

Destination Maternity Corp
Form DEF 14A
April 18, 2016
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934
(Amendment No.)

Filed by the Registrant Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

DESTINATION MATERNITY CORPORATION

(Name of Registrant as Specified In Its Charter)

NOT APPLICABLE

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

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232 Strawbridge Drive

Moorestown, New Jersey 08057

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

May 19, 2016

To the Stockholders of Destination Maternity Corporation:

The Annual Meeting of Stockholders of Destination Maternity Corporation, a Delaware corporation (the Company), will be held at 9:15 a.m. Eastern Standard Time, on Thursday, May 19, 2016, at the corporate headquarters of the Company at 232 Strawbridge Drive, Moorestown, NJ 08057, for the following purposes:

1. To elect seven directors of the Company;
2. To ratify the action of the Audit Committee of the Board of Directors in appointing KPMG LLP (KPMG) as independent registered public accountants to audit the consolidated financial statements of the Company and its subsidiaries for the fiscal year ending January 28, 2017 and the Company's internal control over financial reporting as of January 28, 2017;
3. To hold an advisory vote on executive compensation; and
4. To transact such other business as may properly come before the meeting or any adjournments thereof.

Only holders of the Company's common stock at the close of business on April 4, 2016 are entitled to notice of, and to vote at, the Annual Meeting and any adjournments or postponements thereof. Such stockholders may vote in person or by proxy. The stock transfer books of the Company will not be closed. The accompanying form of proxy is solicited by the Board of Directors of the Company.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON THURSDAY, MAY 19, 2016:

The Notice of Annual Meeting, Proxy Statement and Annual Report are available at

<http://investor.destinationmaternity.com>.

By Order of the Board of Directors

Anthony M. Romano

Chief Executive Officer

IT IS IMPORTANT THAT YOUR SHARES BE REPRESENTED AT THE MEETING. YOU ARE CORDIALLY INVITED TO ATTEND THE MEETING IN PERSON. WHETHER OR NOT YOU EXPECT TO ATTEND IN PERSON, YOU ARE URGED TO COMPLETE, SIGN AND RETURN THE ENCLOSED PROXY CARD IN THE SELF-ADDRESSED ENVELOPE, ENCLOSED FOR YOUR CONVENIENCE, WHICH REQUIRES NO POSTAGE IF MAILED IN THE UNITED STATES. YOU MAY ALSO VOTE YOUR SHARES BY TELEPHONE OR THROUGH THE INTERNET BY FOLLOWING THE INSTRUCTIONS SET FORTH ON THE PROXY CARD. IF YOU DECIDE TO ATTEND THE MEETING AND WISH TO VOTE IN PERSON, YOU MAY REVOKE YOUR PROXY BY WRITTEN NOTICE AT THAT TIME.

April 19, 2016

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**232 Strawbridge Drive
Moorestown, New Jersey 08057**

**PROXY STATEMENT
FOR
ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD ON
May 19, 2016**

This proxy statement, which is first being mailed to stockholders on approximately April 19, 2016, is furnished in connection with the solicitation by the Board of Directors of Destination Maternity Corporation (the "Company") of proxies to be used at the 2016 Annual Meeting of Stockholders of the Company (the "Annual Meeting"), to be held at 9:15 a.m., Eastern Standard Time, on Thursday, May 19, 2016, at 232 Strawbridge Drive, Moorestown, NJ 08057, and at any adjournments or postponements thereof. If proxies in the accompanying form are properly executed and returned prior to voting at the meeting, the shares of the Company's common stock ("Common Stock") represented thereby will be voted as instructed on the proxy. If no instructions are given on a properly executed and returned proxy, the shares of the Common Stock represented thereby will be voted for the election of the nominees for director named below, for the ratification of the appointment of KPMG LLP as independent registered public accountants, and in support of management on such other business as may properly come before the Annual Meeting or any adjournments thereof. Any proxy may be revoked by a stockholder prior to its exercise upon written notice to the Secretary of the Company, by delivering a duly executed proxy bearing a later date, or by the vote of a stockholder cast in person at the Annual Meeting. The Company has historically operated on a fiscal year ending September 30 of each year. On December 4, 2014, the Company announced a change in its fiscal year to a 52/53 week retail calendar ending on the Saturday nearest January 31 of each year. The change was effective with the Company's fiscal year 2015, which began February 1, 2015 and ended January 30, 2016. In each succeeding year, the fiscal year will end on the Saturday closest to January 31st. The foregoing change resulted in a four-month transition period from October 1, 2014 through January 31, 2015 (the "Transition Period" or "TP"). All references herein to the Company's fiscal year 2015 and subsequent years refer to the fiscal years ending on the Saturday nearest January 31st of the following year. All references herein to the Company's fiscal year 2014 and preceding years refer to the fiscal year ending on September 30 of each such year.

