

DREYFUS MUNICIPAL INCOME INC
Form N-CSR
November 29, 2007
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM N-CSR
CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT
INVESTMENT COMPANIES
Investment Company Act file number 811-05652
DREYFUS MUNICIPAL INCOME, INC.
(Exact name of Registrant as specified in charter)

c/o The Dreyfus Corporation
200 Park Avenue
New York, New York 10166
(Address of principal executive offices) (Zip code)

Michael A. Rosenberg, Esq.
200 Park Avenue
New York, New York 10166
(Name and address of agent for service)

Registrant's telephone number, including area code: (212) 922-6000

Date of fiscal year end: 9/30
Date of reporting period: 9/30/07

FORM N-CSR

Item 1. Reports to Stockholders.

Contents

THE FUND

2	A Letter from the CEO
3	Discussion of Fund Performance
6	Selected Information
7	Statement of Investments
19	Statement of Assets and Liabilities
20	Statement of Operations
21	Statement of Changes in Net Assets

22	Financial Highlights
23	Notes to Financial Statements
30	Report of Independent Registered Public Accounting Firm
31	Additional Information
34	Important Tax Information
35	Proxy Results
36	Information About the Review and Approval of the Fund's Management Agreement
40	Board Members Information
42	Officers of the Fund
45	Officers and Directors

FOR MORE INFORMATION

Back Cover

**Dreyfus
Municipal Income, Inc.**

The Fund

A LETTER FROM THE CEO

Dear Shareholder:

We are pleased to present this annual report for Dreyfus Municipal Income, Inc., covering the 12-month period from October 1, 2006, through September 30, 2007.

After an extended period of relative stability, fixed-income markets encountered heightened volatility during the reporting period as the credit cycle appeared to shift to a new phase. Turmoil in the U.S. sub-prime mortgage sector that began in late February spread to other areas of the economy over the summer, causing investors to reassess their attitudes toward risk. The ensuing "flight to quality" caused bond prices to fall sharply in the market's more credit-sensitive areas. While we saw no overall change in the underlying credit fundamentals of municipal bonds, the tax-exempt market was nonetheless affected by liquidity concerns. To help restore liquidity, the Federal Reserve Board cut key short-term interest rates in August and September. Investors reacted favorably to the Fed's moves, and municipal bond prices began to rebound.

We believe that these developments have created opportunities to purchase municipal bonds at more attractive prices and yields than have been available for some time. Since each investor's situation is unique, we encourage you to talk about these investment matters with your financial advisor, who can help you make the right adjustments for your portfolio.

For information about how the fund performed during the reporting period, as well as market perspectives, we have provided a Discussion of Fund Performance given by the fund's Portfolio Manager.

Thank you for your continued confidence and support.

DISCUSSION OF FUND PERFORMANCE

For the period of October 1, 2006, through September 30, 2007, as provided by W. Michael Petty, Senior Portfolio Manager

Fund and Market Performance Overview

After trading within a relatively finite range for most of the reporting period, a liquidity crisis over the summer of 2007 led to sharp declines in the municipal bond market. However, bond prices rebounded somewhat in late August and September, enabling the market to post a positive absolute return for the reporting period overall. The fund's performance was driven primarily by its focus on income-oriented securities, which generally held up better during the downturn than other types of tax-exempt bonds.

For the 12-month period ended September 30, 2007, Dreyfus Municipal Income achieved a total return of 1.91% (on a net asset value basis).¹ During the same period, the fund provided income dividends of \$0.49 per share, which is equal to a distribution rate of 5.67%.²

The Fund's Investment Approach

The fund seeks to maximize current income exempt from federal income tax to the extent consistent with the preservation of capital from a portfolio that, under normal market conditions, invests at least 80% of the value of its net assets in municipal obligations. Under normal market conditions, the fund invests in municipal obligations which, at the time of purchase, are rated investment grade or the unrated equivalent as determined by Dreyfus in the case of bonds, and rated in the two highest rating categories or the unrated equivalent as determined by Dreyfus in the case of short-term obligations having, or deemed to have, maturities of less than one year.

We have constructed a portfolio by looking for income opportunities through analysis of each bond's structure, including paying close attention to a bond's yield, maturity and early redemption features. Over time, many of the fund's relatively higher yielding bonds mature or are

The Fund 3

DISCUSSION OF FUND PERFORMANCE *(continued)*

redeemed by their issuers, and we generally attempt to replace those bonds with investments consistent with the fund's investment policies, albeit with yields that reflect the then-current interest-rate environment. When we believe that an opportunity presents itself, we seek to upgrade the portfolio's investments with bonds that, in our opinion, have better structural or income characteristics than existing holdings. When such opportunities arise, we usually will look to sell bonds that are close to redemption or maturity.

A Strong Market Rebound Offset Previous Declines

A moderate economic slowdown, mild inflation and stable short-term interest rates helped keep municipal bond prices within a relatively narrow range over the first eight months of the reporting period. Municipal bonds also were supported by robust investor demand and sound fiscal conditions for most states and municipalities. However, market conditions changed dramatically over the summer of 2007, when turmoil in the sub-prime mortgage sector of the taxable bond market spread to other fixed-income sectors. Although we saw no evidence of credit deterioration among municipal bond issuers, the tax-exempt market was affected by selling pressure from highly leveraged hedge funds and other institutional investors. In the immediate aftermath of the summertime decline, tax-exempt bonds traded at their highest yield levels in more than three years.

Bouts of reduced ready liquidity prompted the Federal Reserve Board (the "Fed") to cut both the discount rate and the federal funds rate late in the reporting period, the first reductions in short-term rates in more than four years. On average, the market responded favorably to the Fed's actions, sparking a rally that, by the reporting period's end, erased some, but not all, of its earlier losses. However, the rally was less pronounced at the longer end of the market's maturity spectrum, where the fund primarily focuses.

A Focus on Income Bolstered Fund Performance

Our security selection strategy primarily emphasized income-oriented bonds, including those selling at modest premiums to their face values.

4

These "cushion" bonds helped shelter the fund from the full brunt of the market's summertime decline. In addition, because many of these bonds include provisions for early redemption, the fund's average duration was shorter than industry averages, which also helped protect the fund from heightened market volatility. In addition, because the fund's portfolio consisted of bonds rated investment grade (at the time of their purchase),³ the fund avoided some of the harder-hit segments of the broader municipal bond market. On the other hand, the fund's leveraging strategy during the reporting period proved to be less effective than usual, primarily due to historically narrow yield differences between auction rate preferred stock and long-term municipal bonds.

Maintaining a Conservative Investment Posture

In our view, ongoing market volatility may provide opportunities to purchase long-term municipal bonds at relatively attractive prices. Still, we generally have retained the fund's relatively defensive investment posture, including an emphasis on long-term, income-oriented bonds from issuers that have demonstrated good liquidity characteristics. We also have maintained rigorous credit standards, and our credit analysts help ensure that candidates for investment contain certain covenants designed to protect bondholders. In our view, these are prudent strategies in today's changing economic and market environments.

October 15, 2007

- 1 *Total return includes reinvestment of dividends and any capital gains paid, based upon net asset value per share. Past performance is no guarantee of future results. Market price per share, net asset value per share and investment return fluctuate. Income may be subject to state and local taxes, and some income may be subject to the federal alternative minimum tax (AMT) for certain investors. Capital gains, if any, are fully taxable.*
- 2 *Distribution rate per share is based upon dividends per share paid from net investment income during the period, divided by the market price per share at the end of the period.*
- 3 *The fund may continue to own investment grade bonds (at the time of purchase) which are subsequently downgraded to below investment grade.*

The Fund 5

STATEMENTSELECTED INFORMATIONOF INVESTMENTS

September 30, 2007 (Unaudited)

Market Price per share September 30, 2007	\$8.67
Shares Outstanding September 30, 2007	20,594,744
American Stock Exchange Ticker Symbol	DMF

MARKET PRICE (AMERICAN STOCK EXCHANGE)

Edgar Filing: DREYFUS MUNICIPAL INCOME INC - Form N-CSR

Fiscal Year Ended September 30, 2007

	Quarter Ended December 31, 2006	Quarter Ended March 31, 2007	Quarter Ended June 30, 2007	Quarter Ended September 30, 2007
High	\$9.55	\$9.68	\$9.88	\$9.18
Low	9.01	9.24	8.87	8.55
Close	9.23	9.66	8.95	8.67

PERCENTAGE	GAIN (LOSS)	based on change in Market Price*
October 24, 1988 (commencement of operations) through September 30, 2007		210.94%
October 1, 1997 through September 30, 2007		58.21
October 1, 2002 through September 30, 2007		24.78
October 1, 2006 through September 30, 2007		(0.34)
January 1, 2007 through September 30, 2007		(2.28)
April 1, 2007 through September 30, 2007		(7.81)
July 1, 2007 through September 30, 2007		(1.79)

NET ASSET VALUE PER SHARE

October 24, 1988 (commencement of operations)	\$ 9.26
September 30, 2006	9.66
December 31, 2006	9.65
March 31, 2007	9.60
June 30, 2007	9.43
September 30, 2007	9.34

PERCENTAGE	GAIN (LOSS)	based on change in Net Asset Value*
October 24, 1988 (commencement of operations) through September 30, 2007		261.74%
October 1, 1997 through September 30, 2007		85.16
October 1, 2002 through September 30, 2007		31.95
October 1, 2006 through September 30, 2007		1.91
January 1, 2007 through September 30, 2007		0.69
April 1, 2007 through September 30, 2007		(0.07)
July 1, 2007 through September 30, 2007		0.42

* With dividends reinvested.

