--
Adjustment to carrying value of warrants	--	--	(2,700)	--	--	--	--	--	--
Adjustment to carrying value of common stock held by management investors	--	--	(98)	--	--	--	--	--	--
Public stock offering	6,883	47	166,494	--	--	--	--	--	--
Exercise of stock options	41	--	280	--	--	--	--	--	--
Reclassification of warrants	--	--	--	1,985	$ 32,350	--	--	--	--
Reclassification of common stock held by management investors	289	2	2,416	--	--	--	$ (999)	--	--
Exercise of warrants	--	--	11,839	(1,270)	(20,702)	--	--	--	(1,270)
Balance at February 1, 1992	20,306	138	249,622	715	11,648	(25,882)	(999)	--	726
Net income	--	--	--	--	--	5,917	--	--	--
Exercise of stock options	792	6	5,436	--	--	--	--	--	--
Tax benefits related to stock options	--	--	3,536	--	--	--	--	--	--
Exercise of warrants	--	--	1,892	(203)	(3,307)	--	--	--	(203)
Common stock issued as restricted stock award	60	--	1,327	--	--	--	--	$ (1,327)	--
Amortization of restricted stock award	--	--	--	--	--	--	--	929	--
Common stock issued as employee stock award	--	--	7	--	--	--	--	--	--
Balance at January 30, 1993	21,158	144	261,820	512	8,341	(19,965)	(999)	(398)	523
Net income	--	--	--	--	--	3,209	--	--	--

Exercise of stock options	745	5	6,121	--	--	--	--	--	--
Exercise of warrants	--	--	550	(66)	(963)	--	--	--	(66)
Tax benefits related to stock options	--	--	3,240	--	--	--	--	--	--
Common stock issued as employee stock award	--	--	79	--	--	--	--	--	(6)
Amortization of restricted stock award	--	--	--	--	--	--	--	279	--
Repayment of note due from stockholder	--	--	--	--	--	--	999	--	--
Balance at January 29, 1994	21,903	$ 149	$ 271,810	446	$ 7,378	$ (16,756)	$ 0	$ (119)	451

<CAPTION>

	AMOUNT	STOCKHOLDERS' EQUITY
Balance at February 2, 1991	$ (13,926)	$ 47,483
Net loss	--	(15,811)
Adjustment to carrying value of warrants	--	(2,700)
Adjustment to carrying value of common stock held by management investors	--	(98)
Public stock offering	--	166,541
Exercise of stock options	--	280
Reclassification of warrants	--	32,350
Reclassification of common stock held by management investors	--	1,419
Exercise of warrants	8,863	--
Balance at February 1, 1992	(5,063)	229,464
Net income	--	5,917
Exercise of stock options	--	5,442
Tax benefits related to stock options	--	3,536
Exercise of warrants	1,415	--
Common stock issued as restricted stock award	--	--
Amortization of restricted stock award	--	929
Common stock issued as employee stock award	3	10
Balance at January 30, 1993	(3,645)	245,298
Net income	--	3,209
Exercise of stock options	--	6,126
Exercise of warrants	413	--
Tax benefits related to stock options	--	3,240
Common stock issued as employee stock award	41	120
Amortization of restricted stock award	--	279
Repayment of note due from stockholder	--	999
Balance at January 29, 1994	$ (3,191)	$ 259,271

<CAPTION>

TOTAL

</TABLE>

See accompanying notes to consolidated financial statements.

ANNTAYLOR STORES CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE FISCAL YEARS ENDED JANUARY 29, 1994, JANUARY 30, 1993 AND FEBRUARY 1, 1992

<TABLE><CAPTION>

	FISCAL YEARS ENDED		
	JANUARY 29, 1994	JANUARY 30, 1993	FEBRUARY 1, 1992
	(IN THOUSANDS)		
<S>	<C>	<C>	<C>
Operating activities:			
Net income (loss)	$ 3,209	$ 5,917	$ (15,811)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Extraordinary loss	17,244	--	25,900
Distribution center restructuring charge	2,000	--	--
Equity earnings in CAT	(517)	--	--
Provision for loss on accounts receivable	1,171	1,240	1,211
Depreciation and amortization	8,505	7,486	6,203
Amortization of goodwill	9,508	9,504	9,506
Accretion of original issue discount	2,864	5,726	8,893
Amortization of deferred financing costs	1,335	1,524	2,140
Amortization of deferred compensation	279	929	--
Deferred income taxes	(1,750)	(1,500)	(1,000)
Issuance of Exchange Notes	--	1,331	1,210
Loss on disposal of property and equipment	312	72	338
Decrease (increase) in receivables	(7,447)	(2,539)	6,606
Decrease (increase) in merchandise inventories	(10,583)	(4,325)	3,433
Increase in prepaid expenses and other current assets	(1,280)	(187)	(1,633)
Decrease (increase) in refundable income taxes	5,097	(2,078)	(3,019)
Increase (decrease) in accounts payable and accrued liabilities	18,218	(250)	(4,799)
Decrease (increase) in other non-current assets and liabilities, net	(843)	729	964
Net cash provided by operating activities	47,322	23,579	40,142
Investing activities:			
Purchases of property and equipment	(25,062)	(4,303)	(10,004)
Investment in CAT	(1,640)	(88)	--
Net cash used by investing activities	(26,702)	(4,391)	(10,004)
Financing activities:			
Borrowings (repayments) under line of credit agreement	(3,500)	2,500	(19,000)
Increase (decrease) in bank overdrafts	(2,361)	(4,660)	2,267
Payments of long-term debt	(96,969)	(26,000)	(13,000)
Purchase of Subordinated Debt Securities	(93,689)	--	(166,938)
Proceeds from issuance of common stock	--	--	166,541
Net proceeds from 8 3/4% Notes	107,387	--	--
Proceeds from Term Loan	80,000	--	--
Proceeds from note due from Stockholder	999	--	--
Payment of 10% Junior Subordinated Notes	(14,641)	--	--
Payment of Term Loan	(26,000)	--	--
Proceeds from Receivables Facility	33,000	--	--
Purchase of 8 3/4% Notes	(10,225)	--	--
Proceeds from exercise of stock options	9,486	8,988	280
Payment of financing costs	(4,041)	--	(232)
Net cash used by financing activities	(20,554)	(19,172)	(30,082)
Net increase in cash	66	16	56
Cash, beginning of year	226	210	154
Cash, end of year	$ 292	$ 226	$ 210
Supplemental Disclosures of Cash Flow Information:			
Cash paid during the year for interest	$ 12,664	$ 13,917	$ 22,611
Cash paid during the year for income taxes	$ 5,114	$ 11,192	$ 4,501

</TABLE>

See accompanying notes to consolidated financial statements.

ANNTAYLOR STORES CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Ann Taylor is a leading national specialty retailer of better quality women's apparel, shoes and accessories sold principally under the Ann Taylor brand name.

BASIS OF PRESENTATION

The consolidated financial statements include the accounts of AnnTaylor Stores Corporation (the "Company") and AnnTaylor, Inc. ("Ann Taylor"). The Company has no material assets other than the common stock of Ann Taylor and conducts no business other than the management of Ann Taylor. All intercompany accounts have been eliminated in consolidation.

Certain fiscal 1992 and 1991 amounts have been reclassified to conform to the fiscal 1993 presentation.

FISCAL YEAR

The Company follows the standard fiscal year of the retail industry, which is a 52-or 53-week period ending on the Saturday closest to January 31 of the following calendar year.

FINANCE SERVICE CHARGE INCOME

Income from finance service charges relating to customer receivables, which is deducted from selling, general and administrative expenses, amounted to $6,166,000 for fiscal 1993, $5,608,000 for fiscal 1992 and $5,850,000 for fiscal 1991.

MERCHANDISE INVENTORIES

Merchandise inventories are accounted for by the retail inventory method and are stated at the lower of cost (first-in, first-out method) or market.

PROPERTY AND EQUIPMENT

Property and equipment are recorded at cost. Depreciation and amortization are computed on a straight-line basis over the estimated useful lives of the assets (3 to 15 years) or, in the case of leasehold improvements, over the lives of the respective leases, if shorter.

PRE-OPENING EXPENSES

Pre-opening store expenses are charged to selling, general and administrative expenses in the period incurred.

LEASED SHOE DEPARTMENT SALES

Net sales include leased shoe department sales of $8,207,000 for fiscal 1992 and $16,056,000 for fiscal 1991. Leased shoe departments were phased out beginning August 1, 1990, and the phaseout was completed by February 1, 1993. Accordingly, there were no leased shoe department sales during fiscal 1993. The gross profit margin on leased shoe department sales was approximately 14.4%.

DEFERRED FINANCING COSTS

Deferred financing costs are being amortized using the interest method over the terms of the related debt.

GOODWILL

Goodwill is being amortized on a straight-line basis over 40 years.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--(CONTINUED)

INCOME TAXES

Income tax expense is based on reported results of operations before income taxes. During the first quarter of 1993, the Company adopted the Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes" ("SFAS 109"). Adoption of SFAS 109 did not have a material effect on the results of operations.

ADVERTISING EXPENSES

Advertising expense was $6,388,000 for fiscal 1993, $5,509,000 for fiscal 1992 and $8,645,000 for fiscal 1991.

NET INCOME (LOSS) PER SHARE

Net income (loss) per share is calculated by dividing net income (loss) by the weighted average number of common shares and common share equivalents outstanding during the period and assumes the exercise of the warrants and the dilutive effect of the stock options.

2. RESTRUCTURING

The Company recorded a $2,000,000 pre-tax restructuring charge in the fourth quarter of 1993 in connection with the announced relocation of its distribution center from New Haven, Connecticut to Louisville, Kentucky. The primary components of the restructuring charge are approximately $1,100,000 for employee related costs, principally for severance and job training benefits, and approximately $900,000 for the write-off of the estimated net book value of fixed assets at the time of relocation.

3. EXTRAORDINARY ITEMS

In 1993, the Company entered into a series of debt refinancing transactions that resulted in an extraordinary loss of $17,244,000 ($11,121,000 net of income tax benefit). The loss was attributable to the premiums paid in connection with the purchase or discharge of Ann Taylor's 14 3/8% Senior Subordinated Discount Notes due 1999 ("Discount Notes") and its 13 3/4% Subordinated Notes due 1999 ("Notes") and the purchase of $10,000,000 principal amount of Ann Taylor's 8 3/4% Subordinated Notes due 2000 ("8 3/4% Notes"), and the write-off of deferred financing costs.

During May 1991, the Company completed an initial public offering of its common stock (the "IPO"). The net proceeds of the IPO were used to repurchase outstanding Discount Notes and Notes. The repurchase and write-off of related deferred financing costs resulted in an extraordinary loss of $25,900,000 ($16,835,000 net of income tax benefit) in the second quarter of 1991.

4. LONG-TERM DEBT

<TABLE><CAPTION>
The following summarizes long-term debt outstanding at January 29, 1994 and January 30, 1993:

	JANUARY 29, 1994		JANUARY 30, 1993	
	CARRYING AMOUNT	ESTIMATED FAIR VALUE	CARRYING AMOUNT	ESTIMATED FAIR VALUE
	(IN THOUSANDS)			
<S>	<C>	<C>	<C>	<C>
Senior Debt:				
Term loan	$ 54,000	$ 54,000	$ 96,969	$ 96,969
Revolving credit loan	2,000	2,000	5,500	5,500
14 3/8% Discount Notes, net of unamortized discount of $6,261,000	--	--	44,069	46,800
13 3/4% Notes, net of unamortized discount of $287,000	--	--	34,295	37,350
10% exchange notes	--	--	14,641	17,300
8 3/4% Notes	100,000	102,750	--	--
Receivables facility	33,000	33,000	--	--
	189,000	191,750	195,474	203,919
Less current portion	8,757	8,757	37,000	37,000
Total	$ 180,243	$ 182,993	$ 158,474	$ 166,919

</TABLE>

The bank credit agreement entered into on June 28, 1993 between Ann Taylor and Bank of America, as agent for a syndicate of banks (the "Bank Credit Agreement") provides for an $80,000,000 term loan ("Term Loan") and a $55,000,000 revolving credit facility ("Revolving Credit Facility") (collectively, the "Bank Loans").

The Term Loan is subject to regularly scheduled semi-annual repayments of principal, which commenced on January 15, 1994. The Company made the semi-annual payment of $6,000,000 in January 1994, and an additional payment of $20,000,000 which reduced the originally scheduled payments to $8,757,000 in fiscal years 1994 and 1995, $11,676,000 in fiscal years 1996 and 1997, and $13,134,000 in fiscal year 1998.

Amounts borrowed under the Revolving Credit Facility may be repaid at any time and are not subject to scheduled repayment prior to January 1999. The

maximum amount that may be borrowed under this facility is reduced by the amount of commercial and standby letters of credit outstanding under the Bank Credit Agreement. Amounts borrowed under the Revolving Credit Facility mature on January 15, 1999; however, the Company is required to reduce the outstanding balance of the Revolving Credit Facility to $20,000,000 or less for a 30-day period in fiscal 1994 and to $15,000,000 or less for a 30-day period each year thereafter. At January 29, 1994 and January 30, 1993, the amount available under the Revolving Credit Facility was $46,150,000 and $35,320,000, respectively.

The Term Loan and the Revolving Credit Facility bear interest at a rate per annum equal to, at the Company's option, Bank of America's (1) Base Rate plus .875%, or (2) Eurodollar rate plus 1.875%. In addition, Ann Taylor is required to pay Bank of America a quarterly commitment fee of .375% per annum of the unused revolving loan commitment. At January 29, 1994, the $54,000,000 outstanding under the Term Loan bore interest at a weighted average rate of 5.13% per annum and the $2,000,000 outstanding under the Revolving Credit Facility bore interest at the rate of 6.875% per annum.

Under the terms of the Bank Credit Agreement, Bank of America obtained a pledge of Ann Taylor's common stock and a security interest in certain assets. The Bank Credit Agreement requires,

4. LONG-TERM DEBT--(CONTINUED)
with certain exceptions, that any net proceeds from the sale of assets and debt or equity securities be applied to repay borrowings. In addition, the Bank Credit Agreement contains financial and other covenants, including limitations on indebtedness, liens, investments and capital expenditures, restrictions on dividends or other distributions to stockholders, and maintaining certain financial ratios and specified levels of net worth.

In the fourth quarter of 1993, Ann Taylor sold its proprietary credit card accounts receivable to AnnTaylor Funding, Inc., a wholly owned subsidiary, which used the receivables to secure borrowings under a new receivables financing facility due 1996 (the "Receivables Facility"). As of January 29, 1994, $33,000,000 was outstanding under the Receivables Facility. AnnTaylor Funding, Inc. can borrow up to $40,000,000 under the Receivables Facility based on its accounts receivable balance. The interest rate as of January 29, 1994 was 3.67%. At January 29, 1994, AnnTaylor Funding, Inc. had total assets of approximately $41,000,000 all of which are subject to the security interest of the lender under the Receivables Facility.

On June 28, 1993, Ann Taylor issued $110,000,000 principal amount of its 8 3/4% Notes, the net proceeds of $107,387,000 of which were used in part to repay the outstanding indebtedness under Ann Taylor's then existing bank credit agreement. The outstanding principal amount of these notes as of January 29, 1994 was $100,000,000.

Ann Taylor's obligations with respect to the Discount Notes and Notes were discharged on July 29, 1993 when Ann Taylor deposited with the trustees for the Discount Notes and Notes an aggregate of $50,734,000 in irrevocable trusts. The Discount Notes and the Notes will be redeemed with the proceeds of the trusts on or about July 15, 1994. The aggregate carrying value of the Discount Notes and Notes as of January 29, 1994 would have been $45,004,000.

In July 1993, Ann Taylor entered into a $110,000,000 (notional amount) interest rate swap agreement. Under the agreement, the Company receives a fixed rate of 4.75% and pays a floating rate based on LIBOR, as determined in six month intervals. This agreement lowered the effective interest rate on the 8 3/4% Notes by 125 basis points for the first semi-annual period ended January 1994. The swap agreement matures in July 1996. The Company is exposed to credit loss in the event of non-performance by the other party to the swap agreement; however, the Company does not anticipate non-performance by the other party, which is a major financial institution. As of January 29, 1994, the fair market value of the swap agreement was approximately $780,000.

The aggregate principal payments of all long-term obligations for the next five fiscal years are as follows:

<TABLE><CAPTION>

FISCAL YEAR	(IN THOUSANDS)
<S>	<C>
1994	$ 8,757
1995	8,757
1996	44,676
1997	11,676
1998	15,134

</TABLE>

At January 29, 1994, January 30, 1993 and February 1, 1992, Ann Taylor had

outstanding commercial and standby letters of credit with Bank of America totaling $6,850,000, $9,180,000 and $3,280,000, respectively.

4. LONG-TERM DEBT--(CONTINUED)

In accordance with the requirements of Statement of Financial Accounting Standards No. 107, "Disclosures about Fair Value of Financial Instruments", the Company determined the estimated fair value of its debt instruments using quoted market information, as available, or interest rates which are available to the Company. As judgment is involved, the estimates are not necessarily indicative of the amounts the Company could realize in a current market exchange.

5. ALLOWANCE FOR DOUBTFUL ACCOUNTS

A summary of activity in the allowance for doubtful accounts for the fiscal years ended January 29, 1994, January 30, 1993 and February 1, 1992 is as follows:

<TABLE><CAPTION>

	FISCAL YEARS ENDED		
	JANUARY 29, 1994	JANUARY 30, 1993	FEBRUARY 1, 1992
		(IN THOUSANDS)	
<S>	<C>	<C>	<C>
Balance at beginning of year.....	$ 1,006	$ 899	$ 1,000
Provision for loss on accounts receivable.....	1,171	1,240	1,211
Accounts written off.....	(1,390)	(1,133)	(1,312)
Balance at end of year.....	$ 787	$ 1,006	$ 899

</TABLE>

6. COMMITMENTS AND CONTINGENCIES

Ann Taylor occupies its retail stores, distribution center and administrative facilities under operating leases, most of which are non-cancellable. Some leases contain renewal options for periods ranging from one to ten years under substantially the same terms and conditions as the original leases. Most of the leases require Ann Taylor to pay taxes, insurance and certain common area and maintenance costs in addition to the future minimum lease payments shown below. Most of the store leases require Ann Taylor to pay a specified minimum rent, plus a contingent rent based on a percentage of the store's net sales in excess of a certain threshold.

Future minimum lease payments under non-cancellable operating leases at January 29, 1994 are as follows:

<TABLE><CAPTION>

FISCAL YEAR	(IN THOUSANDS)
<S>	<C>
1994.....	$ 30,504
1995.....	27,620
1996.....	26,054
1997.....	23,416
1998.....	21,613
1999 and thereafter.....	82,242
Total.....	$ 211,449

</TABLE>

6. COMMITMENTS AND CONTINGENCIES--(CONTINUED)

Rent expense for the fiscal years ended January 29, 1994, January 30, 1993 and February 1, 1992 was as follows:

<TABLE><CAPTION>

	FISCAL YEARS ENDED		
	JANUARY 29, 1994	JANUARY 30, 1993	FEBRUARY 1, 1992

	(IN THOUSANDS)		
<S>	<C>	<C>	<C>
Minimum rent	$ 28,076	$ 24,933	$ 22,135
Percentage rent	3,343	4,217	4,423
Total	$ 31,419	$ 29,150	$ 26,558

</TABLE>

In January 1993, the Company and the other defendants agreed to settle the stockholder class action lawsuit filed against them in October 1991. As a result of the settlement, the Company was required to pay to or for the benefit of the plaintiff class $2,800,000 (after application of the insurance proceeds). To provide for the settlement, the Company recorded an expense of $3,905,000 ($.11 per share, net of income tax benefit), which includes certain of the legal defense costs and other expenses associated with the suit, in its fiscal 1992 financial statements.

Ann Taylor has been named as a defendant in several legal actions arising from its normal business activities. Although the amount of any liability that could arise with respect to these actions cannot be accurately predicted, in the opinion of the Company, any such liability will not have a material adverse effect on the financial position or results of operations of the Company.

7. COMMON STOCK WARRANTS

In conjunction with the sale by Ann Taylor of the Discount Notes and Notes on July 20, 1989, the Company sold warrants to acquire, in the aggregate, 1,985,294 shares of the common stock of the Company (the "Warrants"). The Warrants, when exercised, entitle the holders thereof to acquire such shares, subject to adjustment, at no additional cost. The Warrants expire on July 15, 1999 and became exercisable as a result of the IPO. During the fiscal year ended February 1, 1992, the Company charged $2,700,000 to additional paid-in capital with a corresponding increase to the carrying value of the Warrants.

8. PREFERRED STOCK

At January 29, 1994, January 30, 1993 and February 1, 1992, there were 2,000,000 shares of preferred stock, par value $.01, authorized and unissued.

9. STOCK OPTION PLANS

In 1989 and 1992, the Company established stock option plans. Under the terms of both plans, the exercise price of any option may not be less than 100% of the fair value of the common stock on the date of grant. 248,185 shares of common stock have been reserved for issuance under the 1989 plan and 974,000 shares of common stock have been reserved for issuance under the 1992 plan. At January 29, 1994, there were 14,373 shares under the 1989 plan and 498,500 shares under the 1992 plan available for future grant. Generally, options granted under the plans expire ten years from the date of the grant.

9. STOCK OPTION PLANS--(CONTINUED)

Pursuant to an employment agreement with the Company, as of February 3, 1992, the Chairman of the Board and Chief Executive Officer of the Company was granted 100,000 stock options at $22.125 per share and 100,000 stock options at $26.00 per share.

The following summarizes stock option transactions for the fiscal years ended January 29, 1994, January 30, 1993 and February 1, 1992:

<TABLE><CAPTION>

	OPTION PRICES	NUMBER OF SHARES
<S>	<C>	<C>
Outstanding Options February 2, 1991	$6.80-$13.60	1,775,555
Granted	$22.10	33,675
Exercised	$6.80	(41,112)
Cancelled	$6.80	(14,151)
Outstanding Options February 1, 1992	$6.80-$22.10	1,753,967
Granted	$18.625-$26.00	517,500
Exercised	$6.80-$22.10	(792,210)
Cancelled	$6.80-$22.25	(17,173)
Outstanding Options January 30, 1993	$6.80-$26.00	1,462,084
Granted	$18.125-$26.00	279,000
Exercised	$6.80-$22.25	(745,346)
Cancelled	$6.80-$22.25	(86,426)

Outstanding Options January 29, 1994.....	$6.80-$26.00	909,312

</TABLE>

At January 29, 1994, January 30, 1993 and February 1, 1992 there were exercisable 516,889 options, 995,407 options and 1,496,953 options, respectively.

10. RESTRICTED STOCK AWARD

Pursuant to an employment agreement with the Company, as of February 3, 1992, the Chairman of the Board and Chief Executive Officer of the Company was entitled to receive 60,000 shares of restricted common stock. The resulting unearned compensation expense of $1,327,500, based on the market value on the date of the grant, was charged to stockholders' equity and is being amortized over the restricted period applicable to these shares.

11. INCOME TAXES

The provision for income taxes for the fiscal years ended January 29, 1994, January 30, 1993 and February 1, 1992 consists of the following:

<TABLE><CAPTION>

	FISCAL YEARS ENDED		
	JANUARY 29, 1994	JANUARY 30, 1993	FEBRUARY 1, 1992
	(IN THOUSANDS)		
<S>	<C>	<C>	<C>
Federal:			
Current.....	$ 14,339	$ 9,300	$ 6,203
Deferred.....	(1,750)	(1,500)	(1,000)
State and Local.....	4,600	3,350	2,500
Total.....	$ 17,189	$ 11,150	$ 7,703

</TABLE>

The reconciliation between the provision for income taxes and the provision for income taxes at the federal statutory rate for the fiscal years ended January 29, 1994, January 30, 1993 and February 1, 1992 is as follows:

<TABLE><CAPTION>

	FISCAL YEARS ENDED		
	JANUARY 29, 1994	JANUARY 30, 1993	FEBRUARY 1, 1992
	(IN THOUSANDS)		
<S>	<C>	<C>	<C>
Income before income taxes and extraordinary loss.....	$ 31,519	$ 17,067	$ 8,727
Federal statutory rate.....	35%	34%	34%
Provision for income taxes at federal statutory rate.....	$ 11,032	$ 5,803	$ 2,967
State and local income taxes, net of federal income tax benefit.....	2,990	2,211	1,650
Non-deductible amortization of goodwill.....	3,328	3,232	3,232
Other.....	(161)	(96)	(146)
Provision for income taxes.....	$ 17,189	$ 11,150	$ 7,703

</TABLE>

The tax effects of significant items comprising the Company's deferred tax asset as of January 29, 1994 are as follows:

<TABLE><CAPTION>

DEFERRED TAX ASSETS:	(IN THOUSANDS)
<S>	<C>
Current:	
Inventory.....	$ 981
Accrued expenses.....	1,288
Restructuring.....	700

Other	781
Total current	$ 3,750
Noncurrent:	
Depreciation	$ 125
Rent expense	1,375
Total noncurrent	$ 1,500

</TABLE>

For 1992 deferred income tax benefits have been provided for temporary differences which result from recording certain transactions in different years for income tax purposes than for financial

11. INCOME TAXES--(CONTINUED)
reporting purposes. Such transactions principally relate to merchandise inventories, accounts receivable, fixed assets and accrued expenses.

12. RETIREMENT PLANS

SAVINGS PLAN. During 1989, Ann Taylor adopted a defined contribution 401(k) savings plan for substantially all employees. Participants may contribute to the plan an aggregate of up to 10% of their annual earnings. Ann Taylor makes a matching contribution of 50%, with respect to the first 3% of each participant's annual earnings contributed to the plan. Ann Taylor's contributions to the plan for fiscal 1993, fiscal 1992 and fiscal 1991 were $199,000, $111,000 and $111,000, respectively.

PENSION PLAN. Substantially all employees of Ann Taylor are covered under a noncontributory defined benefit pension plan established during 1989. The pension plan is a "cash balance pension plan". An account balance is established for each participant which is credited with a benefit based on compensation and years of service with Ann Taylor. Ann Taylor's funding policy for the plan is to contribute annually the amount necessary to provide for benefits based on accrued service and projected pay increases. Plan assets consist primarily of cash, equity and fixed income securities.

The following table sets forth the funded status of the Pension Plan at January 29, 1994, January 30, 1993 and February 1, 1992, in accordance with Statement of Financial Accounting Standards No. 87, "Employers' Accounting for Pensions":

<TABLE><CAPTION>

	JANUARY 29, 1994	JANUARY 30, 1993	FEBRUARY 1, 1992
	(DOLLARS IN THOUSANDS)		
<S>	<C>	<C>	<C>
Actuarial present value of benefits obligation:			
Accumulated benefit obligation, including vested benefits of $1,056,000, $702,000 and $411,000, respectively	$ 2,401	$ 1,832	$ 997
Projected benefit obligation for service rendered to date	$ 2,401	$ 1,832	$ 997
Plan assets at fair value	2,344	1,847	855
Plan assets in excess of projected benefit obligation (projected benefit obligation in excess of plan assets)	(57)	15	(142)
Unrecognized net gain	(58)	--	--
Prepaid (accrued) pension cost	$ (115)	$ 15	$ (142)
Net periodic pension cost for fiscal 1993, 1992 and 1991 included the following components:			
Service cost/benefits earned during the year	$ 680	$ 521	$ 372
Interest cost on projected benefit obligation	117	100	61
Actual return on plan assets	(124)	(100)	(76)
Net amortization and deferral	(36)	9	30
Net periodic pension cost	$ 637	$ 530	$ 387
Assumptions used in the development of pension cost and accrual were:			
Discount rate	7.0%	7.0%	9.0%
Rate of increase in compensation level	4.0%	4.0%	6.0%
Expected long-term rate of return on assets	8.0%	9.0%	10.0%

</TABLE>

ANNTAYLOR STORES CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(CONTINUED)

13. QUARTERLY FINANCIAL DATA--(UNAUDITED)

<TABLE><CAPTION>

	QUARTER			
	FIRST	SECOND	THIRD	FOURTH
	(IN THOUSANDS EXCEPT PER SHARE AMOUNTS)			
<S>	<C>	<C>	<C>	<C>
FISCAL 1993				
Net sales	$ 120,175	$ 124,837	$ 122,025	$ 134,612
Operating income	12,410	12,929	12,850	10,832
Income before extraordinary loss	3,290	3,630	4,321	3,089
Extraordinary loss	--	(10,496)	--	(625)
Net income (loss)	3,290	(6,866)	4,321	2,464
Income per share before extraordinary loss	$ .15	$ .16	$ .20	$ .14
Extraordinary loss per share	--	(.47)	--	(.03)
Net income (loss) per share	$ .15	$ (.31)	$ .20	$ .11
FISCAL 1992				
Net sales	$ 114,739	$ 112,492	$ 115,274	$ 125,876
Operating income	11,304	8,301	14,718	8,181
Net income (loss)	2,138	624	4,265	(1,110)
Net income (loss) per share	$ .10	$ .03	$ .20	$ (.05)

</TABLE>

The sum of the quarterly per share data may not equal the annual amounts due to changes in the weighted average shares and share equivalents outstanding.