VOTING

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Holders of record of Common Stock on Monday, April 4, 2016 will be entitled to vote at the Annual Meeting or any adjournments or postponements thereof. As of that date, there were 13,982,288 shares of Common Stock outstanding and entitled to vote. The presence, in person or by proxy, of holders of Common Stock entitled to cast at least a majority of the votes which all holders of the Common Stock are entitled to cast will constitute a quorum for purposes of the transaction of business. Each share of Common Stock entitles the holder thereof to one vote on the election of each of the nominees for director and on any other matter that may properly come before the Annual Meeting. Stockholders are not entitled to cumulative voting in the election of directors.

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In February 2015, the Board approved amendments to the Company's By-laws to authorize majority voting in uncontested director elections. These actions reflect the Company's dedication to maintaining the highest quality corporate governance practices. Because the number of nominees properly nominated for the Annual Meeting is the same as the number of directors to be elected at the Annual Meeting, the election of directors is an uncontested election. As a result, in order to be elected, a nominee must receive a majority of the votes cast with respect to his or her election (or re-election, in the case of any nominee who is an incumbent director), which means the number of votes for a nominee must exceed the number of votes against that nominee. Abstentions are not counted as votes cast. Incumbent nominees have tendered a contingent resignation which would become effective if (i) the nominee does not receive a majority of the votes cast with respect to his or her election at the Annual Meeting and (ii) the Board of Directors accepts such resignation. Adoption of Proposals 2 and 3 require the affirmative vote of the majority of shares of Common Stock present in person or represented by proxy and entitled to vote at the meeting.

Abstentions and broker non-votes (described below) are counted in determining whether a quorum is present. Abstentions with respect to any proposal other than the election of directors (Proposal 1) will have the same effect as votes against the proposal, because, in the case of all other proposals approval requires a vote in favor of the proposal by a majority of the shares entitled to vote present at the Annual Meeting in person or represented by proxy. A broker non-vote occurs when a broker submits a proxy that does not indicate a vote for some of the proposals because the beneficial owners have not instructed the broker on how to vote on such proposals and the broker does not have discretionary authority to vote in the absence of instructions. Brokers are entitled to vote uninstructed shares with respect to the ratification of the selection of independent registered public accountants, but brokers are not entitled to vote uninstructed shares with respect to other matters. Broker non-votes are not considered to be shares entitled to vote (other than for quorum purposes), and will therefore have no effect on the outcome of any of the matters to be voted upon at the Annual Meeting.

The cost of solicitation of proxies by the Board of Directors will be borne by the Company. Proxies may be solicited by mail, personal interview, telephone or facsimile and, in addition, directors, officers and regular employees of the Company may solicit proxies by such methods without additional remuneration. Banks, brokerage houses and other institutions, nominees or fiduciaries will be requested to forward the proxy materials to beneficial owners in order to solicit authorizations for the execution of proxies. The Company will, upon request, reimburse such banks, brokerage houses and other institutions, nominees and fiduciaries for their expenses in forwarding such proxy materials to the beneficial owners of the Common Stock.

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CORPORATE GOVERNANCE

Board of Directors Leadership Structure

The Board of Directors' policy is that the roles of the Non-Executive Chair of the Board of Directors and the Chief Executive Officer should be separate and should not be held simultaneously by the same individual, thus enabling the Board of Directors to benefit from independent leadership. Mr. Arnaud Ajdler, an independent director, has served as the Non-Executive Chair of the Board of Directors since the Annual Meeting held in February 2011. If reelected it is expected that Mr. Ajdler will continue to serve as the Company's Non-Executive Chair of the Board of Directors.

Inasmuch as the Non-Executive Chair of the Board of Directors is independent, the Board of Directors does not believe that a lead independent director is currently necessary. However, the Board of Directors in executive session would establish a lead independent director in the event of the need for emergency succession actions with respect to either or both the Non-Executive Chair and the Chief Executive Officer or for other purposes as the Board of Directors may determine. The independent directors who chair the Company's Audit, Compensation, and Nominating and Corporate Governance Committees also provide leadership to the Board of Directors in their assigned areas of responsibility. The Board of Directors believes its current structure and operation as described here properly safeguard the independence of the Board of Directors.

Corporate Governance Principles

We maintain Corporate Governance Principles that provide a structure within which directors and management can effectively pursue the Company's objectives for the benefit of its stockholders. Our Corporate Governance Principles are available on the Company's investor website at <http://investor.destinationmaternity.com> or are available to our stockholders by writing to our Secretary at the following address: Destination Maternity Corporation, Attention: Secretary, 232 Strawbridge Drive, Moorestown, New Jersey 08057.