6

STATEMENT OF INVESTMENTS

September 30, 2007

Long-Term Municipal Investments	Coupon Rate (%)	Maturity Date	Principal Amount (\$)	Value (\$)
154.0%				

Edgar Filing: DREYFUS MUNICIPAL INCOME INC - Form N-CSR

Alabama 6.6%				
Jefferson County, Sewer Revenue Capital Improvement Warrants (Insured; FGIC)	5.75	2/1/09	7,500,000 ^a	7,795,050
The Board of Trustees of the University of Alabama, HR (University of Alabama at Birmingham) (Insured; MBIA)	5.88	9/1/10	4,620,000 ^a	4,960,817
Alaska 3.6%				
Alaska Housing Finance Corporation, General Mortgage Revenue (Insured; MBIA)	6.05	6/1/39	6,845,000	6,963,692
Arkansas 1.5%				
Independence County, PCR (Entergy Arkansas, Inc. Project)	5.00	1/1/21	3,000,000	2,976,810
California 17.3%				
ABAG Financial Authority for Nonprofit Corporations, Insured Revenue, COP (Odd Fellows Home of California)	6.00	8/15/24	5,000,000	5,056,000
California Department of Veteran Affairs, Home Purchase Revenue	5.20	12/1/28	2,950,000	2,951,298
California Educational Facilities Authority, Revenue (Mills College)	5.00	9/1/34	2,000,000	1,999,920
California Health Facilities Financing Authority, Revenue (Sutter Health)	6.25	8/15/35	2,500,000	2,674,125
California Housing Finance Agency, Home Mortgage Revenue	4.80	8/1/36	2,500,000	2,392,650
California Statewide Communities Development Authority, COP (Catholic Healthcare West)	6.50	7/1/10	3,545,000 ^a	3,856,747
California Statewide Communities Development Authority, COP (Catholic Healthcare West)	6.50	7/1/20	1,455,000	1,579,737
Chabot-Las Positas Community College District, GO (Insured; AMBAC)	0.00	8/1/32	6,000,000	1,692,480

The Fund 7

STATEMENT OF INVESTMENTS (continued)

Edgar Filing: DREYFUS MUNICIPAL INCOME INC - Form N-CSR

Long-Term Municipal Investments (continued)	Coupon Rate (%)	Maturity Date	Principal Amount (\$)	Value (\$)
California (continued)				
Del Mar Race Track Authority, Revenue	5.00	8/15/25	2,000,000	1,984,720
Golden State Tobacco Securitization Corporation, Tobacco Settlement Asset-Backed Bonds	7.80	6/1/13	3,000,000 ^a	3,631,200
Golden State Tobacco Securitization Corporation, Tobacco Settlement Asset-Backed Bonds	5.75	6/1/47	5,500,000	5,248,430
Colorado 9.1%				
Colorado Springs, HR	6.38	12/15/10	2,835,000 ^a	3,098,201
Colorado Springs, HR	6.38	12/15/30	2,890,000	3,049,066
University of Northern Colorado Board of Trustees, Auxiliary Facilities System Revenue (Insured; FSA)	5.00	6/1/35	11,000,000 ^{b,c}	11,356,565
District of Columbia 1.4%				
District of Columbia, Revenue (Catholic University America Project) (Insured; AMBAC)	5.63	10/1/09	1,605,000 ^a	1,685,394
District of Columbia, Revenue (Catholic University America Project) (Insured; AMBAC)	5.63	10/1/29	475,000	494,888
District of Columbia Housing Finance Agency, SFMR (Collateralized: FHA, FNMA, GNMA and GIC; Trinity Funding)	7.45	12/1/30	505,000	513,131
Florida 1.4%				
Orange County Health Facilities Authority, HR (Orlando Regional Healthcare System)	6.00	10/1/09	30,000 ^a	31,689
Orange County Health Facilities Authority, HR (Orlando Regional Healthcare System)	6.00	10/1/26	1,470,000	1,519,745

8

Long-Term Municipal Coupon Maturity Principal

Edgar Filing: DREYFUS MUNICIPAL INCOME INC - Form N-CSR

Investments (continued)	Rate (%)	Date	Amount (\$)	Value (\$)
Florida (continued)				
South Lake County Hospital District, Revenue (South Lake Hospital, Inc.)	5.80	10/1/34	1,095,000	1,121,663
Georgia 6%				
Milledgeville and Baldwin County Development Authority, Revenue (Georgia College and State University Foundation Property III, LLC Student Housing System Project)	5.25	9/1/14	1,000,000 ^a	1,103,270
Illinois 10.5%				
Chicago (Insured; FGIC)	6.13	7/1/10	3,685,000 ^a	3,967,971
Chicago (Insured; FGIC)	6.13	7/1/10	315,000 ^a	339,189
Illinois Development Finance Authority, Revenue (Community Rehabilitation Providers Facilities Acquisition Program)	8.75	3/1/10	55,000	55,498
Illinois Health Facilities Authority, Revenue (Advocate Health Care Network)	6.13	11/15/10	5,800,000 ^a	6,239,408
Illinois Health Facilities Authority, Revenue (OSF Healthcare System)	6.25	11/15/09	7,000,000 ^a	7,455,840
Illinois Health Facilities Authority, Revenue (Swedish American Hospital)	6.88	5/15/10	2,000,000 ^a	2,161,160
Indiana 2.6%				
Anderson, EDR and Improvement Bonds (Anderson University Project)	5.00	10/1/32	2,450,000	2,321,204
Franklin Township School Building Corporation, First Mortgage Bonds	6.13	7/15/10	2,500,000 ^a	2,716,900
Iowa 6%				
Coralville, Annual Appropriation Urban Renewal Tax Increment Revenue	5.00	6/1/47	1,275,000	1,223,184

The Fund 9

STATEMENT OF INVESTMENTS (continued)

Edgar Filing: DREYFUS MUNICIPAL INCOME INC - Form N-CSR

Long-Term Municipal Investments (continued)	Coupon Rate (%)	Maturity Date	Principal Amount (\$)	Value (\$)
Maryland 5.0%				
Maryland Economic Development Corporation, Student Housing Revenue (University of Maryland, College Park Project)	5.63	6/1/13	2,000,000 ^a	2,207,720
Maryland Health and Higher Educational Facilities Authority, Revenue (The Johns Hopkins University Issue)	6.00	7/1/09	7,000,000 ^a	7,369,320
Massachusetts 9.2%				
Massachusetts Bay Transportation Authority, Assessment Revenue	5.00	7/1/14	5,000,000 ^a	5,408,550
Massachusetts Development Finance Agency, SWDR (Dominion Energy Brayton Point Issue)	5.00	2/1/36	2,000,000	1,961,240
Massachusetts Health and Educational Facilities Authority, Healthcare System Revenue (Covenant Health Systems Obligated Group Issue)	6.00	7/1/31	2,500,000	2,625,650
Massachusetts Housing Finance Agency, SFHR	5.00	12/1/31	2,500,000	2,473,875
Massachusetts Industrial Finance Agency, Water Treatment Revenue (Massachusetts-American Hingham Project)	6.95	12/1/35	5,235,000	5,308,342
Michigan 3.6%				
Hancock Hospital Finance Authority, Mortgage Revenue (Portgage Health) (Insured; MBIA)	5.45	8/1/08	2,175,000 ^a	2,207,908
Michigan Strategic Fund, SWDR (Genesee Power Station Project)	7.50	1/1/21	4,685,000	4,684,250
Minnesota 1.4%				
Minnesota Agricultural and Economic Development Board, Health Care System Revenue (Fairview Health Care Systems)	6.38	11/15/10	2,420,000 ^a	2,642,785
Minnesota Agricultural and Economic Development Board, Health Care System Revenue (Fairview Health Care Systems)	6.38	11/15/29	80,000	84,462

Edgar Filing: DREYFUS MUNICIPAL INCOME INC - Form N-CSR

Long-Term Municipal Investments (continued)	Coupon Rate (%)	Maturity Date	Principal Amount (\$)	Value (\$)
Mississippi 3.2%				
Mississippi Business Finance Corporation, PCR (System Energy Resources, Inc. Project)	5.88	4/1/22	6,000,000	6,064,500
Missouri 4.0%				
Missouri Development Finance Board, Infrastructure Facilities Revenue (Branson Landing Project)	5.00	6/1/35	2,500,000	2,351,875
Missouri Health and Educational Facilities Authority, Health Facilities Revenue (BJC Health System)	5.25	5/15/32	2,500,000	2,557,875
Missouri Health and Educational Facilities Authority, Health Facilities Revenue (Saint Anthony's Medical Center)	6.25	12/1/10	2,500,000 ^a	2,721,225
Missouri Housing Development Commission, SFMR (Homeownership Loan Program) (Collateralized: FNMA and GNMA)	6.30	9/1/25	140,000	141,450
Nevada 2.2%				
Clark County, IDR (Southwest Gas Corporation Project) (Insured; AMBAC)	6.10	12/1/38	4,000,000	4,242,560
New Jersey 3.5%				
New Jersey Economic Development Authority, Cigarette Tax Revenue	5.50	6/15/31	1,610,000	1,657,608
New Jersey Turnpike Authority, Turnpike Revenue (Insured; AMBAC)	5.00	1/1/35	5,000,000	5,127,300
New Mexico 2.3%				
Farmington, PCR (Public Service Company of New Mexico San Juan Project)	6.30	12/1/16	3,000,000	3,065,010
New Mexico Mortgage Finance Authority, Single Family Mortgage Program (Collateralized: FHLMC and GNMA)	6.85	9/1/31	1,400,000	1,419,292

STATEMENT OF INVESTMENTS (continued)

Long-Term Municipal Investments (continued)	Coupon Rate (%)	Maturity Date	Principal Amount (\$)	Value (\$)
New York 2.3%				
Long Island Power Authority, Electric System General Revenue	5.00	9/1/27	1,500,000	1,540,545
New York State Dormitory Authority, Catholic Health Services of Long Island Obligated Group Revenue (Saint Francis Hospital Project)	5.00	7/1/27	2,930,000	2,884,585
North Carolina 3.1%				
Gaston County Industrial Facilities and Pollution Control Financing Authority, Exempt Facilities Revenue (National Gypsum Company Project)	5.75	8/1/35	1,500,000	1,529,625
North Carolina Eastern Municipal Power Agency, Power System Revenue	5.13	1/1/26	3,000,000	3,048,780
North Carolina Housing Finance Agency, Home Ownership Revenue	6.25	1/1/29	1,415,000	1,439,635
Ohio 5.0%				
Cuyahoga County, Hospital Improvement Revenue (The Metrohealth System Project)	6.13	2/15/09	5,000,000 ^a	5,223,150
Ohio Housing Finance Agency, Residential Mortgage Revenue (Collateralized; GNMA)	5.75	9/1/30	35,000	35,271
Rickenbacker Port Authority, Capital Funding Revenue (OASBO Expanded Asset Pooled)	5.38	1/1/32	4,090,000	4,354,582
Oklahoma 1.4%				
Oklahoma Development Finance Authority, Revenue (Saint John Health System)	6.00	2/15/09	1,875,000 ^a	1,955,044
Oklahoma Development Finance Authority, Revenue (Saint John Health System)	6.00	2/15/29	625,000	647,469

