
DESTINATION MATERNITY CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

15. INCOME TAXES (Continued)

A reconciliation of gross unrecognized tax benefits follows (in thousands):

Balance—October 1, 2007	\$2,315
Additions for current year tax positions	158
Additions for prior year tax positions	126
Reductions of prior year tax positions	(98)
Settlements	(222)
Balance—September 30, 2008	2,279
Additions for current year tax positions	257
Additions for prior year tax positions	143
Reductions of prior year tax positions	(79)
Balance—September 30, 2009	<u>\$2,600</u>

As of September 30, 2009, gross unrecognized tax benefits included accrued interest and penalties of \$1,214,000. During fiscal 2009 and 2008, interest and penalties of \$188,000 and \$145,000, respectively, related to unrecognized tax benefits were included in income tax provision (benefit). If recognized, the portion of the liability for unrecognized tax benefits that would impact the Company's effective tax rate was \$1,831,000, net of federal tax benefit.

During the twelve months subsequent to September 30, 2009, it is reasonably possible that the gross unrecognized tax benefits could potentially increase by approximately \$131,000 (of which approximately \$80,000 would affect the effective tax rate, net of federal benefit) for federal and state tax positions related to the effect of interest on unrecognized tax benefits and limitations on certain potential tax credits, partially offset by the effect of expiring statutes of limitations and settlements.

The Company's U.S. Federal income tax returns for the years ended September 30, 2008 and thereafter remain subject to examination by the U.S. Internal Revenue Service. The Company also files returns in Canada and numerous state jurisdictions, which have varying statutes of limitations. Generally, Canadian tax returns for years ended September 30, 2004 and thereafter and state tax returns for years ended September 30, 2005 and thereafter, depending upon the jurisdiction, remain subject to examination. However, the statutes of limitations on certain of the Company's state returns remain open for years prior to fiscal 2005.

16. COMMITMENTS AND CONTINGENCIES

The Company leases its retail facilities and certain equipment under various non-cancelable operating leases. Certain of these leases have renewal options. Total rent expense (including related occupancy costs, such as insurance, maintenance and taxes, paid to landlords) under operating leases amounted to \$72,687,000, \$74,198,000 and \$73,012,000 in fiscal 2009, 2008 and 2007, respectively. Such amounts include contingent rentals based upon a percentage of sales totaling \$1,146,000, \$1,232,000 and \$1,022,000 in fiscal 2009, 2008 and 2007, respectively.

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DESTINATION MATERNITY CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

16. COMMITMENTS AND CONTINGENCIES (Continued)

Store operating leases and warehouse leases generally provide for payment of direct operating costs in addition to rent. Future annual minimum operating lease payments, excluding such direct operating costs, as well as leases for equipment rental as of September 30, 2009 are as follows (in thousands):

<u>Fiscal Year</u>	
2010	\$ 52,689
2011	47,161
2012	39,789
2013	32,593
2014	22,218
2015 and thereafter	37,736
	<u>\$ 232,186</u>

From time to time, the Company is named as a defendant in legal actions arising from normal business activities. Litigation is inherently unpredictable and although the amount of any liability that could arise with respect to currently pending actions cannot be accurately predicted, the Company does not believe that the resolution of any pending action will have a material adverse effect on its financial position, results of operations or liquidity.

17. EMPLOYMENT AGREEMENTS

On September 26, 2008, the Board of Directors appointed Edward M. Krell, the Company's Chief Operating Officer & Chief Financial Officer at that time, to serve as Chief Executive Officer ("CEO") of the Company, effective as of October 1, 2008, replacing Dan Matthias. In connection with Mr. Krell's promotion to CEO, the Company entered into an amendment to his May 15, 2007 employment agreement. The amendment provided for an increase in Mr. Krell's annual base salary from \$531,000 to \$650,000. The Company previously entered into employment agreements with Mr. Krell dated April 26, 2005, when Mr. Krell was the Company's Executive Vice President—Chief Financial Officer, and May 15, 2007, in connection with Mr. Krell's promotion to Chief Operating Officer & Chief Financial Officer. Base compensation for Mr. Krell was \$650,000, \$531,000 and \$471,000 for fiscal 2009, 2008 and 2007, respectively. Mr. Krell's base compensation is subject to potential increase in the future by the Company in an amount to be determined by the Compensation Committee at its discretion. The agreement also provides for salary continuation and severance payments should the employment of Mr. Krell be terminated under specified conditions, as defined therein. Additionally, Mr. Krell is eligible for an annual cash bonus based on performance, as specified by the Compensation Committee. The agreement continues in effect until terminated by either the Company or Mr. Krell in accordance with the termination provisions of the agreement. In connection with Mr. Krell's appointment as CEO, the Company granted to Mr. Krell two stock options, each to purchase 100,000 shares of common stock, under the Company's 2005 Equity Incentive Plan (see Note 14).