The early retirement of indebtedness in the fourth quarter of 1993 led to an extraordinary pre-tax charge to earnings of $1,096,000 ($625,000 net of income tax benefit). The Company also recorded a $2,000,000 pre-tax restructuring charge in the fourth quarter of 1993 for the relocation of its distribution center from New Haven, Connecticut to Louisville, Kentucky in early 1995.

The net loss in the fourth quarter of 1992 was primarily due to the stockholder litigation settlement of $3,386,000.

14. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

TRANSACTIONS WITH MERRILL LYNCH AND ITS AFFILIATES

At January 29, 1994, certain affiliates of Merrill Lynch & Co., Inc. ("ML&Co.") held approximately 52% of the outstanding common stock and, as a result, have the voting power to determine the composition of the Board of Directors of the Company and otherwise control the business and affairs of Ann Taylor and the Company. Two of the members of the Boards of Directors of the Company and Ann Taylor are officers of Merrill Lynch Capital Partners, Inc. ("ML Capital Partners") and serve as representatives of certain limited partnerships controlled directly or indirectly by ML Capital Partners, together with certain other affiliates of ML&Co. See Note 15.

The Company paid an underwriting commission of approximately $3,357,000 to Merrill Lynch, Pierce, Fenner & Smith Incorporated ("Merrill Lynch") in connection with the IPO. In addition, the Company paid a commission of approximately $599,000 to Merrill Lynch in connection with the repurchase of the subordinated debt securities with the proceeds from the IPO.

In January 1993, in connection with the settlement of the class action lawsuit, the Company, Merrill Lynch and ML&Co., among others, entered into an agreement pursuant to which ML&Co.

ANNTAYLOR STORES CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(CONTINUED)

14. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS--(CONTINUED)
paid $750,000 and the Company paid the balance of the settlement to or for the benefit of the plaintiffs. The Company also reimbursed Merrill Lynch $128,000 for certain costs incurred by it in connection with the class action in fiscal 1992, pursuant to the Company's indemnification obligations.

The Company paid commissions aggregating approximately $2,692,000 to Merrill Lynch in connection with the issuance of the 8 3/4% Notes, and

repurchases of Discount Notes, Notes and 8 3/4% Notes.

TRANSACTIONS WITH CAT

The Company commenced a joint venture known as CAT U.S., Inc. ("CAT") with Cygne Designs, Inc., which was formed for the purpose of sourcing Ann Taylor merchandise directly with manufacturers. As of January 29, 1994, the Company owned a 40% interest in CAT which is being accounted for under the equity method of accounting, an increase of 20% from January 30, 1993. CAT places orders directly with manufacturers exclusively as agent for Ann Taylor. Merchandise purchased by Ann Taylor through CAT was $67,202,000 or 23.5%, and $19,091,000, or 7.3%, of all merchandise purchased by the Company in 1993 and 1992, respectively. Accounts payable to CAT in the ordinary course of business was approximately $3,100,000 as of January 29, 1994.

15. SUBSEQUENT EVENTS

The Company intends to file a registration statement for a sale of its common stock in the first quarter of 1994. 1,000,000 shares will be sold by the Company and 4,000,000 shares are expected to be sold by certain stockholders of the Company affiliated with ML&Co.

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NO DEALER, SALESMAN OR ANY OTHER PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS OTHER THAN THOSE CONTAINED IN THIS PROSPECTUS. IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE COMPANY, THE SELLING STOCKHOLDERS OR ANY OF THE UNDERWRITERS. THIS PROSPECTUS DOES NOT CONSTITUTE AN OFFER TO SELL, OR A SOLICITATION OF AN OFFER TO BUY, THE COMMON STOCK IN ANY JURISDICTION WHERE, OR TO ANY PERSON TO WHOM, IT IS UNLAWFUL TO MAKE SUCH OFFER OR SOLICITATION. NEITHER THE DELIVERY OF THIS PROSPECTUS NOR ANY SALE MADE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS NOT BEEN ANY CHANGE IN THE FACTS SET FORTH IN THIS PROSPECTUS OR IN THE AFFAIRS OF THE COMPANY SINCE THE DATE HEREOF.

TABLE OF CONTENTS

5,000,000 SHARES

[LOGO]

COMMON STOCK

PROSPECTUS

MERRILL LYNCH & CO.
WILLIAM BLAIR & COMPANY
MORGAN STANLEY & CO. INCORPORATED
ROBERTSON, STEPHENS & COMPANY

,1994

- ---

- ---

[ALTERNATE FOR INT'L]

SUBJECT TO COMPLETION
PRELIMINARY PROSPECTUS DATED APRIL 20, 1994

PROSPECTUS

5,000,000 SHARES

[LOGO]

COMMON STOCK

Of the 5,000,000 shares of Common Stock offered, 1,000,000 shares are being sold by AnnTaylor Stores Corporation and 4,000,000 shares are being sold by certain stockholders of the Company. See "Selling Stockholders". The Company will not receive any of the proceeds from the sale of shares by the Selling Stockholders.

Of the 5,000,000 shares of Common Stock offered, 1,000,000 shares are being offered hereby outside the United States and Canada by the International Underwriters and 4,000,000 shares are being offered in a concurrent offering in the United States and Canada by the U.S. Underwriters. The initial offering price and the aggregate underwriting discount per share are identical for both Offerings. See "Underwriting".

The Common Stock is listed on the New York Stock Exchange under the symbol "ANN". On April 19, 1994, the last sale price of the Common Stock as reported on the New York Stock Exchange was $32 1/4 per share.

FOR INFORMATION CONCERNING CERTAIN FACTORS THAT SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE "INVESTMENT CONSIDERATIONS".

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION, NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

<TABLE><CAPTION>

	PRICE TO PUBLIC	UNDERWRITING DISCOUNT(1)	PROCEEDS TO COMPANY(2)	PROCEEDS TO SELLING STOCKHOLDERS(2)
<S>	<C>	<C>	<C>	<C>
Per Share	$	$	$	$
Total(3)	$	$	$	$

</TABLE>

(1) The Company and the Selling Stockholders have agreed to indemnify the several Underwriters against certain liabilities, including liabilities under the Securities Act of 1933, as amended. See "Underwriting".

(2) Before deducting expenses estimated at $ payable by the Company and $ payable by the Selling Stockholders.

(3) The Selling Stockholders have granted the Underwriters a 30-day option to purchase up to an additional 750,000 shares solely to cover over-allotments, if any. If such option is exercised in full, the total Price to Public, Underwriting Discount and Proceeds to Selling Stockholders will be $, $ and $, respectively. See "Underwriting".

The Shares are offered by the several Underwriters, subject to prior sale, when, as and if issued to and accepted by them, and subject to the approval of certain legal matters by counsel for the Underwriters and certain other conditions. The Underwriters reserve the right to withdraw, cancel or modify such offer and to reject orders in whole or in part. It is expected that delivery of shares will be made in New York, New York on or about , 1994.

MERRILL LYNCH INTERNATIONAL LIMITED

WILLIAM BLAIR & COMPANY

MORGAN STANLEY & CO. INTERNATIONAL

ROBERTSON, STEPHENS & COMPANY

The date of this Prospectus is , 1994.

INFORMATION CONTAINED HEREIN IS SUBJECT TO COMPLETION OR AMENDMENT. A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION. THESE SECURITIES MAY NOT BE SOLD NOR MAY OFFERS TO BUY BE ACCEPTED PRIOR TO THE TIME THE REGISTRATION STATEMENT BECOMES EFFECTIVE. THIS PROSPECTUS SHALL NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY NOR SHALL THERE BE ANY SALE OF THESE SECURITIES IN ANY STATE IN WHICH SUCH OFFER, SOLICITATION OR SALE WOULD BE UNLAWFUL PRIOR TO REGISTRATION OR QUALIFICATION UNDER THE SECURITIES LAWS OF ANY SUCH STATE.

[ALTERNATE FOR INT'L]

UNDERWRITING

Subject to the terms and conditions set forth in the International Purchase Agreement (the "International Purchase Agreement") among the Company, the Selling Stockholders and each of the Underwriters named below (the "International Underwriters"), and concurrently with the sale of 4,000,000 shares of Common Stock to the U.S. Underwriters (as defined below), the Company and the Selling Stockholders severally have agreed to sell to each of the International Underwriters, and each of the International Underwriters severally has agreed to purchase, the aggregate number of shares of Common Stock set forth opposite its name below.

<TABLE><CAPTION>

INTERNATIONAL UNDERWRITER	NUMBER OF SHARES
<S>	<C>
Merrill Lynch International Limited.....	
William Blair & Company.....	
Morgan Stanley & Co. International Limited.....	
Robertson, Stephens & Company, L.P.....	
Total.....	1,000,000

</TABLE>

Merrill Lynch International Limited, William Blair & Company, Morgan Stanley & Co. International Limited and Robertson, Stephens & Company, L.P. are acting as Co-Lead Managers (the "Co-Lead Managers") of the International Underwriters.

The Company and the Selling Stockholders have also entered into a U.S. Purchase Agreement (the "U.S. Purchase Agreement") and certain underwriters in the United States (the "U.S. Underwriters") for whom Merrill Lynch, Pierce, Fenner & Smith Incorporated, William Blair & Company, Morgan Stanley & Co. Incorporated, and Robertson, Stephens & Company, L.P. are acting as representatives (the "U.S. Representatives"). Subject to the terms and conditions set forth in the U.S. Purchase Agreement, and concurrently with the sale of 1,000,000 shares of Common Stock to the International Underwriters, the Company and the Selling Stockholders severally have agreed to sell to the U.S. Underwriters, and the U.S. Underwriters severally have agreed to purchase, an aggregate of 4,000,000 shares of Common Stock. The public offering price per share and the total underwriting discount per share are identical under the International Purchase Agreement and the U.S. Purchase Agreement.

In the International Purchase Agreement and the U.S. Purchase Agreement, the several International Underwriters and the several U.S. Underwriters, respectively, have agreed, subject to the terms and conditions set forth therein, to purchase all of the shares of Common Stock being sold pursuant to each such Agreement if any of the shares of Common Stock being sold pursuant to each such Agreement are purchased. Under certain circumstances, the commitments of non-defaulting International Underwriters or U.S. Underwriters may be increased. The Closings with respect to the sale of Common Stock to be purchased by the International Underwriters and the U.S. Underwriters are conditioned upon one another.

The International Underwriters propose initially to offer the shares to the public at the public offering price, set forth on the cover page of this Prospectus and to certain banks, brokers and dealers (the "Selling Group") at such price less a concession not in excess of per share, and the International Underwriters may allow, and the members of the Selling Group may reallow, with the consent of Merrill Lynch International Limited, a discount not in excess of per share to other International Underwriters or to other members of the Selling Group. After the public offering, the public offering price concession and discount may be changed.

The Selling Stockholders have granted an option to the International Underwriters, exercisable during the 30-day period after the date hereof, to purchase up to an aggregate of 150,000 additional shares of Common Stock at the public offering price set forth on the cover page hereof, less the underwriting discount. The International Underwriters may exercise this option only to cover over-allotments, if any, made on the sale of shares of Common Stock offered hereby. To the extent that the

[ALTERNATE FOR INT'L]

International Underwriters exercise this option, each International Underwriter will be obligated, subject to certain conditions, to purchase approximately the number of additional shares of Common Stock proportionate to such International Underwriter's initial amount reflected in the foregoing table. The Selling Stockholders have also granted an option to the U.S. Underwriters, exercisable

during the 30-day period after the date hereof, to purchase up to an aggregate of 600,000 additional shares of Common Stock to cover over-allotments, if any, on terms similar to those granted to the International Underwriters.

The International Underwriters and the U.S. Underwriters have entered into an Intersyndicate Agreement (the "Intersyndicate Agreement") that provides for the coordination of their activities. Pursuant to the Intersyndicate Agreement, sales may be made between the International Underwriters and the U.S. Underwriters of such number of shares of Common Stock as may be mutually agreed. The prices of any shares of Common Stock so sold shall be the public offering price, less an amount not greater than the selling concession.

For information regarding the ownership by affiliates of Merrill Lynch of Common Stock and the representation of affiliates of Merrill Lynch on the Board of Directors of the Company, see "Selling Stockholders".

Because the Company is an affiliate of Merrill Lynch, one of the U.S. Underwriters, the U.S. Offering is being conducted in accordance with the applicable provisions of Schedule E of the By-Laws ("Schedule E") of the National Association of Securities Dealers, Inc. ("NASD"). In accordance with Schedule E, no NASD member participating in the distribution will be permitted to confirm sales to accounts over which it exercises discretionary authority without the prior specific written consent of the customer. In addition, under the rules of the NYSE, Merrill Lynch is precluded from issuing research reports that make recommendations with respect to the Common Stock for so long as the Company is an affiliate of Merrill Lynch.

Each of the Company, the Selling Stockholders and certain officers of the Company will agree, for a period of 120 days after the effective date of the Registration Statement of which this Prospectus is a part, subject to certain exceptions not to sell or otherwise dispose of any shares of Common Stock or securities convertible into or exchangeable or exercisable for Common Stock, or any rights or warrants to acquire Common Stock, without the prior written consent of Merrill Lynch International Limited.

The Company and the Selling Stockholders have agreed to indemnify the International Underwriters and the U.S. Underwriters against certain liabilities, including liabilities under the Securities Act.

Under the terms of the Intersyndicate Agreement, the U.S. Underwriters and any dealer to whom they sell shares of Common Stock will not offer to sell or sell shares of Common Stock to persons who are non-United States or Canadian persons or to persons they believe intend to resell to persons who are non-United States or Canadian persons, and the International Underwriters and any dealer to whom they sell shares of Common Stock will not offer to sell or sell shares of Common Stock to United States or Canadian persons or to persons they believe intend to resell to United States or or Canadian persons, except, in each case, for transactions pursuant to the Intersyndicate Agreement.

Each International Underwriter has agreed that (i) it has not offered or sold, and will not offer or sell, directly or indirectly, any shares of Common Stock offered hereby in the United Kingdom by means of any document except in circumstances which do not constitute an offer to the public within the meaning of the Companies Act 1985, (ii) it has complied and will comply with all applicable provisions of the Financial Services Act of 1986 (the "Financial Services Act") with respect to anything done by it in relation to the Common Stock in, from, or otherwise involving the United Kingdom, and (iii) it has only issued or passed on and will only issue or pass on to any person in the United Kingdom any document received by it in connection with the issuance of Common Stock if that person is of a kind who falls within Article 9(3) of the Financial Services Act 1986 (Investment Advertisements)(Exemptions) Order 1988.

(ALTERNATE BACK COVER FOR INTERNATIONAL PROSPECTUS)

NO DEALER, SALESMAN OR ANY OTHER PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS OTHER THAN THOSE CONTAINED IN THIS PROSPECTUS. IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE COMPANY, THE SELLING STOCKHOLDERS OR ANY OF THE UNDERWRITERS. THIS PROSPECTUS DOES NOT CONSTITUTE AN OFFER TO SELL, OR A SOLICITATION OF AN OFFER TO BUY, THE COMMON STOCK IN ANY JURISDICTION WHERE, OR TO ANY PERSON TO WHOM, IT IS UNLAWFUL TO MAKE SUCH OFFER OR SOLICITATION. NEITHER THE DELIVERY OF THIS PROSPECTUS NOR ANY SALE MADE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS NOT BEEN ANY CHANGE IN THE FACTS SET FORTH IN THIS PROSPECTUS OR

5,000,000 SHARES

[LOGO]

IN THE AFFAIRS OF THE COMPANY SINCE THE DATE HEREOF.

THERE ARE RESTRICTIONS ON THE OFFER AND SALE OF THE COMMON STOCK OFFERED HEREBY IN THE UNITED KINGDOM. ALL APPLICABLE PROVISIONS OF THE FINANCIAL SERVICES ACT 1986 AND THE COMPANIES ACT 1985 WITH RESPECT TO ANYTHING DONE BY ANY PERSON IN RELATION TO THE COMMON STOCK IN, FROM OR OTHERWISE INVOLVING THE UNITED KINGDOM MUST BE COMPLIED WITH. SEE "UNDERWRITING".

IN THIS PROSPECTUS, REFERENCE TO "DOLLARS" AND "$" ARE TO UNITED STATES DOLLARS UNLESS STATED OTHERWISE.

COMMON STOCK

PROSPECTUS

TABLE OF CONTENTS

MERRILL LYNCH INTERNATIONAL LIMITED

WILLIAM BLAIR & COMPANY

MORGAN STANLEY & CO. INTERNATIONAL

ROBERTSON, STEPHENS & COMPANY

, 1994

PART II
INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 14. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION.

The following expenses (other than the SEC and NASD filing fees) are estimated. Such expenses will be shared proportionately by the Company and the Selling Stockholders based upon the number of shares sold by each of them in the Offerings.

<TABLE>

<S>	<C>
SEC registration fee	$ 63,330
NASD filing fee	18,866
Printing and engraving expenses	200,000
Legal fees and expenses	175,000
Blue Sky fees and expenses (including legal fees and expenses)	17,500
Accounting fees and expenses	100,000
Miscellaneous	25,304
Total	$ 600,000

</TABLE>

ITEM 15. INDEMNIFICATION OF DIRECTORS AND OFFICERS.

As authorized by Section 145 of the General Corporation Law of the State of Delaware (the "Delaware Corporation Law"), each director and officer of the Company may be indemnified by the Company against expenses (including attorneys' fees, judgments, fines and amounts paid in settlement) actually and reasonably incurred in connection with the defense or settlement of any threatened, pending or completed legal proceedings in which he is involved by reason of the fact that he is or was a director or officer of the Company if he acted in good faith and in a manner that he reasonably believed to be in or not opposed to the best interests of the Company, and, with respect to any criminal action or proceeding, if he had no reasonable cause to believe that his conduct was unlawful. If the legal proceeding, however, is by or in the right of the

Company, the director or officer may not be indemnified in respect of any claim, issue or matter as to which he shall have been adjudged to be liable for negligence or misconduct in the performance of his duty to the Company unless a court determines otherwise. The designees of the ML Entities who serve on the Company's board of directors also have certain rights to indemnification by ML&Co. and the ML Entities for liabilities incurred in connection with actions taken by them in their capacity as directors of the Company.

Article Seven of the Certificate of Incorporation of the Company provides that, to the fullest extent permitted by law, directors of the Company will not be liable for monetary damages to the Company or its stockholders for breaches of their fiduciary duties.

ITEM 16. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES.

A. EXHIBITS

The Exhibits listed in the following Exhibit Index are filed as part of the Registration Statement:

<TABLE><CAPTION>

EXHIBIT NUMBER	DESCRIPTION
<S>	<C>
1.1	Form of U.S. Purchase Agreement among Merrill Lynch, Pierce, Fenner & Smith Incorporated, Morgan Stanley & Co. Incorporated, Robertson, Stephens & Company, L.P., William Blair & Company, the other U.S. Underwriters, the Selling Stockholders and the Company, including the form of Price Determination Agreement.

</TABLE>

<TABLE><CAPTION>

EXHIBIT NUMBER	DESCRIPTION
<S>	<C>
1.2	Form of International Purchase Agreement among Merrill Lynch International Limited, Morgan Stanley & Co. International Limited, Robertson, Stephens & Company, L.P., William Blair & Company, the other International Underwriters, the Selling Stockholders and the Company, including the form of Price Determination Agreement.
5	Opinion of Jocelyn F.L. Barandiaran, Esq. regarding the validity of the Securities.
23.1	Consent of Jocelyn F.L. Barandiaran, Esq. (to be included in Exhibit 5).
23.2	Consent of Deloitte & Touche.
25*	Power of Attorney (set forth on signature page of the Registration Statement).

</TABLE>

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* Previously filed.

B. FINANCIAL STATEMENTS AND SCHEDULES

All schedules for which provision is made in Regulation S-X of the Securities and Exchange Commission either are not required under the related instructions or the information required to be included therein has been included in the financial statements of the Company.

ITEM 17. UNDERTAKINGS.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions or otherwise, the Registrant has been advised that, in the opinion of the Securities and Exchange Commission, such indemnification is against public policy as expressed in the Securities Act and, therefore, is unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

The Company hereby undertakes:

(1) For purposes of determining any liability under the Securities Act of 1933, each filing of the Registrant's annual report pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 that is incorporated

by reference in this Registration Statement shall be deemed to be a new registration statement relating to the securities offered herein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof;

(2) For purposes of determining any liability under the Securities Act of 1933, the information omitted from the form of Prospectus filed as part of this Registration Statement in reliance upon Rule 430A and contained in a form of Prospectus filed by the Registrants pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this Registration Statement as of the time it was declared effective; and

(3) For purposes of determining any liability under the Securities Act of 1933, each post-effective amendment that contains a form of Prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

SIGNATURES

PURSUANT TO THE REQUIREMENTS OF THE SECURITIES ACT OF 1933, THE REGISTRANT CERTIFIES THAT IT HAS REASONABLE GROUNDS TO BELIEVE THAT IT MEETS ALL THE REQUIREMENTS FOR FILING ON FORM S-3 AND HAS DULY CAUSED THIS AMENDMENT NO. 1 TO BE SIGNED ON ITS BEHALF BY THE UNDERSIGNED, THEREUNTO DULY AUTHORIZED, IN THE CITY OF NEW YORK, STATE OF NEW YORK, ON APRIL 20, 1994.

ANNTAYLOR STORES CORPORATION

By /s/ JOCELYN F.L. BARANDIARAN
Vice President

PURSUANT TO THE REQUIREMENTS OF THE SECURITIES ACT OF 1933, THIS AMENDMENT NO. 1 TO THE REGISTRATION STATEMENT HAS BEEN SIGNED BELOW BY THE FOLLOWING PERSONS ON BEHALF OF THE REGISTRANT AND IN THE CAPACITIES AND ON THE DATES INDICATED.

<TABLE><CAPTION>

SIGNATURE	TITLE	DATE
<S>	<C>	<C>
* Sally Frame Kasaks	Chairman of the Board, Chief Executive Officer and Director	April 20, 1994
* Paul E. Francis	Executive Vice President-- Finance and Administration and Director	April 20, 1994
* Walter J. Parks	Vice President Financial Reporting	April 20, 1994
* James J. Burke, Jr.	Director	April 20, 1994
* Gerald S. Armstrong	Director	April 20, 1994
* Rochelle B. Lazarus	Director	April 20, 1994
* Robert C. Grayson	Director	April 20, 1994
* Hanne M. Merriman	Director	April 20, 1994
*By /s/ JOCELYN F.L. BARANDIARAN Jocelyn F.L. Barandiaran (Attorney in Fact)		April 20, 1994

</TABLE>

INDEX TO EXHIBITS

<TABLE><CAPTION>
EXHIBITS
- ----------
<S> <C>

1.1	Form of U.S. Purchase Agreement among Merrill Lynch, Pierce, Fenner & Smith Incorporated, Morgan Stanley & Co. Incorporated, Robertson, Stephens & Company, L.P., William Blair & Company, the other U.S. Underwriters, the Selling Stockholders and the Company, including the form of Price Determination Agreement.
1.2	Form of International Purchase Agreement among Merrill Lynch International Limited, Morgan Stanley & Co. International Limited, Robertson, Stephens & Company, L.P., William Blair & Company, the other International Underwriters, the Selling Stockholders and the Company, including the form of Price Determination Agreement.
5	Opinion of Jocelyn F.L. Barandiaran, Esq. regarding the validity of the Securities.
23.1	Consent of Jocelyn F.L. Barandiaran, Esq. (to be included in Exhibit 5).
23.2	Consent of Deloitte & Touche.
25*	Power of Attorney (set forth on signature page of the Registration Statement).

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* Previously filed.

ANNTAYLOR STORES CORPORATION
(a Delaware corporation)

4,000,000 Shares of Common Stock

U.S. PURCHASE AGREEMENT

Dated: May , 1994

ANNTAYLOR STORES CORPORATION
(a Delaware corporation)

4,000,000 Shares of Common Stock

U.S. PURCHASE AGREEMENT

May -- , 1994

MERRILL LYNCH & CO.
Merrill Lynch, Pierce, Fenner & Smith Incorporated
MORGAN STANLEY & CO. INCORPORATED
ROBERTSON, STEPHENS & COMPANY, L.P.
WILLIAM BLAIR & COMPANY
As U.S. Representatives of the several U.S. Underwriters
c/o Merrill Lynch & Co.
Merrill Lynch, Pierce, Fenner & Smith Incorporated
Merrill Lynch World Headquarters
North Tower
World Financial Center
New York, New York 10281-1201

Ladies and Gentlemen:

AnnTaylor Stores Corporation, a Delaware corporation (the "Company"), proposes to issue and sell to the underwriters named in Schedule A (collectively, the "U.S. Underwriters"), for whom you are acting as representatives (the "U.S. Representatives"), 800,000 authorized but unissued shares of the Company's Common Stock, par value $.0068 per share (shares of which class of stock of the Company are hereinafter referred to as "Common Stock"), and the stockholders named in Schedule B (collectively, the "Selling Stockholders") propose to sell severally an aggregate of 3,200,000 outstanding shares of Common Stock, as set forth on Schedule B, to the U.S. Underwriters. Such shares of Common Stock, aggregating 4,000,000 shares, are to

be sold to each U.S. Underwriter, acting severally and not jointly, in such amounts as are set forth in Schedule A opposite the name of such U.S. Underwriter. The Selling Stockholders also grant to the U.S. Underwriters, severally and not jointly, the option described in Section 2 to purchase all or any part of 600,000 additional shares of Common Stock to cover over-allotments. The aforesaid 4,000,000 shares of Common Stock (the "Initial U.S. Shares"), together with all or any part of the 600,000 additional shares of Common Stock subject to the option described in Section 2 (the "U.S. Option Shares"), are collectively herein called the "U.S. Shares". The U.S. Shares are more fully described in the U.S. Prospectus referred to below.

It is understood that the Company and the Selling Stockholders are concurrently entering into an agreement, dated the date hereof (the "International Purchase Agreement"), providing for the issuance and sale by the Company and the sale by the Selling Stockholders of an aggregate of 1,000,000 shares of Common Stock (the "Initial International Shares") through arrangements with certain underwriters outside the United States and Canada (the "International Underwriters"), for whom Merrill Lynch International Limited, Morgan Stanley & Co. International Limited, Robertson, Stephens & Company, L.P. and William Blair & Company are acting as Co-Lead Managers (the "Co-Lead Managers"). It is further understood that the Selling Stockholders are also granting the International Underwriters an option to purchase all or any part of 150,000 additional shares of Common Stock (the "International Option Shares") to cover over-allotments. The Initial International Shares and the International Option Shares are hereinafter collectively referred to as the "International Shares". The U.S. Shares and the International Shares are hereinafter collectively referred to as the "Shares".

The Company and the Selling Stockholders understand

that the U.S. Underwriters will simultaneously enter into an agreement with the International Underwriters dated the date hereof (the "Intersyndicate Agreement") providing for the coordination of certain transactions among the U.S. Underwriters and the International Underwriters under the direction of Merrill Lynch, Pierce, Fenner & Smith Incorporated.

You have advised us that you and the other U.S. Underwriters, acting severally and not jointly, desire to purchase the U.S. Shares and that you have been authorized by the other U.S. Underwriters to execute this Agreement and the U.S. Price Determination Agreement referred to below on their behalf.

