

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

14. INCOME TAXES (Continued)

The accounting standard for uncertain income tax positions clarifies the accounting for income taxes by prescribing the minimum recognition threshold a tax position is required to meet before being recognized in the financial statements and also contains guidance on the measurement of uncertain tax positions.

A reconciliation of gross unrecognized tax benefits for uncertain tax positions for the years ended September 30 follows (in thousands):

	2013	2012	2011
Balance at beginning of year	\$ 4,063	\$ 2,591	\$ 3,830
Additions for current year tax positions	476	1,377	203
Additions for prior year tax positions	331	266	154
Reductions of prior year tax positions	(12)	(20)	(1,104)
Settlements	(640)	(151)	(492)
Balance at end of year	<u>\$ 4,218</u>	<u>\$ 4,063</u>	<u>\$ 2,591</u>

As of September 30, 2013, gross unrecognized tax benefits included accrued interest and penalties of \$1,957,000. During fiscal 2013, 2012 and 2011, interest and penalties of \$341,000, \$577,000, and \$(386,000), respectively, related to unrecognized tax benefits, were included in income tax provision. If recognized, the portion of the liability for unrecognized tax benefits that would impact the Company's effective tax rate was \$2,985,000, net of federal tax benefit.

As of September 30, 2013, the Company had income taxes receivable of \$648,000, which are included in prepaid expenses and other current assets in the accompanying Consolidated Balance Sheet.

During the twelve months subsequent to September 30, 2013, it is reasonably possible that the gross unrecognized tax benefits could potentially increase by approximately \$399,000 (of which approximately \$278,000, net of federal benefit, would affect the effective tax rate) for uncertain tax positions, including the continued 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 United States Federal income tax returns for the years ended September 30, 2010 and thereafter remain subject to examination by the United States Internal Revenue Service. The Company also files tax returns in Canada, India and numerous United States state jurisdictions, which have varying statutes of limitations. Generally, Canadian tax returns for tax years ended September 30, 2007 and thereafter, Indian tax returns for tax years ended March 31, 2009 and thereafter, and United States state tax returns for tax years ended September 30, 2009 and thereafter, depending upon the jurisdiction, remain subject to examination. However, the statutes of limitations on certain of the Company's United States state tax returns remain open for tax years prior to fiscal 2009.

15. 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 \$61,253,000, \$65,412,000 and \$67,496,000 in fiscal 2013, 2012 and 2011, respectively. Such amounts include contingent rentals based upon a percentage of sales totaling \$1,574,000, \$1,428,000 and \$1,563,000 in fiscal 2013, 2012 and 2011, respectively.

In September 2013 the Company announced its plans to relocate its corporate headquarters and distribution operations from Philadelphia, Pennsylvania to southern New Jersey. The lease for the new corporate headquarters building was signed September 19, 2013 and is expected to commence in Fall 2014, and the lease for a new build-to-suit distribution center building was signed December 3, 2013 and is expected to commence in early to mid 2015. Future minimum payments for the two leases are included in the table below.

Store, office and distribution facility leases generally provide for payment of direct operating costs in addition to rent.

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

15. COMMITMENTS AND CONTINGENCIES (Continued)

Future annual minimum operating lease payments, excluding such direct operating costs, as well as leases for equipment rental as of September 30, 2013 are as follows (in thousands):

<u>Fiscal Year</u>	
2014	\$ 42,200
2015	33,704
2016	28,360
2017	23,447
2018	18,973
2019 and thereafter	72,732
	<u>\$ 219,416</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.

16. EXECUTIVE OFFICER EMPLOYMENT AGREEMENTS

The Company has an employment agreement with Edward M. Krell, the Company's Chief Executive Officer ("CEO"). Mr. Krell's employment agreement was amended on August 10, 2011 to increase Mr. Krell's annual base salary from \$650,000 to \$750,000, effective December 1, 2010. On December 4, 2013, the Compensation Committee approved an increase to Mr. Krell's annual base salary from \$750,000 to \$800,000. Base salary earned for Mr. Krell was \$750,000, \$750,000 and \$733,000 for fiscal 2013, 2012 and 2011, respectively. The agreement also provides for salary continuation and severance payments should the employment of the executive be terminated under specified conditions, as defined therein. Additionally, Mr. Krell is eligible for an annual cash bonus based on performance. The agreement continues in effect until terminated by either the Company or the executive in accordance with the termination provisions of the agreement.