Edgar Filing: DREYFUS MUNICIPAL INCOME INC - Form N-CSR

Long-Term Municipal Investments (continued)	Coupon Rate (%)	Maturity Date	Principal Amount (\$)	Value (\$)
Oregon 2.7%				
Oregon Department of Transportation, Highway User Tax Revenue	5.00	11/15/28	5,000,000	5,192,500
Pennsylvania 6.2%				
Pennsylvania Economic Development Financing Authority, RRR (Northampton Generating Project)	6.60	1/1/19	3,500,000	3,515,295
Sayre Health Care Facilities Authority, Revenue (Guthrie Health)	5.88	12/1/11	5,995,000 ^a	6,574,297
Sayre Health Care Facilities Authority, Revenue (Guthrie Health)	5.88	12/1/31	1,755,000	1,833,870
Rhode Island 1.2%				
Rhode Island Housing and Mortgage Finance Corporation, Homeownership Opportunity Revenue	4.70	10/1/32	2,405,000	2,278,016
South Carolina 10.7%				
Lancaster Educational Assistance Program, Inc., Installment Purchase Revenue (The School District of Lancaster County, South Carolina, Project)	5.00	12/1/26	5,000,000	5,005,600
Medical University of South Carolina, Hospital Facilities Revenue	6.00	7/1/09	2,500,000 ^a	2,627,500
Piedmont Municipal Power Agency, Electric Revenue	5.25	1/1/21	3,500,000	3,549,875
Securing Assets for Education, Installment Purchase Revenue (Berkeley County School District Project)	5.13	12/1/30	2,500,000	2,557,700
Tobacco Settlement Revenue Management Authority of South Carolina, Tobacco Settlement Asset-Backed Bonds	6.38	5/15/28	2,900,000	2,983,781

The Fund **13**

STATEMENT OF INVESTMENTS (continued)

Edgar Filing: DREYFUS MUNICIPAL INCOME INC - Form N-CSR

Long-Term Municipal Investments (continued)	Coupon Rate (%)	Maturity Date	Principal Amount (\$)	Value (\$)
South Carolina (continued)				
Tobacco Settlement Revenue Management Authority of South Carolina, Tobacco Settlement Asset-Backed Bonds	6.38	5/15/30	3,750,000	3,944,063
Tennessee 1.1%				
Johnson City Health and Educational Facilities Board, Hospital First Mortgage Revenue (Mountain States Health Alliance)	5.50	7/1/36	2,000,000	2,026,860
Texas 11.5%				
Brazos River Harbor Navigation District, Revenue (The Dow Chemical Company Project)	4.95	5/15/33	2,000,000	1,952,480
Cities of Dallas and Fort Worth, Dallas/Fort Worth International Airport, Joint Revenue Improvement (Insured; FSA)	5.00	11/1/35	1,600,000	1,600,864
Gregg County Health Facilities Development Corporation, HR (Good Shepherd Medical Center Project) (Insured; Radian)	6.38	10/1/10	2,500,000 ^a	2,722,675
Harris County Health Facilities Development Corporation, HR (Memorial Hermann Healthcare System)	6.38	6/1/11	3,565,000 ^a	3,934,405
Port of Corpus Christi Authority of Nueces County, Revenue (Union Pacific Corporation Project)	5.65	12/1/22	4,500,000	4,647,735
Texas (Veterans Housing Assistance Program) (Collateralized; FHA)	6.10	6/1/31	7,000,000	7,207,130
Utah 1.1%				
Utah Housing Finance Agency, SFMR (Collateralized; FHA)	6.00	1/1/31	170,000	173,220

14

Long-Term Municipal Investments (continued)	Coupon Rate (%)	Maturity Date	Principal Amount (\$)	Value (\$)
--	-----------------	---------------	-----------------------	------------

Edgar Filing: DREYFUS MUNICIPAL INCOME INC - Form N-CSR

Vermont 1.1%

Vermont Educational and Health Buildings Financing Agency, Revenue (Saint Michael's College Project)	6.00	10/1/28	1,500,000	1,635,825
Vermont Housing Finance Agency, SFHR (Insured; FSA)	6.40	11/1/30	460,000	465,198

Washington 2.7%

Washington Higher Educational Facilities Authority, Revenue (Whitman College)	5.88	10/1/09	5,000,000 ^a	5,231,800
---	------	---------	------------------------	-----------

Wisconsin 5.0%

Badger Tobacco Asset Securitization Corporation, Tobacco Settlement Asset-Backed Bonds	7.00	6/1/28	2,500,000	2,655,125
Wisconsin Health and Educational Facilities Authority, Revenue (Aurora Health Care, Inc.)	5.60	2/15/29	4,975,000	5,014,601
Wisconsin Health and Educational Facilities Authority, Revenue (Marshfield Clinic)	5.38	2/15/34	2,000,000	2,007,240

Wyoming 0.8%

Sweetwater County, SWDR (FMC Corporation Project)	5.60	12/1/35	1,500,000	1,500,360
---	------	---------	-----------	-----------

U.S. Related 9.5%

Puerto Rico Highways and Transportation Authority, Transportation Revenue (Insured; MBIA)	5.00	7/1/38	8,000,000 ^{b,c}	8,167,120
Puerto Rico Highways and Transportation Authority, Transportation Revenue (Insured; MBIA)	5.00	7/1/38	10,000,000 ^{b,c}	10,208,900

Total Long-Term

Municipal Investments

(cost \$284,660,973) **296,413,160**

The Fund **15**

STATEMENT OF INVESTMENTS (continued)

Short-Term Municipal Investments 1.4%

Coupon Rate (%)	Maturity Date	Principal Amount (\$)	Value (\$)
--------------------	------------------	--------------------------	------------

Florida 0.1%

Edgar Filing: DREYFUS MUNICIPAL INCOME INC - Form N-CSR

Lee Memorial Health System Board of Directors, HR (Lee Memorial Health System)	4.09	10/1/07	200,000 ^d	200,000
Illinois 1.1%				
Illinois Health Facilities Authority, Revenue (Central DuPage Health) (LOC; American National Bank and Trust Co. of Chicago)	4.07	10/1/07	200,000 ^d	200,000
Michigan 1.2%				
University of Michigan Regents, HR	4.00	10/1/07	2,200,000 ^d	2,200,000
Total Short-Term Municipal Investments (cost \$2,600,000)				2,600,000

Total Investments (cost \$287,260,973)	155.4%	299,013,160
Liabilities, Less Cash and Receivables	(3.4%)	(6,574,505)
Preferred Stock, at redemption value	(52.0%)	(100,000,000)
Net Assets Applicable to Common Shareholders	100.0%	192,438,655

^a These securities are prerefunded; the date shown represents the prerefunded date. Bonds which are prerefunded are collateralized by U.S. Government securities which are held in escrow and are used to pay principal and interest on the municipal issue and to retire the bonds in full at the earliest refunding date.

^b Securities exempt from registration under Rule 144A of the Securities Act of 1933. These securities may be resold in transactions exempt from registration, normally to qualified institutional buyers. At September 30, 2007, these securities amounted to \$29,732,585 or 15.5% of net assets applicable to Common Shareholders.

^c Collateral for floating rate borrowings.

^d Securities payable on demand. Variable interest rate subject to periodic change.

16

Summary of Abbreviations

ACA	American Capital Access	AGC	ACE Guaranty Corporation
AGIC	Asset Guaranty Insurance Company	AMBAC	American Municipal Bond Assurance Corporation
ARRN	Adjustable Rate Receipt Notes	BAN	Bond Anticipation Notes
BIGI	Bond Investors Guaranty Insurance	BPA	Bond Purchase Agreement
CGIC	Capital Guaranty Insurance Company	CIC	Continental Insurance Company
CIFG	CDC Ixis Financial Guaranty	CMAC	Capital Market Assurance Corporation
COP	Certificate of Participation	CP	Commercial Paper
EDR	Economic Development Revenue	EIR	Environmental Improvement

Edgar Filing: DREYFUS MUNICIPAL INCOME INC - Form N-CSR

			Revenue
FGIC	Financial Guaranty Insurance Company	FHA	Federal Housing Administration
FHLB	Federal Home Loan Bank	FHLMC	Federal Home Loan Mortgage Corporation
FNMA	Federal National Mortgage Association	FSA	Financial Security Assurance
GAN	Grant Anticipation Notes	GIC	Guaranteed Investment Contract
GNMA	Government National Mortgage Association	GO	General Obligation
HR	Hospital Revenue	IDB	Industrial Development Board
IDC	Industrial Development Corporation	IDR	Industrial Development Revenue
LOC	Letter of Credit	LOR	Limited Obligation Revenue
LR	Lease Revenue	MBIA	Municipal Bond Investors Assurance Insurance Corporation
MFHR	Multi-Family Housing Revenue	MFMR	Multi-Family Mortgage Revenue
PCR	Pollution Control Revenue	PILOT	Payment in Lieu of Taxes
RAC	Revenue Anticipation Certificates	RAN	Revenue Anticipation Notes
RAW	Revenue Anticipation Warrants	RRR	Resources Recovery Revenue
SAAN	State Aid Anticipation Notes	SBPA	Standby Bond Purchase Agreement
SFHR	Single Family Housing Revenue	SFMR	Single Family Mortgage Revenue
SONYMA	State of New York Mortgage Agency	SWDR	Solid Waste Disposal Revenue
TAN	Tax Anticipation Notes	TAW	Tax Anticipation Warrants
TRAN	Tax and Revenue Anticipation Notes	XLCA	XL Capital Assurance

The Fund **17**

STATEMENT OF INVESTMENTS *(continued)*

Summary of Combined Ratings (Unaudited)

<u>Fitch</u>	<u>or</u>	<u>Moody's</u>	<u>or</u>	<u>Standard & Poor's</u>	<u>Value (%) [□]</u>
AAA		Aaa		AAA	26.9
AA		Aa		AA	16.9
A		A		A	29.6
BBB		Baa		BBB	20.3
B		B		B	1.2
F1		MIG1/P1		SP1/A1	1.0
Not Rated ^e		Not Rated ^e		Not Rated ^e	4.1
					100.0

[□] Based on total investments.

^e Securities which, while not rated by Fitch, Moody's and Standard & Poor's, have been determined by the Manager to be of comparable quality to those rated securities in which the fund may invest.

See notes to financial statements.