The initial public offering price per share for the U.S. Shares and the purchase price per share for the U.S. Shares shall be agreed upon by the Company, the Selling Stockholders and the U.S. Representatives, acting on behalf of the several U.S. Underwriters, and such agreement shall be set forth in a separate written instrument substantially in the form of Exhibit A hereto (the "U.S. Price Determination Agreement"). The U.S. Price Determination Agreement may take the form of an exchange of any standard form of written telecommunication among the Company, the Selling Stockholders and the U.S. Representatives and shall specify such applicable information as is indicated in Exhibit A hereto. The offering of the U.S. Shares will be governed by this Agreement, as supplemented by the U.S. Price Determination Agreement. From and after the date of the execution and delivery of the U.S. Price Determination Agreement, this Agreement shall be deemed to incorporate, and all references herein to "this

Agreement" shall be deemed to include, the U.S. Price Determination Agreement.

The Company has prepared and filed with the Securities

and Exchange Commission (the "Commission") a registration statement on Form S-3 (Registration No. 33-52941) covering the registration of the Shares under the Securities Act of 1933, as amended (the "1933 Act"), including the related preliminary prospectus, or prospectuses, and either (A) has prepared and proposes to file, prior to the effective date of such registration statement, an amendment to such registration statement, including a final prospectus or (B) if the Company has elected to rely upon Rule 430A ("Rule 430A") of the rules and regulations of the Commission under the 1933 Act (the "1933 Act Regulations"), will prepare and file a prospectus, in accordance with the provisions of Rule 430A and Rule 424(b) ("Rule 424(b)") of the 1933 Act Regulations, promptly after execution and delivery of the U.S. Price Determination Agreement. Two forms of prospectus are to be used in connection with the offering and sale of the Shares: one relating to the U.S. Shares (the "Form of U.S. Prospectus") and one relating to the International Shares (the "Form of International Prospectus"). The Form of International Prospectus is identical to the Form of U.S. Prospectus, except for the front cover page, the information contained under the caption "Underwriting" and the back cover page. The information, if any, included in such prospectus that was omitted from the prospectus included in such registration statement at the time it becomes effective but that is deemed, pursuant to paragraph (b) of Rule 430A, to be part of such registration statement at the time it becomes effective is referred to herein as the "Rule 430A Information". Each Form of U.S. Prospectus and Form of International Prospectus used before the time such registration statement becomes effective, and any Form of U.S. Prospectus and Form of International Prospectus that omits the Rule 430A Information that is used after such effectiveness and prior to the execution and delivery of the U.S. Price Determination Agreement or the International Price Determination Agreement, is herein called a "preliminary prospectus". Such registration statement, including the exhibits thereto and the documents incorporated by reference therein pursuant to Item 12 of Form S-3 under the 1933 Act, as amended at the time it becomes effective and also including, if applicable, the Rule 430A Information, is herein called the "Registration Statement", and the Form of U.S. Prospectus and Form of International Prospectus, including the documents incorporated by reference therein pursuant to Item 12 of Form S-3 under the 1933 Act, included in the Registration Statement at the time it becomes effective is herein called the "U.S. Prospectus" and the "International Prospectus", respectively, and collectively, the "Prospectuses", and individually, a "Prospectus", except that, if

the final U.S. Prospectus or International Prospectus first furnished to the U.S. Underwriters or International Underwriters, respectively, after the execution of the U.S. Price Determination Agreement or the International Price Determination Agreement, as the case may be, for use in connection with the offering of the Shares differs from the prospectuses included in the Registration Statement at the time it becomes effective (whether or not such prospectuses are required to be filed pursuant to Rule 424(b)), the terms "U.S. Prospectus", "International Prospectus", "Prospectuses" and "Prospectus" shall refer to the final U.S. Prospectus or International Prospectus, as the case may be, first furnished to the U.S. Underwriters or the International Underwriters, as the case may be, for such use.

All references in this Agreement to financial statements and schedules and other information that is "contained", "included" or "stated" in the Registration Statement or the Prospectuses (and all other references of like import) shall be deemed to mean and include all such financial statements and schedules and other information that is or is deemed to be incorporated by reference in the Registration Statement or the Prospectuses, as the case may be; and all references in this Agreement to amendments or supplements to the Registration Statement or the Prospectuses shall be deemed to mean and include the filing of any document under the Securities Exchange Act of 1934, as amended (the "1934 Act"), that is or is deemed to be incorporated by reference in the Registration Statement or the Prospectuses, as the case may be.

The Company and the Selling Stockholders understand that the U.S. Underwriters propose to make a public offering of the U.S. Shares as soon as you deem advisable after the Registration Statement becomes effective and the U.S. Price Determination Agreement has been executed and delivered.

Section 1. Representations and Warranties. (a) The Company represents and warrants to and agrees with the U.S.

Underwriters that:

(i) The Company meets the requirements for use of Form S-3 under the 1933 Act and when the Registration Statement on such form shall become effective, on the date hereof, and on the effective date of any amendment or supplement to the Registration Statement, (A) the Registration Statement and any amendments and supplements thereto will comply in all material respects with the requirements of the 1933 Act and the 1933 Act Regulations; (B) neither the Registration Statement nor any amendment or supplement thereto will contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or

necessary to make the statements therein not misleading; and (C) neither of the Prospectuses nor any amendment or supplement thereto will include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; except that this representation and warranty does not apply to statements or omissions made in reliance upon and in conformity with information furnished in writing or confirmed in writing to the Company by or on behalf of any Underwriter through you expressly for use in the Registration Statement or the Prospectuses.

(ii) The documents incorporated by reference in the Prospectuses pursuant to Item 12 of Form S-3 under the 1933 Act, at the time they were filed with the Commission, complied in all material respects with the requirements of the 1934 Act, and the rules and regulations of the Commission thereunder (the "1934 Act Regulations"), and, when read together with the other information in the

Prospectuses, at the time the Registration Statement becomes effective, on the date hereof, and on the effective date of any amendment or supplement to the Registration Statement, will not contain an an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

(iii) Deloitte & Touche, who are reporting upon the audited financial statements and schedules included or incorporated by reference in the Registration Statement, are independent public accountants as required by the 1933 Act and the 1933 Act Regulations.

(iv) This Agreement has been duly authorized, executed and delivered by the Company.

(v) The consolidated financial statements included or incorporated by reference in the Registration Statement present fairly the consolidated financial position of the Company and the Subsidiary (as hereinafter defined) as of the dates indicated and the consolidated results of operations and the consolidated cash flows of the Company and the Subsidiary for the periods specified. Such financial statements have been prepared in conformity with generally accepted accounting principles applied on a consistent basis throughout the periods involved. The financial statement schedules, if any, included in the Registration Statement present fairly the information

required to be stated therein. The selected financial data included or incorporated by reference in each Prospectus present fairly the information shown therein and have been

compiled on a basis consistent with that of the audited financial statements included or incorporated by reference in the Registration Statement.

(vi) The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware with corporate power and authority under such laws to own, lease and operate its properties and conduct its business as described in each Prospectus; and the Company is duly qualified to transact business as a foreign corporation and is in good standing in each other jurisdiction in which it owns or leases property of a nature, or transacts business of a type, that would make such qualification necessary, except to the extent that the failure to so qualify or be in good standing would not have a material adverse effect on the Company and the Subsidiary, considered as one enterprise. The Company is not engaged in any business other than acting as a holding company for the capital stock of AnnTaylor, Inc., a Delaware corporation (the "Subsidiary").

(vii) The Company's only subsidiaries are the Subsidiary, AnnTaylor Travel, Inc., a Delaware corporation and a wholly owned subsidiary of the Subsidiary, and AnnTaylor Funding, Inc., a Delaware corporation and a wholly owned subsidiary of the Subsidiary, and the Company has a minority ownership interest in each of CAT U.S., Inc. and C.A.T. (Far East), Ltd. The Subsidiary is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware with corporate power under such laws to own, lease and operate its properties and conduct its business; and the Subsidiary is duly qualified to transact business as a foreign corporation and is in good standing in each other jurisdiction in which it owns or leases property of a nature, or transacts business of a type, that would make such qualification necessary, except to the extent that the failure to so qualify or be in good standing would not have a material adverse effect on the Company and the Subsidiary, considered as one enterprise. All of the outstanding shares of capital stock of the Subsidiary have been duly authorized and validly issued and are fully paid and non-assessable and are owned, directly or indirectly, by the Company free and clear of any pledge, lien, security interest, charge, claim, equity or encumbrance of any kind, except as provided in or pursuant to the Bank Credit Agreement dated as of June 28, 1993, as

amended (the "Bank Credit Agreement"), among the Subsidiary and the lenders named therein.

(viii) The Company had at the date indicated a duly authorized, issued and outstanding capitalization as set forth in each Prospectus in the column entitled "Actual" under the caption "Capitalization" and the Shares conform to the description thereof under the caption "Description of Capital Stock" contained in each Prospectus.

(ix) The Shares to be sold by the Company pursuant to this Agreement and the International Purchase Agreement have been duly authorized and, when issued and paid for in accordance with this Agreement and the International Purchase Agreement, will be validly issued, fully paid and non-assessable; no holder thereof will be subject to personal liability by reason of being such a holder; and such Shares are not subject to the preemptive or other similar rights of any stockholder of the Company.

(x) The Shares to be sold by the Selling Stockholders have been duly authorized and validly issued and are fully paid and non-assessable; and no holder thereof is or will be subject to personal liability by reason of being such a holder.

(xi) All of the other outstanding shares of capital stock of the Company have been duly authorized and validly issued and are fully paid and non-assessable; no holder thereof is or will be subject to personal liability by reason of being such a holder; and none of the outstanding shares of capital stock of the Company was issued in violation of the preemptive rights of any stockholder of the Company.

(xii) Since the respective dates as of which information is given in the Registration Statement and each

Prospectus, except as otherwise stated therein or contemplated thereby, there has not been (A) any material adverse change in the condition (financial or otherwise), earnings, business affairs or business prospects of the Company and the Subsidiary, considered as one enterprise, whether or not arising in the ordinary course of business, or (B) any dividend or distribution of any kind declared, paid or made by the Company on its capital stock.

(xiii) Neither the Company nor the Subsidiary is in default in the performance or observance of any obligation, agreement, covenant or condition contained in any contract, indenture, mortgage, loan agreement, note, lease or other

agreement or instrument to which it is a party or by which it may be bound or to which any of its properties may be subject, except for such defaults that would not have a material adverse effect on the condition (financial or otherwise), earnings, business affairs or business prospects of the Company and the Subsidiary. The execution and delivery of this Agreement and the International Purchase Agreement by the Company, the issuance and delivery of the Shares, the consummation by the Company of the transactions contemplated in this Agreement and the International Purchase Agreement and in the Registration Statement and compliance by the Company with the terms of this Agreement have been duly authorized by all necessary corporate action on the part of the Company and do not and will not result in any violation of the charter or by-laws of the Company or the Subsidiary and do not and will not conflict with, or result in a breach of any of the terms or provisions of, or constitute a default under, or result in the creation or imposition of any lien, charge or encumbrance upon any property or assets of the Company or the Subsidiary under

(A) any contract, indenture, mortgage, loan agreement, note,lease or other agreement or instrument to which the Company or the Subsidiary is a party or by which either of them may be bound or to which any of their properties may be subject (except for such conflicts, breaches or defaults or liens, charges or encumbrances that would not have a material adverse effect on the condition (financial or otherwise), earnings, business affairs or business prospects of the Company or the Subsidiary, considered as one enterprise) or (B) any existing applicable law, rule, regulation, judgment, order or decree of any government, governmental instrumentality or court, domestic or foreign, having jurisdiction over the Company or the Subsidiary or any of their respective properties.

(xiv) No authorization, approval, consent or license of any government, governmental instrumentality or court, domestic or foreign (other than under the 1933 Act, the 1933 Act Regulations, the securities or blue sky laws of the various states and the securities laws of any jurisdiction outside the United States in which International Shares are offered or sold by the International Underwriters), is legally required for the valid authorization, issuance, sale and delivery of the Shares as contemplated by this Agreement and the International Purchase Agreement.

(xv) Except as disclosed in the Prospectuses, there is no action, suit or proceeding before or by any government, governmental instrumentality or court, domestic or foreign,

now pending or, to the knowledge of the Company, threatened against the Company or the Subsidiary that is required to be disclosed in the Prospectuses or that is reasonably expected

by the Company to result in any material adverse change in the condition (financial or otherwise), earnings, business affairs or business prospects of the Company and the Subsidiary, considered as one enterprise, or that could reasonably be expected to materially and adversely affect the consummation of the transactions contemplated by this Agreement, the International Purchase Agreement or the Registration Statement. The aggregate of all pending legal or governmental proceedings to which the Company or the Subsidiary is a party that are not described in the Prospectuses, including ordinary routine litigation incidental to the business of the Company or the Subsidiary, as the case may be, is not reasonably expected by the Company to have a material adverse effect on the condition (financial or otherwise), earnings, business affairs or business prospects of the Company and the Subsidiary, considered as one enterprise.

(xvi) There are no contracts or documents of a character required to be described in the Registration Statement or the Prospectuses or to be filed as exhibits to the Registration Statement that are not described and filed as required.

(xvii) The Company and the Subsidiary each owns, possesses or has obtained all material governmental licenses, permits, certificates, consents, orders, approvals and other authorizations necessary to own or lease, as the case may be, and to operate its properties and to carry on its business as presently conducted, except where the failure to possess such licenses, permits, certificates, consents, orders, approvals or other authorizations would not have a material adverse effect on the condition (financial or otherwise), earnings, business affairs or business prospects of the Company and the Subsidiary, considered as one enterprise, and neither the Company nor the Subsidiary has received any notice of proceedings relating to revocation or modification of any such licenses, permits, certificates, consents, orders, approvals or authorizations, which, in the reasonable judgment of the Company, if the subject of an unfavorable decision, ruling or finding, would have a material adverse effect on the condition (financial or otherwise), earnings, business affairs or business prospects of the Company and the Subsidiary, considered as one enterprise.

(xviii) The Company and the Subsidiary each owns or possesses, or can acquire on reasonable terms, adequate patents, patent licenses, trademarks, service marks and trade names necessary to carry on its business as presently conducted, and neither the Company nor the Subsidiary has received any notice of infringement of or conflict with asserted rights of others with respect to any patents, patent licenses, trademarks, service marks or trade names that in the aggregate, if the subject of an unfavorable decision, ruling or finding, could materially adversely affect the condition (financial or otherwise), earnings, business affairs or business prospects of the Company and the Subsidiary, considered as one enterprise.

(xix) The Company has not taken and will not take, directly or indirectly, any action designed to, or that the Company reasonably believes would cause or result in stabilization or manipulation of the price of the Common Stock; and the Company has not distributed and will not distribute any prospectus (as such term is defined in the 1933 Act and the 1933 Act Regulations) in connection with the offering and sale of the Shares other than any preliminary prospectus filed with the Commission or the Prospectuses or other material permitted by the 1933 Act or the 1933 Act Regulations.

(xx) The Company has obtained the written agreement of certain officers of the Company who beneficially own an aggregate of at least [100,000] shares of Common Stock or securities convertible into or exchangeable or exercisable for Common Stock ("convertible securities") that, for a period of 120 days from the date hereof, such persons will not, without the prior written consent of Merrill Lynch, Pierce, Fenner & Smith Incorporated ("Merrill Lynch"), which consent will not be unreasonably withheld, directly or indirectly, sell, offer to sell, grant any option for the sale of, or otherwise dispose of any shares of Common Stock

or convertible securities; provided, however, that during such 120 day period, (i) such shares of Common Stock or convertible securities may be transferred by will or the laws of descent and distribution and (ii) such persons may make gifts of shares of Common Stock or convertible securities or transfer such shares of Common Stock or convertible securities to family trusts, so long as the donee agrees to be bound by the foregoing restriction in the same manner as it applies to such persons.

(xxi) Except as disclosed in the Registration Statement and except as would not individually or in the aggregate have a material adverse effect on the condition

(financial or otherwise), earnings, business affairs or business prospects of the Company and the Subsidiary, considered as one enterprise, (A) the Company and the Subsidiary are in compliance with all applicable Environmental Laws, (B) the Company and the Subsidiary have all permits, authorizations and approvals required under any applicable Environmental Laws and are each in compliance with their requirements, (C) there are no pending or threatened Environmental Claims against the Company or the Subsidiary, and (D) there are no circumstances with respect to any property or operations of the Company or the Subsidiary that could reasonably be anticipated to form the basis of an Environmental Claim against the Company or the Subsidiary.

For purposes of this Agreement, the following terms shall have the following meanings: "Environmental Law" means any United States (or other applicable jurisdiction's) federal, state, local or municipal statute, law, rule, regulation, ordinance, code, policy or rule of common law

and any judicial or administrative interpretation thereof including any judicial or administrative order, consent decree or judgment, relating to the environment, health, safety or any chemical, material or substance, exposure to which is prohibited, limited or regulated by any governmental authority. "Environmental Claims" means any and all administrative, regulatory or judicial actions, suits, demands, demand letters, claims, liens, notices of noncompliance or violation, investigations or proceedings relating in any way to any Environmental Law.

(xxii) There are no persons, corporations, partnerships or other entities with registration or other similar rights to have any securities registered pursuant to the Registration Statement.

(b) Each of the Selling Stockholders severally and not jointly represents and warrants to, and agrees with, the U.S. Underwriters as follows:

(i) When the Registration Statement shall become effective, on the date hereof, and on the effective date of any amendment or supplement to the Registration Statement, (A) such parts of the Registration Statement and any amendments and supplements thereto as specifically refer to such Selling Stockholder will not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading and (B) such parts of each Prospectus as specifically refer to such Selling Stockholder

will not include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under

which they were made, not misleading.

(ii) All authorizations and consents necessary for the execution and delivery by or on behalf of such Selling Stockholder of this Agreement and the sale and delivery pursuant to this Agreement of the Shares to be sold by such Selling Stockholder have been given and are in full force and effect on the date hereof and will be in full force and effect at the Closing Time and, if any U.S. Option Shares are purchased, on the Date of Delivery.

(iii) The execution and delivery of this Agreement and the consummation by any Selling Stockholder of the transactions contemplated in this Agreement and the International Purchase Agreement will not result in a breach by such Selling Stockholder of, or constitute a default by such Selling Stockholder under, any material agreement, instrument, decree, judgment or order to which such Selling Stockholder is a party or by which such Selling Stockholder may be bound.

(iv) Such Selling Stockholder will, at the Closing Time and, if any U.S. Option Shares are purchased, on the Date of Delivery, be the sole registered holder of the U.S. Shares to be sold by such Selling Stockholder pursuant to this Agreement, free and clear of any pledge, lien, security interest, charge, claim, equity or encumbrance of any kind, other than pursuant to this Agreement; such Selling Stockholder has full right, power and authority to sell, transfer and deliver such U.S. Shares pursuant to this Agreement; and, upon delivery of such U.S. Shares and payment of the purchase price therefor as contemplated in this Agreement, each of the U.S. Underwriters will receive all of such Selling Stockholder's interest in its ratable share of the U.S. Shares purchased by it from such Selling Stockholder, free and clear of any pledge, lien, security interest, charge, claim, equity or encumbrance of any kind.

(v) For a period of 120 days from the date hereof, such Selling Stockholder will not, without the prior written consent of Merrill Lynch, directly or indirectly, sell, offer to sell, grant any option for the sale of, or otherwise dispose of, any shares of Common Stock or other securities convertible into Common Stock, other than to the U.S. Underwriters pursuant to this Agreement or to the International Underwriters pursuant to the International Purchase Agreement; provided that during such period such

Selling Stockholder may make gifts of shares of Common Stock or other securities convertible into Common Stock upon the condition that the donees agree to be bound by the foregoing restriction in the same manner as it applies to such Selling Stockholder.

(vi) Such Selling Stockholder has not taken and will not take, directly or indirectly, any action designed to, or that such Selling Stockholder reasonably believes would, cause or result in stabilization or manipulation of the price of the Common Stock; and such Selling Stockholder has not distributed and will not distribute any prospectus (as such term is defined in the 1933 Act and the 1933 Act Regulations) in connection with the offering and sale of the Shares other than any preliminary prospectus filed with the Commission or the Prospectuses or other material permitted by the 1933 Act or the 1933 Act Regulations.

(c) Any certificate signed by any officer of the Company or the Subsidiary and delivered to you or to counsel for the U.S. Underwriters shall be deemed a representation and warranty by the Company to each U.S. Underwriter as to the matters covered thereby; and any certificate signed by or on behalf of the Selling Stockholders as such and delivered to you or to counsel for the U.S. Underwriters shall be deemed a representation and warranty by the Selling Stockholders to each U.S. Underwriter as to the matters covered thereby.

Section 2. Sale and Delivery to the U.S. Underwriters; Closing. (a) On the basis of the representations and warranties herein contained, and subject to the terms and conditions herein set forth, the Company and the Selling Stockholders agree, severally and not jointly, to sell to each U.S. Underwriter, and each U.S. Underwriter agrees, severally and not jointly, to

purchase from the Company and the Selling Stockholders, at the purchase price per share for the Initial U.S. Shares to be agreed upon by the U.S. Representatives, the Company and the Selling Stockholders in accordance with Section 2(b) or 2(c), and set forth in the U.S. Price Determination Agreement, the number of Initial U.S. Shares set forth opposite the name of such U.S. Underwriter in Schedule A, plus such additional number of Initial U.S. Shares which such Underwriter may become obligated to purchase pursuant to Section 11 hereof. If the Company elects to rely on Rule 430A, Schedules A and B may be attached to the U.S. Price Determination Agreement.

(b) If the Company has elected not to rely upon Rule 430A, the initial public offering price per share for the Initial U.S. Shares and the purchase price per share for the Initial U.S.

Shares to be paid by the several U.S. Underwriters shall be agreed upon and set forth in the U.S. Price Determination Agreement, dated the date hereof, and an amendment to the Registration Statement containing such per share price information will be filed before the Registration Statement becomes effective.

(c) If the Company has elected to rely upon Rule 430A, the initial public offering price per share for the Initial U.S. Shares and the purchase price per share for the Initial U.S. Shares to be paid by the several U.S. Underwriters shall be agreed upon and set forth in the U.S. Price Determination Agreement. In the event that the U.S. Price Determination Agreement has not been executed by the close of business on the fourth business day following the date on which the Registration Statement becomes effective, this Agreement shall terminate forthwith, without liability of any party to any other party except that Sections 7 and 8 shall remain in effect.

(d) In addition, on the basis of the representations and warranties herein contained, and subject to the terms and conditions herein set forth, each Selling Stockholder grants an option to the U.S. Underwriters, severally and not jointly, to purchase up to the additional number of U.S. Option Shares set forth opposite such Selling Stockholder's name in the appropriate column of Schedule B at the same purchase price per share as shall be applicable to the Initial U.S. Shares. The option hereby granted will expire 30 days after the date upon which the Registration Statement becomes effective or, if the Company has elected to rely upon Rule 430A, the date of the U.S. Price Determination Agreement, and may be exercised, in whole or from time to time in part, only for the purpose of covering over-allotments that may be made in connection with the offering and distribution of the Initial U.S. Shares upon notice by you to the Company and the Selling Stockholders setting forth the number of U.S. Option Shares as to which the several U.S. Underwriters are exercising the option, and the time and date of payment and delivery thereof. Such time and date of delivery (the "Date of Delivery") shall be determined by you but shall not be later than seven full business days after the exercise of such option, nor in any event prior to the Closing Time. If the option is exercised as to only a portion of the U.S. Option Shares, each of the Selling Stockholders will sell its pro rata portion of the U.S. Option Shares to be purchased by the U.S. Underwriters. If the option is exercised as to all or any portion of the U.S. Option Shares, the U.S. Option Shares as to which the option is exercised shall be purchased by the U.S. Underwriters, severally and not jointly, in their respective underwriting obligation proportions.

(e) Payment of the purchase price for, and delivery of

certificates for, the Initial U.S. Shares shall be made at the offices of Shearman & Sterling, 599 Lexington Avenue, New York, New York 10022, or at such other place as shall be agreed upon by the Company, the Selling Stockholders and you, at 10:00 A.M. either (i) on the fifth full business day after the effective date of the Registration Statement or (ii) if the Company has elected to rely upon Rule 430A, the fifth full business day after execution of the U.S. Price Determination Agreement (unless, in either case, postponed pursuant to Section 11 or 12), or at such other time not more than ten full business days thereafter as you and the Company and the Selling Stockholders shall determine (such date and time of payment and delivery being herein called the "Closing Time"). In addition, in the event that any or all of the U.S. Option Shares are purchased by the U.S. Underwriters, payment of the purchase price for, and delivery of certificates for, such U.S. Option Shares shall be made at the offices of Shearman & Sterling set forth above, or at such other place as the Company, the Selling Stockholders and you shall determine, on the Date of Delivery as specified in the notice from you to the Company and the Selling Stockholders. Payment shall be made to the Company by certified or official bank check or checks or wire transfers in New York Clearing House funds payable to the order of the Company and to the Selling Stockholders or to a custodian or other representative of the Selling Stockholders by certified or official bank check or checks in New York Clearing House funds payable to the order of the Selling Stockholders, against delivery to you for the respective accounts of the several U.S. Underwriters of certificates for the U.S. Shares to be purchased by them.

(f) Certificates for the Initial U.S. Shares and U.S. Option Shares to be purchased by the U.S. Underwriters shall be in such denominations and registered in such names as you may request in writing at least two full business days before the Closing Time or the Date of Delivery, as the case may be. The certificates for the Initial U.S. Shares and U.S. Option Shares will be made available in New York City for examination and packaging by you not later than 10:00 A.M. on the business day immediately prior to the Closing Time or the Date of Delivery, as the case may be.

(g) It is understood that each U.S. Underwriter has authorized you, for its account, to accept delivery of, receipt for, and make payment of the purchase price for, the U.S. Shares that it has agreed to purchase. You, individually and not as U.S. Representatives, may (but shall not be obligated to) make payment of the purchase price for the Initial U.S. Shares, or U.S. Option Shares, to be purchased by any U.S. Underwriter whose check or checks shall not have been received by the Closing Time

or the Date of Delivery, as the case may be, but such payment shall not relieve such U.S. Underwriter from its obligations hereunder.

(h) The several and not joint obligations of the Company and the Selling Stockholders to sell to each U.S. Underwriter the Initial U.S. Shares and (with respect to the Company) the U.S. Option Shares and the several and not joint obligations of the U.S. Underwriters to purchase and pay for the Shares, upon the terms and subject to the conditions of this Agreement, are subject to the concurrent closing of the sale of the International Shares to the International Underwriters pursuant to the terms of the International Purchase Agreement.

Section 3. Certain Covenants of the Company [and the U.S. Underwriters]. [(a)] The Company covenants with each U.S. Underwriter as follows:

(a) The Company will use its best efforts to cause the Registration Statement to become effective and, if the Company elects to rely upon Rule 430A and subject to Section 3(b) hereof, will comply with the requirements of Rule 430A and will notify you immediately, and confirm the notice in writing (i) when the Registration Statement, or any post-effective amendment to the Registration Statement, shall have become effective, or any supplement to the Prospectuses or any amended Prospectuses shall have been filed, (ii) of the receipt of any comments from the Commission, (iii) of any request by the Commission to amend the Registration Statement or amend or supplement the Prospectuses or for additional information and (iv) of the issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement or of any order preventing or suspending the use of any preliminary prospectus, or of the suspension of

the qualification of the Shares for offering or sale in any jurisdiction, or of the institution or threatening of any proceedings for any of such purposes. The Company will use every reasonable effort to prevent the issuance of any such stop order or of any order preventing or suspending such use and, if any such order is issued, to obtain the lifting thereof at the earliest possible moment.

(b) The Company will not at any time file or make any amendment to the Registration Statement, or any amendment or supplement (i) if the Company has not elected to rely upon Rule 430A, to each Prospectus (including amendments of the documents incorporated by reference into each Prospectus) or (ii) if the Company has elected to rely upon Rule 430A, to either the prospectuses included in the Registration Statement at the time it becomes effective or to each Prospectus (including amendments of the documents incorporated by reference into the prospectus or

Prospectuses), of which you shall not have previously been advised and furnished a copy, or to which you or counsel for the U.S. Underwriters shall reasonably object in writing.