Effective June 1, 2011, the Company entered into an employment agreement with Christopher F. Daniel, in connection with the hiring of Mr. Daniel as the Company's President. The agreement provided that Mr. Daniel's annual base salary would be \$525,000. On December 4, 2013, the Compensation Committee approved an increase to Mr. Daniel's annual base salary from \$525,000 to \$535,000. Base salary earned for Mr. Daniel was \$525,000, \$525,000 and \$175,000 for fiscal 2013, 2012 and 2011, respectively. 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. Daniel is eligible for an annual cash bonus based on performance. The agreement continues in effect until terminated by either the Company or the executive in accordance with the termination provisions of the agreement.

The Company has an employment agreement with Judd P. Tirnauer, the Company's Executive Vice President & Chief Financial Officer. Mr. Tirnauer was promoted from Senior Vice President & Chief Financial Officer to Executive Vice President & Chief Financial Officer effective November 22, 2011. Mr. Tirnauer's employment agreement was amended on August 10, 2011 to increase Mr. Tirnauer's annual base salary from \$332,000 to \$375,000, effective December 1, 2010. On November 15, 2012, the Compensation Committee approved an increase to Mr. Tirnauer's annual base salary from \$375,000 to \$385,000, effective December 1, 2012. On December 4, 2013, the Compensation Committee approved an increase to Mr. Tirnauer's annual base salary from \$385,000 to \$405,000. Base salary earned for Mr. Tirnauer was \$383,000, \$375,000 and \$368,000 for fiscal 2013, 2012 and 2011, respectively. 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. The agreement continues in effect until terminated by either the Company or the executive in accordance with the termination provisions of the agreement.

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

16. EXECUTIVE OFFICER EMPLOYMENT AGREEMENTS (Continued)

The Company has an employment agreement with Ronald J. Masciantonio, the Company's Executive Vice President & Chief Administrative Officer. Effective April 21, 2011, Mr. Masciantonio was named by the Board as an executive officer of the Company. Effective November 22, 2011, Mr. Masciantonio was promoted from Senior Vice President & General Counsel to Executive Vice President & General Counsel and, effective November 15, 2012, Mr. Masciantonio was promoted to the additional position of Chief Administrative Officer and continued to serve as the Company's General Counsel until August 16, 2013. Mr. Masciantonio's employment agreement was amended on August 10, 2011 to increase Mr. Masciantonio's annual base salary from \$275,000 to \$320,000, effective December 1, 2010. On November 15, 2012, the Compensation Committee approved an increase to Mr. Masciantonio's annual base salary from \$320,000 to \$360,000, effective December 1, 2012. On December 4, 2013, the Compensation Committee approved an increase to Mr. Masciantonio's annual base salary from \$360,000 to \$390,000. Base salary earned for Mr. Masciantonio was \$353,000, \$320,000 and \$312,000 for fiscal 2013, 2012 and 2011, respectively. 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. Masciantonio is eligible for an annual cash bonus based on performance. The agreement continues in effect until terminated by either the Company or the executive in accordance with the termination provisions of the agreement.

17. POSTRETIREMENT OBLIGATIONS

Effective September 30, 2008, Dan W. Matthias, the Company's former Chairman of the Board and Former CEO, retired as CEO. In connection with Mr. Matthias' retirement as CEO, in September 2008 the Company entered into a Transition Agreement (the "D. Matthias Transition Agreement") with Mr. Matthias, the term of which expired on September 30, 2012. The D. Matthias Transition Agreement provided that Mr. Matthias made himself available to the Company during the term of the agreement for strategic planning, corporate development and other matters as requested by the Board or the Company's CEO. Subsequent to his retirement, Mr. Matthias continued to serve the Company as non-executive Chairman of the Board until January 2010 and was thereafter 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 paid Mr. Matthias an annual retainer of \$200,000 and continued certain insurance and fringe benefits during the term of 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 September 30, 2014.