STATEMENT OF ASSETS AND LIABILITIES

September 30, 2007

	Cost	Value
Assets (\$):		
Investments in securities—See Statement of Investments	287,260,973	299,013,160
Cash		50,626
Interest receivable		4,901,603
Receivable for investment securities sold		3,464,171
Prepaid expenses		17,996
		307,447,556
Liabilities (\$):		
Due to The Dreyfus Corporation and affiliates—Note 3(b)		187,195
Payable for floating rate notes issued—Note 4		14,500,000
Interest and related expenses payable		165,948
Dividends payable to Preferred Shareholders		41,440
Commissions payable		14,828
Accrued expenses		99,490
		15,008,901
Auction Preferred Stock , Series A and B, par value \$.001 per share (4,000 shares issued and outstanding at \$25,000 per share liquidation preference)—Note 1		100,000,000
Net Assets applicable to Common Shareholders (\$)		192,438,655
Composition of Net Assets (\$):		
Common Stock, par value, \$.001 per share (20,594,744 shares issued and outstanding)		20,595
Paid-in capital		185,627,788
Accumulated undistributed investment income—net		383,390
Accumulated net realized gain (loss) on investments		(5,345,305)
Accumulated net unrealized appreciation (depreciation) on investments		11,752,187
Net Assets applicable to Common Shareholders (\$)		192,438,655
Shares Outstanding (110 million shares authorized)		20,594,744
Net Asset Value , per share of Common Stock (\$)		9.34

See notes to financial statements.

The Fund 19

STATEMENT OF OPERATIONS

Year Ended September 30, 2007

Investment Income (\$):

Interest Income	17,559,553
Expenses:	
Management fee>Note 3(a)	2,073,939
Interest and related expenses	695,475
Commission fees>Note 1	266,407
Professional fees	78,304
Shareholders' reports	42,804
Shareholder servicing costs>Note 3(b)	34,320
Custodian fees>Note 3(b)	22,416
Registration fees	15,000
Directors' fees and expenses>Note 3(c)	6,193
Miscellaneous	43,723
Total Expenses	3,278,581
Investment Income Net	14,280,972

Realized and Unrealized Gain (Loss) on InvestmentsNote 4 (\$):

Net realized gain (loss) on investments	372,141
Net unrealized appreciation (depreciation) on investments	(7,360,730)
Net Realized and Unrealized Gain (Loss) on Investments	(6,988,589)
Dividends on Preferred Stocks	(3,613,991)
Net Increase in Net Assets Resulting from Operations	3,678,392

See notes to financial statements.

20

STATEMENT OF CHANGES IN NET ASSETS

Year Ended September 30,

	2007	2006
Operations (\$):		
Investment income	14,280,972	13,452,056
Net realized gain (loss) on investments	372,141	553,292
Net unrealized appreciation (depreciation) on investments	(7,360,730)	(804,643)
Dividends on Preferred Stocks	(3,613,991)	(3,125,231)
Net Increase (Decrease) in Net Assets		

Edgar Filing: DREYFUS MUNICIPAL INCOME INC - Form N-CSR

Resulting from Operations	3,678,392	10,075,474
Dividends to Common Shareholders from (\$):		
Investment income[□]net	(10,130,835)	(10,624,089)
Capital Stock Transactions (\$):		
Dividends reinvested	51,799	□
Total Increase (Decrease) in Net Assets	(6,400,644)	(548,615)
Net Assets (\$):		
Beginning of Period	198,839,299	199,387,914
End of Period	192,438,655	198,839,299
Undistributed (distributions in excess of) investment income [□] net	383,390	(139,676)
Capital Share Transactions (Shares):		
Increase in Shares Outstanding as a Result of Dividends Reinvested	5,424	□

See notes to financial statements.

The Fund **21**

FINANCIAL HIGHLIGHTS

The following table describes the performance for the fiscal periods indicated. Total return shows how much your investment in the fund would have increased (or decreased) during each period, assuming you had reinvested all dividends and dis-tributions. These figures have been derived from the fund's financial statements, and with respect to common stock, market price data for the fund's common shares.

	Year Ended September 30,				
	2007	2006	2005	2004	2003
Per Share Data (\$):					
Net asset value, beginning of period	9.66	9.68	9.51	9.51	9.78
Investment Operations:					
Investment income [□] net ^a	.69	.65	.68	.69	.72
Net realized and unrealized gain (loss) on investments	(.34)	.00 ^b	.21	.09	(.24)
Dividends on Preferred Stock from investment income [□] net	(.18)	(.15)	(.10)	(.06)	(.07)
Total from Investment Operations	.17	.50	.79	.72	.41
Distributions to Common Shareholders:					
Dividends from investment income [□] net	(.49)	(.52)	(.62)	(.72)	(.68)
Net asset value, end of period	9.34	9.66	9.68	9.51	9.51
Market value, end of period	8.67	9.17	9.35	10.25	9.69

Edgar Filing: DREYFUS MUNICIPAL INCOME INC - Form N-CSR

Total Return (%) ^c	(.34)	3.86	(2.58)	14.08	8.48
Ratios/Supplemental Data (%):					
Ratio of total expenses to average net assets applicable to Common Stock ^d	1.67	1.61	1.48	1.40	1.42
Ratio of net investment income to average net assets applicable to Common Stock ^d	7.28	6.83	7.03	7.29	7.60
Ratio of total expenses to total average net assets	1.11	1.06	.99	.93	.94
Ratio of net investment income to total average net assets	4.82	4.53	4.67	4.81	5.02
Portfolio Turnover Rate	10.30	10.09	12.62	6.72	9.88
Asset coverage of Preferred Stock, end of period	292	300	299	295	294
Net Assets, net of Preferred Stock, end of period (\$ x 1,000)	192,439	198,839	199,388	195,395	194,390
Preferred Stock outstanding, end of period (\$ x 1,000)	100,000	100,000	100,000	100,000	100,000

a Based on average shares outstanding at each month end.

b Amount represents less than \$.01 per share.

c Calculated based on market value.

d Does not reflect the effect of dividends to Preferred Stockholders.

See notes to financial statements.

22

NOTES TO FINANCIAL STATEMENTS

NOTE 1 Significant Accounting Policies:

Dreyfus Municipal Income, Inc. (the "fund") is registered under the Investment Company Act of 1940, as amended (the "Act"), as a non-diversified closed-end management investment company. The fund's investment objective is to maximize current income exempt from federal income tax to the extent consistent with the preservation of capital. The Dreyfus Corporation (the "Manager" or "Dreyfus") serves as the fund's investment adviser. On July 1, 2007, Mellon Financial Corporation ("Mellon Financial") and The Bank of New York Company, Inc. merged, forming The Bank of New York Mellon Corporation ("BNY Mellon"). As part of this transaction, Dreyfus became a wholly-owned subsidiary of BNY Mellon. The fund's Common Stock trades on the American Stock Exchange under the ticker symbol DMF.

The fund has outstanding 2,000 shares of Series A and 2,000 shares of Series B Auction Preferred Stock ("APS"), with a liquidation preference of \$25,000 per share (plus an amount equal to accumulated but unpaid dividends upon liquidation). APS dividend rates are determined pursuant to periodic auctions. Deutsche Bank Trust Company America, as Auction Agent, receives a fee from the fund for its services in connection with such auctions. The fund also compensates broker-dealers generally at an annual rate of .25% of the purchase price of the shares of APS placed by the broker-dealer in an auction.

The fund is subject to certain restrictions relating to the APS. Failure to comply with these restrictions could preclude the fund from declaring any distributions to common shareholders or repurchasing common shares and/or could trigger the mandatory redemption of APS at liquidation value.

The holders of the APS, voting as a separate class, have the right to elect at least two directors. The holders of the APS will vote as a separate class on certain other matters, as required by law. The fund has designated Whitney I. Gerard and George L. Perry to represent holders of APS on the fund's Board of Directors.

The Fund **23**

NOTES TO FINANCIAL STATEMENTS *(continued)*

The fund's financial statements are prepared in accordance with U.S. generally accepted accounting principles, which may require the use of management estimates and assumptions. Actual results could differ from those estimates.

The fund enters into contracts that contain a variety of indemnifications. The fund's maximum exposure under these arrangements is unknown. The fund does not anticipate recognizing any loss related to these arrangements.

(a) Portfolio valuation: Investments in municipal debt securities are valued on the last business day of each week and month by an independent pricing service (the "Service") approved by the Board of Directors. Investments for which quoted bid prices are readily available and are representative of the bid side of the market in the judgment of the Service are valued at the mean between the quoted bid prices (as obtained by the Service from dealers in such securities) and asked prices (as calculated by the Service based upon its evaluation of the market for such securities). Other investments (which constitute a majority of the portfolio securities) are carried at fair value as determined by the Service, based on methods which include consideration of: yields or prices of municipal securities of comparable quality, coupon, maturity and type; indications as to values from dealers; and general market conditions. Options and financial futures on municipal and U.S. Treasury securities are valued at the last sales price on the securities exchange on which such securities are primarily traded or at the last sales price on the national securities market on the last business day of each week and month.

The Financial Accounting Standards Board ("FASB") released Statement of Financial Accounting Standards No. 157 "Fair Value Measurements" ("FAS 157"). FAS 157 establishes an authoritative definition of fair value, sets out a framework for measuring fair value, and requires additional disclosures about fair-value measurements. The application of FAS 157 is required for fiscal years beginning after

24

November 15, 2007 and interim periods within those fiscal years. Management does not believe that the application of this standard will have a material impact on the financial statements of the fund.

(b) Securities transactions and investment income: Securities transactions are recorded on a trade date basis. Realized gain and loss from securities transactions are recorded on the identified cost basis. Interest income, adjusted for accretion of discount and amortization of premium on investments, is earned from settlement date and recognized on the accrual basis. Securities purchased or sold on a when-issued or delayed-delivery basis may be settled a month or more after the trade date.

(c) Dividends to shareholders of Common Stock ("Common Shareholder(s)) Dividends are recorded on the ex-dividend date. Dividends from investment income-net are declared and paid monthly. Dividends from net realized capital gain, if any, are normally declared and paid annually, but the fund may make distributions on a more frequent basis to comply with the distribution requirements of the Internal Revenue Code of 1986, as amended (the "Code"). To the extent that net realized capital gain can be offset by capital loss carryovers, it is the policy of the fund not to distribute such gain. Income and capital gain distributions are determined in accordance with income tax regulations, which may differ from U.S. generally accepted accounting principles.

Edgar Filing: DREYFUS MUNICIPAL INCOME INC - Form N-CSR

For Common Shareholders who elect to receive their distributions in additional shares of the fund, in lieu of cash, such distributions will be reinvested at the lower of the market price or net asset value per share (but not less than 95% of the market price) as defined in the dividend reinvestment and cash purchase plan.

On September 27, 2007, the Board of Directors declared a cash dividend of \$.041 per share from investment income-net, payable on October 31, 2007 to Common Shareholders of record as of the close of business on October 11, 2007.

The Fund **25**

NOTES TO FINANCIAL STATEMENTS (continued)

(d) Dividends to shareholders of APS: For APS, dividends are currently reset every 7 days for Series A and Series B. The dividend rates in effect at September 30, 2007 were as follows: Series A 3.80% and Series B 3.75% .