(c) The Company has furnished or will furnish to you as many signed copies of the Registration Statement as originally filed and of all amendments thereto, whether filed before or after the Registration Statement becomes effective, copies of all exhibits and documents filed therewith (including documents incorporated by reference into each Prospectus pursuant to Item 12 of Form S-3 under the 1933 Act) and signed copies of all consents and certificates of experts, as you may reasonably request and has furnished or will furnish to you, for each other U.S. Underwriter, one conformed copy of the Registration Statement as originally filed and of each amendment thereto (including documents incorporated by reference into each

Prospectus but without exhibits).

(d) The Company will deliver to each U.S. Underwriter, without charge, from time to time until the effective date of the Registration Statement (or, if the Company has elected to rely upon Rule 430A, until the date of the U.S. Price Determination Agreement), as many copies of each preliminary prospectus as such U.S. Underwriter may reasonably request, and the Company hereby consents to the use of such copies for purposes permitted by the 1933 Act. The Company will deliver to each Underwriter, without charge, as soon as the Registration Statement shall have become effective (or, if the Company has elected to rely upon Rule 430A, as soon as practicable on or after the date of the U.S. Price Determination Agreement) and thereafter from time to time as requested during the period when the Prospectus is required to be delivered under the 1933 Act, such number of copies of the Prospectus (as supplemented or amended) as such U.S. Underwriter may reasonably request; and in case any U.S. Underwriter is required to deliver a prospectus in connection with sales of any of the U.S. Shares at any time nine months or more after the effective date of the Registration Statement (or, if the Company has elected to rely upon Rule 430A, the date of the U.S. Price Determination Agreement), upon such U.S. Underwriter's request, but at the expense of such U.S. Underwriter, the Company will prepare and deliver to Underwriter as many copies as you may request of an amended or supplemented Prospectus complying with Section 10(a)(3) of the 1933 Act.

(e) The Company will comply to the best of its ability with the 1933 Act and the 1933 Act Regulations and the 1934 Act and the 1934 Act Regulations so as to permit the completion of the distribution of the U.S. Shares as contemplated in this Agreement and in the Prospectus. If at any time when a prospectus is required by the 1933 Act to be delivered in

connection with sales of the U.S. Shares any event shall occur or condition exist as a result of which it is necessary, in the opinion of counsel for the U.S. Underwriter or counsel for the Company, to amend the Registration Statement or amend or supplement any Prospectus in order that each Prospectus will not include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein not misleading in the light of the circumstances existing at the time it is delivered to a purchaser, or if it shall be necessary, in the opinion of either such counsel, at any such time to amend the Registration Statement or amend or supplement any Prospectus in order to comply with the requirements of the 1933 Act or the 1933 Act Regulations, the Company will promptly prepare and file with the Commission, subject to Sections 3(b) and 3(d) hereof, such amendment or supplement as may be necessary to correct such untrue statement or omission or to make the Registration Statement or each Prospectus comply with such requirements.

(f) The Company will use its best efforts in cooperation with the U.S. Underwriters to qualify the Shares for offering and sale under the applicable securities laws of such states and other jurisdictions as you may designate and to maintain such qualifications in effect for a period of not less than one year from the effective date of the Registration Statement; provided, however, that neither the Company nor the Subsidiary shall be obligated to file any general consent to service of process or to qualify as a foreign corporation or as a dealer in securities in any jurisdiction in which it is not so qualified or to subject itself to taxation in respect of doing business in any jurisdiction in which it is not otherwise so subject. The Company will file such statements and reports as may be required by the laws of each jurisdiction in which the Shares have been qualified as above provided.

(g) The Company will make generally available to its security holders as soon as practicable, but not later than 45 days after the close of the period covered thereby, an earnings statement of the Company (in form complying with the provisions of Rule 158 of the 1933 Act Regulations), covering a period of 12 months beginning after the effective date of the Registration Statement and covering a period of 12 months beginning after the effective date of any post-effective amendment to the Registration Statement but not later than the first day of the Company's fiscal quarter next following such respective effective dates.

(h) The Company will use the net proceeds received by it from the sale of the Shares in the manner specified in each Prospectus under the caption "Use of Proceeds".

(i) The Company, during the period when any Prospectus is required to be delivered under the 1933 Act, will file promptly all documents required to be filed with the Commission pursuant to Section 13 or 14 of the 1934 Act subsequent to the time the Registration Statement becomes effective; provided, however, that the Company will not at any time file any such document of which you shall not have previously been advised and furnished a copy.

(j) For a period of 120 days from the date hereof, the Company will not, without the prior written consent of Merrill Lynch, directly or indirectly, sell, offer to sell, grant any option for the sale of, or otherwise dispose of, any Common Stock or warrants or other securities convertible into or exchangeable or exercisable for Common Stock, other than to the U.S. Underwriters pursuant to this Agreement and the U.S. Price Determination Agreement, to the International Underwriters pursuant to the International Purchase Agreement and the International Price Determination Agreement and other than pursuant to the Company's 1992 Amended and Restated Stock Option Plan and the Associate Stock Purchase Plan.

(k) The Company has complied and will comply with all the provisions of Florida H.B. 1771, codified as Section 517.075 of the Florida statutes, and all regulations promulgated thereunder relating to issuers doing business in Cuba.

(l) The Company will use its best efforts to list the U.S. Shares on the New York Stock Exchange on the date of the U.S. Price Determination Agreement.

(m) If the Company has elected to rely upon Rule 430A, it will take such steps as it deems necessary to ascertain

promptly whether the forms of prospectus transmitted for filing under Rule 424(b) were received for filing by the Commission and, in the event that they were not, it will promptly file such prospectuses.

Section 4. Payment of Expenses. The Company and the Selling Stockholders will pay all costs and expenses incident to the performance of their obligations under this Agreement, including (a) the printing and filing of the Registration Statement (including financial statements and exhibits), as originally filed and as amended, the preliminary prospectuses and each Prospectus and any amendments or supplements thereto, and the cost of furnishing copies thereto to the U.S. Underwriters and the International Underwriters, (b) the printing and distribution of certificates for the U.S. Shares and the Blue Sky Survey, (c) the delivery of certificates for the Shares to the U.S. Underwriters and the International Underwriters, including

any stock transfer taxes payable upon the sale of the Shares to the U.S. Underwriters and the International Underwriters (it being understood that the U.S. Underwriter will pay any New York stock transfer tax, and the Company and the Selling Stockholders will reimburse the U.S. Underwriters for carrying costs if a rebate of such transfer taxes is sought but not obtained on the date of payment), (d) the fees and disbursements of the Company's counsel and accountants, (e) the qualification of the Shares under the applicable securities laws in accordance with Section 3(f), including filing fees and fees and disbursements of counsel for the U.S. Underwriters in connection therewith and in connection with the Blue Sky Survey, and (f) any filing fees in connection with any filing for review of the offering with the National Association of Securities Dealers, Inc.

If this Agreement is terminated by you in accordance with the provisions of Section 5, 10(a)(i) or 12, the Company and the Selling Stockholders shall reimburse the U.S. Underwriters for all their out-of-pocket expenses, including the reasonable fees and disbursements of counsel for the U.S. Underwriters.

The provisions of this Section shall not affect any agreement that the Company and the Selling Stockholders may make for the sharing of such costs and expenses.

Section 5. Conditions of U.S. Underwriters' Obligations. In addition to the execution and delivery of the U.S. Price Determination Agreement, the obligations of the several U.S. Underwriters to purchase and pay for the U.S. Shares that they have respectively agreed to purchase pursuant to this Agreement (including any U.S. Option Shares as to which the option granted in Section 2 has been exercised and the Date of Delivery determined by you is the same as the Closing Time) are subject to the accuracy of the representations and warranties of the Company and the Selling Stockholders contained herein (including those contained in the U.S. Price Determination Agreement) or in certificates of any officer of the Company or the Subsidiary delivered pursuant to the provisions hereof, to the performance by the Company and the Selling Stockholders of their obligations hereunder, and to the following further conditions:

(a) The Registration Statement shall have become effective not later than 5:30 P.M. on the date of this Agreement or, with your consent, at a later time and date not later, however, than 5:30 P.M. on the first business day following the date hereof, or at such later time or on such later date as you may agree to in writing with the approval of a majority in interest of the several U.S. Underwriters; and at the Closing Time no stop order suspending the effectiveness of the

Registration Statement shall have been issued under the 1933 Act and no proceedings for that purpose shall have been instituted or shall be pending or, to your knowledge or to the knowledge of the Company, shall have been instituted or shall be pending or, to your knowledge or to the knowledge of the Company, shall be contemplated by the Commission, and any request on the part of the Commission for additional information shall have been complied with to the satisfaction of counsel for the U.S. Underwriters. If the Company has elected to rely upon Rule 430A, a prospectus containing the Rule 430A Information shall have been filed with the Commission in accordance with Rule 424(b) (or a post-effective amendment providing such information shall have been filed and declared effective in accordance with the requirements of Rule 430A).

(b) At the Closing Time, you shall have received a signed opinion of Skadden, Arps, Slate, Meagher & Flom, counsel for the Company, dated as of the Closing Time, in form and substance satisfactory to counsel for the U.S. Underwriters, to the effect that:

(i) The Shares sold by the Company pursuant to the provisions of this Agreement and the International Purchase Agreement have been duly authorized and, when issued and delivered by the Company upon receipt of payment therefor in accordance with the terms of this Agreement will be validly issued, fully paid and non-assessable; no holder thereof is or will be subject to personal liability by reason of being such a holder; such Shares are not subject to the preemptive rights of any stockholder of the Company; and all corporate action required to be taken for the authorization, issue and sale of such Shares has been validly and sufficiently taken.

(ii) The Shares sold by the Selling Stockholders pursuant to the provisions of this Agreement have been duly authorized and validly issued and are fully paid and non-assessable; and no holder thereof is or will be subject to personal liability by reason of being such a holder.

(iii) As of January 29, 1994, the authorized, issued and outstanding capital stock of the Company is as set forth in each Prospectus under the heading "Capitalization".

(iv) The Shares conform in all material respects as to legal matters to the descriptions thereof under the caption "Description of Capital Stock" in each Prospectus.

(v) This Agreement (including the U.S. Price Determination Agreement) and the International Purchase

Agreement have been duly authorized, executed and delivered by the Company.

(vi) No authorization, approval, consent or license of any government, governmental instrumentality or court, domestic or foreign (other than under the 1933 Act and the securities or blue sky laws of the various states that, in the opinion of such counsel, are normally applicable to transactions of the type contemplated by this Agreement), is required for the valid authorization, issuance, sale and delivery of the Shares, except such as may be required under the 1933 Act and the 1933 Act Regulations or state securities law and the securities laws of any jurisdiction in which the International Shares are offered and sold by the International Underwriters pursuant to the International Purchase Agreement.

(vii) The statements made in the Prospectuses under the captions "Description of Capital Stock" and "Certain United States Federal Tax Consequences to Non-U.S. Stockholders", to the extent that they constitute matters of law or legal conclusions, have been reviewed by such counsel and fairly summarize the information required to be disclosed therein in all material respects.

(viii) The execution and delivery of this Agreement and the International Purchase Agreement, the issuance and delivery of the Shares, the consummation by the Company of the transactions contemplated in this Agreement, in the International Purchase Agreement and in the Registration

Statement and compliance by the Company with the terms of this Agreement and the International Purchase Agreement do not and will not result in any violation of the charter or by-laws of the Company or the Subsidiary, and do not and will not conflict with, or result in a breach of any of the terms or provisions of, or constitute a default under, or result in the creation or imposition of any lien, charge or encumbrance upon any property or assets of the Company or the Subsidiary under (A) any agreement or instrument set forth on Schedule I to such counsel's opinion, (B) any existing applicable law, rule or regulation (other than securities or blue sky laws of the various states, as to which such counsel need express no opinion, and other than the federal securities laws, which are addressed elsewhere in such counsel's opinion) that, in the opinion of such counsel, are normally applicable to transactions of the type contemplated by this Agreement, or (C) any judgment, order or decree of any government, governmental instrumentality or court, domestic or foreign, having jurisdiction over the Company or the Subsidiary or any of their respective

properties of which such counsel is aware. Such counsel need express no opinion, however, as to whether the execution, delivery and performance by the Company of any of the agreements identified in the preceding sentence will constitute a violation of or a default under any covenant, restriction or provision with respect to financial ratios or tests or any aspect of the financial condition or results of operations of the Company.

(ix) Such counsel has been informed by the Commission that the Registration Statement became effective under the 1933 Act on the date of this Agreement; any required filing of each Prospectus or any supplement thereto pursuant to

Rule 424(b) has been made in the manner and within the time period required by Rule 424(b); and, to the knowledge of such counsel, no stop order suspending the effectiveness of the Registration Statement has been issued and no proceedings for that purpose have been instituted or are pending or have been threatened by the Commission under the 1933 Act.

(x) The Registration Statement (including the Rule 430A Information, if applicable) and each Prospectus, excluding the documents incorporated by reference therein, and each amendment or supplement thereto (except for the financial statements and other financial or statistical data included therein or omitted therefrom, as to which such counsel need express no opinion), as of their respective effective or issue dates, appear on their face to have been appropriately responsive in all material respects to the requirements of the 1933 Act and the 1933 Act Regulations.

In addition, such opinion shall state that such counsel have participated in the preparation of the Registration Statement, the documents incorporated by reference therein and the Prospectuses and in conferences with officers and other representatives of the Company, representatives of the independent public accountants for the Company, and with your representatives and your counsel at which the contents of the Registration Statement, the documents incorporated by reference therein, the Prospectuses and related matters were discussed and, although such counsel need not pass upon or assume any responsibility for the accuracy, completeness or fairness of the statements contained in the Registration Statement, the documents incorporated by reference therein or the Prospectuses, on the basis of the foregoing, no facts have come to the attention of such counsel that have caused them to believe (A) that the Registration Statement (including the Rule 430A Information, if applicable) or any amendment thereto (except for the financial statements and other financial or statistical data included

therein or omitted therefrom, as to which such counsel need express no opinion), at the time the Registration Statement or any such amendment became effective, contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading or (B) that each Prospectus or any amendment or supplement thereto (except for the financial statements and other financial or statistical data included therein or omitted therefrom, as to which such counsel need express no opinion), at the time each Prospectus was issued, at the time any such amended or supplemented prospectus was issued or at the Closing Time, contained or contains an untrue statement of a material fact or omitted or omits to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading except that such counsel need express no opinion or belief with respect to the financial statements, schedules and other financial or statistical data included therein or omitted therefrom.

Such opinion shall be to such further effect with respect to other legal matters relating to this Agreement and the sale of the U.S. Shares pursuant to this Agreement as counsel for the U.S. Underwriters may reasonably request. In giving such opinion such counsel may rely, as to all matters governed by the laws of jurisdictions other than the law of the State of New York, the federal law of the United States and the General Corporation Law of the State of Delaware, upon the opinions of counsel satisfactory to counsel for the U.S. Underwriters. Such counsel may also state that, insofar as such opinion involves factual matters, they have relied, to the extent they deem proper, upon certificates of officers of the Company and the Subsidiary and certificates of public officials; provided that such certificates have been delivered to the U.S. Underwriters.

(c) At the Closing Time, you shall have received a signed opinion of Jocelyn F.L. Barandiaran, general counsel for the Company, dated as of the Closing Time, together with signed or reproduced copies of such opinion for each of the other U.S. Underwriters, in form and substance satisfactory to counsel for the U.S. Underwriters, to the effect that:

(i) The Company is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Delaware with corporate power and authority under such laws to own, lease and operate its properties and conduct its business as described in each Prospectus.

(ii) The Company is duly qualified to transact business as a foreign corporation and is in good standing in each

other jurisdiction in which it owns or leases property of a nature, or transacts business of a type, that would make such qualification necessary, except to the extent that the failure to so qualify or be in good standing would not have a material adverse effect on the Company and the Subsidiary, considered as one enterprise.

(iii) The Subsidiary is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Delaware with corporate power and authority under such laws to own, lease and operate its properties and conduct its business.

(iv) The Subsidiary is duly qualified to transact business as a foreign corporation and is in good standing in each other jurisdiction in which it owns or leases property of a nature, or transacts business of a type, that would make such qualification necessary, except to the extent that the failure to so qualify or be in good standing would not have a material adverse effect on the Company and the Subsidiary, considered as one enterprise.

(v) All of the outstanding shares of capital stock of the Company have been duly authorized and validly issued and are fully paid and non-assessable; no holder thereof is or will be subject to personal liability by reason of being such a holder; and none of the outstanding shares of capital stock of the Company was issued in violation of the preemptive rights of any stockholder of the Company arising by operation of law or under the charter or by-laws of the

Company.

(vi) All of the outstanding shares of capital stock of the Subsidiary have been duly authorized and validly issued and are fully paid and non-assessable; all of such shares are owned by the Company, directly or through one or more subsidiaries, free and clear of any pledge, lien, security interest, charge, claim, equity or encumbrance of any kind (other than pursuant to the Bank Credit Agreement); no holder thereof is subject to personal liability by reason of being such a holder; and none of such shares was issued in violation of the preemptive rights of any stockholder of the Subsidiary arising by operation of law or under the charter or by-laws of the Subsidiary.

(vii) Such counsel does not know of any statutes or regulations, or any pending or threatened legal or governmental proceedings, required to be described in each Prospectus that are not described as required, nor of any contracts or documents of a character required to be

described or referred to in the Registration Statement or each Prospectus or to be filed as exhibits to the Registration Statement that are not described, referred to or filed as required.

(viii) Except to the extent described in the Prospectuses, to the knowledge of such counsel, no default exists in the performance or observance of any material obligation, agreement, covenant or condition contained in any contract, indenture, loan agreement, note, lease or other agreement or instrument that is described or referred to in the Registration Statement or the Prospectuses or filed as an exhibit to the Registration Statement.

(ix) The documents incorporated by reference in each Prospectus (except for the financial statements and other financial or statistical data included therein or omitted therefrom, as to which such counsel need express no opinion), as of the dates they were filed with the Commission, appear on their face to have been appropriately responsive in all material respects to the requirements of the 1934 Act and the 1934 Act Regulations.

In addition, such opinion shall state that such counsel has participated in the preparation of the Registration Statement, the documents incorporated by reference therein, and the Prospectuses and in conferences with officers and other representatives of the Company, representatives of the independent public accountants for the Company, and with your representatives and your counsel at which the contents of the Registration Statement, the documents incorporated by reference therein, the Prospectuses and related matters were discussed and, although such counsel need not pass upon or assume any responsibility for the accuracy, completeness or fairness of the statements contained in the Registration Statement, the documents incorporated by reference therein, or the Prospectuses, on the basis of the foregoing, no facts have come to the attention of such counsel that have caused such counsel to believe (A) that the Registration Statement (including the Rule 430A Information, if applicable) or any amendment thereto (except for the financial statements and other financial or statistical data included therein or omitted therefrom, as to which such counsel need express no opinion), at the time the Registration Statement or any such amendment became effective, contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading or (B) that each Prospectus or any amendment or supplement thereto (except for the financial statements and other financial or statistical data included therein or omitted therefrom, as to which such counsel need

express no opinion), at the time each Prospectus was issued, at the time any such amended or supplemented prospectus was issued or at the Closing Time, contained or contains an untrue statement of a material fact or omitted or omits to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, except that such counsel need express no opinion or belief with respect to the financial statements, schedules and other financial or statistical data included therein or omitted therefrom.

Such opinion shall be to such further effect with respect to other legal matters relating to this Agreement and the sale of the U.S. Shares pursuant to this Agreement as counsel for the U.S. Underwriters may reasonably request. In giving such opinion such counsel may rely, as to all matters governed by the laws of jurisdictions other than the law of the State of New York, the federal law of the United States and the General Corporation Law of the State of Delaware, upon the opinions of counsel satisfactory to counsel for the U.S. Underwriters. Such counsel may also state that, insofar as such opinion involves factual matters, they have relied, to the extent they deem proper, upon certificates of officers of the Company and the Subsidiary and certificates of public officials; provided that such certificates have been delivered to the U.S. Underwriters.

(d) At the Closing Time, you shall have received signed opinions of counsel for the Selling Stockholders, dated as of the Closing Time, together with signed or reproduced copies of such opinions for each of the other U.S. Underwriters, in form and substance satisfactory to counsel for the U.S. Underwriters, to the effect that:

(i) This Agreement and the International Purchase Agreement have been duly executed and delivered by the Selling Stockholders.

(ii) To the best knowledge of such counsel, each Selling Stockholder is the sole registered holder of the U.S. Shares to be sold by such Selling Stockholder pursuant to this Agreement, free and clear of any pledge, lien, security interest, charge, claim, equity or encumbrance of any kind, and has full right, power and authority to sell, transfer and deliver such U.S. Shares pursuant to this Agreement. By delivery of a certificate or certificates therefor such Selling Stockholder will transfer to the U.S. Underwriters who have purchased such U.S. Shares pursuant to

this Agreement (without notice of any defect in the title of such Selling Stockholder and who are otherwise bona fide purchasers for purposes of the Uniform Commercial Code) all

of such Selling Stockholder's interest in its ratable share of such U.S. Shares, free and clear of any pledge, lien, security interest, charge, claim, equity or encumbrance of any kind. In rendering such opinion, counsel may assume that the U.S. Underwriters purchase the securities in good faith and are without notice of any defect in the title of the Selling Stockholders to the Shares being purchased from the Selling Stockholders.

Such opinion shall be to such further effect with respect to other legal matters relating to this Agreement and the sale of the U.S. Shares pursuant to this Agreement by the Selling Stockholders as counsel for the U.S. Underwriters may reasonably request. In giving such opinion, such counsel may rely, as to all matters governed by the laws of jurisdictions other than the law of the State of New York, the federal law of the United States and the General Corporation Law of the State of Delaware, upon opinions of other counsel, who shall be counsel satisfactory to counsel for the U.S. Underwriters, in which case the opinion shall state that they believe you and they are entitled to so rely. Such counsel may also state that, insofar as such opinion involves factual matters, they have relied, to the extent they deem proper, upon certificates of the Selling Stockholders and certificates of public officials; provided that such certificates have been delivered to the U.S. Underwriters.

(e) At the Closing Time, you shall have received the favorable opinion of Shearman & Sterling, counsel for the U.S. Underwriters, dated as of the Closing Time, together with signed or reproduced copies of such opinion for each of the other U.S.

Underwriters, to the effect that the opinions delivered pursuant to Sections 5(b), 5(c) and 5(d) appear on their face to be appropriately responsive to the requirements of this Agreement except, specifying the same, to the extent waived by you, and with respect to the incorporation and legal existence of the Company, the Shares, this Agreement, the Registration Statement, each Prospectus, the documents incorporated by reference and such other related matters as you may require. In giving such opinion, such counsel may rely, as to all matters governed by the laws of jurisdictions other than the law of the State of New York, the federal law of the United States and the General Corporation Law of the State of Delaware, upon the opinions of counsel satisfactory to you. Such counsel may also state that, insofar as such opinion involves factual matters, they have relied, to the extent they deem proper, upon certificates of officers of the Company and certificates of public officials.

(f) At the Closing Time, (i) the Registration Statement and each Prospectus, as they may then be amended or (in the case of Prospectuses) supplemented, shall contain all

statements that are required to be stated therein under the 1933 Act and the 1933 Act Regulations and in all material respects shall conform to the requirements of the 1933 Act and the 1933 Act Regulations, the Company shall have complied in all material respects with Rule 430A (if it shall have elected to rely thereon) and neither the Registration Statement nor each Prospectus, as they may then be amended or supplemented, shall contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading, (ii) there shall not have been, since the respective dates as of which information is given in the Registration Statement, any material adverse change in the condition (financial or otherwise), earnings, business affairs or

business prospects of the Company and the Subsidiary, considered as one enterprise, whether or not arising in the ordinary course of business, (iii) no action, suit or proceeding shall be pending or, to the knowledge of the Company, threatened against the Company or the Subsidiary that would be required to be set forth in each Prospectus other than as set forth therein or in any supplement thereto and no proceedings shall be pending or, to the knowledge of the Company, threatened against the Company or the Subsidiary before or by any government, governmental instrumentality or court, domestic or foreign, that could be reasonably expected to result in any material adverse change in the condition (financial or otherwise), earnings, business affairs or business prospects of the Company and the Subsidiary considered as one enterprise, other than as set forth in each Prospectus, (iv) the Company shall have complied in all material respects with all agreements and satisfied all conditions on its part to be performed or satisfied at or prior to the Closing Time and (v) the representations and warranties of the Company set forth in Section 1(a) shall be accurate as though expressly made at and as of the Closing Time. At the Closing Time, you shall have received a certificate of the President or an Executive Vice President, and the Chief Financial Officer or principal accounting officer of the Company, dated as of the Closing Time, to such effect.

(g) At the Closing Time, (i) the representations and warranties of each Selling Stockholder set forth in Section 1(b) and in any certificates by or on behalf of the Selling Stockholders delivered pursuant to the provisions hereof shall be accurate as though expressly made at and as of the Closing Time, (ii) each Selling Stockholder shall have performed its obligations under this Agreement in all material respects and (iii) you shall have received a certificate of each Selling Stockholder, dated as of the Closing Time, to the effect set forth in subsections (i) and (ii) of this Section 5(g); provided, however, that the failure of any such Selling Stockholder to satisfy the conditions of this paragraph shall permit the U.S.

Underwriters not to purchase only the U.S. Shares to be sold by such Selling Stockholder hereunder; and provided further, that in no event shall the obligation of the Selling Stockholders to satisfy the foregoing condition constitute a condition to the obligations of the U.S. Underwriters to purchase any U.S. Shares from the Company pursuant to this Agreement.

(h) At the time that this Agreement is executed by the Company, you shall have received from Deloitte & Touche a letter, dated such date, in form and substance satisfactory to you confirming that they are independent public accountants with respect to the Company within the meaning of the 1933 Act and the applicable published 1933 Act Regulations, and stating in effect that:

(i) in their opinion, the audited financial statements included or incorporated by reference in the Registration Statement and each Prospectus comply as to form in all material respects with the applicable accounting requirements of the 1933 Act and the 1934 Act and the respective published rules and regulations thereunder;

(ii) on the basis of procedures (but not an examination in accordance with generally accepted auditing standards) consisting of a reading of the latest available unaudited interim consolidated financial statements of the Company; a reading of the minutes of all meetings of the stockholders, directors and executive, finance and audit committees of the Company and the Subsidiary; and inquiries of certain officials of the Company who have responsibility for financial and accounting matters of the Company and the Subsidiary as to transactions and events subsequent to the date of the most recent audited financial statements in or incorporated in the Prospectuses, and such other inquiries and procedures as may be specified in such letter, nothing came to their attention that caused them to believe that at a specified date not more than five business days prior to the date of the letter, there were any increases in the long-term debt of the Company and its subsidiaries or any decreases in stockholders' equity or the capital stock of the Company as compared with the amounts shown on the most recent balance sheet included or incorporated in the Registration Statement and the Prospectuses except in each case for decreases and increases that the Registration Statement and the Prospectuses disclose have occurred or may occur, or for the period from January 29, 1994 to such specified date there were any decreases, as compared with

the corresponding period in the preceding year, in revenues, income before income taxes (or any increase in the loss before income taxes) or net income (or any increase in net

loss), except in each case for decreases or increases that the Registration Statement discloses have occurred or may occur; and

(iii) in addition to the procedures referred to in clause (ii) above, they have performed specified procedures, not constituting an audit, with respect to certain amounts, percentages, numerical data and financial information appearing in the Registration Statement, which have previously been specified by you and which shall be specified in such letter, and have compared certain of such items with, and have found such items to be in agreement with, the accounting and financial records of the Company.

(i) At the Closing Time, you shall have received from Deloitte & Touche a letter, in form and substance satisfactory to you and dated as of the Closing Time, to the effect that they reaffirm the statements made in the letter furnished pursuant to Section 5(h), except that the specified date referred to shall be a date not more than five days prior to the Closing Time.

(j) At the Closing Time, counsel for the U.S. Underwriters shall have been furnished with all such documents, certificates and opinions as they may reasonably request for the purpose of enabling them to pass upon the issuance and sale of the Shares as contemplated in this Agreement and the matters referred to in Section 5(d) and in order to evidence the accuracy and completeness of any of the representations, warranties or statements of the Company or the Selling Stockholders, the performance of any of the covenants of the Company, or the

fulfillment of any of the conditions herein contained; and all proceedings taken by the Company and the Selling Stockholders at or prior to the Closing Time in connection with the authorization, issuance and sale of the Shares as contemplated in this Agreement shall be satisfactory in form and substance to you and to counsel for the U.S. Underwriters.