Effective September 30, 2010, Rebecca C. Matthias, the Company's former President and Chief Creative Officer, retired. In connection with Ms. Matthias' scheduled retirement, in November 2009 the Company entered into a Transition Agreement (the "R. Matthias Transition Agreement") with Ms. Matthias, the term of which expired on September 30, 2012. In addition to certain preretirement employment arrangements, the R. Matthias Transition Agreement provided that Ms. Matthias made herself available to the Company during the term of the agreement 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 September 30, 2014.

The Company had Supplemental Executive Retirement Agreements (the "SERP Agreement(s)") with Mr. and Ms. Matthias (the "SERP Executives"), which were effective March 2, 2007. Pursuant to the D. Matthias Transition Agreement, Mr. Matthias received SERP Agreement benefits totaling \$3,960,000, which were paid to Mr. Matthias in installments that commenced on April 1, 2009, with the final installment paid on October 1, 2012. The Company paid SERP Agreement benefits to Mr. Matthias totaling \$150,000, \$600,000 and \$750,000 in fiscal 2013, 2012 and 2011, respectively. Pursuant to the R. Matthias Transition Agreement, Ms. Matthias received a lump sum payment of the SERP Agreement benefits of \$4,166,000 on December 16, 2010. No further amounts are payable to Mr. or Ms. Matthias pursuant to their SERP Agreements.

The Company accounted for the SERP Agreements in accordance with the accounting requirements for defined benefit pension and other post-retirement plans.

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

17. POSTRETIREMENT OBLIGATIONS (Continued)

Changes in the benefit obligation under the SERP Agreements as of September 30 were as follows (in thousands):

	<u>2013</u>	<u>2012</u>
Benefit obligation at beginning of year	\$ 150	\$ 732
Interest cost	—	18
Benefit payments	(150)	(600)
Benefit obligation at end of year	—	150
Less: current portion included in accrued expenses and other current liabilities	—	(150)
Non-current benefit obligation at end of year	<u>\$ —</u>	<u>\$ —</u>

Net periodic pension cost on a pretax basis for fiscal 2012 and 2011 consisted of interest cost of \$18,000 and \$88,000, respectively.

The Company had a grantor trust, which was established for the purpose of accumulating assets in anticipation of the Company's payment obligations under the SERP Agreements (the "Grantor Trust"). In accordance with the Company's agreements with the SERP Executives and the trustee for the Grantor Trust (the "Trustee"), the Company made partial cash contributions to the Grantor Trust, and provided an irrevocable standby letter of credit to the Trustee, in lieu of any contributions otherwise required, as security for funding obligations under the SERP Agreements. In December 2010, the Company received a distribution of the assets in the Grantor Trust totaling \$1,504,000. The amount withdrawn was used to partially fund the December 2010 lump sum payment of \$4,166,000 of SERP Agreement benefits to Ms. Matthias. No further amounts remain in the Grantor Trust.

18. EMPLOYEE BENEFIT PLANS

The Company has a 401(k) savings plan for all employees who elect to participate and 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 and vest over a period of approximately six years from each employee's commencement of employment with the Company. Company matching contributions totaling \$121,000 (net of \$12,000 of cumulative plan forfeitures), \$39,000 (net of \$100,000 of cumulative plan forfeitures) and \$146,000, were made in fiscal 2013, 2012 and 2011, 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.

19. QUARTERLY FINANCIAL INFORMATION (UNAUDITED)

Quarterly financial results for the years ended September 30, 2013 and 2012 were as follows (in thousands, except per share amounts):

<u>Fiscal 2013</u>	<u>Quarter Ended</u>			
	<u>9/30/13</u>	<u>6/30/13</u>	<u>3/31/13</u>	<u>12/31/12</u>
Net sales	\$ 128,250	\$ 141,886	\$ 134,859	\$ 135,264
Gross profit	69,525	77,288	72,980	71,168
Net income	5,633	8,591	5,877	3,842
Net income per share—Basic	0.42	0.65	0.44	0.29
Net income per share—Diluted	0.42	0.64	0.44	0.29