(e) Federal income taxes: It is the policy of the fund to continue to qualify as a regulated investment company, which can distribute tax exempt dividends, by complying with the applicable provisions of the Code and to make distributions of income and net realized capital gain sufficient to relieve it from substantially all federal income and excise taxes.

The FASB released FASB Interpretation No. 48 [Accounting for Uncertainty in Income Taxes] (FIN 48). FIN 48 provides guidance for how uncertain tax positions should be recognized, measured, presented and disclosed in the financial statements. FIN 48 requires the evaluation of tax positions taken or expected to be taken in the course of preparing the fund's tax returns to determine whether the tax positions are [more-likely-than-not] of being sustained by the applicable tax authority. Tax positions not deemed to meet the more likely-than-not threshold would be recorded as a tax benefit or expense in the current year. Adoption of FIN 48 is required for fiscal years beginning after December 15, 2006 and is to be applied to all open tax years as of the effective date. Management does not believe that the application of this standard will have a material impact on the financial statements of the fund.

At September 30, 2007, the components of accumulated earnings on a tax basis were as follows: undistributed tax exempt income \$430,197, accumulated capital losses \$5,448,823 and unrealized appreciation \$11,855,705.

The accumulated capital loss carryover is available to be applied against future net securities profits, if any, realized subsequent to September 30, 2007. If not applied, \$604,058 of the carryover expires in fiscal 2009, \$1,413,550 expires in fiscal 2010, \$360,799 expires in fiscal 2011 and \$3,070,416 expires in fiscal 2012.

The tax characters of distributions paid to shareholders during the fiscal periods ended September 30, 2007 and September 30, 2006, were as follows: tax exempt income \$13,744,826 and \$13,749,320, respectively.

26

During the period ended September 30, 2007, as a result of permanent book to tax differences, primarily due to the tax treatment for amortization adjustments, the fund decreased accumulated undistributed investment income-net by \$13,080 and increased net realized gain (loss) on investments by the same amount. Net assets and net asset value per share were not affected by this reclassification.

NOTE 2 [Bank Line of Credit:

The fund participates with other Dreyfus-managed funds in a \$100 million unsecured line of credit primarily to be utilized for temporary or emergency purposes. Interest is charged to the fund based on prevailing market rates in effect at the time of borrowing. During the period ended September 30, 2007, the fund did not borrow under the Facility.

NOTE 3 [Management Fee and Other Transactions With Affiliates:

(a) Pursuant to a management agreement (the "Agreement") with the Manager, the management fee is computed at the annual rate of .70% of the value of the fund's average daily net assets, inclusive of the outstanding auction preferred stock, and is payable monthly. The Agreement provides that if in any full fiscal year the aggregate expenses of the fund, exclusive of taxes, interest on borrowings, brokerage fees and extraordinary expenses, exceed the expense limitation of any state having jurisdiction over the fund, the fund may deduct from payments to be made to the Manager, or the Manager will bear, the amount of such excess to the extent required by state law. During the period ended September 30, 2007, there was no expense reimbursement pursuant to the Agreement.

(b) The fund compensates Mellon Bank, N.A. (the "Mellon"), an affiliate of the Manager, under a transfer agency agreement for providing personnel and facilities to perform transfer agency services for the fund. During the period ended September 30, 2007, the fund was charged \$18,715 pursuant to the transfer agency agreement.

The Fund 27

NOTES TO FINANCIAL STATEMENTS (continued)

The fund compensates Mellon under a custody agreement for providing custodial services for the fund. During the period ended September 30, 2007, the fund was charged \$22,416 pursuant to the custody agreement.

During the period ended September 30, 2007, the fund was charged \$4,579 for services performed by the Chief Compliance Officer.

The components of "Due to The Dreyfus Corporation and affiliates" in the Statement of Assets and Liabilities consist of: management fees \$167,968, custodian fees \$9,633, transfer agency fees \$7,183 and chief compliance officer fees \$2,411.

(c) Each Board member also serves as a Board member of other funds within the Dreyfus complex. Annual retainer fees and attendance fees are allocated to each fund based on net assets.

NOTE 4 Securities Transactions:

The aggregate amount of purchases and sales of investment securities, excluding short-term securities, during the period ended September 30, 2007, amounted to \$32,811,950 and \$34,320,571, respectively.

The fund may participate in Secondary Inverse Floater Structures in which fixed-rate, tax-exempt municipal bonds purchased by the fund are transferred to a trust. The trust subsequently issues two or more variable rate securities that are collateralized by the cash flows of the fixed-rate, tax-exempt municipal bonds. One or more of these variable rate securities pays interest based on a floating rate set by a remarketing agent at predetermined intervals. A residual interest tax-exempt security is also created by the trust, which is transferred to the fund, and is paid interest based on the remaining cash flow of the trust, after payment of interest on the other securities and various expenses of the trust.

28

The fund accounts for the transfer of bonds to the trust as secured borrowings, with the securities transferred remaining in the fund's investments, and the related floating rate certificate securities reflected as fund liabilities under the caption, "Payable for floating rate notes issued" in the Statement of Assets and Liabilities.

At September 30, 2007, the cost of investments for federal income tax purposes was \$272,657,455; accordingly, accumulated net unrealized appreciation on investments was \$11,855,705, consisting of \$13,245,839 gross unrealized appreciation and \$1,390,134 gross unrealized depreciation.

The Fund 29

REPORT OF INDEPENDENT REGISTERED
PUBLIC ACCOUNTING FIRM

Shareholders and Board of Directors Dreyfus Municipal Income, Inc.

We have audited the accompanying statement of assets and liabilities of Dreyfus Municipal Income, Inc., including the statement of investments, as of September 30, 2007, and the related statement of operations for the year then ended, the statement of changes in net assets for each of the two years in the period then ended, and financial highlights for each of the years indicated therein. These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. We were not engaged to perform an audit of the Fund's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and financial highlights assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our procedures included verification by examination of securities held by the custodian as of September 30, 2007 and confirmation of securities not held by the custodian by correspondence with others. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of Dreyfus Municipal Income, Inc. at September 30, 2007, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended, and the financial highlights for each of the indicated years, in conformity with U.S. generally accepted accounting principles.

New York, New York

November 13, 2007

30

ADDITIONAL INFORMATION (U n a u d i t e d)

Dividend Reinvestment Plan

Under the fund's Dividend Reinvestment Plan (the "Plan"), a Common Shareholder who has fund shares registered in his name will have all dividends and distributions reinvested automatically by Mellon, as Plan agent (the "Agent"), in additional shares of the fund at the lower of prevailing market price or net asset value (but not less than 95% of market value at the time of valuation) unless such Common Shareholder elects to receive cash as provided below. If market price is equal to or exceeds net asset value, shares will be issued at net asset value. If net asset value exceeds market price or if a cash dividend only is declared, the Agent, as agent for the Plan participants, will buy fund shares in the open market. A Plan participant is not relieved of any income tax that may be payable on such dividends or distributions.

A Common Shareholder who owns fund shares registered in nominee name through his broker/dealer (i.e., in "street name") may not participate in the Plan, but may elect to have cash dividends and distributions reinvested by his broker/dealer in additional shares of the fund if such service is provided by the broker/dealer; otherwise such dividends and distributions will be treated like any other cash dividend or distribution.

A Common Shareholder who has fund shares registered in his name may elect to withdraw from the Plan at any time for a \$5.00 fee and thereby elect to receive cash in lieu of shares of the fund. Changes in elections must be

in writing, sent to Mellon, c/o Mellon Investor Services, Shareholder Investment Plan, P.O. Box 358035, Pittsburgh, PA 15252-8035, should include the shareholder's name and address as they appear on the Agent's records and will be effective only if received more than ten business days prior to the record date for any distribution.

The Agent maintains all Common Shareholder accounts in the Plan and furnishes written confirmations of all transactions in the account. Shares in the account of each Plan participant will be held by the Agent in non-certificated form in the name of the participant, and each such participant's proxy will include those shares purchased pursuant to the Plan.

The Fund **31**

ADDITIONAL INFORMATION (U n a u d i t e d) (continued)

The fund pays the Agent's fee for reinvestment of dividends and distributions. Plan participants pay a pro rata share of brokerage commissions incurred with respect to the Agent's open market purchases in connection with the reinvestment of dividends or distributions.

The fund reserves the right to amend or terminate the Plan as applied to any dividend or distribution paid subsequent to notice of the change sent to Plan participants at least 90 days before the record date for such dividend or distribution. The Plan also may be amended or terminated by the Agent on at least 90 days' written notice to Plan participants.

Level Distribution Policy

The fund's dividend policy is to distribute substantially all of its net investment income to its shareholders on a monthly basis. In order to provide shareholders with a more consistent yield to the current trading price of shares of Common Stock of the fund, the fund may at times pay out less than the entire amount of net investment income earned in any particular month and may at times in any month pay out such accumulated but undistributed income in addition to net investment income earned in that month. As a result, the dividends paid by the fund for any particular month may be more or less than the amount of net investment income earned by the fund during such month. The fund's current accumulated but undistributed net investment income, if any, is disclosed in the Statement of Assets and Liabilities and Notes to Financial Statements, which comprises part of the Financial Information included in this report.

Benefits and Risks of Leveraging

The fund utilizes leverage to seek to enhance the yield and net asset value of its Common Stock. These objectives cannot be achieved in all interest rate environments. To leverage, the fund issues Preferred stock, which pays dividends at prevailing short-term interest rates, and invests the proceeds in long-term municipal bonds. The interest earned on these investments is paid to Common Shareholders in the form of div-

32

idends, and the value of these portfolio holdings is reflected in the per share net asset value of the fund's common stock. In order to benefit Common shareholders, the yield curve must be positively sloped: that is, short-term interest rates must be lower than long-term interest rates. At the same time, a period of generally declining interest rates will benefit Common Shareholders. If either of these conditions change, then the risk of leveraging will begin to outweigh the benefits.

Supplemental Information

During the period ended September 30, 2007, there were: (i) no material changes in the fund's investment objectives or fundamental investment policies, (ii) no changes in the fund's charter or by-laws that would delay or prevent a change of control of the fund, (iii) no material changes in the principal risk factors associated with investment in the fund, and (iv) no change in the person primarily responsible for the day-to-day management of

the fund's portfolio.

The Fund **33**

IMPORTANT TAX INFORMATION (Unaudited)

In accordance with federal tax law, the fund hereby designates all the dividends paid from investment income-net during its fiscal year ended September 30, 2007 as "exempt-interest dividends" (not generally subject to regular federal income tax). As required by federal tax law rules, shareholders will receive notification of their portion of the fund's taxable ordinary dividends (if any) and capital gains distributions (if any) paid for the 2007 calendar year on Form 1099-DIV and their portion of the fund's tax-exempt dividends paid for 2007 calendar year on Form 1099-INT, both which will be mailed by January 31, 2008.