(k) The U.S. Shares shall have been duly authorized for listing by the New York Stock Exchange on the date of the U.S. Price Determination Agreement, subject only to notice of issuance thereof and notice of a satisfactory distribution of the Common Stock.

If any of the conditions specified in this Section 5 shall not have been fulfilled when and as required by this Agreement, this Agreement may be terminated by you on notice to the Company and the Selling Stockholders at any time at or prior to the Closing Time, and such termination shall be without liability of any party to any other party, except as provided in

Section 4 herein. Notwithstanding any such termination, the provisions of Sections 7 and 8 shall remain in effect.

Section 6. Conditions to Purchase of U.S. Option Shares. In the event that the U.S. Underwriters exercise their option granted in Section 2 to purchase all or any of the U.S. Option Shares and the Date of Delivery determined by you pursuant to Section 2 is later than the Closing Time, the obligations of the several U.S. Underwriters to purchase and pay for the U.S. Option Shares that they shall have respectively agreed to purchase pursuant to this Agreement are subject to the accuracy

of the representations and warranties of the Company and the Selling Stockholders herein contained, to the performance by the Company and the Selling Stockholders of their obligations hereunder and to the following further conditions:

(a) The Registration Statement shall remain effective at the Date of Delivery, and at the Date of Delivery no stop order suspending the effectiveness of the Registration Statement shall have been issued under the 1933 Act and no proceedings for that purpose shall have been instituted or shall be pending or, to your knowledge or to the knowledge of the Company, shall be contemplated by the Commission, and any request on the part of the Commission for additional information shall have been complied with to the satisfaction of counsel for the U.S. Underwriters.

(b) At the Date of Delivery, the provisions of Sections 5(f)(i) through 5(f)(v) shall have been complied with at and as of the Date of Delivery and, at the Date of Delivery, you shall have received a certificate of the President or an Executive Vice President, and the Treasurer or Controller, of the Company, dated as of the Date of Delivery, to such effect.

(c) At the Date of Delivery, you shall have received the favorable opinions of Skadden, Arps, Slate, Meagher & Flom, counsel for the Company, and counsel for the Selling Stockholders, together with signed or reproduced copies of such opinions for each of the other U.S. Underwriters, in each case in form and substance satisfactory to counsel for the U.S. Underwriters, dated as of the Date of Delivery, relating to the U.S. Option Shares and otherwise to the same effect as the opinions required by Sections 5(b) and 5(d), respectively.

(d) At each applicable Date of Delivery, you shall have received a signed opinion of Jocelyn F.L. Barandiaran, general counsel for the Company, dated as of such Date of Delivery, in form and substance satisfactory to counsel for the U.S. Underwriters, to the same effect as the opinion required by Section 5(c).

(e) At the Date of Delivery, you shall have received the favorable opinion of Shearman & Sterling, counsel for the U.S. Underwriters, dated as of the Date of Delivery, relating to the U.S. Option Shares and otherwise to the same effect as the opinion required by Section 5(e).

(f) At the Date of Delivery, you shall have received a letter from
Deloitte & Touche, in form and substance satisfactory to you and dated as of the Date of Delivery, to the effect that they reaffirm the statements made in the letter furnished pursuant to Section 5(h), except that the specified date referred to shall be a date not more than five days prior to the Date of Delivery.

(g) At the Date of Delivery, counsel for the U.S. Underwriters shall have been furnished with all such documents, certificates and opinions as they may reasonably request for the purpose of enabling them to pass upon the issuance and sale of the U.S. Option Shares as contemplated in this Agreement and the matters referred to in Section 6(e) and in order to evidence the accuracy and completeness of any of the representations, warranties or statements of the Company or the Selling Stockholders, the performance of any of the covenants of the Company, or the fulfillment of any of the conditions herein contained; and all proceedings taken by the Company and the Selling Stockholders at or prior to the Date of Delivery in connection with the authorization, issuance and sale of the U.S. Option Shares as contemplated in this Agreement shall be satisfactory in form and substance to you and to counsel for the U.S. Underwriters.

(h) At the Date of Delivery, the representations and warranties of each Selling Stockholder set forth in Section 1(b) shall be accurate as though expressly made at and as of the Date of Delivery and, at the Date of Delivery, you shall have received a certificate of each Selling Stockholder, dated as of the Date of Delivery, to such effect with respect to such Selling Stockholder.

Section 7. Indemnification. (a) The Company and each Selling Stockholder jointly and severally agree to indemnify and hold harmless each U.S. Underwriter and each person, if any, who controls any U.S. Underwriter within the meaning of Section 15 of the 1933 Act to the extent and in the manner set forth in clauses

(i), (ii) and (iii) below; provided, however, that the liability of each Selling Stockholder under this Section 7 is limited to the aggregate net proceeds (after deducting the underwriting discount, but before deducting expenses) received by such Selling Stockholder:

(i) against any and all loss, liability, claim, damage and expense whatsoever, as incurred, arising out of an untrue statement or alleged untrue statement of a material fact contained in the Registration Statement (or any amendment thereto), including the Rule 430A Information, if applicable, and all documents incorporated therein by reference, or the omission or alleged omission therefrom of a material fact required to be stated therein or necessary to make the statements therein not misleading or arising out of an untrue statement or alleged untrue statement of a material fact included in any preliminary prospectus or the Prospectuses (or any amendment or supplement thereto) or the omission or alleged omission therefrom of a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(ii) against any and all loss, liability, claim, damage and expense whatsoever, as incurred, to the extent of the aggregate amount paid in settlement of any litigation, or investigation or proceeding by any governmental agency or body, commenced or threatened, or of any claim whatsoever based upon any such untrue statement or omission, or any such alleged untrue statement or omission, if such settlement is effected with the written consent of the Company and the Selling Stockholders; and

(iii) against any and all expense whatsoever, as incurred (including, subject to Section 7(d) hereof, reasonable fees and disbursements of counsel chosen by you), reasonably incurred in investigating, preparing or defending against any litigation, or investigation or proceeding by any governmental agency or body, commenced or threatened, or any claim whatsoever based upon any such untrue statement or omission, or any such alleged untrue statement or omission, to the extent that any such expense is not paid under subparagraph (i) or (ii) above;

provided, however, that this indemnity agreement does not apply to any loss, liability, claim, damage or expense to the extent arising out of an untrue statement or omission or alleged untrue statement or omission made in reliance upon and in conformity with written information furnished to the Company by any U.S. Underwriter or International Underwriter through you expressly for use in the Registration Statement (or any amendment thereto), including the Rule 430A Information, if applicable, or any preliminary prospectus or the Prospectuses (or any amendment or supplement thereto); provided further that the foregoing indemnification with respect to any preliminary prospectus shall not inure to the benefit of any U.S. Underwriter (or any person

controlling such U.S. Underwriter) from whom the person asserting any such losses, claims, damages or liabilities purchased any of the U.S. Shares if a copy of the Prospectuses (as then amended or supplemented if the Company shall have furnished any amendments or supplements thereto) was not sent or given by or on behalf of such U.S. Underwriter to such person, if such is required by law, at or prior to the written confirmation of the sale of such Shares to such person and if the Prospectuses (as so amended or supplemented) would have cured the defect giving rise to such loss, claim, damage or liability.

Insofar as this indemnity agreement may permit indemnification for liabilities under the 1933 Act of any person who is a partner of a U.S. Underwriter or who controls a U.S. Underwriter within the meaning of Section 15 of the 1933 Act and who, at the date of this Agreement, is a director or officer of the Company or controls the Company within the meaning of Section 15 of the 1933 Act, such indemnity agreement is subject to the undertaking of the Company in the Registration Statement under Item 17 thereof.

(b) Each U.S. Underwriter severally agrees to indemnify and hold harmless the Company, its directors, each of its officers who signed the Registration Statement, and each person, if any, who controls the Company within the meaning of Section 15 of the 1933 Act and each Selling Stockholder and each person, if any, who controls any Selling Stockholder within the meaning of Section 15 of the 1933 Act, against any and all loss, liability, claim, damage and expense described in the indemnity agreement in Section 7(a), as incurred, but only with respect to untrue statements or omissions, or alleged untrue statements or omissions, made in the Registration Statement (or any amendment thereto), including the Rule 430A Information, if applicable, or any preliminary prospectus or the Prospectuses (or any amendment or supplement thereto) in reliance upon and in conformity with written information furnished to the Company by such U.S. Underwriter through you expressly for use in the Registration Statement (or any amendment thereto), including the Rule 430A Information, if applicable, or such preliminary prospectus or the Prospectuses (or any amendment or supplement thereto).

(c) Each Selling Stockholder severally agrees to indemnify and hold harmless the Company, its directors, each of its officers who signed the Registration Statement (or any amendment thereto), the other Selling Stockholders and each person, if any, who controls the Company or any other Selling Stockholder within the meaning of Section 15 of the 1933 Act

against any and all loss, liability, claim, damage and expense described in the indemnity contained in Section 7(a), as incurred, but only with respect to untrue statements or omissions, or alleged untrue statements or omissions, made in the Registration Statement (or any amendment thereto), or any preliminary prospectus or the Prospectus (or any supplement thereto) in reliance upon and in conformity with information furnished in writing or confirmed in writing to the Company by or on behalf of such Selling Stockholder expressly for use in the Registration Statement (or any amendment thereto), or any preliminary prospectus or the Prospectus (or any amendment or supplement thereto).

(d) Each indemnified party shall give prompt notice to each indemnifying party of any action commenced against it in respect of which indemnity may be sought hereunder, but failure to so notify an indemnifying party shall not relieve it from any liability that it may have otherwise than on account of this indemnity agreement. An indemnifying party may participate at its own expense in the defense of such action. In no event shall the indemnifying party or parties be liable for the fees and expenses of more than one counsel for all indemnified parties (including, if applicable, the International Underwriters) in connection with any one action or separate but similar or related actions in the same jurisdiction arising out of the same general allegations or circumstances. If it so elects within a reasonable time after receipt of such notice, an indemnifying party, jointly with any other indemnifying parties receiving such notice, may assume the defense of such action with counsel chosen by it and approved by the indemnified parties defendant in such action, unless such indemnified parties reasonably object to such assumption on the ground that there may be legal defenses available to them which are different from or are in addition to those available to such indemnifying party. If an indemnifying party assumes the defense of such action, the indemnifying parties shall not be liable for any fees and expenses of counsel for the indemnified parties incurred thereafter in connection with such action.

Section 8. Contribution. In order to provide for just

and equitable contribution in circumstances under which the indemnity provided for in Section 7 is for any reason held to be unenforceable by the indemnified parties although applicable in accordance with its terms, the Company, the Selling Stockholders and the U.S. Underwriters shall contribute to the aggregate losses, liabilities, claims, damages and expenses of the nature contemplated by such indemnity incurred by the Company, the

Selling Stockholders and one or more of the U.S. Underwriters, as incurred, in such proportions that (a) the U.S. Underwriters are responsible for that portion represented by the percentage that the underwriting discount appearing on the cover page of the U.S. Prospectus bears to the offering price appearing thereon and (b) the Company and the Selling Stockholders are severally responsible for the balance on the same basis as each of them would have been obligated to provide indemnification pursuant to Section 7; provided, however, that no person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the 1933 Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. For purposes of this Section, each person, if any, who controls a U.S. Underwriter within the meaning of Section 15 of the 1933 Act shall have the same rights to contribution as such U.S. Underwriter, and each director of the Company, each officer of the Company who signed the Registration Statement, and each person, if any, who controls the Company or a Selling Stockholder within the meaning of Section 15 of the 1933 Act shall have the same rights to contribution as the Company or a Selling Stockholder, as the case may be.

Section 9. Representations, Warranties and Agreements to Survive Delivery. The representations, warranties,

indemnities, agreements and other statements of the Selling Stockholders, the Company or its officers set forth in or made pursuant to this Agreement will remain operative and in full force and effect regardless of any investigation made by or on behalf of the Selling Stockholders, the Company, any U.S. Underwriter or any controlling person thereof and will survive delivery of and payment for the U.S. Shares.

Section 10. Termination of Agreement. (a) You may terminate this Agreement, by notice to the Company and the Selling Stockholders, at any time at or prior to the Closing Time (i) if there has been, since the respective dates as of which information is given in the Registration Statement, any material adverse change in the condition (financial or otherwise), earnings, business affairs or business prospects of the Company and the Subsidiary, considered as one enterprise, whether or not arising in the ordinary course of business, or (ii) if there has occurred any material adverse change in the financial markets in the United States or internationally or any outbreak of hostilities or escalation of existing hostilities or other calamity or crisis the effect of which on the financial markets of the United States or internationally is such as to make it, in your judgment, impracticable to market the Shares, or enforce contracts for the sale of the Shares, or (iii) if trading in any securities of the Company has been suspended by the Commission or the New York Stock Exchange, or if trading generally on the New

York Stock Exchange or in the over-the-counter market has been suspended, or minimum or maximum prices for trading have been fixed, or maximum ranges for prices for securities have been required, by such exchange or by order of the Commission or any other governmental authority or (iv) if a banking moratorium has

been declared by either federal or New York authorities.

(b) If this Agreement is terminated pursuant to this Section, such termination shall be without liability of any party to any other party, except to the extent provided in Section 4. Notwithstanding any such termination, the provisions of Sections 7 and 8 shall remain in effect.

(c) This Agreement may also terminate pursuant to the provisions of Section 2, with the effect stated in such Section.

Section 11. Default by One or More of the U.S. Underwriters. If one or more of the U.S. Underwriters shall fail at the Closing Time to purchase the Initial U.S. Shares that it or they are obligated to purchase pursuant to this Agreement (the "Defaulted U.S. Shares"), you shall have the right, within 24 hours thereafter, to make arrangements for one or more of the non-defaulting U.S. Underwriters, or any other underwriters, to purchase all, but not less than all, of the Defaulted U.S. Shares in such amounts as may be agreed upon and upon the terms set forth in this Agreement; if, however, you have not completed such arrangements within such 24-hour period, then:

(a) if the number of Defaulted U.S. Shares does not exceed 10% of the total number of Initial U.S. Shares, the non-defaulting U.S. Underwriters shall be obligated to purchase the full amount thereof in the proportions that their respective Initial U.S. Share underwriting obligation proportions bear to the underwriting obligation proportions of all non-defaulting U.S. Underwriters, or

(b) if the number of Defaulted U.S. Shares exceeds 10% of the total number of Initial U.S. Shares, this Agreement shall terminate without liability on the part of any non-defaulting U.S. Underwriter.

No action taken pursuant to this Section shall relieve any defaulting U.S. Underwriter from liability in respect of its default.

In the event of any such default that does not result in a termination of this Agreement, either you or the Company shall have the right to postpone the Closing Time for a period not exceeding seven days in order to effect any required changes in the Registration Statement or Prospectuses or in any other

documents or arrangements. As used herein, the term "U.S. Underwriter" includes any person substituted for a U.S. Underwriter under this Section 11.

Section 12. Default by a Selling Stockholder or the Company. If any Selling Stockholder shall fail at the Closing Time to sell and deliver the number of Initial U.S. Shares that such Selling Stockholder is obligated to sell, the U.S. Underwriters will purchase the Initial U.S. Shares that the Company and the remaining Selling Stockholders have agreed to sell pursuant to this Agreement.

In the event of a default by a Selling Stockholder under this Section, either you or the Company shall have the right to postpone the Closing Time for a period not exceeding seven days in order to effect any required changes in the Registration Statement or Prospectuses or in any other documents or arrangements.

If the Company shall fail at the Closing Time to sell and deliver the number of Shares that it is obligated to sell, then this Agreement shall terminate without any liability on the part of any non-defaulting party except to the extent provided in Section 4 and except that the provisions of Sections 7 and 8 shall remain in effect.

No action taken pursuant to this Section shall relieve the Company or any Selling Stockholder so defaulting from liability, if any, in respect of such default.

Section 13. Notices. All notices and other communications under this Agreement shall be in writing and shall be deemed to have been duly given if delivered, mailed or transmitted by any standard form of telecommunication. Notices

to you or the U.S. Underwriters shall be directed to you at Merrill Lynch World Headquarters, North Tower, World Financial Center, New York, New York 10281-1201 (telecopier no.: (212) 449-3150), attention of James R. Love, Director; and notices to the Company shall be directed to it at AnnTaylor Stores Corporation, 142 West 57th Street, New York, New York 10019 (telecopier no.: (212) 541-3299), attention of Jocelyn F.L. Barandiaran, Esq.

Section 14. Parties. This Agreement is made solely for the benefit of the several U.S. Underwriters, the Company and the Selling Stockholders and, to the extent expressed, any person who controls the Company, any Selling Stockholder or any of the U.S. Underwriters within the meaning of Section 15 of the 1933 Act, and the directors of the Company, its officers who have signed the Registration Statement, and their respective executors, administrators, successors and assigns and, subject to the

provisions of Section 11, no other person shall acquire or have any right under or by virtue of this Agreement. The term "successors and assigns" shall not include any purchaser, as such purchaser, from any of the several U.S. Underwriters of the U.S. Shares. All of the obligations of the U.S. Underwriters hereunder are several and not joint.

Section 15. Representation of U.S. Underwriters. You will act for the several U.S. Underwriters in connection with the transactions contemplated by this Agreement, and any action under or in respect of this Agreement taken by you as U.S. Representatives will be binding upon all the U.S. Underwriters.

Section 16. Governing Law and Time. This Agreement

shall be governed by the laws of the State of New York. Specified times of the day refer to New York City time.

Section 17. Counterparts. This Agreement may be executed in one or more counterparts and when a counterpart has been executed by each party, all such counterparts taken together shall constitute one and the same agreement.

If the foregoing is in accordance with your understanding of our agreement, please sign and return to us a counterpart hereof, whereupon this instrument will become a binding agreement among the Company, the Selling Stockholders and the several U.S. Underwriters in accordance with its terms.

Very truly yours,

ANNTAYLOR STORES CORPORATION

By_____
Name:
Title:

The Selling Stockholders:

MERRILL LYNCH CAPITAL
APPRECIATION PARTNERSHIP
NO. B-II, L.P.

By: Merrill Lynch LBO Partners B-I, L.P.,
as General Partner

By: Merrill Lynch Capital Partners, Inc.,
as General Partner

By_____
James V. Caruso
Vice President

ML OFFSHORE LBO PARTNERSHIP
NO. B-II

By: Merrill Lynch LBO Partners B-I, L.P.,

as General Partner

By: Merrill Lynch Capital Partners, Inc.,

as General Partner

By_____
James V. Caruso
Vice President

MLCP ASSOCIATES L.P. NO. I.

By: Merrill Lynch Capital Partners, Inc.,

as General Partner

By_____
James V. Caruso
Vice President

ML IBK POSITIONS, INC.

By_____
James V. Caruso
Vice President

MERCHANT BANKING L.P. NO. III

By: Merrill Lynch MBP Inc.,
as General Partner

By _____
James V. Caruso
Vice President

MERRILL LYNCH KECALP L.P. 1989

By: KECALP Inc.,
as General Partner

By_____
James V. Caruso
Vice President

MERRILL LYNCH KECALP L.P. 1987

By: KECALP Inc.,
as General Partner

By_____
James V. Caruso
Vice President

Confirmed and accepted as of
the date first above written:

MERRILL LYNCH & CO.
Merrill Lynch, Pierce, Fenner & Smith Incorporated
MORGAN STANLEY & CO. INCORPORATED
ROBERTSON, STEPHENS & COMPANY, L.P.
WILLIAM BLAIR & COMPANY

By: MERRILL LYNCH & CO.
Merrill Lynch, Pierce, Fenner & Smith Incorporated

By_____
Name:
Title:

Investment Banking Group

For themselves and as U.S. Representatives of the other U.S. Underwriters named in Schedule A

SCHEDULE A

U.S. Underwriter	Number of Initial U.S. Shares to be Purchased
Merrill Lynch, Pierce, Fenner & Smith Incorporated	. .
Morgan Stanley & Co. Incorporated	

Robertson, Stephens & Company, L.P.	
William Blair & Company	

Total	
	==========

SCHEDULE B

Selling Stockholder	Number of Shares of Common Stock to be Sold Subject to Initial U.S. Option	Number of Shares of Common Stock to be Sold Subject to Option
Merrill Lynch Capital Appreciation Partnership No. B-II, L.P.		
ML Offshore LBO Partnership No. B-II		
MLCP Associates L.P. No. I .		
ML IBK Positions, Inc. . . .		
Merchant Banking L.P. No. III		
Merrill Lynch KECALP L.P. 1989		
Merrill Lynch KECALP L.P. 1987		
Total		

EXHIBIT A

ANNTAYLOR STORES CORPORATION
(a Delaware corporation)

4,000,000 Shares
of Common Stock

U.S. PRICE DETERMINATION AGREEMENT

May ___, 1994

MERRILL LYNCH & CO.
Merrill Lynch, Pierce, Fenner & Smith Incorporated

MORGAN STANLEY & CO. INCORPORATED
ROBERTSON, STEPHENS & COMPANY, L.P.
WILLIAM BLAIR & COMPANY

As U.S. Representatives of the several U.S. Underwriters
c/o Merrill Lynch & Co.
Merrill Lynch, Pierce, Fenner & Smith Incorporated
Merrill Lynch World Headquarters
North Tower
World Financial Center
New York, New York 10281-1201

Ladies and Gentlemen:

Reference is made to the U.S. Purchase Agreement dated May , 1994 (the "U.S. Purchase Agreement") among AnnTaylor Stores Corporation (the "Company"), the Selling Stockholders named in Schedule B thereto or hereto (the "Selling Stockholders") and the several U.S. Underwriters named in Schedule A thereto or hereto (the "U.S. Underwriters"), for whom Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner & Smith Incorporated, Morgan Stanley & Co. Incorporated, Robertson, Stephens & Company, L.P. and William Blair & Company are acting as representatives (the "U.S. Representatives"). The U.S. Purchase Agreement provides for the purchase by the U.S. Underwriters from the Company and the Selling Stockholders, subject to the terms and conditions set forth therein, of an aggregate of 4,000,000 shares (the "Initial U.S. Shares") of the Company's common stock, par value $.0068 per share. This Agreement is the U.S. Price Determination Agreement referred to in the U.S. Purchase Agreement.

Pursuant to Section 2 of the U.S. Purchase Agreement, the undersigned agree with the U.S. Representatives as follows:

1. The initial public offering price per share for the Initial U.S. Shares shall be $ _____.

2. The purchase price per share for the Initial U.S. Shares to be paid by the several U.S. Underwriters shall be $ _____, representing an amount equal to the initial public offering price set forth above, less $ _____ per share.

The Company represents and warrants to each of the U.S. Underwriters that the representations and warranties of the Company set forth in Section 1(a) of the U.S. Purchase Agreement are accurate as though expressly made at and as of the date hereof.

The Selling Stockholders represent and warrant to each of the U.S. Underwriters that the representations and warranties of the Selling Stockholders set forth in Section 1(b) of the U.S. Purchase Agreement are accurate as though expressly made at and as of the date hereof.

As contemplated by Section 2 of the U.S. Purchase Agreement, attached as Schedule A is a completed list of the several U.S. Underwriters and as Schedule B is a completed list of the Selling Stockholders, which shall be a part of this Agreement and the U.S. Purchase Agreement.

This Agreement shall be governed by the laws of the State of New York.

If the foregoing is in accordance with the understanding of the U.S. Representatives of the agreement between the U.S. Underwriters, the Company and the Selling Stockholders, please sign and return to the Company a counterpart hereof, whereupon this instrument along with all counterparts and together with the U.S. Purchase Agreement shall be a binding agreement between the U.S. Underwriters, the Company and the Selling Stockholders in accordance with its terms and the terms of the U.S. Purchase Agreement.

Very truly yours,

ANNTAYLOR STORES CORPORATION

By ----------

Name:

Title:

The Selling Stockholders:

MERRILL LYNCH CAPITAL
APPRECIATION PARTNERSHIP
NO. B-II, L.P.

By: Merrill Lynch LBO Partners B-I, L.P.,
as General Partner

By: Merrill Lynch Capital Partners, Inc.,
as General Partner

By_____
James V. Caruso
Vice President

ML OFFSHORE LBO PARTNERSHIP
NO. B-II

By: Merrill Lynch LBO Partners B-I, L.P.,
as General Partner

By: Merrill Lynch Capital Partners, Inc.,
as General Partner

By_____
James V. Caruso
Vice President

MLCP ASSOCIATES L.P. NO. I.

By: Merrill Lynch Capital Partners, Inc.,
as General Partner

By_____
James V. Caruso
Vice President

ML IBK POSITIONS, INC.

By_____
James V. Caruso
Vice President

MERCHANT BANKING L.P. NO. III

By: Merrill Lynch MBP Inc.,
as General Partner

By _____
James V. Caruso
Vice President

MERRILL LYNCH KECALP L.P. 1989

By: KECALP Inc.,
as General Partner

By_____
James V. Caruso
Vice President

MERRILL LYNCH KECALP L.P. 1987

By: KECALP Inc.,
as General Partner

By_____
James V. Caruso
Vice President

Confirmed and accepted as of
the date first above written:

MERRILL LYNCH & CO.
Merrill Lynch, Pierce, Fenner &
Smith Incorporated
MORGAN STANLEY & CO. INCORPORATED
ROBERTSON, STEPHENS & COMPANY, L.P.
WILLIAM BLAIR & COMPANY

By: Merrill Lynch & Co.
Merrill Lynch, Pierce, Fenner &
Smith Incorporated

By_____
Name:

Title:

Investment Banking Group

For themselves and as U.S. Representatives of the

other U.S.Underwriters named in Schedule A.

ANNTAYLOR STORES CORPORATION
(a Delaware corporation)

1,000,000 Shares of Common Stock

INTERNATIONAL PURCHASE AGREEMENT

Dated: May ___, 1994

ANNTAYLOR STORES CORPORATION
(a Delaware corporation)

1,000,000 Shares of Common Stock

INTERNATIONAL PURCHASE AGREEMENT

May -- , 1994

MERRILL LYNCH INTERNATIONAL LIMITED
MORGAN STANLEY & CO. INTERNATIONAL LIMITED
ROBERTSON, STEPHENS & COMPANY, L.P.
WILLIAM BLAIR & COMPANY
As Co-Lead Managers of the several International Underwriters
c/o Merrill Lynch International Limited
Ropemaker Place
25 Ropemaker Street
London EC2Y 9L4
England

Ladies and Gentlemen:

AnnTaylor Stores Corporation, a Delaware corporation (the "Company"), proposes to issue and sell to the underwriters named in Schedule A (collectively, the "International Underwriters"), for whom you are acting as co-lead managers (the "Co-Lead Managers"), 200,000 authorized but unissued shares of the Company's Common Stock, par value $.0068 per share (shares of which class of stock of the Company are hereinafter referred to as "Common Stock"), and the stockholders named in Schedule B (collectively, the "Selling Stockholders") propose to sell

severally an aggregate of 800,000 outstanding shares of Common Stock, as set forth on Schedule B, to the International Underwriters. Such shares of Common Stock, aggregating 1,000,000 shares, are to be sold to each International Underwriter, acting severally and not jointly, in such amounts as are set forth in Schedule A opposite the name of such International Underwriter. The Selling Stockholders also grant to the International Underwriters, severally and not jointly, the option described in Section 2 to purchase all or any part of 150,000 additional shares of Common Stock to cover over-allotments. The aforesaid 1,000,000 shares of Common Stock (the "Initial International Shares"), together with all or any part of the 150,000 additional shares of Common Stock subject to the option described in Section 2 (the "International Option Shares"), are collectively herein called the "International Shares". The International Shares are more fully described in the International Prospectus referred to below.

It is understood that the Company and the Selling Stockholders are concurrently entering into an agreement, dated the date hereof (the "U.S. Purchase Agreement"), providing for the issuance and sale by the Company and the sale by the Selling Stockholders of an aggregate of 4,000,000 shares of Common Stock (the "Initial U.S. Shares") through arrangements with certain underwriters in the United States and Canada (the "U.S. Underwriters"), for whom Merrill Lynch, Pierce, Fenner & Smith Incorporated, Morgan Stanley & Co. Incorporated, Robertson, Stephens & Company, L.P. and William Blair & Company are acting as representatives (the "U.S. Representatives"). It is further understood that the Selling Stockholders are also granting the U.S. Underwriters an option to purchase all or any part of 600,000 additional shares of Common Stock (the "U.S. Option Shares") to cover over-allotments. The Initial U.S. Shares and

the U.S. Option Shares are hereinafter collectively referred to as the "U.S. Shares". The International Shares and the U.S. Shares are hereinafter collectively referred to as the "Shares".