Code of Business Conduct and Ethics

Our Code of Business Conduct and Ethics is designed to promote the highest standards of business conduct in our relationships with each other and with our customers, suppliers and others. The Code of Business Conduct and Ethics contains basic principles to guide directors, officers and employees of our Company. Our Code of Business Conduct and Ethics is available on the Company's investor website at <http://investor.destinationmaternity.com> or is available to our stockholders by writing to our Secretary at the following address: Destination Maternity Corporation, Attention: Secretary, 232 Strawbridge Drive, Moorestown, New Jersey 08057.

Board of Directors Independence

The Company's Corporate Governance Principles require that a majority of the Company's directors be independent. The Nasdaq Stock Market listing standards require that a majority of the Company's directors be independent and that the Audit, Compensation, and Nominating and Corporate Governance Committees be comprised entirely of independent directors. The Board of Directors has adopted standards to assist it in making the annual determination of each director's independence status. These director independence standards, which are set forth in our Corporate Governance Principles, are consistent with the Nasdaq listing standards. A director will be considered independent if he or she meets the requirements of our director independence standards and the independence criteria in the Nasdaq listing standards.

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The Board of Directors has affirmatively determined that all of the Company's current and nominee directors, except Mr. Anthony M. Romano, have no direct or indirect material relationship with the Company and satisfy the requirements to be considered independent.

The Board of Directors has determined that each of the Company's current Audit, Compensation, and Nominating and Corporate Governance Committees is composed solely of independent directors. Independence for Audit Committee purposes requires compliance with applicable independence rules of the Securities and Exchange Commission (the SEC) in addition to the Nasdaq listing standards. In making the independence determinations for the Board of Directors and its committees, the Board of Directors reviewed all of the directors' relationships with the Company. This review is based primarily on a review of the responses of the directors to questions regarding employment, business, family, compensation and other relationships with the Company and its management.

Compensation Committee Interlocks and

Insider Participation

None of the members of the Compensation Committee is currently or has been an officer or employee of the Company. No interlocking relationship exists between any member of the Company's Board of Directors and the compensation committee of any other company.

The Board of Directors and

Committee Meetings

During fiscal year 2015 and the Transition Period, the Board of Directors held eight meetings that were called and held in person and nine meetings that were called and held telephonically. Each incumbent director attended at least 75% of the aggregate of the total number of meetings of the Board of Directors and committees of the Board of Directors on which he or she served.

We expect all of our directors to attend the annual meetings of stockholders. All of our then-current directors attended last year's annual meeting of stockholders.

The Board of Directors has three standing committees: an Audit Committee, a Compensation Committee and a Nominating and Corporate Governance Committee.

Audit Committee. During fiscal year 2015 and the Transition Period, the Audit Committee, which currently consists of Mr. Barry Erdos, *Chair*, Mr. Michael J. Blitzer, Mr. J. Daniel Plants, and Mr. William A. Schwartz, Jr., held four meetings that were called and held in person and four meetings that were called and held telephonically. Mr. Erdos is designated as the audit committee financial expert. Mr. Erdos has no direct or indirect material relationship with the Company and satisfies the independence criteria in the Nasdaq listing standards. The function of the Audit Committee is to assist the Board of Directors in preserving the integrity of the financial information published by the Company through the review of financial and accounting controls and policies, financial reporting requirements, alternative accounting principles that could be applied and the quality and effectiveness of the independent registered public accountants. The Audit Committee's charter is posted on the Company's investor website at <http://investor.destinationmaternity.com>.

Compensation Committee. During fiscal year 2015 and the Transition Period, the Compensation Committee, which currently consists of Mr. B. Allen Weinstein, *Chair*, Mr. Ajdler, and Mr. Erdos, held four meetings that were called

and held in person and nine meetings that were called and held telephonically. The Compensation Committee considers recommendations of the Company s management regarding compensation, bonuses and fringe benefits of the executive officers of the Company, and determines whether the recommendations of management are consistent with general policies, practices, and compensation scales established by the Board of

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Directors. In addition, the Compensation Committee administers the Company's equity-based compensation plans. The Compensation Committee also reviews, and discusses with management, the Compensation Discussion and Analysis (CD&A) to be included in the Company's annual proxy statement or annual report, as applicable, and determines whether to recommend to the Board of Directors that the CD&A be included in the proxy statement or annual report. The Compensation Committee's charter is posted on the Company's investor website at <http://investor.destinationmaternity.com>.