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

19. QUARTERLY FINANCIAL INFORMATION (UNAUDITED) (Continued)

Fiscal 2012	Quarter Ended			
	9/30/12	6/30/12	3/31/12	12/31/11
Net sales	\$ 128,487	\$ 138,847	\$ 137,792	\$ 136,350
Gross profit	71,588	75,756	73,761	69,606
Net income	5,189	6,941	4,979	2,263
Net income per share—Basic	0.39	0.53	0.38	0.17
Net income per share—Diluted	0.39	0.52	0.38	0.17

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 peak Spring 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, the Company has typically generated a very significant percentage of its full year operating income and net income during its third fiscal quarter.

20. 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. Geographic revenue information is allocated based on the country in which the products or services are sold and, in the case of international franchise revenues, on the location of the customer. Information concerning the Company's operations by geographic area is as follows (in thousands):

	Year Ended September 30,		
	2013	2012	2011
Net Sales to Unaffiliated Customers			
United States	\$ 512,585	\$ 514,779	\$ 520,023
Foreign	27,674	26,697	25,371
September 30, September 30,			
2013 2012			
Long-Lived Assets, Net			
United States	\$ 53,992	\$ 51,449	
Foreign	1,799	976	

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

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

21. INTEREST EXPENSE, NET

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

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Interest expense	\$ 557	\$ 1,256	\$ 2,266
Interest income	(25)	(41)	(33)
Interest expense, net	<u>\$ 532</u>	<u>\$ 1,215</u>	<u>\$ 2,233</u>

22. 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 current executive officers or directors.

DESTINATION MATERNITY CORPORATION AND SUBSIDIARIES

SCHEDULE II—VALUATION AND QUALIFYING ACCOUNTS

(in thousands)

	<u>Balance at beginning of period (1)</u>	<u>Additions charged to costs and expenses</u>	<u>Deductions and reclassifications</u>	<u>Balance at end of period (1)</u>
Year Ended September 30, 2013				
Product return reserve	\$ 2,225	\$ 477	\$ —	\$ 2,702
Year Ended September 30, 2012				
Product return reserve	\$ 2,083	\$ 142	\$ —	\$ 2,225
Year Ended September 30, 2011				
Product return reserve	\$ 1,469	\$ 614	\$ —	\$ 2,083

- (1) As of September 30, 2013, 2012 and 2011, the Company's product return reserve reflects the estimated gross sales value of estimated product returns, which had an estimated cost value of \$1,160, \$919 and \$853, respectively.

INDEX OF EXHIBITS

<u>Exhibit No.</u>	<u>Description</u>
†10.40	Letter, dated August 16, 2013, from Ronald J. Masciantonio to the Company pursuant to employment agreement
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 Executive 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 Executive 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
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
†	Management contract or compensatory plan or arrangement.

August 16, 2013

VIA HAND DELIVERY

Edward M. Krell
Chief Executive Officer
Destination Maternity Corporation
456 North Fifth Street
Philadelphia, PA 19123

Re: Executive Employment Agreement dated as of July 16, 2009 (as amended April 27, 2010, August 10, 2011, November 22, 2011 and November 14, 2012, the "*Agreement*") by and between Destination Maternity Corporation (the "*Company*") and Ronald J. Masciantonio.

Dear Ed:

Reference is hereby made to the above referenced Agreement.

As we have agreed, effective immediately, in connection with the promotion of Kristen D. Han to the position of Vice President & General Counsel of the Company (reporting to me), I voluntarily relinquish the title of "General Counsel" and accept the title "Executive Vice President & Chief Administrative Officer." I do so with the understanding that my authority and duties at the Company will not be materially and adversely altered by this change in title and, thus, I hereby agree that this change in title will not constitute "Good Reason" under my Agreement.