The Company and the Selling Stockholders understand that the International Underwriters will simultaneously enter into an agreement with the U.S. Underwriters dated the date hereof (the "Intersyndicate Agreement") providing for the coordination of certain transactions among the International Underwriters and the U.S. Underwriters under the direction of Merrill Lynch, Pierce, Fenner & Smith Incorporated.

You have advised us that you and the other International Underwriters, acting severally and not jointly, desire to purchase the International Shares and that you have been authorized by the other International Underwriters to execute this Agreement and the International Price Determination Agreement referred to below on their behalf.

The initial public offering price per share for the International Shares and the purchase price per share for the International Shares shall be agreed upon by the Company, the Selling Stockholders and the Co-Lead Managers, acting on behalf of the several International Underwriters, and such agreement shall be set forth in a separate written instrument substantially in the form of Exhibit A hereto (the "International Price Determination Agreement"). The International Price Determination Agreement may take the form of an exchange of any standard form of written telecommunication among the Company, the Selling Stockholders and the Co-Lead Managers and shall specify such applicable information as is indicated in Exhibit A hereto. The offering of the International Shares will be governed by this Agreement, as supplemented by the International Price Determination Agreement. From and after the date of the execution and delivery of the International Price Determination

Agreement, this Agreement shall be deemed to incorporate, and all references herein to "this Agreement" shall be deemed to include, the International Price Determination Agreement.

The Company has prepared and filed with the Securities and Exchange Commission (the "Commission") a registration statement on Form S-3 (Registration No. 33-52941) covering the registration of the Shares under the Securities Act of 1933, as amended (the "1933 Act"), including the related preliminary prospectus, or prospectuses, and either (A) has prepared and proposes to file, prior to the effective date of such registration statement, an amendment to such registration statement, including a final prospectus or (B) if the Company has elected to rely upon Rule 430A ("Rule 430A") of the rules and regulations of the Commission under the 1933 Act (the "1933 Act Regulations"), will prepare and file a prospectus, in accordance with the provisions of Rule 430A and Rule 424(b) ("Rule 424(b)") of the 1933 Act Regulations, promptly after execution and delivery of the International Price Determination Agreement. Two forms of prospectus are to be used in connection with the offering and sale of the Shares: one relating to the International Shares (the "Form of International Prospectus") and one relating to the U.S. Shares (the "Form of U.S. Prospectus"). The Form of U.S. Prospectus is identical to the Form of International Prospectus, except for the front cover page, the information contained under the caption "Underwriting" and the back cover page. The information, if any, included in such prospectus that was omitted from the prospectus included in such registration statement at the time it becomes effective but that is deemed, pursuant to paragraph (b) of Rule 430A, to be part of such registration statement at the time it becomes effective is referred to herein as the "Rule 430A Information". Each Form of International Prospectus and Form of U.S. Prospectus used before the time such registration statement becomes effective, and any Form of International Prospectus and Form of U.S. Prospectus that omits the Rule 430A Information that is used after such effectiveness and prior to the execution and delivery of the International Price Determination Agreement or the U.S. Price Determination Agreement, is herein called a "preliminary prospectus". Such registration statement, including the exhibits thereto and the documents incorporated by reference therein pursuant to Item 12 of Form S-3 under the 1933 Act, as amended at the time it becomes effective and also including, if applicable, the Rule 430A Information, is herein called the "Registration Statement", and the Form of International Prospectus and Form of U.S. Prospectus, including the documents incorporated by reference therein pursuant to Item 12 of Form S-3 under the 1933 Act, included in the Registration Statement at the time it becomes effective is herein called the "International Prospectus"

and the "U.S. Prospectus", respectively, and collectively, the

"Prospectuses", and individually, a "Prospectus", except that, if the final International Prospectus or U.S. Prospectus first furnished to the International Underwriters or U.S. Underwriters, respectively, after the execution of the International Price Determination Agreement or the U.S. Price Determination Agreement, as the case may be, for use in connection with the offering of the Shares differs from the prospectuses included in the Registration Statement at the time it becomes effective (whether or not such prospectuses are required to be filed pursuant to Rule 424(b)), the terms "International Prospectus", "U.S. Prospectus", "Prospectuses" and "Prospectus" shall refer to the final International Prospectus or U.S. Prospectus, as the case may be, first furnished to the International Underwriters or the U.S. Underwriters, as the case may be, for such use.

All references in this Agreement to financial statements and schedules and other information that is "contained", "included" or "stated" in the Registration Statement or the Prospectuses (and all other references of like import) shall be deemed to mean and include all such financial statements and schedules and other information that is or is deemed to be incorporated by reference in the Registration Statement or the Prospectuses, as the case may be; and all references in this Agreement to amendments or supplements to the Registration Statement or the Prospectuses shall be deemed to mean and include the filing of any document under the Securities Exchange Act of 1934, as amended (the "1934 Act"), that is or is deemed to be incorporated by reference in the Registration Statement or the Prospectuses, as the case may be.

The Company and the Selling Stockholders understand that the International Underwriters propose to make a public

offering of the International Shares as soon as you deem advisable after the Registration Statement becomes effective and the International Price Determination Agreement has been executed and delivered.

Section 1. Representations and Warranties. (a) The Company represents and warrants to and agrees with the International Underwriters that:

(i) The Company meets the requirements for use of Form S-3 under the 1933 Act and when the Registration Statement on such form shall become effective, on the date hereof, and on the effective date of any amendment or supplement to the Registration Statement, (A) the Registration Statement and any amendments and supplements thereto will comply in all material respects with the requirements of the 1933 Act and the 1933 Act Regulations; (B) neither the Registration Statement nor any amendment or supplement thereto will

contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading; and (C) neither of the Prospectuses nor any amendment or supplement thereto will include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; except that this representation and warranty does not apply to statements or omissions made in reliance upon and in conformity with information furnished in writing or confirmed in writing to the Company by or on behalf of any Underwriter through you expressly for use in the Registration Statement or the Prospectuses.

(ii) The documents incorporated by reference in the Prospectuses pursuant to Item 12 of Form S-3 under the 1933 Act, at the time they were filed with the Commission, complied in all material respects with the requirements of the 1934 Act, and the rules and regulations of the Commission thereunder (the "1934 Act Regulations"), and, when read together with the other information in the Prospectuses, at the time the Registration Statement becomes effective, on the date hereof, and on the effective date of any amendment or supplement to the Registration Statement, will not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

(iii) Deloitte & Touche, who are reporting upon the audited financial statements and schedules included or incorporated by reference in the Registration Statement, are independent public accountants as required by the 1933 Act and the 1933 Act Regulations.

(iv) This Agreement has been duly authorized, executed and delivered by the Company.

(v) The consolidated financial statements included or incorporated by reference in the Registration Statement present fairly the consolidated financial position of the Company and the Subsidiary (as hereinafter defined) as of the dates indicated and the consolidated results of operations and the consolidated cash flows of the Company and the Subsidiary for the periods specified. Such financial statements have been prepared in conformity with generally accepted accounting principles applied on a consistent basis throughout the periods involved. The

financial statement schedules, if any, included in the Registration Statement present fairly the information required to be stated therein. The selected financial data included or incorporated by reference in each Prospectus present fairly the information shown therein and have been compiled on a basis consistent with that of the audited financial statements included or incorporated by reference in the Registration Statement.

(vi) The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware with corporate power and authority under such laws to own, lease and operate its properties and conduct its business as described in each Prospectus; and the Company is duly qualified to transact business as a foreign corporation and is in good standing in each other jurisdiction in which it owns or leases property of a nature, or transacts business of a type, that would make such qualification necessary, except to the extent that the failure to so qualify or be in good standing would not have a material adverse effect on the Company and the Subsidiary, considered as one enterprise. The Company is not engaged in any business other than acting as a holding company for the capital stock of AnnTaylor, Inc., a Delaware corporation (the "Subsidiary").

(vii) The Company's only subsidiaries are the Subsidiary, AnnTaylor Travel, Inc., a Delaware corporation and a wholly owned subsidiary of the Subsidiary, and AnnTaylor Funding, Inc., a Delaware corporation and a wholly owned subsidiary of the Subsidiary, and the Company has a minority ownership interest in each of CAT U.S., Inc. and C.A.T. (Far East), Ltd. The Subsidiary is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware with corporate power under such laws to own, lease and operate its properties and conduct its business; and the Subsidiary is duly qualified to transact business as a foreign corporation and is in good standing in each other jurisdiction in which it owns or leases property of a nature, or transacts business of a type, that would make such qualification necessary, except to the extent that the failure to so qualify or be in good standing would not have a material adverse effect on the Company and the Subsidiary, considered as one enterprise. All of the outstanding shares of capital stock of the Subsidiary have been duly authorized and validly issued and are fully paid and non-assessable and are owned, directly or indirectly, by the Company free and clear of any pledge,

lien, security interest, charge, claim, equity or encumbrance of any kind, except as provided in or pursuant

to the Bank Credit Agreement dated as of June 28, 1993, as amended (the "Bank Credit Agreement"), among the Subsidiary and the lenders named therein.

(viii) The Company had at the date indicated a duly authorized, issued and outstanding capitalization as set forth in each Prospectus in the column entitled "Actual" under the caption "Capitalization" and the Shares conform to the description thereof under the caption "Description of Capital Stock" contained in each Prospectus.

(ix) The Shares to be sold by the Company pursuant to this Agreement and the U.S. Purchase Agreement have been duly authorized and, when issued and paid for in accordance with this Agreement and the U.S. Purchase Agreement, will be validly issued, fully paid and non-assessable; no holder thereof will be subject to personal liability by reason of being such a holder; and such Shares are not subject to the preemptive or other similar rights of any stockholder of the Company.

(x) The Shares to be sold by the Selling Stockholders have been duly authorized and validly issued and are fully paid and non-assessable; and no holder thereof is or will be subject to personal liability by reason of being such a holder.

(xi) All of the other outstanding shares of capital stock of the Company have been duly authorized and validly issued and are fully paid and non-assessable; no holder thereof is or will be subject to personal liability by

reason of being such a holder; and none of the outstanding shares of capital stock of the Company was issued in violation of the preemptive rights of any stockholder of the Company.

(xii) Since the respective dates as of which information is given in the Registration Statement and each Prospectus, except as otherwise stated therein or contemplated thereby, there has not been (A) any material adverse change in the condition (financial or otherwise), earnings, business affairs or business prospects of the Company and the Subsidiary, considered as one enterprise, whether or not arising in the ordinary course of business, or (B) any dividend or distribution of any kind declared, paid or made by the Company on its capital stock.

(xiii) Neither the Company nor the Subsidiary is in default in the performance or observance of any obligation, agreement, covenant or condition contained in any contract,

indenture, mortgage, loan agreement, note, lease or other agreement or instrument to which it is a party or by which it may be bound or to which any of its properties may be subject, except for such defaults that would not have a material adverse effect on the condition (financial or otherwise), earnings, business affairs or business prospects of the Company and the Subsidiary. The execution and delivery of this Agreement and the U.S. Purchase Agreement by the Company, the issuance and delivery of the Shares, the consummation by the Company of the transactions contemplated in this Agreement and the U.S. Purchase Agreement and in the Registration Statement and compliance by the Company with the terms of this Agreement have been duly authorized by all necessary corporate action on the part of the Company and do

not and will not result in any violation of the charter or by-laws of the Company or the Subsidiary and do not and will not conflict with, or result in a breach of any of the terms or provisions of, or constitute a default under, or result in the creation or imposition of any lien, charge or encumbrance upon any property or assets of the Company or the Subsidiary under (A) any contract, indenture, mortgage, loan agreement, note,lease or other agreement or instrument to which the Company or the Subsidiary is a party or by which either of them may be bound or to which any of their properties may be subject (except for such conflicts, breaches or defaults or liens, charges or encumbrances that would not have a material adverse effect on the condition (financial or otherwise), earnings, business affairs or business prospects of the Company or the Subsidiary, considered as one enterprise) or (B) any existing applicable law, rule, regulation, judgment, order or decree of any government, governmental instrumentality or court, domestic or foreign, having jurisdiction over the Company or the Subsidiary or any of their respective properties.

(xiv) No authorization, approval, consent or license of any government, governmental instrumentality or court, domestic or foreign (other than under the 1933 Act, the 1933 Act Regulations, the securities or blue sky laws of the various states and the securities laws of any jurisdiction outside the United States in which International Shares are offered or sold by the International Underwriters), is legally required for the valid authorization, issuance, sale and delivery of the Shares as contemplated by this Agreement and the U.S. Purchase Agreement.

(xv) Except as disclosed in the Prospectuses, there is no action, suit or proceeding before or by any government, governmental instrumentality or court, domestic or foreign,

now pending or, to the knowledge of the Company, threatened against the Company or the Subsidiary that is required to be disclosed in the Prospectuses or that is reasonably expected by the Company to result in any material adverse change in the condition (financial or otherwise), earnings, business affairs or business prospects of the Company and the Subsidiary, considered as one enterprise, or that could reasonably be expected to materially and adversely affect the consummation of the transactions contemplated by this Agreement, the U.S. Purchase Agreement or the Registration Statement. The aggregate of all pending legal or governmental proceedings to which the Company or the Subsidiary is a party that are not described in the Prospectuses, including ordinary routine litigation incidental to the business of the Company or the Subsidiary, as the case may be, is not reasonably expected by the Company to have a material adverse effect on the condition (financial or otherwise), earnings, business affairs or business prospects of the Company and the Subsidiary, considered as one enterprise.

(xvi) There are no contracts or documents of a character required to be described in the Registration Statement or the Prospectuses or to be filed as exhibits to the Registration Statement that are not described and filed as required.

(xvii) The Company and the Subsidiary each owns, possesses or has obtained all material governmental licenses, permits, certificates, consents, orders, approvals and other authorizations necessary to own or lease, as the case may be, and to operate its properties and to carry on its business as presently conducted, except where the failure to possess such licenses, permits, certificates, consents, orders, approvals or other authorizations would not have a material adverse effect on the condition (financial or otherwise), earnings, business affairs or business prospects of the Company and the Subsidiary, considered as one enterprise, and neither the Company nor the Subsidiary has received any notice of proceedings relating to revocation or modification of any such licenses, permits, certificates, consents, orders, approvals or authorizations, which, in the reasonable judgment of the Company, if the subject of an unfavorable decision, ruling or finding, would have a material adverse effect on the condition (financial or otherwise), earnings, business affairs or business prospects of the Company and the Subsidiary, considered as one enterprise.

(xviii) The Company and the Subsidiary each owns or possesses, or can acquire on reasonable terms, adequate patents, patent licenses, trademarks, service marks and trade names necessary to carry on its business as presently conducted, and neither the Company nor the Subsidiary has received any notice of infringement of or conflict with asserted rights of others with respect to any patents, patent licenses, trademarks, service marks or trade names that in the aggregate, if the subject of an unfavorable decision, ruling or finding, could materially adversely affect the condition (financial or otherwise), earnings, business affairs or business prospects of the Company and the Subsidiary, considered as one enterprise.

(xix) The Company has not taken and will not take, directly or indirectly, any action designed to, or that the Company reasonably believes would cause or result in stabilization or manipulation of the price of the Common Stock; and the Company has not distributed and will not distribute any prospectus (as such term is defined in the 1933 Act and the 1933 Act Regulations) in connection with the offering and sale of the Shares other than any preliminary prospectus filed with the Commission or the Prospectuses or other material permitted by the 1933 Act or the 1933 Act Regulations.

(xx) The Company has obtained the written agreement of certain officers of the Company who beneficially own an aggregate of at least 100,000 shares of Common Stock or securities convertible into or exchangeable or exercisable for Common Stock ("convertible securities") that, for a

period of 120 days from the date hereof, such persons will not, without the prior written consent of Merrill Lynch, Pierce, Fenner & Smith Incorporated ("Merrill Lynch"), which consent will not be unreasonably withheld, directly or indirectly, sell, offer to sell, grant any option for the sale of, or otherwise dispose of any shares of Common Stock or convertible securities; provided, however, that during such 120 day period, (i) such shares of Common Stock or convertible securities may be transferred by will or the laws of descent and distribution and (ii) such persons may make gifts of shares of Common Stock or convertible securities or transfer such shares of Common Stock or convertible securities to family trusts, so long as the donee agrees to be bound by the foregoing restriction in the same manner as it applies to such persons.

(xxi) Except as disclosed in the Registration Statement and except as would not individually or in the aggregate have a material adverse effect on the condition

(financial or otherwise), earnings, business affairs or business prospects of the Company and the Subsidiary, considered as one enterprise, (A) the Company and the Subsidiary are in compliance with all applicable Environmental Laws, (B) the Company and the Subsidiary have all permits, authorizations and approvals required under any applicable Environmental Laws and are each in compliance with their requirements, (C) there are no pending or threatened Environmental Claims against the Company or the Subsidiary, and (D) there are no circumstances with respect to any property or operations of the Company or the Subsidiary that could reasonably be anticipated to form the basis of an Environmental Claim against the Company or the Subsidiary.

For purposes of this Agreement, the following terms shall have the following meanings: "Environmental Law" means any United States (or other applicable jurisdiction's) federal, state, local or municipal statute, law, rule, regulation, ordinance, code, policy or rule of common law and any judicial or administrative interpretation thereof including any judicial or administrative order, consent decree or judgment, relating to the environment, health, safety or any chemical, material or substance, exposure to which is prohibited, limited or regulated by any governmental authority. "Environmental Claims" means any and all administrative, regulatory or judicial actions, suits, demands, demand letters, claims, liens, notices of noncompliance or violation, investigations or proceedings relating in any way to any Environmental Law.

(xxii) There are no persons, corporations, partnerships or other entities with registration or other similar rights to have any securities registered pursuant to the Registration Statement.

(b) Each of the Selling Stockholders severally and not jointly represents and warrants to, and agrees with, the International Underwriters as follows:

(i) When the Registration Statement shall become effective, on the date hereof, and on the effective date of any amendment or supplement to the Registration Statement, (A) such parts of the Registration Statement and any amendments and supplements thereto as specifically refer to such Selling Stockholder will not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading and (B) such parts of each Prospectus as specifically refer to such Selling Stockholder

will not include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(ii) All authorizations and consents necessary for the execution and delivery by or on behalf of such Selling Stockholder of this Agreement and the sale and delivery pursuant to this Agreement of the Shares to be sold by such Selling Stockholder have been given and are in full force and effect on the date hereof and will be in full force and effect at the Closing Time and, if any International Option Shares are purchased, on the Date of Delivery.

(iii) The execution and delivery of this Agreement and the consummation by any Selling Stockholder of the transactions contemplated in this Agreement and the U.S. Purchase Agreement will not result in a breach by such Selling Stockholder of, or constitute a default by such Selling Stockholder under, any material agreement, instrument, decree, judgment or order to which such Selling Stockholder is a party or by which such Selling Stockholder may be bound.

(iv) Such Selling Stockholder will, at the Closing Time and, if any International Option Shares are purchased, on the Date of Delivery, be the sole registered holder of the International Shares to be sold by such Selling Stockholder pursuant to this Agreement, free and clear of any pledge, lien, security interest, charge, claim, equity or encumbrance of any kind, other than pursuant to this Agreement; such Selling Stockholder has full right, power and authority to sell, transfer and deliver such International Shares pursuant to this Agreement; and, upon delivery of such International Shares and payment of the purchase price therefor as contemplated in this Agreement, each of the International Underwriters will receive all of such Selling Stockholder's interest in its ratable share of the International Shares purchased by it from such Selling Stockholder, free and clear of any pledge, lien, security interest, charge, claim, equity or encumbrance of any kind.

(v) For a period of 120 days from the date hereof, such Selling Stockholder will not, without the prior written consent of Merrill Lynch, directly or indirectly, sell, offer to sell, grant any option for the sale of, or otherwise dispose of, any shares of Common Stock or other securities convertible into Common Stock, other than to the

International Underwriters pursuant to this Agreement or to the U.S. Underwriters pursuant to the U.S. Purchase

Agreement; provided that during such period such Selling Stockholder may make gifts of shares of Common Stock or other securities convertible into Common Stock upon the condition that the donees agree to be bound by the foregoing restriction in the same manner as it applies to such Selling Stockholder.

(vi) Such Selling Stockholder has not taken and will not take, directly or indirectly, any action designed to, or that such Selling Stockholder reasonably believes would, cause or result in stabilization or manipulation of the price of the Common Stock; and such Selling Stockholder has not distributed and will not distribute any prospectus (as such term is defined in the 1933 Act and the 1933 Act Regulations) in connection with the offering and sale of the Shares other than any preliminary prospectus filed with the Commission or the Prospectuses or other material permitted by the 1933 Act or the 1933 Act Regulations.

(c) Any certificate signed by any officer of the Company or the Subsidiary and delivered to you or to counsel for the International Underwriters shall be deemed a representation and warranty by the Company to each International Underwriter as to the matters covered thereby; and any certificate signed by or on behalf of the Selling Stockholders as such and delivered to you or to counsel for the International Underwriters shall be deemed a representation and warranty by the Selling Stockholders to each International Underwriter as to the matters covered thereby.

Section 2. Sale and Delivery to the International Underwriters; Closing. (a) On the basis of the representations and warranties herein contained, and subject to the terms and conditions herein set forth, the Company and the Selling Stockholders agree, severally and not jointly, to sell to each International Underwriter, and each International Underwriter agrees, severally and not jointly, to purchase from the Company and the Selling Stockholders, at the purchase price per share for the Initial International Shares to be agreed upon by the Co-Lead Managers, the Company and the Selling Stockholders in accordance with Section 2(b) or 2(c), and set forth in the International Price Determination Agreement, the number of Initial International Shares set forth opposite the name of such International Underwriter in Schedule A, plus such additional number of Initial International Shares which such Underwriter may become obligated to purchase pursuant to Section 11 hereof. If the Company elects to rely on Rule 430A, Schedules A and B may be attached to the International Price Determination Agreement.

(b) If the Company has elected not to rely upon Rule 430A, the initial public offering price per share for the Initial International Shares and the purchase price per share for the Initial International Shares to be paid by the several International Underwriters shall be agreed upon and set forth in the International Price Determination Agreement, dated the date hereof, and an amendment to the Registration Statement containing such per share price information will be filed before the Registration Statement becomes effective.

(c) If the Company has elected to rely upon Rule 430A, the initial public offering price per share for the Initial

International Shares and the purchase price per share for the Initial International Shares to be paid by the several International Underwriters shall be agreed upon and set forth in the International Price Determination Agreement. In the event that the International Price Determination Agreement has not been executed by the close of business on the fourth business day following the date on which the Registration Statement becomes effective, this Agreement shall terminate forthwith, without liability of any party to any other party except that Sections 7 and 8 shall remain in effect.

(d) In addition, on the basis of the representations and warranties herein contained, and subject to the terms and conditions herein set forth, each Selling Stockholder grants an option to the International Underwriters, severally and not jointly, to purchase up to the additional number of International Option Shares set forth opposite such Selling Stockholder's name in the appropriate column of Schedule B at the same purchase price per share as shall be applicable to the Initial International Shares. The option hereby granted will expire 30 days after the date upon which the Registration Statement becomes effective or, if the Company has elected to rely upon Rule 430A, the date of the International Price Determination Agreement, and may be exercised, in whole or from time to time in part, only for the purpose of covering over-allotments that may be made in connection with the offering and distribution of the Initial International Shares upon notice by you to the Company and the Selling Stockholders setting forth the number of International Option Shares as to which the several International Underwriters are exercising the option, and the time and date of payment and delivery thereof. Such time and date of delivery (the "Date of Delivery") shall be determined by you but shall not be later than seven full business days after the exercise of such option, nor in any event prior to the Closing Time. If the option is exercised as to only a portion of the International Option Shares, each of the Selling Stockholders will sell its pro rata portion of the International Option Shares to be purchased by the International Underwriters. If the option is exercised as to all

or any portion of the International Option Shares, the International Option Shares as to which the option is exercised shall be purchased by the International Underwriters, severally and not jointly, in their respective underwriting obligation proportions.

(e) Payment of the purchase price for, and delivery of certificates for, the Initial International Shares shall be made at the offices of Shearman & Sterling, 599 Lexington Avenue, New York, New York 10022, or at such other place as shall be agreed upon by the Company, the Selling Stockholders and you, at 10:00 A.M. either (i) on the fifth full business day after the effective date of the Registration Statement or (ii) if the Company has elected to rely upon Rule 430A, the fifth full business day after execution of the International Price Determination Agreement (unless, in either case, postponed pursuant to Section 11 or 12), or at such other time not more than ten full business days thereafter as you and the Company and the Selling Stockholders shall determine (such date and time of payment and delivery being herein called the "Closing Time"). In addition, in the event that any or all of the International Option Shares are purchased by the International Underwriters, payment of the purchase price for, and delivery of certificates for, such International Option Shares shall be made at the offices of Shearman & Sterling set forth above, or at such other place as the Company, the Selling Stockholders and you shall determine, on the Date of Delivery as specified in the notice from you to the Company and the Selling Stockholders. Payment shall be made to the Company by certified or official bank check or checks or wire transfers in New York Clearing House funds payable to the order of the Company and to the Selling Stockholders or to a custodian or other representative of the Selling Stockholders by certified or official bank check or checks in New York Clearing House funds payable to the order of the Selling Stockholders, against delivery to you for the respective accounts of the several International Underwriters of certificates for the International Shares to be purchased by them.

(f) Certificates for the Initial International Shares and International Option Shares to be purchased by the International Underwriters shall be in such denominations and registered in such names as you may request in writing at least two full business days before the Closing Time or the Date of Delivery, as the case may be. The certificates for the Initial International Shares and International Option Shares will be made

available in New York City for examination and packaging by you not later than 10:00 A.M. on the business day immediately prior to the Closing Time or the Date of Delivery, as the case may be.

(g) It is understood that each International Underwriter has authorized you, for its account, to accept delivery of, receipt for, and make payment of the purchase price for, the International Shares that it has agreed to purchase. You, individually and not as Co-Lead Managers, may (but shall not be obligated to) make payment of the purchase price for the Initial International Shares, or International Option Shares, to be purchased by any International Underwriter whose check or checks shall not have been received by the Closing Time or the Date of Delivery, as the case may be, but such payment shall not relieve such International Underwriter from its obligations hereunder.

(h) The several and not joint obligations of the Company and the Selling Stockholders to sell to each International Underwriter the Initial International Shares and (with respect to the Company) the International Option Shares and the several and not joint obligations of the International Underwriters to purchase and pay for the Shares, upon the terms and subject to the conditions of this Agreement, are subject to the concurrent closing of the sale of the U.S. Shares to the U.S. Underwriters pursuant to the terms of the U.S. Purchase Agreement.

Section 3. Certain Covenants of the Company [and the International Underwriters]. [(a)] The Company covenants with each International Underwriter as follows:

(a) The Company will use its best efforts to cause the Registration Statement to become effective and, if the Company elects to rely upon Rule 430A and subject to Section 3(b) hereof, will comply with the requirements of Rule 430A and will notify you immediately, and confirm the notice in writing (i) when the Registration Statement, or any post-effective amendment to the Registration Statement, shall have become effective, or any supplement to the Prospectuses or any amended Prospectuses shall have been filed, (ii) of the receipt of any comments from the Commission, (iii) of any request by the Commission to amend the Registration Statement or amend or supplement the Prospectuses or for additional information and (iv) of the issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement or of any order preventing or suspending the use of any preliminary prospectus, or of the suspension of the qualification of the Shares for offering or sale in any jurisdiction, or of the institution or threatening of any proceedings for any of such purposes. The Company will use every reasonable effort to prevent the issuance of any such stop order or of any order preventing or suspending such use and, if any such order is issued, to obtain the lifting thereof at the earliest possible moment.