Nominating and Corporate Governance Committee. During fiscal year 2015 and the Transition Period, the Nominating and Corporate Governance Committee, which currently consists of Ms. Melissa Payner-Gregor, *Chair*, Mr. Ajdler, and Mr. Plants, held four meetings that were called and held telephonically. The Nominating and Corporate Governance Committee functions include establishing the criteria for selecting candidates for nomination to the Board of Directors, actively seeking candidates who meet those criteria, and making recommendations to the Board of Directors of nominees to fill vacancies on, or as additions to, the Board of Directors.

The Nominating and Corporate Governance Committee will consider director candidates who have relevant business experience, are accomplished in their respective fields, and who possess the skills and expertise to make a significant contribution to the Board of Directors, the Company and its stockholders. It is the Nominating and Corporate Governance Committee's policy to consider Director nominees in a manner that seeks to produce the best candidates with a diversity of qualities, backgrounds and complementary skills. Director nominees should have high-leadership business experience, knowledge about issues affecting the Company and the ability and willingness to apply sound and independent business judgment. The Nominating and Corporate Governance Committee applies the same criteria to nominees recommended by stockholders. Such recommendations should be submitted in writing to the attention of the Nominating and Corporate Governance Committee, c/o Destination Maternity Corporation, 232 Strawbridge Drive, Moorestown, New Jersey 08057, and should not include self-nominations. The Nominating and Corporate Governance Committee's charter is posted on the Company's investor website at <http://investor.destinationmaternity.com>.

Board of Directors Role in Risk Oversight

The Board of Directors takes an active role in risk oversight. The Board of Directors oversees the Company's strategic planning and the risks inherent in the operation of its business. The Board of Directors administers its risk oversight function through the full Board of Directors and each of its committees. Management of the Company, which is responsible for day-to-day risk management, identifies and assesses the Company's risks on a regular basis, and develops steps to mitigate and manage risks. The Board of Directors exercises its risk oversight function by making inquiries of management with respect to areas of particular interest. Each of the committees of the Board of Directors is responsible for oversight of risk management practices for categories of top risks relevant to their functions, as summarized below.

The Audit Committee assists the Board of Directors with its risk oversight in a variety of areas, including financial reporting, internal controls, and legal and regulatory compliance. The Audit Committee has oversight of the Company's internal audit function and the Company's Code of Business Conduct and Ethics. The Audit Committee also appoints the independent registered public accounting firm and approves the services it provides to the Company. The Compensation Committee oversees risk in connection with compensation programs, including incentive compensation plans and equity-based plans. The Nominating and Corporate Governance Committee oversees risk in connection with corporate governance practices. All of these committees make regular reports of their activities to the full Board of Directors.

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Pursuant to our Non-Employee Director Compensation Policy, during fiscal 2015 and the Transition Period each of our non-employee directors was paid a retainer of \$12,500 per quarter and, in addition each non-employee director who is a member of a committee was paid an additional quarterly retainer as follows:

	Additional Quarterly Retainer (\$)
Audit Committee Chair	3,750
Audit Committee Member	1,875
Compensation Committee Chair	3,750
Compensation Committee Member	1,250
Nominating and Corporate Governance Committee Chair	2,500
Nominating and Corporate Governance Committee Member	1,250

Our Non-Executive Chair receives an additional retainer of \$6,250 per quarter. Non-employee directors do not receive any additional compensation for participation in either board or committee meetings. However, members of our Board of Directors are reimbursed for their reasonable travel expenses incurred to attend meetings of our Board of Directors or Committees of the Board of Directors on which they serve.

Historically, upon conclusion of each Annual Meeting of Stockholders, the Company would grant each non-employee director 4,000 shares of restricted stock that would vest on the earlier of: (1) one year from the date of grant, or (2) one day before the Company's next Annual Meeting of Stockholders, subject to acceleration in the event of the non-employee director's death or disability or upon a change in control of the Company. Further, our Non-Executive Chair would also receive an additional 2,000 shares of restricted stock granted upon election or reelection of the Non-Executive Chair to that position by the Board of Directors following the Annual Meeting of Stockholders each year, which would vest on the earlier of: (1) one year from the date of grant, or (2) one day before the Company's next Annual Meeting of Stockholders, subject to acceleration in the event of the Non-Executive Chair's death or disability or upon a change in control of the Company.

In February 2015, the Compensation Committee approved an additional equity grant to each non-employee member of the Board of Directors to compensate each such director for the additional service that was required to be performed due to the change in the Company's fiscal year. Because of the change in the fiscal year, the Annual Meeting of Stockholders, which had historically been held in the month of January, will now typically be held in or around the month of May. Because the Company's policy is to make equity grants to its non-employee directors after the Annual Meeting of Stockholders, each non-employee director serving during the transition in the Company's fiscal year would be required to serve approximately an additional 4 months to receive the annual equity grant. As a result, the Compensation Committee awarded each non-employee director a 40% one-time increase in the number of shares, such that each non-employee director (other than the Chairman) was awarded an additional 1,600 shares of restricted stock (for a total of 5,600 shares of restricted stock in the 2015 annual grant). For the same reason, the Chairman, Mr. Ajdler, received an additional 2,400 shares of restricted stock in his 2015 annual grant.