Regards,

/S/ RONALD J. MASCIANTONIO
Ronald J. Masciantonio



SUBSIDIARIES OF THE COMPANY

NAME OF SUBSIDIARY	STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION	OTHER NAMES UNDER WHICH SUBSIDIARY DOES BUSINESS
Cave Springs, Inc.	Delaware	N/A
Destination Maternity Apparel Private Limited	India	N/A
DM Urban Renewal, L.L.C.	New Jersey	N/A
Mothers Work Canada, Inc.	Delaware	N/A

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors
Destination Maternity Corporation:

We consent to the incorporation by reference in the registration statements on Form S-3 (Nos. 333-59309, 333-12321 and 333-27611) and registration statements on Form S-8 (Nos. 33-64580, 33-89726, 333-2404, 333-3480, 333-59529, 333-57766, 333-112158, 333-137136, 333-174059, 333-175976 and 333-186937) of Destination Maternity Corporation (formerly Mothers Work, Inc.) of our reports dated December 13, 2013, with respect to the consolidated balance sheets of Destination Maternity Corporation and subsidiaries as of September 30, 2013 and 2012, and the related consolidated statements of income, comprehensive income, stockholders' equity and cash flows for each of the years in the three-year period ended September 30, 2013, and the related financial statement schedule, and the effectiveness of internal control over financial reporting as of September 30, 2013, which reports appear in the September 30, 2013 annual report on Form 10-K of Destination Maternity Corporation.

/s/ KPMG LLP

Philadelphia, Pennsylvania
December 13, 2013

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 13, 2013

/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) 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 13, 2013

/s/ JUDD P. TIRNAUER

Judd P. Tirnauer
Executive 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, 2013 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 13, 2013

**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, 2013 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Judd P. Tirnauer, Executive 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

*Executive Vice President & Chief Financial
Officer*

December 13, 2013

Cover - Document and Entity Information

Document and Entity Information (USD \$) In Thousands, except Share data	12 Months Ended		
	Sep. 30, 2013	Dec. 04, 2013	Mar. 28, 2013
Document - Document and Entity Information [Line Items]			
Document Type	10-K		
Amendment Flag	false		
Document Period End Date	Sep. 30, 2013		
Document Fiscal Year Focus	2013		
Document Fiscal Period Focus	FY		
Trading Symbol	DEST		
Entity Registrant Name	Destination Maternity Corp		
Entity Central Index Key	0000896985		
Current Fiscal Year End Date	--09-30		
Entity Well-known Seasoned Issuer	No		
Entity Current Reporting Status	Yes		
Entity Voluntary Filers	No		
Entity Filer Category	Accelerated Filer		
Entity Public Float			\$ 305,000
Entity Common Stock, Shares Outstanding		13,679,228	

Source: Destination Maternity Corp, XBRL, 12/13/2013 | Powered by Intelligize

Financial Statements - CONSOLIDATED BALANCE SHEETS

CONSOLIDATED BALANCE SHEETS (USD \$) In Thousands	Sep. 30, 2013	Sep. 30, 2012
Current assets:		
Cash and cash equivalents	\$ 24,555	\$ 22,376
Trade receivables, net	12,463	13,197
Inventories	86,546	88,754
Deferred income taxes	8,012	7,557
Prepaid expenses and other current assets	6,927	4,220
Total current assets	138,503	136,104
Property, plant and equipment, net	53,447	51,078
Other assets:		
Deferred financing costs, net of accumulated amortization of \$181 and \$751	807	92
Other intangible assets, net of accumulated amortization of \$1,166 and \$2,123	2,344	1,347
Deferred income taxes	12,470	10,667
Other non-current assets	410	356
Total other assets	16,031	12,462
Total assets	207,981	199,644
Current liabilities:		
Line of credit borrowings		
Current portion of long-term debt		15,257
Accounts payable	23,810	21,987
Accrued expenses and other current liabilities	39,417	35,544
Total current liabilities	63,227	72,788
Deferred rent and other non-current liabilities	22,121	21,884
Total liabilities	85,348	94,672
Commitments and contingencies (Note 15)		
Stockholders' equity:		
Preferred stock, 1,656,381 shares authorized Series B junior participating preferred stock, \$.01 par value; 300,000 shares authorized, none outstanding		
Common stock, \$.01 par value; 20,000,000 shares authorized, 13,556,331 and 13,370,149 shares issued and outstanding, respectively	136	134
Additional paid-in capital	98,634	95,086
Retained earnings	23,930	9,786
Accumulated other comprehensive loss	(67)	(34)
Total stockholders' equity	122,633	104,972
Total liabilities and stockholders' equity	\$ 207,981	\$ 199,644