During fiscal 2008 and 2007, the Company had an employment agreement with Dan W. Matthias, the Company's Chairman of the Board and Former CEO. Base compensation for Mr. Matthias was \$542,000 and \$532,000 for fiscal 2008 and 2007, respectively. Effective September 30, 2008, Mr. Matthias retired as CEO. In connection with Mr. Matthias' retirement as CEO, the Company entered into a Transition Agreement (the "D. Matthias Transition Agreement") with Mr. Matthias. The D. Matthias Transition Agreement, which has a term of four years expiring September 30, 2012, provides that Mr. Matthias will make himself available to the Company

DESTINATION MATERNITY CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

17. EMPLOYMENT AGREEMENTS (Continued)

for strategic planning, corporate development and other matters as requested by the Board of Directors or the Company's CEO. Subsequent to his retirement, Mr. Matthias continued to serve the Company as non-executive Chairman of the Board and is available to the Company as stipulated in the D. Matthias Transition Agreement. In consideration of Mr. Matthias' advisory and board services (and in lieu of all other director compensation), the Company will pay Mr. Matthias an annual retainer of \$200,000 and continue certain insurance and fringe benefits during the term of the D. Matthias Transition Agreement. In November 2009, Mr. Matthias entered into a letter agreement with the Company, which confirmed that he would not seek reelection to the Board of Directors after the expiration of his current term in January 2010. The letter agreement does not change the terms of payment under the annual retainer for advisory services, however the Company will incur a pretax charge of \$583,000 primarily in the first quarter of fiscal 2010, representing the amount due for the remaining term of the advisory arrangement. Payment of the retainer and continuation of the benefits is subject to certain specified conditions, as defined in the D. Matthias Transition Agreement. The D. Matthias Transition Agreement also provides for the restrictive covenants set forth in Mr. Matthias' employment agreement to continue in effect until two years after Mr. Matthias ceases to serve the Company in any capacity (including service as a Board member or advisor).

During fiscal 2009, 2008 and 2007, the Company had an employment agreement with Rebecca C. Matthias, the Company's President and Chief Creative Officer. Base compensation for Ms. Matthias was \$572,000, \$542,000 and \$532,000, for fiscal 2009, 2008 and 2007, respectively. On November 6, 2009, the Company announced the retirement of Ms. Matthias at the end of fiscal 2010. In connection with Ms. Matthias' retirement, the Company entered into a Transition Agreement (the "R. Matthias Transition Agreement") with Ms. Matthias on November 6, 2009 (the "Effective Date"). The R. Matthias Transition Agreement, which expires on September 30, 2012, provides that Ms. Matthias will be a full-time employee of the Company until June 15, 2010 (the "Transition Date"). Following the Transition Date, Ms. Matthias agrees to serve the Company as a part-time employee until September 30, 2010 (the "Termination Date"), at which point Ms. Matthias' employment with the Company will terminate. Following the Termination Date and through September 30, 2012, Ms. Matthias agrees to make herself available to the Company on a limited basis for strategic planning, merchandising, public relations, publicity and other matters as requested by the Company's CEO. The R. Matthias Transition Agreement also provides for the restrictive covenants set forth in Ms. Matthias' employment agreement to continue in effect until two years after Ms. Matthias ceases to serve the Company in any capacity (including service as a Board member or advisor).

In consideration of the services described above, the Company will pay Ms. Matthias: (i) a base salary at an annualized rate of \$572,000 from the Effective Date through the Transition Date; (ii) a base salary at an annualized rate of \$114,000 from the Transition Date to the Termination Date, and (iii) certain fringe benefits, which will continue through the Termination Date. The R. Matthias Transition Agreement also provides that Ms. Matthias will be eligible for a pro-rata cash bonus based on performance, as specified by the Compensation Committee, for fiscal 2010.