In April 2016, the Compensation Committee approved an amendment to the Company's Non-Employee Director Compensation Policy to allow directors to elect to receive their quarterly cash retainer for Board service (but not for Committee service) and their annual equity compensation for the following calendar year in the form of deferred stock units in lieu of restricted stock. These deferred stock units will vest on the same terms as the restricted stock, but they

will not result in the delivery of shares of common stock to the director until the director eventually leaves the Board (whether by virtue of expiration of such director's term, removal, resignation or other reason), subject to acceleration in the event of the non-employee director's death or disability or upon a change in control of the Company. The full text of the revised Non-Employee Director Compensation Policy is posted on our investor website at <http://investor.destinationmaternity.com>.

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The Company's equity ownership guidelines applicable to named executive officers and non-employee directors require each non-employee director to own shares of the Company's common stock having an aggregate fair market value equal to or greater than four times the annual cash retainer then payable to such non-employee director, measured as of the date of each Annual Meeting of Stockholders. Any non-employee director elected for the first time following the adoption of these guidelines will have three years from the date of such initial election to satisfy the guidelines.

Currently all of our non-employee directors for whom the equity ownership guidelines are currently effective, except Mr. Blitzer, Ms. Payner-Gregor and Mr. Weinstein, hold Company equity in excess of the guidelines' requirement. The Compensation Committee notes that this non-compliance was due to fluctuations in the market value of our Common Stock during the past year. The Compensation Committee further notes that none of these directors have sold equity during their time as directors.

Mr. Blitzer joined the Board in January 2013. In order to expedite Mr. Blitzer's compliance with these guidelines, Mr. Blitzer and the Compensation Committee agreed that in lieu of receiving his fiscal year 2015 non-employee director cash retainer of \$50,000, Mr. Blitzer was issued an incremental restricted stock grant for 2,922 shares which had a grant date fair value of \$47,658. This restricted stock grant vests on the same terms as, and was in addition to, the annual grant to all non-employee directors.

According to the Company's equity ownership guidelines, any non-employee director who is not in compliance with the Company's equity ownership guidelines will be expected to exercise any available election to receive his or her quarterly retainer for Board service (but not for Committee service) in the form of deferred stock units in lieu of cash. Any such director will be issued deferred stock units in lieu of cash for his or her quarterly retainer for Board service during the balance of calendar year 2016 following the Annual Meeting.

In fiscal year 2015 and the Transition Period, our current non-employee directors received the following compensation:

Name	Fees earned or paid in cash (\$)	Stock awards (\$)(1)	Total (\$)
Arnaud Ajdler	113,334	137,004	250,338
Michael J. Blitzer	26,667	138,994	165,661
Barry Erdos	103,334	91,336	194,670
J. Daniel Plants (2)	74,187	91,336	165,523
Melissa Payner-Gregor	86,667	91,336	178,003
William A. Schwartz, Jr.	76,667	91,336	168,003
B. Allen Weinstein	93,334	91,336	184,670

- (1) Upon conclusion of the Annual Meeting of Stockholders on February 19, 2015, in accordance with the Company's Non-Employee Director Compensation Policy (including the additional grant made to each director reflecting the additional service required by the change in the Company's fiscal year as described above), the Company granted each non-employee director who was serving on the Board of Directors at that time 5,600 shares of restricted stock, and granted an additional 2,400 shares to Mr. Ajdler for his service as Non-Executive Chairman. The amounts in the column titled "Stock Awards" reflect the grant date fair values of awards made during fiscal year 2015, as computed in accordance with Financial Accounting Standards Board Accounting Standards Codification

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Topic 718, Compensation Stock Compensation (FASB ASC Topic 718). Also on February 19, 2015, Mr. Blitzer was issued an incremental restricted stock grant for 2,922 shares which had a grant date fair value of \$47,658.

(2) Mr. Plants became a director of the Company on November 24, 2014.

In December 2015, our Board of Directors formed a Special Committee consisting of independent directors in connection with the evaluation of a transaction with Orchestra-Premaman involving an unsolicited and non-binding preliminary merger proposal pursuant to which holders of Common Stock would receive an unspecified

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number of shares of common stock of Orchestra-Premaman and a limited amount of cash. Because of the additional service, each non-employee director who serves on this Special Committee received a grant of restricted stock in addition to the annual grants pursuant to our Non-Employee Director Compensation Policy. Accordingly, on March 30, 2016, the Company granted each of Messrs. Erdos (Chair), Ajdler and Plants 5,547, 4,160 and 4,160 shares of restricted stock, respectively, for their service as members of the Special Committee.