(b) The Company will not at any time file or make any amendment to the Registration Statement, or any amendment or supplement (i) if the Company has not elected to rely upon Rule 430A, to each Prospectus (including amendments of the documents incorporated by reference into each Prospectus) or (ii) if the Company has elected to rely upon Rule 430A, to either the prospectuses included in the Registration Statement at the time it becomes effective or to each Prospectus (including amendments of the documents incorporated by reference into the prospectus or Prospectuses), of which you shall not have previously been

advised and furnished a copy, or to which you or counsel for the International Underwriters shall reasonably object in writing.

(c) The Company has furnished or will furnish to you as many signed copies of the Registration Statement as originally filed and of all amendments thereto, whether filed before or after the Registration Statement becomes effective, copies of all exhibits and documents filed therewith (including documents incorporated by reference into each Prospectus pursuant to Item 12 of Form S-3 under the 1933 Act) and signed copies of all consents and certificates of experts, as you may reasonably request and has furnished or will furnish to you, for each other International Underwriter, one conformed copy of the Registration Statement as originally filed and of each amendment thereto (including documents incorporated by reference into each Prospectus but without exhibits).

(d) The Company will deliver to each International Underwriter, without charge, from time to time until the effective date of the Registration Statement (or, if the Company has elected to rely upon Rule 430A, until the date of the International Price Determination Agreement), as many copies of each preliminary prospectus as such International Underwriter may reasonably request, and the Company hereby consents to the use of such copies for purposes permitted by the 1933 Act. The Company will deliver to each Underwriter, without charge, as soon as the Registration Statement shall have become effective (or, if the Company has elected to rely upon Rule 430A, as soon as practicable on or after the date of the International Price Determination Agreement) and thereafter from time to time as requested during the period when the Prospectus is required to be delivered under the 1933 Act, such number of copies of the Prospectus (as supplemented or amended) as such International Underwriter may reasonably request; and in case any International Underwriter is required to deliver a prospectus in connection with sales of any of the International Shares at any time nine months or more after the effective date of the Registration Statement (or, if the Company has elected to rely upon Rule 430A, the date of the International Price Determination Agreement), upon such International Underwriter's request, but at the expense

of such International Underwriter, the Company will prepare and deliver to Underwriter as many copies as you may request of an amended or supplemented Prospectus complying with Section 10(a)(3) of the 1933 Act.

(e) The Company will comply to the best of its ability with the 1933 Act and the 1933 Act Regulations and the 1934 Act and the 1934 Act Regulations so as to permit the completion of the distribution of the International Shares as contemplated in this Agreement and in the Prospectus. If at any time when a prospectus is required by the 1933 Act to be delivered in connection with sales of the International Shares any event shall occur or condition exist as a result of which it is necessary, in the opinion of counsel for the International Underwriter or counsel for the Company, to amend the Registration Statement or amend or supplement any Prospectus in order that each Prospectus will not include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein not misleading in the light of the circumstances existing at the time it is delivered to a purchaser, or if it shall be necessary, in the opinion of either such counsel, at any such time to amend the Registration Statement or amend or supplement any Prospectus in order to comply with the requirements of the 1933 Act or the 1933 Act Regulations, the Company will promptly prepare and file with the Commission, subject to Sections 3(b) and 3(d) hereof, such amendment or supplement as may be necessary to correct such untrue statement or omission or to make the Registration Statement or each Prospectus comply with such requirements.

(f) The Company will use its best efforts in cooperation with the International Underwriters to qualify the Shares for offering and sale under the applicable securities laws of such states and other jurisdictions as you may designate and to maintain such qualifications in effect for a period of not less than one year from the effective date of the Registration Statement; provided, however, that neither the Company nor the Subsidiary shall be obligated to file any general consent to service of process or to qualify as a foreign corporation or as a dealer in securities in any jurisdiction in which it is not so qualified or to subject itself to taxation in respect of doing business in any jurisdiction in which it is not otherwise so subject. The Company will file such statements and reports as

may be required by the laws of each jurisdiction in which the Shares have been qualified as above provided.

(g) The Company will make generally available to its security holders as soon as practicable, but not later than 45 days after the close of the period covered thereby, an earnings statement of the Company (in form complying with the

provisions of Rule 158 of the 1933 Act Regulations), covering a period of 12 months beginning after the effective date of the Registration Statement and covering a period of 12 months beginning after the effective date of any post-effective amendment to the Registration Statement but not later than the first day of the Company's fiscal quarter next following such respective effective dates.

(h) The Company will use the net proceeds received by it from the sale of the Shares in the manner specified in each Prospectus under the caption "Use of Proceeds".

(i) The Company, during the period when any Prospectus is required to be delivered under the 1933 Act, will file promptly all documents required to be filed with the Commission pursuant to Section 13 or 14 of the 1934 Act subsequent to the time the Registration Statement becomes effective; provided, however, that the Company will not at any time file any such document of which you shall not have previously been advised and furnished a copy.

(j) For a period of 120 days from the date hereof, the Company will not, without the prior written consent of Merrill Lynch, directly or indirectly, sell, offer to sell, grant any option for the sale of, or otherwise dispose of, any Common Stock or warrants or other securities convertible into or exchangeable

or exercisable for Common Stock, other than to the International Underwriters pursuant to this Agreement and the International Price Determination Agreement, to the U.S. Underwriters pursuant to the U.S. Purchase Agreement and the U.S. Price Determination Agreement and other than pursuant to the Company's 1992 Amended and Restated Stock Option Plan and the Associate Stock Purchase Plan.

(k) The Company has complied and will comply with all the provisions of Florida H.B. 1771, codified as Section 517.075 of the Florida statutes, and all regulations promulgated thereunder relating to issuers doing business in Cuba.

(l) The Company will use its best efforts to list the International Shares on the New York Stock Exchange on the date of the International Price Determination Agreement.

(m) If the Company has elected to rely upon Rule 430A, it will take such steps as it deems necessary to ascertain promptly whether the forms of prospectus transmitted for filing under Rule 424(b) were received for filing by the Commission and, in the event that they were not, it will promptly file such prospectuses.

Section 4. Payment of Expenses. The Company and the Selling Stockholders will pay all costs and expenses incident to the performance of their obligations under this Agreement, including (a) the printing and filing of the Registration Statement (including financial statements and exhibits), as originally filed and as amended, the preliminary prospectuses and each Prospectus and any amendments or supplements thereto, and the cost of furnishing copies thereto to the International

Underwriters and the U.S. Underwriters, (b) the printing and distribution of certificates for the International Shares and the Blue Sky Survey, (c) the delivery of certificates for the Shares to the International Underwriters and the U.S. Underwriters, including any stock transfer taxes payable upon the sale of the Shares to the International Underwriters and the U.S. Underwriters (it being understood that the International Underwriter will pay any New York stock transfer tax, and the Company and the Selling Stockholders will reimburse the International Underwriters for carrying costs if a rebate of such transfer taxes is sought but not obtained on the date of payment), (d) the fees and disbursements of the Company's counsel and accountants, (e) the qualification of the Shares under the applicable securities laws in accordance with Section 3(f), including filing fees and fees and disbursements of counsel for the International Underwriters in connection therewith and in connection with the Blue Sky Survey, and (f) any filing fees in connection with any filing for review of the offering with the National Association of Securities Dealers, Inc.

If this Agreement is terminated by you in accordance with the provisions of Section 5, 10(a)(i) or 12, the Company and the Selling Stockholders shall reimburse the International Underwriters for all their out-of-pocket expenses, including the reasonable fees and disbursements of counsel for the International Underwriters.

The provisions of this Section shall not affect any agreement that the Company and the Selling Stockholders may make for the sharing of such costs and expenses.

Section 5. Conditions of International Underwriters' Obligations. In addition to the execution and delivery of the International Price Determination Agreement, the obligations of the several International Underwriters to purchase and pay for the International Shares that they have respectively agreed to purchase pursuant to this Agreement (including any International Option Shares as to which the option granted in Section 2 has been exercised and the Date of Delivery determined by you is the same as the Closing Time) are subject to the accuracy of the representations and warranties of the Company and the Selling Stockholders contained herein (including those contained in the

International Price Determination Agreement) or in certificates of any officer of the Company or the Subsidiary delivered pursuant to the provisions hereof, to the performance by the Company and the Selling Stockholders of their obligations hereunder, and to the following further conditions:

(a) The Registration Statement shall have become effective not later than 5:30 P.M. on the date of this Agreement or, with your consent, at a later time and date not later, however, than 5:30 P.M. on the first business day following the date hereof, or at such later time or on such later date as you may agree to in writing with the approval of a majority in interest of the several International Underwriters; and at the Closing Time no stop order suspending the effectiveness of the Registration Statement shall have been issued under the 1933 Act and no proceedings for that purpose shall have been instituted or shall be pending or, to your knowledge or to the knowledge of the Company, shall have been instituted or shall be pending or, to your knowledge or to the knowledge of the Company, shall be contemplated by the Commission, and any request on the part of the Commission for additional information shall have been complied with to the satisfaction of counsel for the International Underwriters. If the Company has elected to rely upon Rule 430A, a prospectus containing the Rule 430A Information shall have been filed with the Commission in accordance with Rule 424(b) (or a post-effective amendment providing such information shall have been filed and declared effective in accordance with the requirements of Rule 430A).

(b) At the Closing Time, you shall have received a signed opinion of Skadden, Arps, Slate, Meagher & Flom, counsel for the Company, dated as of the Closing Time, in form and substance satisfactory to counsel for the International Underwriters, to the effect that:

(i) The Shares sold by the Company pursuant to the provisions of this Agreement and the U.S. Purchase Agreement have been duly authorized and, when issued and delivered by the Company upon receipt of payment therefor in accordance with the terms of this Agreement will be validly issued,

fully paid and non-assessable; no holder thereof is or will be subject to personal liability by reason of being such a holder; such Shares are not subject to the preemptive rights of any stockholder of the Company; and all corporate action required to be taken for the authorization, issue and sale of such Shares has been validly and sufficiently taken.

(ii) The Shares sold by the Selling Stockholders pursuant to the provisions of this Agreement have been duly authorized and validly issued and are fully paid and non-

assessable; and no holder thereof is or will be subject to personal liability by reason of being such a holder.

(iii) As of January 29, 1994, the authorized, issued and outstanding capital stock of the Company is as set forth in each Prospectus under the heading "Capitalization".

(iv) The Shares conform in all material respects as to legal matters to the descriptions thereof under the caption "Description of Capital Stock" in each Prospectus.

(v) This Agreement (including the International Price Determination Agreement) and the U.S. Purchase Agreement have been duly authorized, executed and delivered by the Company.

(vi) No authorization, approval, consent or license of any government, governmental instrumentality or court, domestic or foreign (other than under the 1933 Act and the securities or blue sky laws of the various states that, in the opinion of such counsel, are normally applicable to transactions of the type contemplated by this Agreement), is

required for the valid authorization, issuance, sale and delivery of the Shares, except such as may be required under the 1933 Act and the 1933 Act Regulations or state securities law and the securities laws of any jurisdiction in which the International Shares are offered and sold by the International Underwriters pursuant to this Agreement.

(vii) The statements made in the Prospectuses under the captions "Description of Capital Stock" and "Certain United States Federal Tax Consequences to Non-U.S. Stockholders", to the extent that they constitute matters of law or legal conclusions, have been reviewed by such counsel and fairly summarize the information required to be disclosed therein in all material respects.

(viii) The execution and delivery of this Agreement and the U.S. Purchase Agreement, the issuance and delivery of the Shares, the consummation by the Company of the transactions contemplated in this Agreement, in the U.S. Purchase Agreement and in the Registration Statement and compliance by the Company with the terms of this Agreement and the U.S. Purchase Agreement do not and will not result in any violation of the charter or by-laws of the Company or the Subsidiary, and do not and will not conflict with, or result in a breach of any of the terms or provisions of, or constitute a default under, or result in the creation or imposition of any lien, charge or encumbrance upon any

property or assets of the Company or the Subsidiary under (A) any agreement or instrument set forth on Schedule I to such counsel's opinion, (B) any existing applicable law, rule or regulation (other than securities or blue sky laws of the various states, as to which such counsel need express no opinion, and other than the federal securities laws,

which are addressed elsewhere in such counsel's opinion) that, in the opinion of such counsel, are normally applicable to transactions of the type contemplated by this Agreement, or (C) any judgment, order or decree of any government, governmental instrumentality or court, domestic or foreign, having jurisdiction over the Company or the Subsidiary or any of their respective properties of which such counsel is aware. Such counsel need express no opinion, however, as to whether the execution, delivery and performance by the Company of any of the agreements identified in the preceding sentence will constitute a violation of or a default under any covenant, restriction or provision with respect to financial ratios or tests or any aspect of the financial condition or results of operations of the Company.

(ix) Such counsel has been informed by the Commission that the Registration Statement became effective under the 1933 Act on the date of this Agreement; any required filing of each Prospectus or any supplement thereto pursuant to Rule 424(b) has been made in the manner and within the time period required by Rule 424(b); and, to the knowledge of such counsel, no stop order suspending the effectiveness of the Registration Statement has been issued and no proceedings for that purpose have been instituted or are pending or have been threatened by the Commission under the 1933 Act.

(x) The Registration Statement (including the Rule 430A Information, if applicable) and each Prospectus, excluding the documents incorporated by reference therein, and each amendment or supplement thereto (except for the financial statements and other financial or statistical data included therein or omitted therefrom, as to which such counsel need express no opinion), as of their respective effective or issue dates, appear on their face to have been appropriately responsive in all material respects to the requirements of the 1933 Act and the 1933 Act Regulations.

In addition, such opinion shall state that such counsel have participated in the preparation of the Registration Statement, the documents incorporated by reference therein and the Prospectuses and in conferences with officers and other representatives of the Company, representatives of the

independent public accountants for the Company, and with your representatives and your counsel at which the contents of the Registration Statement, the documents incorporated by reference therein, the Prospectuses and related matters were discussed and, although such counsel need not pass upon or assume any responsibility for the accuracy, completeness or fairness of the statements contained in the Registration Statement, the documents incorporated by reference therein or the Prospectuses, on the basis of the foregoing, no facts have come to the attention of such counsel that have caused them to believe (A) that the Registration Statement (including the Rule 430A Information, if applicable) or any amendment thereto (except for the financial statements and other financial or statistical data included therein or omitted therefrom, as to which such counsel need express no opinion), at the time the Registration Statement or any such amendment became effective, contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading or (B) that each Prospectus or any amendment or supplement thereto (except for the financial statements and other financial or statistical data included therein or omitted therefrom, as to which such counsel need express no opinion), at the time each Prospectus was issued, at the time any such amended or supplemented prospectus was issued or at the Closing Time, contained or contains an untrue statement of a material fact or omitted or omits to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading except that such counsel need express no opinion or belief with respect to the financial statements, schedules and other financial or statistical data included therein or omitted therefrom.

Such opinion shall be to such further effect with respect to other legal matters relating to this Agreement and the sale of the International Shares pursuant to this Agreement as counsel for the International Underwriters may reasonably request. In giving such opinion such counsel may rely, as to all matters governed by the laws of jurisdictions other than the law of the State of New York, the federal law of the United States

and the General Corporation Law of the State of Delaware, upon the opinions of counsel satisfactory to counsel for the International Underwriters. Such counsel may also state that, insofar as such opinion involves factual matters, they have relied, to the extent they deem proper, upon certificates of officers of the Company and the Subsidiary and certificates of public officials; provided that such certificates have been delivered to the International Underwriters.

(c) At the Closing Time, you shall have received a signed opinion of Jocelyn F.L. Barandiaran, general counsel for the Company, dated as of the Closing Time, together with signed or reproduced copies of such opinion for each of the other International Underwriters, in form and substance satisfactory to counsel for the International Underwriters, to the effect that:

(i) The Company is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Delaware with corporate power and authority under such laws to own, lease and operate its properties and conduct its business as described in each Prospectus.

(ii) The Company is duly qualified to transact business as a foreign corporation and is in good standing in each other jurisdiction in which it owns or leases property of a nature, or transacts business of a type, that would make such qualification necessary, except to the extent that the failure to so qualify or be in good standing would not have a material adverse effect on the Company and the Subsidiary, considered as one enterprise.

(iii) The Subsidiary is a corporation duly

incorporated, validly existing and in good standing under the laws of the State of Delaware with corporate power and authority under such laws to own, lease and operate its properties and conduct its business.

(iv) The Subsidiary is duly qualified to transact business as a foreign corporation and is in good standing in each other jurisdiction in which it owns or leases property of a nature, or transacts business of a type, that would make such qualification necessary, except to the extent that the failure to so qualify or be in good standing would not have a material adverse effect on the Company and the Subsidiary, considered as one enterprise.

(v) All of the outstanding shares of capital stock of the Company have been duly authorized and validly issued and are fully paid and non-assessable; no holder thereof is or will be subject to personal liability by reason of being such a holder; and none of the outstanding shares of capital stock of the Company was issued in violation of the preemptive rights of any stockholder of the Company arising by operation of law or under the charter or by-laws of the Company.

(vi) All of the outstanding shares of capital stock of the Subsidiary have been duly authorized and validly issued and are fully paid and non-assessable; all of such shares

are owned by the Company, directly or through one or more subsidiaries, free and clear of any pledge, lien, security interest, charge, claim, equity or encumbrance of any kind (other than pursuant to the Bank Credit Agreement); no holder thereof is subject to personal liability by reason of being such a holder; and none of such shares was issued in

violation of the preemptive rights of any stockholder of the Subsidiary arising by operation of law or under the charter or by-laws of the Subsidiary.

(vii) Such counsel does not know of any statutes or regulations, or any pending or threatened legal or governmental proceedings, required to be described in each Prospectus that are not described as required, nor of any contracts or documents of a character required to be described or referred to in the Registration Statement or each Prospectus or to be filed as exhibits to the Registration Statement that are not described, referred to or filed as required.

(viii) Except to the extent described in the Prospectuses, to the knowledge of such counsel, no default exists in the performance or observance of any material obligation, agreement, covenant or condition contained in any contract, indenture, loan agreement, note, lease or other agreement or instrument that is described or referred to in the Registration Statement or the Prospectuses or filed as an exhibit to the Registration Statement.

(ix) The documents incorporated by reference in each Prospectus (except for the financial statements and other financial or statistical data included therein or omitted therefrom, as to which such counsel need express no opinion), as of the dates they were filed with the Commission, appear on their face to have been appropriately responsive in all material respects to the requirements of the 1934 Act and the 1934 Act Regulations.

In addition, such opinion shall state that such counsel has participated in the preparation of the Registration Statement, the documents incorporated by reference therein, and the Prospectuses and in conferences with officers and other representatives of the Company, representatives of the independent public accountants for the Company, and with your representatives and your counsel at which the contents of the Registration Statement, the documents incorporated by reference therein, the Prospectuses and related matters were discussed and, although such counsel need not pass upon or assume any responsibility for the accuracy, completeness or fairness of the statements contained in the Registration Statement, the documents

incorporated by reference therein, or the Prospectuses, on the basis of the foregoing, no facts have come to the attention of such counsel that have caused such counsel to believe (A) that the Registration Statement (including the Rule 430A Information, if applicable) or any amendment thereto (except for the financial statements and other financial or statistical data included therein or omitted therefrom, as to which such counsel need express no opinion), at the time the Registration Statement or any such amendment became effective, contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading or (B) that each Prospectus or any amendment or supplement thereto (except for the financial statements and other financial or statistical data included therein or omitted therefrom, as to which such counsel need express no opinion), at the time each Prospectus was issued, at the time any such amended or supplemented prospectus was issued or at the Closing Time, contained or contains an untrue statement of a material fact or omitted or omits to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, except that such counsel need express no opinion or belief with respect to the financial statements, schedules and other financial or statistical data included therein or omitted therefrom.

Such opinion shall be to such further effect with respect to other legal matters relating to this Agreement and the sale of the International Shares pursuant to this Agreement as counsel for the International Underwriters may reasonably request. In giving such opinion such counsel may rely, as to all matters governed by the laws of jurisdictions other than the law of the State of New York, the federal law of the United States and the General Corporation Law of the State of Delaware, upon the opinions of counsel satisfactory to counsel for the International Underwriters. Such counsel may also state that, insofar as such opinion involves factual matters, they have relied, to the extent they deem proper, upon certificates of officers of the Company and the Subsidiary and certificates of public officials; provided that such certificates have been

delivered to the International Underwriters.

(d) At the Closing Time, you shall have received signed opinions of counsel for the Selling Stockholders, dated as of the Closing Time, together with signed or reproduced copies of such opinions for each of the other International Underwriters, in form and substance satisfactory to counsel for the International Underwriters, to the effect that:

(i) This Agreement and the U.S. Purchase Agreement have been duly executed and delivered by the Selling Stockholders.

(ii) To the best knowledge of such counsel, each Selling Stockholder is the sole registered holder of the International Shares to be sold by such Selling Stockholder pursuant to this Agreement, free and clear of any pledge, lien, security interest, charge, claim, equity or encumbrance of any kind, and has full right, power and authority to sell, transfer and deliver such International Shares pursuant to this Agreement. By delivery of a certificate or certificates therefor such Selling Stockholder will transfer to the International Underwriters who have purchased such International Shares pursuant to this Agreement (without notice of any defect in the title of such Selling Stockholder and who are otherwise bona fide purchasers for purposes of the Uniform Commercial Code) all of such Selling Stockholder's interest in its ratable share of such International Shares, free and clear of any pledge, lien, security interest, charge, claim, equity or encumbrance of any kind. In rendering such opinion, counsel may assume that the International Underwriters purchase the

securities in good faith and are without notice of any defect in the title of the Selling Stockholders to the Shares being purchased from the Selling Stockholders.

Such opinion shall be to such further effect with respect to other legal matters relating to this Agreement and the sale of the International Shares pursuant to this Agreement by the Selling Stockholders as counsel for the International Underwriters may reasonably request. In giving such opinion, such counsel may rely, as to all matters governed by the laws of jurisdictions other than the law of the State of New York, the federal law of the United States and the General Corporation Law of the State of Delaware, upon opinions of other counsel, who shall be counsel satisfactory to counsel for the International Underwriters, in which case the opinion shall state that they believe you and they are entitled to so rely. Such counsel may also state that, insofar as such opinion involves factual matters, they have relied, to the extent they deem proper, upon certificates of the Selling Stockholders and certificates of public officials; provided that such certificates have been delivered to the International Underwriters.

(e) At the Closing Time, you shall have received the favorable opinion of Shearman & Sterling, counsel for the International Underwriters, dated as of the Closing Time, together with signed or reproduced copies of such opinion for each of the other International Underwriters, to the effect that

the opinions delivered pursuant to Sections 5(b), 5(c) and 5(d) appear on their face to be appropriately responsive to the requirements of this Agreement except, specifying the same, to the extent waived by you, and with respect to the incorporation and legal existence of the Company, the Shares, this Agreement, the Registration Statement, each Prospectus, the documents

incorporated by reference and such other related matters as you may require. In giving such opinion, such counsel may rely, as to all matters governed by the laws of jurisdictions other than the law of the State of New York, the federal law of the United States and the General Corporation Law of the State of Delaware, upon the opinions of counsel satisfactory to you. Such counsel may also state that, insofar as such opinion involves factual matters, they have relied, to the extent they deem proper, upon certificates of officers of the Company and certificates of public officials.

(f) At the Closing Time, (i) the Registration Statement and each Prospectus, as they may then be amended or (in the case of Prospectuses) supplemented, shall contain all statements that are required to be stated therein under the 1933 Act and the 1933 Act Regulations and in all material respects shall conform to the requirements of the 1933 Act and the 1933 Act Regulations, the Company shall have complied in all material respects with Rule 430A (if it shall have elected to rely thereon) and neither the Registration Statement nor each Prospectus, as they may then be amended or supplemented, shall contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading, (ii) there shall not have been, since the respective dates as of which information is given in the Registration Statement, any material adverse change in the condition (financial or otherwise), earnings, business affairs or business prospects of the Company and the Subsidiary, considered as one enterprise, whether or not arising in the ordinary course of business, (iii) no action, suit or proceeding shall be pending or, to the knowledge of the Company, threatened against the Company or the Subsidiary that would be required to be set forth in each Prospectus other than as set forth therein or in any supplement thereto and no proceedings shall be pending or, to the knowledge of the Company, threatened against the Company or the Subsidiary before or by any government, governmental instrumentality or court, domestic or foreign, that could be reasonably expected to result in any material adverse change in the condition (financial or otherwise), earnings, business affairs or business prospects of the Company and the Subsidiary considered as one enterprise, other than as set forth in each Prospectus, (iv) the Company shall have complied in all material respects with all agreements and satisfied all conditions on its part to be performed or satisfied at or prior to the Closing Time

and (v) the representations and warranties of the Company set forth in Section 1(a) shall be accurate as though expressly made at and as of the Closing Time. At the Closing Time, you shall have received a certificate of the President or an Executive Vice President, and the Chief Financial Officer or principal accounting officer of the Company, dated as of the Closing Time, to such effect.

(g) At the Closing Time, (i) the representations and warranties of each Selling Stockholder set forth in Section 1(b) and in any certificates by or on behalf of the Selling Stockholders delivered pursuant to the provisions hereof shall be accurate as though expressly made at and as of the Closing Time, (ii) each Selling Stockholder shall have performed its obligations under this Agreement in all material respects and (iii) you shall have received a certificate of each Selling Stockholder, dated as of the Closing Time, to the effect set forth in subsections (i) and (ii) of this Section 5(g); provided, however, that the failure of any such Selling Stockholder to satisfy the conditions of this paragraph shall permit the International Underwriters not to purchase only the International Shares to be sold by such Selling Stockholder hereunder; and provided further, that in no event shall the obligation of the Selling Stockholders to satisfy the foregoing condition constitute a condition to the obligations of the International Underwriters to purchase any International Shares from the Company pursuant to this Agreement.

(h) At the time that this Agreement is executed by the Company, you shall have received from Deloitte & Touche a letter, dated such date, in form and substance satisfactory to you confirming that they are independent public accountants with respect to the Company within the meaning of the 1933 Act and the applicable published 1933 Act Regulations, and stating in effect that:

(i) in their opinion, the audited financial statements included or incorporated by reference in the Registration Statement and each Prospectus comply as to form in all material respects with the applicable accounting

requirements of the 1933 Act and the 1934 Act and the respective published rules and regulations thereunder;

(ii) on the basis of procedures (but not an examination in accordance with generally accepted auditing standards) consisting of a reading of the latest available unaudited interim consolidated financial statements of the Company; a reading of the minutes of all meetings of the stockholders, directors and executive, finance and audit committees of the Company and the Subsidiary; and inquiries of certain

officials of the Company who have responsibility for financial and accounting matters of the Company and the Subsidiary as to transactions and events subsequent to the date of the most recent audited financial statements in or incorporated in the Prospectuses, and such other inquiries and procedures as may be specified in such letter, nothing came to their attention that caused them to believe that at a specified date not more than five business days prior to the date of the letter, there were any increases in the long-term debt of the Company and its subsidiaries or any decreases in stockholders' equity or the capital stock of the Company as compared with the amounts shown on the most recent balance sheet included or incorporated in the Registration Statement and the Prospectuses except in each case for decreases and increases that the Registration Statement and Prospectuses disclose have occurred or may occur, or for the period from January 29, 1994 to such specified date there were any decreases, as compared with the corresponding period in the preceding year, in revenues, income before income taxes (or any increase in the loss before income taxes) or net income (or any increase in net loss), except in each case for decreases or increases that the Registration Statement discloses have occurred or may

occur; and

(iii) in addition to the procedures referred to in clause (ii) above, they have performed specified procedures, not constituting an audit, with respect to certain amounts, percentages, numerical data and financial information appearing in the Registration Statement, which have previously been specified by you and which shall be specified in such letter, and have compared certain of such items with, and have found such items to be in agreement with, the accounting and financial records of the Company.

(i) At the Closing Time, you shall have received from Deloitte & Touche a letter, in form and substance satisfactory to you and dated as of the Closing Time, to the effect that they reaffirm the statements made in the letter furnished pursuant to Section 5(h), except that the specified date referred to shall be a date not more than five days prior to the Closing Time.

(j) At the Closing Time, counsel for the International Underwriters shall have been furnished with all such documents, certificates and opinions as they may reasonably request for the purpose of enabling them to pass upon the issuance and sale of the Shares as contemplated in this Agreement and the matters referred to in Section 5(d) and in order to evidence the accuracy and completeness of any of the representations, warranties or statements of the Company or the Selling Stockholders, the

performance of any of the covenants of the Company, or the fulfillment of any of the conditions herein contained; and all proceedings taken by the Company and the Selling Stockholders at or prior to the Closing Time in connection with the authorization, issuance and sale of the Shares as contemplated in this Agreement shall be satisfactory in form and substance to you

and to counsel for the International Underwriters.