Source: Destination Maternity Corp, XBRL, 12/13/2013 | Powered by Intelligize

Financial Statements - CONSOLIDATED BALANCE SHEETS (Parenthetical)

CONSOLIDATED BALANCE SHEETS (Parenthetical) (USD \$) In Thousands, except Share data	Sep. 30, 2013	Sep. 30, 2012
Series B junior participating preferred stock, par value	\$ 0.01	
Deferred financing costs, accumulated amortization	\$ 181	\$ 751
Other intangible assets, accumulated amortization	\$ 1,166	\$ 2,123
Preferred stock, shares authorized	1,656,381	1,656,381
Common stock, par value	\$ 0.01	\$ 0.01
Series B junior participating preferred stock, shares outstanding	0	0
Common stock, shares authorized	20,000,000	20,000,000
Common stock, shares issued	13,556,331	13,370,149
Common stock, shares outstanding	13,556,331	13,370,149
Series B junior participating preferred stock		
Series B junior participating preferred stock, par value	\$ 0.01	\$ 0.01
Preferred stock, shares authorized	300,000	300,000
Series B junior participating preferred stock, shares outstanding		

Source: Destination Maternity Corp, XBRL, 12/13/2013 | Powered by Intelligize

Financial Statements - CONSOLIDATED STATEMENTS OF INCOME

CONSOLIDATED STATEMENTS OF INCOME (USD \$) In Thousands, except Per Share data	12 Months Ended		
	Sep. 30, 2013	Sep. 30, 2012	Sep. 30, 2011
Net sales	\$ 540,259	\$ 541,476	\$ 545,394
Cost of goods sold	249,298	250,765	248,497
Gross profit	290,961	290,711	296,897
Selling, general and administrative expenses	252,026	255,623	257,421
Store closing, asset impairment and asset disposal expenses	1,441	1,983	1,039
Other charges			193
Operating income	37,494	33,105	38,244
Interest expense, net	532	1,215	2,233
Loss on extinguishment of debt	9	22	37
Income before income taxes	36,953	31,868	35,974
Income tax provision	13,010	12,496	12,986
Net income	\$ 23,943	\$ 19,372	\$ 22,988
Net income per share—Basic	\$ 1.80	\$ 1.48	\$ 1.79
Average shares outstanding—Basic	13,272	13,096	12,820
Net income per share—Diluted	\$ 1.78	\$ 1.46	\$ 1.75
Average shares outstanding—Diluted	13,439	13,267	13,120

Source: Destination Maternity Corp, XBRL, 12/13/2013 | Powered by Intelligize

Financial Statements - CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (USD \$) In Thousands	12 Months Ended		
	Sep. 30, 2013	Sep. 30, 2012	Sep. 30, 2011
Net income	\$ 23,943	\$ 19,372	\$ 22,988
Foreign currency translation adjustments	(33)	(16)	(18)
Change in fair value of interest rate swap, net of tax		90	490
Comprehensive income	\$ 23,910	\$ 19,446	\$ 23,460