Stockholder Communications

Pursuant to the policy of the Board of Directors, all communications directed to the Board of Directors will be delivered to the Board of Directors. Stockholders may contact the Board of Directors by writing to them c/o Destination Maternity Corporation, 232 Strawbridge Drive, Moorestown, New Jersey 08057.

Certain Relationships and Related Party Transactions

Our Board of Directors recognizes that related party transactions present a heightened risk of conflicts of interest and/or improper valuation (or the perception thereof). Pursuant to the Company's Code of Business Conduct and Ethics, information about transactions involving related parties is reviewed by the Audit Committee. It is the Company's policy that all business decisions will reflect independent judgment and discretion, uninfluenced by considerations other than those honestly believed to be in the best interests of the Company and its stockholders. Any direct or indirect conflict of interest between the Company and any director, officer or employee is prohibited unless otherwise consented to by the General Counsel or the Audit Committee in accordance with the Code of Business Conduct and Ethics. Related parties include Company directors, nominees for director, and executive officers, as well as their immediate family members. Related party transactions include transactions, arrangements or relationships pursuant to which the judgment and discretion of a director, officer or employee is or may be influenced by considerations of personal gain or benefit, or gain or benefit to a third party, whether or not affiliated with the director, officer or employee.

When reviewing a related party transaction, the Audit Committee will use any process and review any information that it determines is appropriate. The Audit Committee takes into consideration all of the relevant facts and circumstances available to it, including (if applicable), but not limited to: (i) the material terms and conditions of the transaction or transactions; (ii) the related party's relationship to the Company; (iii) the related party's interest in the transaction, including their position or relationship with, or ownership of, any entity that is a party to or has an interest in the transaction; (iv) the approximate dollar value of the transaction; (v) the availability from other sources of comparable products or services; and (vi) an assessment of whether the transaction is on terms that are comparable to the terms available to us from an unrelated third party. All related party transactions will be disclosed in accordance with SEC rules.

In the event the Company becomes aware of a related party transaction that was not previously approved or ratified by the Audit Committee or management, the Company shall evaluate all options available, including ratification, revision or termination of the transaction.

To the Company's knowledge, since October 1, 2014 (the beginning of the Transition Period), no related party has had a material interest in any of our business transactions or relationships.

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**SECURITY OWNERSHIP OF CERTAIN
BENEFICIAL OWNERS AND MANAGEMENT**

The following table sets forth information, as of April 4, 2016, except as otherwise noted, with respect to the beneficial ownership of shares of Common Stock by each person who is known to us to be the beneficial owner of more than five percent of the outstanding shares of Common Stock, by each director or nominee for director, by each of the Company's named executive officers, and by all directors and executive officers as a group. Unless otherwise indicated, each person has sole voting power and sole investment power.

Name and Address of Beneficial Owner (a)	Common Stock	
	Amount and Nature of Beneficial Ownership (#)	Percent of Class (%)
Anthony M. Romano	115,249 (b)	*
Judd P. Tirnauer	103,530 (c)	*
Ronald J. Masciantonio	82,172 (d)	*
Arnaud Ajdler	57,036 (e)	*
Michael J. Blitzer	20,522 (f)	*
Barry Erdos	54,147 (g)	*
Melissa Payner-Gregor	31,376 (h)	*
J. Daniel Plants.	13,760 (i)	*
William A. Schwartz, Jr.	45,013	*
B. Allen Weinstein	29,600 (j)	*
Orchestra-Premaman S.A. 200, avenue des Tamaris Saint-Aunès Languedoc-Roussillon 34130	1,843,931 (k)	13.19%
Royce and Associates, LLC 745 Fifth Avenue New York, NY 10151	1,066,204 (l)	7.63%
Brown Advisory Incorporated. 901 South Bond Street, Ste. 400 Boston, MD 21231	1,016,585 (m)	7.27%
Renaissance Technologies LLC 800 Third Avenue New York, NY 10022	981,000 (n)	7.02%
Wellington Management Group LLP 280 Congress Street Boston, MA 02210	973,257 (o)	6.96%
RBC Global Asset Management (U.S.) Inc. 50 South Sixth Street, Suite 2350 Minneapolis, MN 55402	737,787 (p)	5.28%
All current directors and officers as a group (10 persons)	552,405 (q)	3.95%

* Less than 1% of the outstanding Common Stock or less than 1% of the voting power.

(a)

Except as otherwise indicated, the address of each person named in the table is: c/o Destination Maternity Corporation, 232 Strawbridge Drive, Moorestown, New Jersey 08057.