Effective January 24, 2008, the Company entered into a letter agreement and an employment agreement with Lisa Hendrickson in connection with Ms. Hendrickson's promotion to Chief Merchandising Officer. The letter agreement provided that Ms. Hendrickson's annual base salary for the remainder of fiscal 2008 would be \$425,000. Ms. Hendrickson's base compensation is subject to potential increase in the future by the Company in an amount to be determined by the Compensation Committee at its discretion. Base compensation for Ms. Hendrickson was \$434,000 for fiscal 2009. Additionally, Ms. Hendrickson is eligible for an annual cash bonus based on performance, as specified by the Compensation Committee. The agreements continue in effect until terminated by either the Company or Ms. Hendrickson.

DESTINATION MATERNITY CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

17. EMPLOYMENT AGREEMENTS (Continued)

Effective July 23, 2008, the Company entered into an employment agreement with Judd P. Tirnauer, in connection with Mr. Tirnauer's promotion to Senior Vice President & Chief Financial Officer. The agreement provided that Mr. Tirnauer's annual base salary for the remainder of fiscal 2008 would be \$325,000. Mr. Tirnauer's base compensation is subject to potential increase in the future by the Company in an amount to be determined by the Compensation Committee at its discretion. Base compensation for Mr. Tirnauer was \$325,000 for fiscal 2009. The agreement also provides for salary continuation and severance payments should employment of the executive be terminated under specified conditions, as defined therein. Additionally, Mr. Tirnauer is eligible for an annual cash bonus based on performance, as specified by the Compensation Committee. The agreement continues in effect until terminated by either the Company or the executive in accordance with the termination provisions of the agreement.

18. RETIREMENT PLANS

On March 2, 2007, the Company entered into Supplemental Executive Retirement Agreements with Mr. and Ms. Matthias (the "SERP Agreement(s)"). The purpose of the SERP Agreements is to provide the executives with supplemental pension benefits following their cessation of employment.

The Company's D. Matthias Transition Agreement, entered into in September 2008 in connection with Mr. Matthias' retirement as CEO, amended his SERP Agreement to provide for full vesting of the benefits payable to Mr. Matthias and to increase the total of the amounts payable under the SERP Agreement to approximately 10% more than the amount that would have been payable on September 30, 2012 (the date the SERP Agreement had otherwise been expected to fully vest). The SERP Agreement benefits, totaling \$3,960,000, will be paid to Mr. Matthias in installments, which commenced on April 1, 2009, with the final installment due on October 1, 2012. On April 1, 2009, the Company paid Mr. Matthias \$960,000 representing the first installment of the SERP benefits. On July 1, 2009, the Company paid Mr. Matthias \$600,000 representing the second installment of the SERP benefits.

The amount of the benefit payable under Ms. Matthias' SERP Agreement is the actuarial present value of a single life annuity equal to 60% of Ms. Matthias' "deemed final pay," commencing upon cessation of employment. For this purpose, "deemed final pay" means Ms. Matthias' base salary on March 2, 2007, increased by 3% for each new fiscal year that begins before Ms. Matthias' cessation of employment. This benefit vested 33 1/3% on March 2, 2007. On each September 30 thereafter for fiscal 2007, 2008 and 2009 the benefit vested 15% annually based on Ms. Matthias' continuous full-time service provided to the Company during each entire fiscal year. The Company's R. Matthias Transition Agreement, entered into on November 6, 2009 in connection with Ms. Matthias' scheduled retirement, amended her SERP Agreement to provide that she will be credited with having served on a full-time basis during the 2010 fiscal year and the SERP will vest an additional 15% effective on the Transition Date, to a cumulative total vested percentage of 93 1/3%. Pursuant to the R. Matthias Transition Agreement, Ms. Matthias will receive a lump sum payment of the SERP Agreement benefits of approximately \$4,166,000 on December 16, 2010. Notwithstanding the foregoing, the benefit is subject to full acceleration if, following a change in control, Ms. Matthias' employment ceases due to a termination without cause or a resignation with good reason.