34

PROXY RESULTS (Unaudited)

Holders of Auction Preferred Stock ("APS") voted on the following proposal presented at the annual shareholders' meeting held on May 18, 2007 as follows:

	Shares
For	Authority Withheld
To elect one Class II Director: <input type="checkbox"/>	
Whitney I. Gerard	0
3,531	

The term of the Class II Director expires in 2007.

The Fund **35**

INFORMATION ABOUT THE REVIEW AND APPROVAL OF THE FUND'S MANAGEMENT AGREEMENT (Unaudited)

At a meeting of the fund's Board of Directors held on July 19 and 20, 2007, the Board considered the re-approval for an annual period (through August 31, 2008) of the fund's Management Agreement with Dreyfus, pursuant to which Dreyfus provides the fund with investment advisory and administrative services. The Board members, none of whom are "interested persons" (as defined in the Investment Company Act of 1940, as amended) of the fund were assisted in their review by independent legal counsel and met with counsel in executive session separate from representatives of Dreyfus.

Analysis of Nature, Extent and Quality of Services Provided to the Fund. The Board members received a presentation from representatives of Dreyfus regarding services provided to the fund and other funds in the Dreyfus fund complex, and discussed the nature, extent and quality of the services provided to the fund pursuant to its Management Agreement. Dreyfus' representatives noted the fund's closed-end structure, the relationships Dreyfus has with various intermediaries complex-wide and Dreyfus' corresponding need for broad, deep, and diverse resources to be able to provide ongoing services to intermediaries and shareholders.

The Board members also considered Dreyfus' research and portfolio management capabilities and that Dreyfus also provides oversight of day-to-day fund operations, including fund accounting and administration and assistance in meeting legal and regulatory requirements. The Board members also considered Dreyfus' extensive

administrative, accounting and compliance infrastructure.

Comparative Analysis of the Fund's Performance and Management Fee and Expense RatioThe Board members reviewed the fund's performance and comparisons to a group of closed-end leveraged general municipal debt funds (the "Performance Group") and to a larger universe of funds, consisting of all closed-end leveraged general municipal debt funds (the "Performance Universe"), selected and provided by Lipper, Inc., an independent provider of investment company data. The Board was provided with a description of the methodology Lipper used

36

to select the Performance Group and Performance Universe, as well as the Expense Group and Expense Universe (discussed below). The Board members discussed the results of the comparisons for various periods ended May 31, 2007. The Board noted that the fund's yield for one-year periods ended May 31st for 1998 - 2007 variously was above, at and below the Performance Group and Performance Universe medians, measured on both a net asset value basis and a market price basis. The Board members noted that the fund's total return performance based on net asset value variously was above or at the Performance Group and Performance Universe medians for all periods (except the one-year periods), while market price total return was variously above and below the Performance Group and below the Performance Universe medians for the periods. Dreyfus also provided a comparison of the fund's calendar year total returns to the returns of its Lipper category average for the prior ten years.

The Board members also discussed the fund's management fee and expense ratio and reviewed the range of management fees and expense ratios of a comparable group of funds (the "Expense Group") and a broader group of funds (the "Expense Universe"), each selected and provided by Lipper. The Board members noted that the fund's management fee was higher than the Expense Group and Expense Universe medians based on either common shares alone or common and preferred shares together. The fund's expense ratios based on common shares alone and based on common and preferred shares together were higher than Expense Group and Expense Universe medians.

Representatives of Dreyfus noted the other closed-end funds managed by Dreyfus or its affiliates with similar investment objectives, policies and strategies and included in the fund's Lipper category (the "Similar Funds"), and stated that there were no other funds or accounts managed by Dreyfus or its affiliates with similar investment objectives, policies and strategies as the fund. The Board members considered the relevance of the fee information provided for the Similar Funds to evaluate the appropriateness and reasonableness of the fund's management fee.

The Fund 37

INFORMATION ABOUT THE REVIEW AND APPROVAL OF THE FUND'S MANAGEMENT AGREEMENT (UNAUDITED) (continued)

Analysis of Profitability and Economies of Scale. Dreyfus' representatives reviewed the dollar amount of expenses allocated and profit received by Dreyfus and the method used to determine such expenses and profit. The Board considered information, previously provided and discussed, prepared by an independent consulting firm regarding Dreyfus' approach to allocating costs to, and determining the profitability of, individual funds and the entire Dreyfus mutual fund complex. The Board members also considered that the methodology had also been reviewed by an independent registered public accounting firm which, like the consultant, found the methodology to be reasonable. The consulting firm also analyzed where any economies of scale might emerge in connection with the management of the fund. The Board members evaluated the profitability analysis in light of the relevant circumstances for the fund and the extent to which economies of scale would be realized if the fund grows and whether fee levels reflect these economies of scale for the benefit of fund investors. The Board members also considered potential benefits to Dreyfus from acting as investment adviser and noted that there were no soft dollar arrangements with respect to trading the fund's investments.

It was noted that the Board members should consider Dreyfus' profitability with respect to the fund as part of their evaluation of whether the fees under the Management Agreement bear a reasonable relationship to the mix of services provided by Dreyfus, including the nature, extent and quality of such services. It was noted that a

discussion of economies of scale is predicated on increasing assets and that because the fund is a closed-end fund without daily inflows and outflows of capital there were not at this time significant economies of scale to be realized by Dreyfus in managing the fund's assets. It also was noted that the profitability percentage for managing the fund was within ranges determined by appropriate court cases to be reasonable given the services rendered and generally superior service levels provided.

38

At the conclusion of these discussions, the Board agreed that it had been furnished with sufficient information to make an informed business decision with respect to continuation of the Management Agreement. Based on the discussions and considerations as described above, the Board made the following conclusions and determinations.

- The Board concluded that the nature, extent and quality of the services provided by Dreyfus are adequate and appropriate.
- The Board was generally satisfied with the fund's overall performance.
- The Board concluded that the fee paid by the fund to Dreyfus was reasonable in light of the services provided, comparative performance, expense and management fee information, costs of the services provided and profits to be realized and benefits derived or to be derived by Dreyfus from its relationship with the fund.
- The Board determined that the economies of scale which may accrue to Dreyfus and its affiliates in connection with the management of the fund had been adequately considered by Dreyfus in connection with the management fee rate charged to the fund and that, to the extent in the future it were determined that material economies of scale had not been shared with the fund, the Board would seek to have those economies of scale shared with the fund.

The Board members considered these conclusions and determinations, along with information received on a routine and regular basis throughout the year, and, without any one factor being dispositive, the Board determined that re-approval of the Management Agreement was in the best interests of the fund and its shareholders.

The Fund 39

BOARD MEMBERS INFORMATION (Unaudited)

Joseph S. DiMartino (63) Chairman of the Board (1995)

Principal Occupation During Past 5 Years:

Corporate Director and Trustee

Other Board Memberships and Affiliations:

The Muscular Dystrophy Association, Director

Century Business Services, Inc., a provider of outsourcing functions for small and medium size companies, Director

The Newark Group, a provider of a national market of paper recovery facilities, paperboard mills and paperboard converting plants, Director

Sunair Services Corporation, a provider of certain outdoor-related services to homes and businesses, Director

No. of Portfolios for which Board Member Serves: 163

Clifford L. Alexander, Jr. (74)

Board Member (2003)

Principal Occupation During Past 5 Years:

- President of Alexander & Associates, Inc., a management consulting firm (January 1981-present)
- Chairman of the Board of Moody's Corporation (October 2000-October 2003)

Other Board Memberships and Affiliations:

- Mutual of America Life Insurance Company, Director

No. of Portfolios for which Board Member Serves: 53

David W. Burke (71)

Board Member (1994)

Principal Occupation During Past 5 Years:

- Corporate Director and Trustee

Other Board Memberships and Affiliations:

As part of our emphasis on performance-based compensation plans, we do not provide supplemental executive retirement plans or other non-performance-based retirement benefits to the NEOs, other than the tax-qualified 401(k) defined contribution plan available to all employees.

— Our severance policies are in line with competitive practice, and we do not provide excise tax gross-ups.

As noted above, our compensation philosophy emphasizes pay for performance and places a significant percentage of NEO compensation “at risk.” In fiscal 2014, our financial performance did not meet our goals and expectations. We did not achieve the threshold level established for our earnings per share bonus metric, which must be reached before any bonus can be paid, or our return on net assets metric, which must be met before any of the performance shares can be earned. As a result, the NEOs did not receive any cash incentive bonus for fiscal 2014 and each NEO forfeited all of the performance share units that were granted in fiscal 2014¹.

In addition, the Company has in the past sought and received stockholder approval for the incentive plans that we use to motivate, retain, and reward our executives. Those incentive plans include the Cash Bonus Incentive Plan, which the stockholders approved in 2010 (and which is again being submitted for stockholder approval at the 2015 stockholder meeting), and the 2012 Omnibus Plan, which the stockholders approved in 2012. Compensation provided pursuant to these stockholder approved plans made up a majority of the pay that the Company provided to its NEOs. At our 2014 Annual Meeting of Stockholders, we received 97% approval of our executive compensation for fiscal 2013. We have applied the same philosophy and practices in determining fiscal 2014 compensation for our NEOs. Accordingly, the Board recommends that the stockholders approve the following advisory resolution:

RESOLVED, that the stockholders approve, on an advisory basis, the compensation paid to the Company’s named executive officers as disclosed in the Company’s Proxy Statement for the 2015 Annual Meeting of Stockholders pursuant to compensation disclosure rules of the Securities and Exchange Commission, including the Compensation

Discussion and Analysis, the compensation tables, and the related narrative discussion.

Recommendation

The Board of Directors encourages stockholders to endorse the executive compensation program by voting in favor of this resolution. Although the say-on-pay vote is non-binding, the Board and its Compensation and Benefits Committee, which is comprised entirely of independent directors, will consider the voting results, as well as other communications from stockholders relating to our compensation practices, and take them into account in future determinations concerning our executive compensation program.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE “FOR” THIS PROPOSAL.

¹ Note, however, that disclosure rules require us to include the target grant value of performance share units granted in fiscal 2014 in the Summary Compensation Table on page 39, even though these awards were later forfeited.