- (b) Includes 7,833 shares of unvested restricted stock from the August 11, 2014 grant of 10,443 shares, which shares vest in four annual installments beginning on August 11, 2015 as follows: 2,610 shares vest on August 11, 2015, and 2,611 shares vest on each of August 11, 2016, August 11, 2017, and August 11, 2018, 14,388 shares of unvested restricted stock from the December 5, 2014 grant of 19,183 shares, which shares vest in four annual installments beginning on December 5, 2015 as follows: 4,795 shares vest on December 5, 2015, and 4,796 shares vest on each of December 5, 2016, December 5, 2017, and December 5, 2018, and 27,537 shares of unvested restricted stock granted to Mr. Romano on March 30, 2016, which shares vest in four (4) annual installments beginning on March 30, 2017 as follows: 6,884

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- shares vest on each of March 30, 2017, March 30, 2018 and March 30, 2019, and 6,885 shares vest on March 30, 2020. For additional information regarding the equity held by Mr. Romano at the end of fiscal year 2015, please see the Outstanding Equity Awards table.
- (c) Includes 1,153 shares of unvested restricted stock from the November 16, 2012 grant of 4,609 shares, which shares vest in four annual installments beginning on November 16, 2013 as follows: 1,152 shares vest on each of November 16, 2013, November 16, 2014, and November 16, 2015, and 1,153 shares vest on November 16, 2016, 1,776 shares of unvested restricted stock from the December 4, 2013 grant of 3,552 shares, which shares vest in four equal annual installments beginning on December 4, 2014, and 6,104 shares of unvested restricted stock from the December 5, 2014 grant of 8,138 shares, which shares vest in four annual installments beginning on December 5, 2015 as follows: 2,034 shares vest on each of December 5, 2015 and December 5, 2017, and 2,035 shares vest on each of December 5, 2016 and December 5, 2018. For additional information regarding the equity held by Mr. Tirnauer at the end of fiscal year 2015, please see the Outstanding Equity Awards table.
- (d) Includes 1,048 shares of unvested restricted stock from the November 16, 2012 grant of 4,190 shares, which shares vest in four annual installments beginning on November 16, 2013 as follows: 1,047 shares vest on each of November 16, 2013 and November 16, 2015, and 1,048 shares vest on each of November 16, 2014 and November 16, 2016, 1,640 shares of unvested restricted stock from the December 4, 2013 grant of 3,279 shares, which shares vest in four annual installments beginning on December 4, 2014 as follows: 819 shares vested on December 4, 2014, and 820 shares vest on each of December 4, 2015, December 4, 2016, and December 4, 2017, 6,104 shares of unvested restricted stock from the December 5, 2014 grant of 8,138 shares, which shares vest in four annual installments beginning on December 5, 2015 as follows: 2,034 shares vest on each of December 5, 2015 and December 5, 2017, and 2,035 shares vest on each of December 5, 2016 and December 5, 2018, and 11,683 shares of unvested restricted stock granted to Mr. Masciantonio on March 30, 2016, which shares vest in four (4) annual installments beginning on March 30, 2017 as follows: 2,920 shares vest on March 30, 2017, and 2,921 shares vest on each of March 30, 2018, March 30, 2019, and March 30, 2020. For additional information regarding the equity held by Mr. Masciantonio at the end of fiscal year 2015, please see the Outstanding Equity Awards table.
- (e) Includes 6,000 shares of unvested restricted stock expected to be granted upon completion of the Annual Meeting, subject to Mr. Ajdler's re-election as a director and appointment as Non-Executive Chairman of the Board of Directors, and 4,160 shares of unvested restricted stock granted to Mr. Ajdler on March 30, 2016, which shares vest on the earlier of: (1) the end of the day immediately prior to the Annual Meeting held in 2017; (b) the end of Mr. Ajdler's service on the Board of Directors other than via resignation; and (c) a change in control of the Company (as defined in the Company's Amended and Restated 2005 Equity Incentive Plan).
- (f) Includes 4,000 shares of unvested restricted stock expected to be granted upon completion of the Annual Meeting, subject to Mr. Blitzer's re-election as a director.
- (g) Includes 4,000 shares of unvested restricted stock expected to be granted upon completion of the Annual Meeting, subject to Mr. Erdos' re-election as a director, and 5,547 shares of unvested restricted stock granted to Mr. Erdos on March 30, 2016, which shares vest on the earlier of: (1) the end of the day immediately prior to the Annual Meeting held in 2017; (b) the end of Mr. Erdos' service on the Board of Directors other than via resignation; and (c) a change in control of the Company (as defined in the Company's Amended and Restated 2005 Equity Incentive Plan).
- (h) Includes 4,000 shares of unvested restricted stock expected to be granted upon completion of the Annual Meeting, subject to Ms. Payner-Gregor's re-election as a director.
- (i) Includes 4,000 shares of unvested restricted stock expected to be granted upon completion of the Annual Meeting, subject to Mr. Plants' re-election as a director, and 4,160 shares of unvested restricted stock granted to Mr. Plants on March 30, 2016, which shares vest on the earlier of: (1) the end of the day immediately prior to the Annual Meeting held in 2017; (b) the end of Mr. Plants' service on the Board of Directors other than via resignation; and (c) a change in control of the Company (as defined in the Company's Amended and Restated 2005 Equity Incentive Plan). Mr. Plants is the Managing Partner of Voce Capital Management LLC (VCM), a