Source: Destination Maternity Corp, XBRL, 12/13/2013 | Powered by Intelligize

Financial Statements - CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (USD \$) In Thousands	Total	Common Stock	Additional Paid-in Capital	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Loss
Beginning Balance at Sep. 30, 2010	\$ 71,598	\$ 127	\$ 88,399	\$ (16,348)	\$ (580)
Beginning Balance, shares at Sep. 30, 2010		12,691			
Net income	22,988			22,988	
Change in fair value of interest rate swap, net of tax	490				490
Foreign currency translation adjustments	(18)				(18)
Cash dividends	(6,901)			(6,901)	
Stock-based compensation	2,344	1	2,343		
Stock-based compensation, shares		117			
Exercise of stock options, net	2,285	5	2,280		
Exercise of stock options, shares		547			
Excess tax benefit (shortfall) from stock option exercises and restricted stock vesting	2,695		2,695		
Repurchase and retirement of common stock	(2,786)	(1)	(2,785)		
Repurchase and retirement of common stock, shares		(129)			
Ending Balance at Sep. 30, 2011	92,695	132	92,932	(261)	(108)
Ending Balance, shares at Sep. 30, 2011		13,226			
Net income	19,372			19,372	
Change in fair value of interest rate swap, net of tax	90				90
Foreign currency translation adjustments	(16)				(16)
Cash dividends	(9,325)			(9,325)	
Stock-based compensation	2,357	1	2,356		
Stock-based compensation, shares		91			
Exercise of stock options, net	107	1	106		
Exercise of stock options, shares		84			
Excess tax benefit (shortfall) from stock option exercises and restricted stock vesting	289		289		
Repurchase and retirement of common stock	(597)		(597)		
Repurchase and retirement of common stock, shares		(31)			
Ending Balance at Sep. 30, 2012	104,972	134	95,086	9,786	(34)
Ending Balance, shares at Sep. 30, 2012		13,370			
Net income	23,943			23,943	
Foreign currency translation adjustments	(33)				(33)
Cash dividends	(9,799)			(9,799)	
Stock-based compensation	2,771	1	2,770		

Source: Destination Maternity Corp, XBRL, 12/13/2013 | Powered by Intelligize

Stock-based compensation, shares		97			
Exercise of stock options, net	744	1	743		
Exercise of stock options, shares		123			
Excess tax benefit (shortfall) from stock option exercises and restricted stock vesting	760		760		
Repurchase and retirement of common stock	(725)		(725)		
Repurchase and retirement of common stock, shares		(34)			
Ending Balance at Sep. 30, 2013	\$ 122,633	\$ 136	\$ 98,634	\$ 23,930	\$ (67)
Ending Balance, shares at Sep. 30, 2013		13,556			

Source: Destination Maternity Corp, XBRL, 12/13/2013 | Powered by Intelligize

Financial Statements - CONSOLIDATED STATEMENTS OF CASH FLOWS

CONSOLIDATED STATEMENTS OF CASH FLOWS (USD \$) In Thousands	12 Months Ended		
	Sep. 30, 2013	Sep. 30, 2012	Sep. 30, 2011
Operating Activities			
Net income	\$ 23,943	\$ 19,372	\$ 22,988
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	12,424	12,445	12,769
Stock-based compensation expense	2,771	2,357	2,344
Loss on impairment of long-lived assets	786	1,876	768
Loss on disposal of assets	528	115	270
Loss on extinguishment of debt	9	22	37
Deferred income tax (benefit) provision	(3,007)	(1,378)	2,679
Amortization of deferred financing costs	203	105	170
Decrease (increase) in:			
Trade receivables	727	(2,188)	(680)
Inventories	2,205	1,611	(9,632)
Prepaid expenses and other current assets	(2,708)	2,577	(1,634)
Other non-current assets	(54)	(12)	(26)
Increase (decrease) in:			
Accounts payable, accrued expenses and other current liabilities	4,058	6,201	(5,525)
Deferred rent and other non-current liabilities	268	(406)	(3,085)
Net cash provided by operating activities	42,153	42,697	21,443
Investing Activities			
Capital expenditures	(15,059)	(9,256)	(12,270)
Additions to intangible assets	(963)	(265)	(313)
Withdrawal from grantor trust			1,504
Net cash used in investing activities	(16,022)	(9,521)	(11,079)
Financing Activities			
Increase (decrease) in cash overdrafts	1,278	(401)	(1,147)
Repayment of long-term debt	(15,257)	(16,085)	(13,819)
Deferred financing costs paid	(927)	(61)	(26)
Withholding taxes on stock-based compensation paid in connection with repurchase of common stock	(725)	(597)	(2,786)
Cash dividends paid	(9,799)	(9,325)	(6,901)
Proceeds from exercise of stock options	744	107	2,285
Excess tax benefit from exercise of stock options and restricted stock vesting	760	289	2,695
Net cash used in financing activities	(23,926)	(26,073)	(19,699)

Source: Destination Maternity Corp, XBRL, 12/13/2013 | Powered by Intelligize