Table of Contents

4. PROPOSAL TO APPROVE CHICO'S FAS, INC. EXISTING CASH BONUS INCENTIVE PLAN

Introduction and Background

Historically, we have paid management bonuses under our Cash Bonus Incentive Plan, as amended (the "Incentive Plan"). The Board believes the Incentive Plan is an important component of management's potential total cash compensation because it is intended to make an increasing portion of management's compensation dependent on our performance and to provide incentives to achieve our near and long-term goals, increase stockholder value and improve teamwork in meeting goals and overcoming challenges. Our current cash incentive bonus plan previously approved by our shareholders in 2010 is due to expire at the 2015 Annual Meeting and we are seeking stockholder re-approval of the Incentive Plan. The Incentive Plan is designed to allow compensation payable under the Incentive Plan to qualify as performance-based compensation within the meaning of Section 162(m) of the Internal Revenue Code of 1986. Section 162(m) generally limits deductions by an employer for compensation in excess of \$1 million per year that is paid to "covered employees," including our Chief Executive Officer and the three other most highly compensated executive officers, excluding our Chief Financial Officer, at the end of the applicable fiscal year. However, performance-based compensation is not subject to this limitation and is deductible if such compensation: (1) is paid under an incentive plan, the material terms of which are disclosed to and approved by the stockholders prior to payment, and (2) is payable solely based on attainment of one or more objective performance goals established in writing by a committee consisting of two or more "outside directors," as defined by Section 162(m) (in this case the Compensation and Benefits Committee of the Board of Directors, or the "Committee"), and (3) is payable solely upon written certification by the Committee that the performance goals and any other material terms have been satisfied. In light of these requirements, the Incentive Plan is being submitted to stockholders for approval at the 2015 Annual Meeting.

Summary of the Incentive Plan

The full text of the Incentive Plan appears as Appendix A to this proxy statement. The following is a summary of the principal provisions of the Incentive Plan and is qualified in its entirety by reference to the full text of the Incentive Plan.

Purpose. The purpose of the Incentive Plan is to advance the interests of the Company and its stockholders by providing incentives in the form of cash bonus awards to certain executives and other key employees of the Company (including its subsidiaries). The Incentive Plan is intended to enable the Company to attract and retain appropriate executive and key employee talent and to motivate such associates to manage and grow the Company's business and to attain the performance goals articulated under the Incentive Plan.

Administration. The Incentive Plan is administered by the Committee. The Committee may delegate to one or more officers of the Company or any of its subsidiaries, the authority to take actions on its behalf pursuant to the Incentive Plan, however, only the Committee may determine compensation awards to covered employees. All questions of interpretation are determined by the Committee and its decisions are final and binding on all participants.

Eligibility and Participation. The Committee will determine the executive officers and other employees of the Company and its subsidiaries who will be eligible to participate in the Incentive Plan. Any employee to whom an award under the Incentive Plan is granted will be designated as a participant in the Incentive Plan. As of the date of this proxy statement, the Company expects approximately 500 employees will participate in the Incentive Plan for fiscal 2016. The maximum amount payable to any participant during any one calendar year period is \$5 million.

General Terms of Awards. Under the Incentive Plan, the Committee (or its delegate) will specify the terms of the award, the applicable performance period and performance objectives, and when and how the award may be earned. Performance criteria will be established as soon as administratively possible and generally within 90 days after the beginning of the performance period. The Committee (or its delegate) will determine and specify a "target bonus" amount to be payable to each award for each participant. Participants are also assigned a "threshold bonus" amount which coincides with the lowest performance result less than target at which a bonus may be paid and a "maximum bonus" amount which coincides with a performance result greater than target. Target, threshold and maximum amounts are typically expressed as a percentage of participant's base salary with the "target bonus" ranging, from 15% to 150% of

base salary, depending upon the participant's position, title and responsibilities with the Company.

Awards under the Incentive Plan will be based on attainment of various business criteria as determined by the Committee and, for awards intended to be Qualified Performance-Based Compensation Awards (i.e., designed to qualify for the performance-based exception from the tax deductibility limitations imposed by Section 162(m)), shall include such criteria as net sales; revenue; revenue growth or product revenue growth; operating income (before or after taxes); pre- or after-tax income (before or after allocation of corporate overhead and bonus); net earnings; earnings per share; net income (before or after taxes); return on equity; total shareholder return; return on assets or net assets; appreciation in and/or maintenance of share

Table of Contents

price; gross profits; earnings (including earnings before taxes, earnings before interest and taxes or earnings before interest, taxes, depreciation and amortization); economic value-added models or equivalent metrics; comparisons with various stock market indices; reductions in costs; cash flow or cash flow per share (before or after dividends); return on capital (including return on total capital or return on invested capital); cash flow return on investment; improvement in or attainment of expense levels or working capital levels; operating margins, gross margins or cash margin; maintained margin; brand contribution; year-end cash; debt reductions; shareholder equity; market share; regulatory achievements; implementation, completion, or attainment of measurable objectives with respect to research, development, products or projects and recruiting and maintaining personnel. The applicable business criteria may differ from employee to employee and are usually designed to correspond with those performance criteria which the particular employee has greater potential to impact or influence. The performance goals for the selected business criteria may be based solely by reference to the Company's performance or the performance of a Subsidiary, division, business segment or business unit of the Company, or based upon the Company's performance relative to the performance of one or more companies or an index covering multiple companies. The Committee may also specify that measurement of performance will exclude certain charges related to an event or occurrence which the Committee determines should appropriately be excluded, including (i) restructurings, discontinued operations, extraordinary items, and other unusual or non-recurring charges, (ii) an event either not directly related to the operations of the Company or not within the reasonable control of the Company's management, or (iii) the cumulative effects of tax or accounting changes in accordance with U.S. generally accepted accounting principles.

Subject to any terms, restrictions and conditions specified in the Incentive Plan, at the end of each performance period, the Committee shall determine whether and to what extent each performance goal is met. If the Company's performance does not reach the "threshold" level, no amounts are payable. If at least the minimum "threshold" level of performance is met, awards will be valued and distributed to eligible employees as soon as practicable after the last day of the performance period. Actual awards can range from zero up to the maximum bonus amount based on the Company's actual financial performance. Furthermore, the Committee has the authority to accelerate payments prior to the end of the performance period if the Committee determines that a certain level of performance has already been met prior to the end of the performance period and that it is unlikely that such performance level will not be met at the end of the performance period.

If a participant dies, retires, is assigned to a different position or is granted a leave of absence, or if the participant's employment is otherwise terminated, except for cause by the Company, during a performance period, a pro rata share of each participant's award based on the period of actual participation may, in the Committee's sole and absolute discretion, be paid to the participant after the end of the performance period if it would have been earned and payable had the participant's employment status not changed.

Adjustments. In the event of any material change in the business assets, liabilities or prospects of the Company, any division, or subsidiary, the Committee in its sole and absolute discretion and without liability to any person may make adjustments, as it deems to be equitable and necessary to any terms of outstanding awards.

Amendment and Termination. The Committee may amend, alter or discontinue the Incentive Plan, but no amendment, alteration or discontinuation shall be made which would impair any of the rights or obligations under any award theretofore granted to a participant under the Incentive Plan without such participant's consent; provided, however, that the Committee may amend the Incentive Plan in such manner as it deems necessary to permit the granting of awards meeting the requirements of any applicable law, rule or regulation.

Plan Benefits

The specific individuals who will be granted awards under the Plan and the type and amount of any such awards will be based on the discretion of the Compensation Committee. Accordingly, future awards to be received by or allocated to particular individuals under the Plan are not presently determinable.

Recommendation

THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" THE APPROVAL OF THE CHICO'S FAS, INC. EXISTING CASH BONUS INCENTIVE PLAN.

Table of Contents

AUDIT COMMITTEE REPORT

The following report of the Audit Committee does not constitute soliciting material and should not be deemed filed or incorporated by reference into any other Company filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, except to the extent the Company specifically incorporates this report by reference therein.

The Audit Committee consists of three directors and operates under a written charter adopted by the Board of Directors. The current members of this Committee are David F. Walker (Chair), John J. Mahoney and Stephen E. Watson. Each member of the Committee is independent, in the judgment of the Company's Board of Directors, as required by NYSE listing standards and as set forth in the Company's Corporate Governance Guidelines. This Committee is responsible for selecting, engaging, evaluating and negotiating fee arrangements with the Company's independent certified public accountants (the "independent accountants") with input from the Company's Board and management. Management is responsible for the Company's internal controls and the financial reporting process. The independent accountants are responsible for performing an audit of internal control over financial reporting that is integrated with an audit of the Company's consolidated financial statements in accordance with auditing standards of the Public Company Accounting Oversight Board in the United States ("PCAOB"), and for expressing opinions thereon. This Committee's responsibility is to monitor and oversee these processes.

The members of this Committee do not serve as professional accountants or auditors, and their functions are not intended to duplicate or to certify the activities of management or the independent accountants, nor can this Committee certify that the independent accountants are "independent" under applicable rules. This Committee serves a board-level oversight role, in which it provides advice, counsel and direction to management, internal auditors, and the independent accountants on the basis of several factors, including the information it receives, discussions with management, internal auditors, and the independent accountants, and the experience of this Committee's members in business, and with financial and accounting matters.

As part of its oversight of the Company's financial reporting process, this Committee reviews and discusses with both management and the Company's independent accountants all annual and quarterly financial statements prior to their issuance, including receiving reports on the matters discussed in management's Disclosure Committee meetings. This Committee reviewed and discussed the audited consolidated financial statements of the Company as of and for the year ended January 31, 2015 (fiscal 2014), with management and the Company's independent accountants.

Management advised the Audit Committee that the Company's fiscal 2014 consolidated financial statements had been prepared in accordance with accounting principles generally accepted in the United States, and presented significant accounting and disclosure matters to this Committee. Discussions with the independent accountants regarding the Company's fiscal 2014 audited financial statements included the independent accountants' judgments about the quality, not just the acceptability, of the Company's accounting principles and underlying estimates used in the Company's financial statements, as well as other matters, as required to be discussed under Auditing Standards No. 16, Communications with Audit Committees, as adopted by the PCAOB and by the Audit Committee's charter.

This Committee annually evaluates, with input from management and the internal auditor, the quality of services and sufficiency of resources provided by the independent accountants, communications and interactions with the independent accountants, and assesses the independent accountants' independence, objectivity and professional skepticism. The Company's independent accountants provided the Committee the written disclosures and the letter required by applicable requirements of the PCAOB for independent auditor communications with Audit Committees concerning its independence, and this Committee discussed the results of the evaluation process with the independent auditors, including their independence from the Company.