holder of 327,412 shares. While Mr. Plants disclaims beneficial ownership of the shares owned by VCM except to the extent of his pecuniary interest therein, he has the sole or shared voting power of the shares.

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- (j) Includes 4,000 shares of unvested restricted stock expected to be granted upon completion of the Annual Meeting, subject to Mr. Weinstein's re-election as a director.
- (k) Information is based on the Schedule 13D/A filed with the SEC on March 18, 2016. According to that filing, Yeled S.A., as a result of its ownership of a controlling interest in Orchestra-Premaman S.A., may be deemed to beneficially own all of the shares specified on the above table.
- (l) Information is based on the Schedule 13G/A filed with the SEC on January 12, 2016. According to that filing, Royce & Associates, LLC beneficially owns all of the shares specified on the above table.
- (m) Information is based on the Schedule 13G/A filed with the SEC on February 9, 2016. According to that filing, Brown Advisory Incorporated, in its capacity as investment adviser, may be deemed to beneficially own all of the shares specified on the above table which are held of record by Brown Advisory, LLC and Brown Investment Advisory & Trust Company.
- (n) Information is based on the Schedule 13G/A filed with the SEC on February 11, 2016. According to that filing, Renaissance Technologies LLC ("RTC"), and Renaissance Technologies Holdings Corporation ("RTHC"), because of RTHC's majority ownership of RTC, beneficially own all of the shares specified on the above table. Also according to that filing, certain funds and accounts managed by RTC have the right to receive dividends and proceeds from the sale of the shares.
- (o) Information is based on the Schedule 13G filed with the SEC on February 11, 2016. According to that filing, Wellington Management Group LLP, in its capacity as parent holding company of certain holding companies and certain investment advisers (the "Wellington Investment Advisers"), may be deemed to beneficially own all of the shares specified on the above table which are held of record by clients of Wellington Investment Advisers.
- (p) Information is based on the Schedule 13G/A filed with the SEC on February 10, 2016. According to that filing, RBC Global Asset Management (U.S.) Inc. beneficially owns all of the shares specified on the above table.
- (q) Includes the following number of shares purchasable upon exercise of stock options owned (or which may be deemed to be owned) by the following persons: Anthony M. Romano 53,086, Judd P. Tirnauer 62,932, and Ronald J. Masciantonio 53,776. Also includes the following number of shares of unvested restricted stock owned (or which may be deemed to be owned) by the following persons: Anthony M. Romano 49,758, Judd P. Tirnauer 9,033, Ronald J. Masciantonio 20,475, Arnaud Ajdler 10,160, Michael J. Blitzer 4,000, Barry Erdos 9,547, Melissa Payner-Gregor 4,000, J. Daniel Plants 8,160, and B. Allen Weinstein 4,000.

Section 16(a) Beneficial Ownership Reporting Compliance

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

To our knowledge, based solely upon a review of the copies of such reports furnished to us, all Section 16(a) reports for the fiscal year ended January 30, 2016 were timely filed, with the exception of Orchestra-Premaman S.A., which did not timely file a Form 3 upon the attainment of beneficial ownership of more than 10% of our Common Stock and did not thereafter timely file Forms 4 upon the acquisition of shares on at least three subsequent dates.

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COMPENSATION DISCUSSION AND ANALYSIS

Overview

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

Composition of the Committee

The Committee currently consists of Mr. Weinstein, *Chair*, Mr. Ajdler, and Mr. Erdos. None of these individuals has ever been an officer or employee of the Company. Each member of the Committee is considered to be an independent director under Nasdaq rules and the rules of the SEC. The Report of the Compensation Committee is set forth below after this Compensation Discussion and Analysis section.

The Committee meets at least annually regarding compensation decisions. In fiscal year 2015, the Committee met thirteen times.

Significant Corporate and Personnel Developments

In fiscal year 2015, our Chief Executive Officer and the senior management team, with the support of the Board, focused on certain key foundational changes in the