(k) The International Shares shall have been duly authorized for listing by the New York Stock Exchange on the date of the International Price Determination Agreement, subject only to notice of issuance thereof and notice of a satisfactory distribution of the Common Stock.

If any of the conditions specified in this Section 5 shall not have been fulfilled when and as required by this Agreement, this Agreement may be terminated by you on notice to the Company and the Selling Stockholders at any time at or prior to the Closing Time, and such termination shall be without liability of any party to any other party, except as provided in Section 4 herein. Notwithstanding any such termination, the provisions of Sections 7 and 8 shall remain in effect.

Section 6. Conditions to Purchase of International Option Shares. In the event that the International Underwriters exercise their option granted in Section 2 to purchase all or any of the International Option Shares and the Date of Delivery determined by you pursuant to Section 2 is later than the Closing Time, the obligations of the several International Underwriters to purchase and pay for the International Option Shares that they shall have respectively agreed to purchase pursuant to this Agreement are subject to the accuracy of the representations and warranties of the Company and the Selling Stockholders herein contained, to the performance by the Company and the Selling Stockholders of their obligations hereunder and to the following further conditions:

(a) The Registration Statement shall remain effective at the Date of Delivery, and at the Date of Delivery no stop order suspending the effectiveness of the Registration Statement shall have been issued under the 1933 Act and no proceedings for that purpose shall have been instituted or shall be pending or, to your knowledge or to the knowledge of the Company, shall be contemplated by the Commission, and any request on the part of the Commission for additional information shall have been complied with to the satisfaction of counsel for the International Underwriters.

(b) At the Date of Delivery, the provisions of Sections 5(f)(i) through 5(f)(v) shall have been complied with at

and as of the Date of Delivery and, at the Date of Delivery, you shall have received a certificate of the President or an Executive Vice President, and the Treasurer or Controller, of the Company, dated as of the Date of Delivery, to such effect.

(c) At the Date of Delivery, you shall have received the favorable opinions of Skadden, Arps, Slate, Meagher & Flom, counsel for the Company, and counsel for the Selling Stockholders, together with signed or reproduced copies of such opinions for each of the other International Underwriters, in each case in form and substance satisfactory to counsel for the International Underwriters, dated as of the Date of Delivery, relating to the International Option Shares and otherwise to the same effect as the opinions required by Sections 5(b) and 5(d), respectively.

(d) At each applicable Date of Delivery, you shall have received a signed opinion of Jocelyn F.L. Barandiaran, general counsel for the Company, dated as of such Date of Delivery, in form and substance satisfactory to counsel for the International Underwriters, to the same effect as the opinion required by Section 5(c).

(e) At the Date of Delivery, you shall have received the favorable opinion of Shearman & Sterling, counsel for the International Underwriters, dated as of the Date of Delivery, relating to the International Option Shares and otherwise to the same effect as the opinion required by Section 5(e).

(f) At the Date of Delivery, you shall have received a letter from
Deloitte & Touche, in form and substance satisfactory to you and dated as of the Date of Delivery, to the effect that they reaffirm the statements made in the letter furnished pursuant to Section 5(h), except that the specified date referred to shall be a date not more than five days prior to the Date of Delivery.

(g) At the Date of Delivery, counsel for the

International Underwriters shall have been furnished with all such documents, certificates and opinions as they may reasonably request for the purpose of enabling them to pass upon the issuance and sale of the International Option Shares as contemplated in this Agreement and the matters referred to in Section 6(e) and in order to evidence the accuracy and completeness of any of the representations, warranties or statements of the Company or the Selling Stockholders, the performance of any of the covenants of the Company, or the fulfillment of any of the conditions herein contained; and all proceedings taken by the Company and the Selling Stockholders at or prior to the Date of Delivery in connection with the

authorization, issuance and sale of the International Option Shares as contemplated in this Agreement shall be satisfactory in form and substance to you and to counsel for the International Underwriters.

(h) At the Date of Delivery, the representations and warranties of each Selling Stockholder set forth in Section 1(b) shall be accurate as though expressly made at and as of the Date of Delivery and, at the Date of Delivery, you shall have received a certificate of each Selling Stockholder, dated as of the Date of Delivery, to such effect with respect to such Selling Stockholder.

Section 7. Indemnification. (a) The Company and each Selling Stockholder jointly and severally agree to indemnify and hold harmless each International Underwriter and each person, if any, who controls any International Underwriter, within the meaning of Section 15 of the 1933 Act to the extent and in the manner set forth in clauses (i), (ii) and (iii) below; provided, however, that the liability of each Selling Stockholder under

this Section 7 is limited to the aggregate net proceeds (after deducting the underwriting discount, but before deducting expenses) received by such Selling Stockholder:

(i) against any and all loss, liability, claim, damage and expense whatsoever, as incurred, arising out of an untrue statement or alleged untrue statement of a material fact contained in the Registration Statement (or any amendment thereto), including the Rule 430A Information, if applicable, and all documents incorporated therein by reference, or the omission or alleged omission therefrom of a material fact required to be stated therein or necessary to make the statements therein not misleading or arising out of an untrue statement or alleged untrue statement of a material fact included in any preliminary prospectus or the Prospectuses (or any amendment or supplement thereto) or the omission or alleged omission therefrom of a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(ii) against any and all loss, liability, claim, damage and expense whatsoever, as incurred, to the extent of the aggregate amount paid in settlement of any litigation, or investigation or proceeding by any governmental agency or body, commenced or threatened, or of any claim whatsoever based upon any such untrue statement or omission, or any such alleged untrue statement or omission, if such settlement is effected with the written consent of the Company and the Selling Stockholders; and

(iii) against any and all expense whatsoever, as incurred (including, subject to Section 7(d) hereof, reasonable fees and disbursements of counsel chosen by you),

reasonably incurred in investigating, preparing or defending against any litigation, or investigation or proceeding by any governmental agency or body, commenced or threatened, or any claim whatsoever based upon any such untrue statement or omission, or any such alleged untrue statement or omission, to the extent that any such expense is not paid under subparagraph (i) or (ii) above;

provided, however, that this indemnity agreement does not apply to any loss, liability, claim, damage or expense to the extent arising out of an untrue statement or omission or alleged untrue statement or omission made in reliance upon and in conformity with written information furnished to the Company by any International Underwriter or U.S. Underwriter through you expressly for use in the Registration Statement (or any amendment thereto), including the Rule 430A Information, if applicable, or any preliminary prospectus or the Prospectuses (or any amendment or supplement thereto); provided further that the foregoing indemnification with respect to any preliminary prospectus shall not inure to the benefit of any International Underwriter (or any person controlling such International Underwriter) from whom the person asserting any such losses, claims, damages or liabilities purchased any of the International Shares if a copy of the Prospectuses (as then amended or supplemented if the Company shall have furnished any amendments or supplements thereto) was not sent or given by or on behalf of such International Underwriter to such person, if such is required by law, at or prior to the written confirmation of the sale of such Shares to such person and if the Prospectuses (as so amended or supplemented) would have cured the defect giving rise to such loss, claim, damage or liability.

Insofar as this indemnity agreement may permit indemnification for liabilities under the 1933 Act of any person who is a partner of an International Underwriter or who controls an International Underwriter within the meaning of Section 15 of the 1933 Act and who, at the date of this Agreement, is a director or officer of the Company or controls the Company within the meaning of Section 15 of the 1933 Act, such indemnity agreement is subject to the undertaking of the Company in the Registration Statement under Item 17 thereof.

(b) Each International Underwriter severally agrees to indemnify and hold harmless the Company, its directors, each of its officers who signed the Registration Statement, and each person, if any, who controls the Company within the meaning of Section 15 of the 1933 Act and each Selling

Stockholder and each person, if any, who controls any Selling Stockholder within the meaning of Section 15 of the 1933 Act, against any and all loss, liability, claim, damage and expense described in the indemnity agreement in Section 7(a), as incurred, but only with respect to untrue statements or omissions, or alleged untrue statements or omissions, made in the Registration Statement (or any amendment thereto), including the Rule 430A Information, if applicable, or any preliminary prospectus or the Prospectuses (or any amendment or supplement thereto) in reliance upon and in conformity with written information furnished to the Company by such International Underwriter through you expressly for use in the Registration Statement (or any amendment thereto), including the Rule 430A Information, if applicable, or such preliminary prospectus or the Prospectuses (or any amendment or supplement thereto).

(c) Each Selling Stockholder severally agrees to indemnify and hold harmless the Company, its directors, each of its officers who signed the Registration Statement (or any amendment thereto), the other Selling Stockholders and each person, if any, who controls the Company or any other Selling Stockholder within the meaning of Section 15 of the 1933 Act against any and all loss, liability, claim, damage and expense described in the indemnity contained in Section 7(a), as incurred, but only with respect to untrue statements or omissions, or alleged untrue statements or omissions, made in the Registration Statement (or any amendment thereto), or any preliminary prospectus or the Prospectus (or any supplement thereto) in reliance upon and in conformity with information furnished in writing or confirmed in writing to the Company by or on behalf of such Selling Stockholder expressly for use in the Registration Statement (or any amendment thereto), or any preliminary prospectus or the Prospectus (or any amendment or supplement

thereto).

(d) Each indemnified party shall give prompt notice to each indemnifying party of any action commenced against it in respect of which indemnity may be sought hereunder, but failure to so notify an indemnifying party shall not relieve it from any liability that it may have otherwise than on account of this indemnity agreement. An indemnifying party may participate at its own expense in the defense of such action. In no event shall the indemnifying party or parties be liable for the fees and expenses of more than one counsel for all indemnified parties (including, if applicable, the U.S. Underwriters) in connection with any one action or

separate but similar or related actions in the same jurisdiction arising out of the same general allegations or circumstances. If it so elects within a reasonable time after receipt of such notice, an indemnifying party, jointly with any other indemnifying parties receiving such notice, may assume the defense of such action with counsel chosen by it and approved by the indemnified parties defendant in such action, unless such indemnified parties reasonably object to such assumption on the ground that there may be legal defenses available to them which are different from or are in addition to those available to such indemnifying party. If an indemnifying party assumes the defense of such action, the indemnifying parties shall not be liable for any fees and expenses of counsel for the indemnified parties incurred thereafter in connection with such action.

Section 8. Contribution. In order to provide for just
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and equitable contribution in circumstances under which the indemnity provided for in Section 7 is for any reason held to be

unenforceable by the indemnified parties although applicable in accordance with its terms, the Company, the Selling Stockholders and the International Underwriters shall contribute to the aggregate losses, liabilities, claims, damages and expenses of the nature contemplated by such indemnity incurred by the Company, the Selling Stockholders and one or more of the International Underwriters, as incurred, in such proportions that (a) the International Underwriters are responsible for that portion represented by the percentage that the underwriting discount appearing on the cover page of the International Prospectus bears to the offering price appearing thereon and (b) the Company and the Selling Stockholders are severally responsible for the balance on the same basis as each of them would have been obligated to provide indemnification pursuant to Section 7; provided, however, that no person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the 1933 Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. For purposes of this Section, each person, if any, who controls an International Underwriter within the meaning of Section 15 of the 1933 Act shall have the same rights to contribution as such International Underwriter, and each director of the Company, each officer of the Company who signed the Registration Statement, and each person, if any, who controls the Company or a Selling Stockholder within the meaning of Section 15 of the 1933 Act shall have the same rights to contribution as the Company or a Selling Stockholder, as the case may be.

Section 9. Representations, Warranties and Agreements to Survive Delivery. The representations, warranties, indemnities, agreements and other statements of the Selling

Stockholders, the Company or its officers set forth in or made pursuant to this Agreement will remain operative and in full force and effect regardless of any investigation made by or on behalf of the Selling Stockholders, the Company, any International Underwriter or any controlling person thereof and will survive delivery of and payment for the International Shares.

Section 10. Termination of Agreement. (a) You may terminate this Agreement, by notice to the Company and the Selling Stockholders, at any time at or prior to the Closing Time (i) if there has been, since the respective dates as of which information is given in the Registration Statement, any material adverse change in the condition (financial or otherwise), earnings, business affairs or business prospects of the Company and the Subsidiary, considered as one enterprise, whether or not arising in the ordinary course of business, or (ii) if there has occurred any material adverse change in the financial markets in the United States or internationally or any outbreak of hostilities or escalation of existing hostilities or other calamity or crisis the effect of which on the financial markets of the United States or internationally is such as to make it, in your judgment, impracticable to market the Shares, or enforce contracts for the sale of the Shares, or (iii) if trading in any securities of the Company has been suspended by the Commission or the New York Stock Exchange, or if trading generally on the New York Stock Exchange or in the over-the-counter market has been suspended, or minimum or maximum prices for trading have been fixed, or maximum ranges for prices for securities have been required, by such exchange or by order of the Commission or any other governmental authority or (iv) if a banking moratorium has been declared by either federal or New York authorities.

(b) If this Agreement is terminated pursuant to this Section, such termination shall be without liability of any party to any other party, except to the extent provided in Section 4. Notwithstanding any such termination, the provisions of Sections 7 and 8 shall remain in effect.

(c) This Agreement may also terminate pursuant to the provisions of Section 2, with the effect stated in such Section.

Section 11. Default by One or More of the International Underwriters. If one or more of the International Underwriters shall fail at the Closing Time to purchase the Initial International Shares that it or they are obligated to purchase pursuant to this Agreement (the "Defaulted International Shares"), you shall have the right, within 24 hours thereafter,

to make arrangements for one or more of the non-defaulting International Underwriters, or any other underwriters, to

purchase all, but not less than all, of the Defaulted International Shares in such amounts as may be agreed upon and upon the terms set forth in this Agreement; if, however, you have not completed such arrangements within such 24-hour period, then:

(a) if the number of Defaulted International Shares does not exceed 10% of the total number of Initial International Shares, the non-defaulting International Underwriters shall be obligated to purchase the full amount thereof in the proportions that their respective Initial International Share underwriting obligation proportions bear to the underwriting obligation proportions of all non-defaulting International Underwriters, or

(b) if the number of Defaulted International Shares exceeds 10% of the total number of Initial International Shares, this Agreement shall terminate without liability on the part of any non-defaulting International Underwriter.

No action taken pursuant to this Section shall relieve any defaulting International Underwriter from liability in respect of its default.

In the event of any such default that does not result in a termination of this Agreement, either you or the Company shall have the right to postpone the Closing Time for a period not exceeding seven days in order to effect any required changes in the Registration Statement or Prospectuses or in any other documents or arrangements. As used herein, the term "International Underwriter" includes any person substituted for an International Underwriter under this Section 11.

Section 12. Default by a Selling Stockholder or the Company. If any Selling Stockholder shall fail at the Closing Time to sell and deliver the number of Initial International Shares that such Selling Stockholder is obligated to sell, the International Underwriters will purchase the Initial International Shares that the Company and the remaining Selling Stockholders have agreed to sell pursuant to this Agreement.

In the event of a default by a Selling Stockholder under this Section, either you or the Company shall have the right to postpone the Closing Time for a period not exceeding seven days in order to effect any required changes in the Registration Statement or Prospectuses or in any other documents or arrangements.

If the Company shall fail at the Closing Time to sell and deliver the number of Shares that it is obligated to sell, then this Agreement shall terminate without any liability on the part of any non-defaulting party except to the extent provided in

Section 4 and except that the provisions of Sections 7 and 8 shall remain in effect.

No action taken pursuant to this Section shall relieve the Company or any Selling Stockholder so defaulting from liability, if any, in respect of such default.

Section 13. Notices. All notices and other communications under this Agreement shall be in writing and shall be deemed to have been duly given if delivered, mailed or transmitted by any standard form of telecommunication. Notices

to you or the International Underwriters shall be directed to you at Merrill Lynch International Limited, Ropemaker Place, 25 Ropemaker Street, London, EC2Y 9L4, England (telecopier no.: , attention of ; and notices to the Company shall be directed to it at AnnTaylor Stores Corporation, 142 West 57th Street, New York, New York 10019 (telecopier no.: (212) 541-3299), attention of Jocelyn F.L. Barandiaran, Esq.

Section 14. Parties. This Agreement is made solely for the benefit of the several International Underwriters, the Company and the Selling Stockholders and, to the extent expressed, any person who controls the Company, any Selling Stockholder or any of the International Underwriters within the meaning of Section 15 of the 1933 Act, and the directors of the Company, its officers who have signed the Registration Statement, and their respective executors, administrators, successors and assigns and, subject to the provisions of Section 11, no other person shall acquire or have any right under or by virtue of this Agreement. The term "successors and assigns" shall not include any purchaser, as such purchaser, from any of the several International Underwriters of the International Shares. All of the obligations of the International Underwriters hereunder are several and not joint.

Section 15. Representation of International Underwriters. You will act for the several International Underwriters in connection with the transactions contemplated by this Agreement, and any action under or in respect of this Agreement taken by you as Co-Lead Managers will be binding upon all the International Underwriters.

Section 16. Governing Law and Time. This Agreement shall be governed by the laws of the State of New York. Specified times of the day refer to New York City time.

Section 17. Counterparts. This Agreement may be executed in one or more counterparts and when a counterpart has

been executed by each party, all such counterparts taken together shall constitute one and the same agreement.

If the foregoing is in accordance with your understanding of our agreement, please sign and return to us a counterpart hereof, whereupon this instrument will become a binding agreement among the Company, the Selling Stockholders and the several International Underwriters in accordance with its terms.

Very truly yours,

ANNTAYLOR STORES CORPORATION

By_____
Name:
Title:

The Selling Stockholders:

MERRILL LYNCH CAPITAL
APPRECIATION PARTNERSHIP
NO. B-II, L.P.

By: Merrill Lynch LBO Partners B-I, L.P.,
as General Partner

By: Merrill Lynch Capital Partners, Inc.,
as General Partner

By_____
James V. Caruso
Vice President

ML OFFSHORE LBO PARTNERSHIP
NO. B-II

By: Merrill Lynch LBO Partners B-I, L.P.,
as General Partner

By: Merrill Lynch Capital Partners, Inc.,

as General Partner

By_____

James V. Caruso
Vice President

MLCP ASSOCIATES L.P. NO. I.

By: Merrill Lynch Capital Partners, Inc.,

as General Partner

By_____

James V. Caruso
Vice President

ML IBK POSITIONS, INC.

By_____

James V. Caruso
Vice President

MERCHANT BANKING L.P. NO. III

By: Merrill Lynch MBP Inc.,
as General Partner

By _____

James V. Caruso
Vice President

MERRILL LYNCH KECALP L.P. 1989

By: KECALP Inc.,
as General Partner

By_____
James V. Caruso
Vice President

MERRILL LYNCH KECALP L.P. 1987

By: KECALP Inc.,
as General Partner

By_____
James V. Caruso
Vice President

Confirmed and accepted as of
the date first above written:

MERRILL LYNCH INTERNATIONAL LIMITED
MORGAN STANLEY & CO. INTERNATIONAL LIMITED
ROBERTSON, STEPHENS & COMPANY, L.P.
WILLIAM BLAIR & COMPANY

By: MERRILL LYNCH INTERNATIONAL LIMITED

By_____
Name:
Title:

Investment Banking Group

For themselves and as Co-Lead Managers of the
other International Underwriters named in Schedule A

SCHEDULE A

International Underwriter	Number of Initial International Shares to be Purchased
Merrill Lynch International Limited	
Morgan Stanley & Co. International Limited	
Robertson, Stephens & Company, L.P.	
William Blair & Company	
Total	

SCHEDULE B

Selling Stockholder	Number of Shares of Common Stock to be Sold Subject to Initial International Option
Merrill Lynch Capital Appreciation Partnership No. B-II, L.P.	
ML Offshore LBO Partnership No. B-II	
MLCP Associates L.P. No. I	
ML IBK Positions, Inc.	
Merchant Banking L.P. No. III	
Merrill Lynch KECALP L.P. 1989	
Merrill Lynch KECALP L.P. 1987	
Total	

EXHIBIT A

ANNTAYLOR STORES CORPORATION
(a Delaware corporation)

1,000,000 Shares
of Common Stock

INTERNATIONAL PRICE DETERMINATION AGREEMENT

May ___, 1994

MERRILL LYNCH INTERNATIONAL LIMITED
MORGAN STANLEY & CO. INTERNATIONAL LIMITED
ROBERTSON, STEPHENS & COMPANY, L.P.
WILLIAM BLAIR & COMPANY

As Co-Lead Managers of the several International Underwriters
c/o Merrill Lynch International Limited
Ropemaker Place
25 Ropemaker Street
London, EC2Y 9L4
England

Ladies and Gentlemen:

Reference is made to the International Purchase Agreement dated May , 1994 (the "International Purchase Agreement") among AnnTaylor Stores Corporation (the "Company"), the Selling Stockholders named in Schedule B thereto or hereto (the "Selling Stockholders") and the several International Underwriters named in Schedule A thereto or hereto (the "International Underwriters"), for whom Merrill Lynch International Limited, Morgan Stanley & Co. International Limited, Robertson, Stephens & Company, L.P. and William Blair & Company are acting as co-lead managers (the "Co-Lead Managers"). The International Purchase Agreement provides for the purchase by the International Underwriters from the Company and the Selling Stockholders, subject to the terms and conditions set forth therein, of an aggregate of 1,000,000 shares (the "Initial International Shares") of the Company's common stock, par value $.0068 per share. This Agreement is the International Price Determination Agreement referred to in the International Purchase Agreement.

Pursuant to Section 2 of the International Purchase Agreement, the undersigned agree with the Co-Lead Managers as follows:

1. The initial public offering price per share for the Initial International Shares shall be $.

2. The purchase price per share for the Initial International Shares to be paid by the several International Underwriters shall be $, representing an amount equal

to the initial public offering price set forth above, less $ ---------- per share.

The Company represents and warrants to each of the International Underwriters that the representations and warranties of the Company set forth in Section 1(a) of the International Purchase Agreement are accurate as though expressly made at and as of the date hereof.

The Selling Stockholders represent and warrant to each of the International Underwriters that the representations and warranties of the Selling Stockholders set forth in Section 1(b) of the International Purchase Agreement are accurate as though expressly made at and as of the date hereof.

As contemplated by Section 2 of the International Purchase Agreement, attached as Schedule A is a completed list of the several International Underwriters and as Schedule B is a completed list of the Selling Stockholders, which shall be a part of this Agreement and the International Purchase Agreement.

This Agreement shall be governed by the laws of the State of New York.

If the foregoing is in accordance with the understanding of the Co-Lead Managers of the agreement between the International Underwriters, the Company and the Selling Stockholders, please sign and return to the Company a counterpart hereof, whereupon this instrument along with all counterparts and together with the International Purchase Agreement shall be a binding agreement between the International Underwriters, the Company and the Selling Stockholders in accordance with its terms and the terms of the International Purchase Agreement.

Very truly yours,

ANNTAYLOR STORES CORPORATION

By

Name:

Title:

The Selling Stockholders:

MERRILL LYNCH CAPITAL
APPRECIATION PARTNERSHIP
NO. B-II, L.P.

By: Merrill Lynch LBO Partners B-I, L.P.,
as General Partner

By: Merrill Lynch Capital Partners, Inc.,
as General Partner

By_____
James V. Caruso
Vice President

ML OFFSHORE LBO PARTNERSHIP
NO. B-II

By: Merrill Lynch LBO Partners B-I, L.P.,

as General Partner

By: Merrill Lynch Capital Partners, Inc.,
as General Partner

By_____
James V. Caruso
Vice President

MLCP ASSOCIATES L.P. NO. I.

By: Merrill Lynch Capital Partners, Inc.,
as General Partner

By_____
James V. Caruso
Vice President

ML IBK POSITIONS, INC.

By_____
James V. Caruso
Vice President

MERCHANT BANKING L.P. NO. III

By: Merrill Lynch MBP Inc.,
as General Partner

By _____
James V. Caruso
Vice President

MERRILL LYNCH KECALP L.P. 1989

By: KECALP Inc.,
as General Partner

By_____
James V. Caruso
Vice President

MERRILL LYNCH KECALP L.P. 1987

By: KECALP Inc.,
as General Partner

By_____

James V. Caruso
Vice President

Confirmed and accepted as of
the date first above written:

MERRILL LYNCH INTERNATIONAL LIMITED
MORGAN STANLEY & CO. INTERNATIONAL LIMITED
ROBERTSON, STEPHENS & COMPANY, L.P.
WILLIAM BLAIR & COMPANY

By: Merrill Lynch International Limited

By_____
Name:
Title:

Investment Banking Group

For themselves and as Co-Lead Managers of the
other International Underwriters named in Schedule A

Exhibit 5

April 20, 1994

AnnTaylor Stores Corporation
142 West 57th Street
New York, New York 10019

Re: Registration Statement on Form S-3
of AnnTaylor Stores Corporation

Dear Sirs and Madams:

I am Vice President, General Counsel and Secretary of AnnTaylor Stores Corporation, a Delaware corporation (the "Company"), and am rendering this opinion in connection with the Registration Statement on Form S-3 (File No. 33-52941) of the Company (the "Registration Statement") filed with the Securities and Exchange Commission under the Securities Act of 1933, as amended (the "Securities Act"), related to the offering by the Company and certain stockholders of the Company of an aggregate of 5,750,000 shares (the "Shares") of common stock, par value $.0068 per share (the "Common Stock"), of the Company (including 750,000 shares subject to the Underwriters' over allotment option).

In connection with this opinion, I have examined the following: (i) the Restated Certificate of Incorporation and By-laws of the Company, as amended to date, (ii) the Registration Statement, (iii) the applicable resolutions of the Board of Directors of the Company, (iv) the forms of the U.S. Purchase Agreement to be entered into among the Company, certain stockholders of the Company, Merrill Lynch & Co. (Merrill Lynch, Pierce, Fenner & Smith Incorporated), Morgan Stanley & Co. Incorporated, Robertson Stephens & Company and William Blair & Company, and the International Purchase Agreement to be entered into among the Company, certain stockholders of the Company, Merrill Lynch International Limited, Morgan Stanley & Co International Limited, Robertson Stephens & Company and William Blair & Company (together, the "Purchase Agreements") and (v) a specimen certificate evidencing the Common Stock. I have also examined originals or copies, certified or otherwise identified to my satisfaction, of such other documents, certificates and records as I have

deemed necessary or appropriate as a basis for the opinions set forth herein.

In such examination, I have assumed the genuineness of all signatures (except signatures on behalf of the Company), the legal capacity of natural persons, the authenticity of all documents submitted to me as originals, the conformity to original documents of all documents submitted to me as certified or photostatic copies and the authenticity of the originals of such documents. As to any facts material to this opinion which I did not independently establish or verify, I have relied upon statements and representations of officers and other representatives of the Company and others.

I am admitted to the Bar of the State of New York and express no opinion regarding the laws of any other jurisdiction, other than the General Corporation Law of the State of Delaware.

Based upon and subject to the foregoing and the qualifications and limitations set forth in this letter, I am of the opinion that the Shares have been duly authorized and, when issued, delivered and paid for in accordance with the terms of the Purchase Agreements, will be validly issued, fully paid and nonassessable shares of Common Stock.

I hereby consent to the filing of this opinion as an exhibit to the Registration Statement and to the reference to me under the heading "Legal Matters" in the Prospectus. In giving such consent, I do not thereby admit that I am in the category of persons whose consent is required under Section 7 of the Securities Act.

Very truly yours,

/s/ Jocelyn F.L. Barandiaran

EXHIBIT 23.2

INDEPENDENT AUDITORS' CONSENT

ANNTAYLOR STORES CORPORATION:

We consent to the incorporation by reference in this Amendment No. 1 to Registration Statement No. 33-52941 of AnnTaylor Stores Corporation on Form S-3 of our report dated March 25, 1994, appearing in the Annual Report on Form 10-K of AnnTaylor Stores Corporation for the fiscal year ended January 29, 1994, and to the use of our report dated March 25, 1994, appearing in the Prospectus, which is part of this Registration Statement. We also consent to the reference to us under the heading "Experts" in the Prospectus, which is part of this Registration Statement.

DELOITTE & TOUCHE

New Haven, Connecticut
April 18, 1994