

Board Risk Score™ (BRS) Rating: **HIGH RISK**

Background
<ul style="list-style-type: none"> - December 3, 2013 - Engaged Capital (“Engaged”) issued letter criticizing leadership of CEO, Michael Jeffries. - February 24, 2014 - Engaged filed Schedule 13D and nominated five candidates to the twelve-member Board of Directors. - April 30, 2014 - ANF settled with Engaged and appointed four new independent directors nominated by Engaged.

Summary
<ul style="list-style-type: none"> - BRS measures a company’s vulnerability to an activist event. - ANF scored 35.02 - High Risk as per BRS methodology – on the day of 13D filing, which preceded the settlement date for the proxy contest. - BRS accurately identified seven metrics that were raised by Engaged in the proxy fight.

Metric	BRS Risk Rating	Mentioned by Activist	Activist Comment*
Total Shareholder Return	High	✓	“Shareholder return is low compared to peers.”
Revenue Growth	Moderate	✓	“Huge potential for growth.”
Return on Investment Capital	High	✓	“There is a declining return on capital.”
Operating Margin	Moderate	✓	“Operating margin is declining.”
History of R&D/Acquisition Spending	Moderate	✓	“Overinvested in unprofitable acquisitions.”
Cash impact on Enterprise Value	High	✓	“Holding too much cash.”
Analyst Estimates	High	✓	“Analyst estimates are poor.”

* Source: Engaged Capital letter to Board/Management on December 03, 2013

For more information about BRS or to get a BRS report for your company, please contact:

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