DESTINATION MATERNITY CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

18. RETIREMENT PLANS (Continued)

The Company is accounting for the SERP Agreements in accordance with the accounting requirements for defined benefit pension and other post-retirement plans. Changes in the benefit obligation under the SERP Agreements as of September 30 were as follows (in thousands):

	<u>2009</u>	<u>2008</u>
Benefit obligation at beginning of year	\$ 5,883	\$ 2,957
Service cost	573	973
Interest cost	316	178
Change in discount rate	114	—
Plan amendment and curtailment	—	1,775
Benefit payments	(1,560)	—
Benefit obligation at end of year	5,326	5,883
Less: current portion included in accrued expenses and other current liabilities	(900)	(1,560)
Non-current benefit obligation at end of year	<u>\$ 4,426</u>	<u>\$ 4,323</u>

The non-current benefit obligation at end of year was included in “deferred rent and other non-current liabilities” in the accompanying Consolidated Balance Sheets. Estimated benefits expected to be paid during the next four fiscal years are as follows (in thousands):

<u>Fiscal Year</u>	
2010	\$ 900
2011	4,916
2012	600
2013	150

The components of net periodic pension cost on a pretax basis were as follows for the years ended September 30 (in thousands):

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Service cost	\$ 573	\$ 973	\$ 918
Interest cost	316	178	68
Amortization of prior service cost	196	353	206
Amortization of change in discount rate	114	—	—
Plan amendment and curtailment	—	2,402	—
Total net periodic benefit cost	<u>\$ 1,199</u>	<u>\$ 3,906</u>	<u>\$ 1,192</u>

DESTINATION MATERNITY CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

18. RETIREMENT PLANS (Continued)

The following weighted-average assumptions were used to determine net periodic benefit cost for the years ended September 30, 2009, 2008, and 2007: discount rate – 5.0% for fiscal 2009 and 6.0% for fiscal 2008 and 2007; compensation increase rate – 3.0%.

Amounts recorded in accumulated other comprehensive loss as of September 30 were as follows (in thousands):

	2009	2008	2007
Unrecognized prior service cost—beginning of year	\$(785)	\$(1,765)	\$ —
Initial prior service cost	—	—	(1,971)
Amortization of prior service cost	196	353	206
Prior service cost recognized for plan amendment and curtailment	—	627	—
Unrecognized prior service cost—end of year	(589)	(785)	(1,765)
Deferred income tax benefit	220	293	689
Unrecognized prior service cost, net of tax—end of year	<u>\$(369)</u>	<u>\$ (492)</u>	<u>\$(1,076)</u>

In connection with the amendment to Ms. Matthias' SERP Agreement pursuant to the R. Matthias Transition Agreement, the Company expects to fully amortize the \$589,000 of prior service cost on a pretax basis from accumulated other comprehensive loss into net periodic pension cost in fiscal 2010.

On April 30, 2007, the Company made an initial required contribution of \$2,662,000 to a Grantor Trust, which was established for the purpose of accumulating assets in anticipation of the Company's payment obligations under the SERP Agreements. On November 27, 2007, the Company made an additional required contribution to the Grantor Trust of \$1,160,000. In order to impact positively the Company's ability to comply with the Consolidated Leverage Ratio covenant of its Term Loan Agreement at March 31, 2008, with the consent of the SERP executives, the Company withdrew \$1,000,000 from the Grantor Trust on March 28, 2008. The withdrawn funds were used to repay indebtedness under the Credit Facility.

On May 20, 2008, the Company entered into (i) a Letter Agreement with the SERP executives and the trustee for the Grantor Trust (the "Trustee"), and (ii) an amendment to the Grantor Trust agreement with the Trustee (collectively the "Agreements"). The Agreements amended the SERP Agreements and the Grantor Trust agreement to provide for the Company to deliver an irrevocable standby letter of credit to the Trustee in an amount equal to the Company's then current funding obligation under the SERP Agreements, which was \$3,885,000. As provided in the Agreements, in the third quarter of fiscal 2008 the Company received a distribution of the remaining assets held in the Grantor Trust, amounting to \$2,844,000.

The amendments effected by the May 20, 2008 Agreements also allow for, at the Company's option, the issuance from time to time of irrevocable standby letters of credit, or the increase of size of an irrevocable standby letter of credit already held by the Trustee, in lieu of any deposit to the Grantor Trust otherwise required in the future. In addition, the Agreements permit the Company, from time to time at its sole discretion, to reduce the size of any irrevocable standby letter of credit issued to the Trustee, so long as the Company simultaneously funds the Grantor Trust with an amount of cash equal to the amount of the reduction of the letter of credit. In October 2008, the Company increased the irrevocable standby letter of credit issued to the Trustee to a total of \$6,779,000, in lieu of deposits to the Grantor Trust, in connection with the full vesting of Mr. Matthias' benefits under the D. Matthias Transition Agreement and the annual increase in vesting of Ms. Matthias' benefits. In April and July 2009, the Company reduced the irrevocable standby letter of credit by \$960,000 and \$600,000, respectively, to a total of \$5,219,000, in connection with the April and July 2009 benefit payments made to

DESTINATION MATERNITY CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

18. RETIREMENT PLANS (Continued)

Mr. Matthias. In November 2009, the Company increased the irrevocable standby letter of credit by \$718,000 to a total of \$5,937,000, in connection with the annual increase in vesting of Ms. Matthias' benefits.

19. EMPLOYEE BENEFIT PLANS

The Company has a 401(k) savings plan for all employees who have at least six months of service and are at least 18 years of age. Employees can contribute up to 20% of their annual salary. Employees who meet certain criteria are eligible for a matching contribution from the Company based on a sliding scale. Company matches are made in the first quarter of the succeeding calendar year. Company matches vest over a period of approximately six years from each employee's commencement of employment with the Company. Company matching contributions totaling \$162,000, \$175,000 and \$158,000, were made in fiscal 2009, 2008 and 2007, respectively. In addition, the Company may make discretionary contributions to the plan, which vest over a period of approximately six years from each employee's commencement of employment with the Company. The Company has not made any discretionary contributions.

20. QUARTERLY FINANCIAL INFORMATION (UNAUDITED)

Quarterly financial results for the years ended September 30, 2009 and 2008 were as follows (in thousands, except per share amounts):

Fiscal 2009	Quarter Ended			
	09/30/09	06/30/09	03/31/09	12/31/08
Net sales	\$123,828	\$142,529	\$130,082	\$134,812
Gross profit	67,537	77,528	69,855	67,855
Net income (loss)	1,365	6,783	(1,915) (1)	(46,915) (2)
Net income (loss) per share—Basic	0.23	1.13	(0.32) (1)	(7.86) (2)
Net income (loss) per share—Diluted	0.22	1.12	(0.32) (1)	(7.86) (2)

Fiscal 2008	Quarter Ended			
	09/30/08	06/30/08	03/31/08	12/31/07
Net sales	\$130,497	\$152,224	\$139,005	\$142,876
Gross profit	63,191	78,202	69,686	71,962
Net income (loss)	(4,784)	4,137	(390)	(352)
Net income (loss) per share—Basic	(0.80)	0.69	(0.07)	(0.06)
Net income (loss) per share—Diluted	(0.80)	0.68	(0.07)	(0.06)

- (1) Includes goodwill impairment expense of \$3,389,000, or \$(0.57) per share (see Note 5).
(2) Includes goodwill impairment expense of \$47,000,000, or \$(7.88) per share (see Note 5).

The Company's business, like that of other retailers, is seasonal. The Company's quarterly net sales have historically been highest in its third fiscal quarter, corresponding to the Spring selling season, followed by its first fiscal quarter, corresponding to the Fall/holiday selling season. Given the historically higher sales level in its third fiscal quarter and the relatively fixed nature of most of the Company's operating expenses and interest expense, the Company has typically generated a very significant percentage of its full year operating income and net income during its third fiscal quarter.

DESTINATION MATERNITY CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

21. SEGMENT AND ENTERPRISE WIDE DISCLOSURES

Operating Segment. For purposes of the disclosure requirements for segments of a business enterprise, the Company has determined that its business is comprised of one operating segment: the design, manufacture and sale of maternity apparel and related accessories. While the Company offers a wide range of products for sale, the substantial portion of its products are initially distributed through the same distribution facilities, many of the Company's products are manufactured at common contract manufacturer production facilities, the Company's products are marketed through a common marketing department, and these products are sold to a similar customer base, consisting of expectant mothers.

Geographic Information. Information concerning the Company's operations by geographic area is as follows (in thousands):

	Year Ended September 30,		
	2009	2008	2007
Net Sales to Unaffiliated Customers			
United States	\$ 510,669	\$ 543,339	\$ 562,519
Foreign	20,582	21,263	18,852
		September 30, 2009	September 30, 2008
Long-Lived Assets, Net			
United States		\$ 61,612	\$ 64,699
Foreign		2,164	2,301

Major Customers. For the periods presented, the Company did not have any one customer who represented more than 10% of its net sales.

22. INTEREST EXPENSE, NET

Interest expense, net for the years ended September 30 is comprised of the following (in thousands):

	2009	2008	2007
Interest expense	\$4,758	\$6,971	\$10,226
Interest income	(38)	(27)	(378)
Other investment loss, net	—	30	—
Interest expense, net	<u>\$4,720</u>	<u>\$6,974</u>	<u>\$ 9,848</u>

23. RELATED PARTY TRANSACTIONS

There is a husband and wife relationship between Mr. Matthias and Ms. Matthias. There are no family relationships among any of the Company's other executive officers or directors.

A director of the Company currently provides consulting services to Pepper Hamilton LLP, which provides legal services to the Company. The Company paid legal fees to this law firm of \$595,000, \$728,000 and \$1,061,000, in fiscal 2009, 2008 and 2007, respectively. As of September 30, 2009 and 2008, the Company had accrued amounts outstanding to this law firm of \$71,000 and \$191,000, respectively.

DESTINATION MATERNITY CORPORATION AND SUBSIDIARIES

SCHEDULE II—VALUATION AND QUALIFYING ACCOUNTS

(in thousands)

	Balance at beginning of period	Additions charged to costs and expenses	Deductions	Balance at end of period
Year Ended September 30, 2009				
Product return reserve	\$ 202	\$ 122	\$ —	\$ 324
Year Ended September 30, 2008				
Product return reserve	\$ 181	\$ 21	\$ —	\$ 202
Year Ended September 30, 2007				
Product return reserve	\$ 206	\$ —	\$ (25)	\$ 181

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INDEX OF EXHIBITS

Exhibit No.	Description
21	Subsidiaries of the Company.
23	Consent of KPMG LLP.
31.1	Certification of the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of the Senior Vice President & Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of the Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of the Senior Vice President & Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

SUBSIDIARIES OF THE COMPANY

<u>NAME OF SUBSIDIARY</u>	<u>STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION</u>	<u>OTHER NAMES UNDER WHICH SUBSIDIARY DOES BUSINESS</u>
Cave Springs, Inc.	Delaware	N/A
Destination Maternity Apparel Private Limited	India	N/A
Maternity Factory Warehouse Centre, Inc.	Canada	N/A
Mothers Work Canada, Inc.	Delaware	N/A
Mothers Work Services, Inc.	Delaware	N/A

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders
Destination Maternity Corporation:

We consent to the incorporation by reference in the registration statements on Form S-3 (Nos. 333-59309, 333-12321, 333-27611 and 333-90110) and registration statements on Form S-8 (Nos. 33-64580, 33-89726, 333-2404, 333-3480, 333-59529, 333-57766, 333-112158 and 333-137136) of Destination Maternity Corporation (formerly Mothers Work, Inc.) of our reports dated December 14, 2009, with respect to the consolidated balance sheets of Destination Maternity Corporation and subsidiaries as of September 30, 2009 and 2008, and the related consolidated statements of operations, stockholders' equity and comprehensive loss and cash flows for each of the years in the three-year period ended September 30, 2009, and the related financial statement schedule, and the effectiveness of internal control over financial reporting as of September 30, 2009, which reports appear in the September 30, 2009 annual report on Form 10-K of Destination Maternity Corporation.

/s/ KPMG LLP

Philadelphia, Pennsylvania
December 14, 2009

**SARBANES-OXLEY
SECTION 302 CERTIFICATION**

I, Edward M. Krell, certify that:

1. I have reviewed this Annual Report on Form 10-K of Destination Maternity Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: December 14, 2009

/s/ EDWARD M. KRELL

Edward M. Krell
Chief Executive Officer

**SARBANES-OXLEY
SECTION 302 CERTIFICATION**

I, Judd P. Tirnauer, certify that:

1. I have reviewed this Annual Report on Form 10-K of Destination Maternity Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designated such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: December 14, 2009

/s/ JUDD P. TIRNAUER

Judd P. Tirnauer
Senior Vice President & Chief Financial Officer

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of Destination Maternity Corporation (the "Company") on Form 10-K for the year ended September 30, 2009 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Edward M. Krell, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ EDWARD M. KRELL
Edward M. Krell
Chief Executive Officer
December 14, 2009

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of Destination Maternity Corporation (the "Company") on Form 10-K for the year ended September 30, 2009 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Judd P. Tirnauer, Senior Vice President & Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ JUDD P. TIRNAUER

Judd P. Tirnauer
Senior Vice President & Chief Financial Officer
December 14, 2009