In addition, this Committee reviewed key initiatives and programs aimed at strengthening the effectiveness of the Company's internal and disclosure control structure. As part of this process, this Committee continued to monitor the scope and adequacy of the Company's internal auditing program, reviewing staffing levels and steps taken to implement recommended improvements in internal procedures and control.

Based upon the Audit Committee's discussion with management, the internal auditor, and the independent accountants, this Committee's review of the representations of management, and the report of the independent accountants to this Committee, and subject to the limitations on the role and responsibilities of this Committee described above and in the Committee's charter, this Committee recommended that the Board of Directors approve the inclusion of the Company's

audited consolidated financial statements in the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission as of and for the fiscal year ended January 31, 2015.

MEMBERS OF THE AUDIT
COMMITTEE

David F. Walker, Chair

John J. Mahoney

Stephen E. Watson

Table of Contents

EXECUTIVE OFFICERS

The following table sets forth certain information regarding the Company's current executive officers.

Executive Officers	Age	Positions	Years with the Company
David F. Dyer	65	President, Chief Executive Officer, and Director (a)	6
Sheryl Clark	49	Brand President-Boston Proper	4
Donna M. Colaco	56	Brand President-White House Black Market	7
Cynthia S. Murray	57	Brand President-Chico's	6
Laurie J. Van Brunt	57	Brand President-Soma Intimates	5
Michelle R. Berardelli	45	President-Digital Commerce and Chief Marketing Officer	(b)
Sean M. McCartney	45	Senior Vice President of Supply Chain and Operations (c)	1
Eric R. Singleton	53	Executive Vice President-Chief Information Officer	3
Sara K. Stensrud	47	Executive Vice President-Chief Human Resources Officer	5
Todd E. Vogensen	46	Executive Vice President-Chief Financial Officer and Corporate Secretary (d)	5

(a) Became an executive officer in January 2009; first elected a director in 2007.

(b) Joined the Company in June 2014.

(c) Became an executive officer in April 2015.

(d) Became an executive officer in June 2014.

Non-Director Executive Officers

Sheryl Clark is Brand President-Boston Proper for the Company, having joined the Company in September 2011 as a result of the Company's acquisition of Boston Proper. Ms. Clark has pioneered the omni-channel strategy for the brand, overseeing the opening of boutiques and a comprehensive digital experience. Ms. Clark was President and Chief Executive Officer of Boston Proper, Inc. beginning in December 2008. Ms. Clark has over 25 years of general management and merchandising experience working for major brands with global recognition including Boston Proper, Old Navy, Gap, and Bloomingdale's. Prior to joining Boston Proper, Ms. Clark served as Executive Vice President of Merchandising for Old Navy at Gap Inc. from September 2004 to August 2008. Ms. Clark also served in various senior merchant roles at both Gap and Old Navy since joining Gap Inc.

Donna M. Colaco is Brand President-White House | Black Market for the Company, having joined the Company in August 2007. Ms. Colaco has over 30 years of experience in women's specialty apparel. Prior to joining the Company, Ms. Colaco worked for Ann Taylor Corporation for more than 10 years in numerous capacities including, serving as President of Ann Taylor LOFT. Prior to Ann Taylor, Ms. Colaco worked for the Lerner New York Division of Limited, Inc. and Petrie Stores Corporation.

Cynthia S. Murray is Brand President-Chico's for the Company, having joined the Company in February 2009. Ms. Murray has over 30 years of experience in retail. Prior to joining the Company, Ms. Murray spent the previous five years with Stage Stores, Inc., most recently serving as its Executive Vice President and Chief Merchandising Officer. Prior to Stage Stores, Ms. Murray worked for Talbot's, Saks Fifth Avenue / Saks Off 5th, among other retailers.

Laurie J. Van Brunt is Brand President-Soma Intimates for the Company, having joined the Company in May 2010. Ms. Van Brunt has over 30 years of experience in retail. Prior to joining the Company, Ms. Van Brunt spent the previous five years with J.C. Penney Company, serving as its Marketing Divisional Vice President, Director of Brand Management and most recently as Divisional Vice President-Intimate Apparel. Prior to J.C. Penney, Ms. Van Brunt served as Executive Vice President-General Merchandise Manager for the Lane Bryant Division of Limited Brands, General Merchandise Manager for Chadwicks of Boston and Petite Sophisticates Division of Casual Corner/U.S. Shoe and as a merchant for May Company.

Michelle R. Berardelli is President - Digital Commerce, Chief Marketing Officer and Executive Vice President Chico's FAS for the Company, having joined the Company in June 2014. A dynamic industry leader, Ms. Berardelli is rich with experience and skills that span a spectrum of customer-based strategies and marketing initiatives. Prior to joining the Company, Ms. Berardelli served as Chief Marketing Officer of Tory Burch from 2009 to 2014. Prior to that, she was Senior Vice President

Table of Contents

of Marketing at Ralph Lauren from 2002 to 2009. Ms. Berardelli has been recognized as one of the "Top Women in Cross-Channel Retail" and as one of Brand Innovators "Top 50 Women Brand Marketers." She has also served on the board of Shop.org, the digital division of the National Retail Federation, for the past seven years.

Sean M. McCartney is the Senior Vice President - Supply Chain and Operations and supports the Company's customer sales and service centers, supply chain - sourcing, logistics, distribution, procurement, facilities and store support operations. Mr. McCartney joined the Company in November 2013 with over 20 years' experience in high growth and complex supply chain and operations. Sean held the role of Senior Vice President- Supply Chain Logistics - Distribution for Li & Fung, a \$20 billion global sourcing and logistics company from 2010 to 2013. Sean also served as the Senior Vice President for Performance Team, a third party logistics (3PL) firm, designing and operating supply chain solutions for leading retailers and brands from 2005 to 2010. Mr. McCartney also held a number of international and domestic supply chain roles at The Home Depot.

Eric R. Singleton is Executive Vice President-Chief Information Officer for the Company, having joined the Company in August 2012. Prior to joining the company, Eric was the Chief Information Officer for Tommy Hilfiger Corporation from 2004 to 2006 where he held worldwide responsibility for the Information Technology division. Before joining Tommy Hilfiger, he was with Raytheon Company as head of worldwide E-Commerce, Vice President and Chief Information Officer for divisions of Honeywell Aerospace and Honeywell Automotive (formerly AlliedSignal), and Chief Information Officer for Columbia Energy. Mr. Singleton holds a variety of software copyrights in expert systems, artificial intelligence, scalable architectures, and has been the author of many articles that have been published in The Wall Street Journal, Forbes, CIO, The N.Y. Times, Bloomberg, and Computerworld, among others.

Sara K. Stensrud is Executive Vice President-Chief Human Resources Officer for the Company, having joined the Company in July 2010. Ms. Stensrud was previously employed with Shopko Stores, Inc. and spent the majority of her seven-year career there as Senior Vice President of Human Resources. Ms. Stensrud has over 20 years of experience in the retail industry, and prior to Shopko Stores, Inc. worked for Fred Meyer Stores, Inc. and Gottschalks Stores.

Todd Vogensen is Executive Vice President - Chief Financial Officer and Corporate Secretary for the Company. Mr. Vogensen has served Chico's FAS, Inc. in numerous roles over the last 5 years, leading to his current position as CFO. Mr. Vogensen joined Chico's FAS, Inc. in October 2009 as Vice President - Planning and Strategy, followed by the role of Vice President - Investor Relations, before his promotion to Senior Vice President - Finance. Prior to joining Chico's FAS, Mr. Vogensen served in executive finance roles at Michaels Stores, Inc., Gap, Inc. and Hewlett Packard Company, as well as Audit Manager and CPA at PricewaterhouseCoopers LLP.

None of the executive officers or directors who currently serve or who served in such capacities during fiscal 2014 are related to one another. There are no arrangements or understandings pursuant to which any executive officer was elected to office. Executive officers are elected by and serve at the discretion of the Board of Directors.

Table of Contents

COMPENSATION AND BENEFITS COMMITTEE REPORT

The following report of the Compensation and Benefits Committee does not constitute soliciting material and should not be deemed filed or incorporated by reference into any other Company filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, except to the extent the Company specifically incorporates this report by reference therein.

The Compensation and Benefits Committee (the “Committee”) evaluates and establishes compensation for executive officers and oversees the deferred compensation plan, the Company’s management equity compensation plans, and other management incentive, benefit and perquisite programs. Management has the primary responsibility for the Company’s financial statements and reporting process, including the disclosure of executive compensation. With this in mind, the Committee has reviewed and discussed with management the Compensation Discussion and Analysis found on pages 27-38 of this proxy statement. The Committee is satisfied that the Compensation Discussion and Analysis fairly and completely represents the philosophy, intent, and actions of the Committee with regard to executive compensation.

MEMBERS OF THE
COMPENSATION
AND BENEFITS COMMITTEE

John J. Mahoney, Chair
Janice L. Fields
Stephen E. Watson
Andrea M. Weiss

Table of Contents

EXECUTIVE COMPENSATION

Compensation Discussion & Analysis — Executive Summary

The Company’s compensation program is designed to attract and retain talented leaders with an emphasis on pay for performance and creating long-term sustainable and profitable growth. We target total cash compensation between the 50th and 75th percentile of the competitive market. Our compensation elements seek to balance all aspects of an executive’s responsibilities: base salary for day-to-day responsibilities, cash incentive bonus for shorter-term returns linked to annual Company performance, and equity awards for aligning the executives’ focus with stockholder value and the long-term, future performance of the Company. The Company has received stockholder approval for the cash incentive bonus plan, which the stockholders approved in 2010 and which is proposed for re-approval at the 2015 annual meeting, and the 2012 Omnibus Plan, which the stockholders approved at our 2012 Annual Meeting.

Compensation pursuant to these two stockholder approved plans made up a majority of the total compensation opportunity for our NEOs.

We set the applicable performance goals for our cash incentive bonus program at the beginning of the fiscal year so that achievement of the goals is both objective and uncertain. These goals are based upon the annual financial plan approved by the Board. Our goal setting process is based on historical data and economic forecasts.

Pay for Performance

Our compensation philosophy emphasizes pay for performance and places a significant percentage of NEO compensation “at risk.” In fiscal 2014, our financial performance did not meet our goals and expectations. We did not achieve the threshold level established for our earnings per share bonus metric, which must be reached before any bonus can be paid, or our return on net assets metric, which must be met before any of the performance shares can be earned. As a result, the NEOs did not receive any cash incentive bonus for fiscal 2014 and each NEO forfeited all of the performance share units that were granted in fiscal 2014².

Compensation Elements and Highlights

Highlighted below are a summary of the direct compensation elements of our executive compensation programs, their principal contribution to our compensation objectives, and the key actions and decisions made with respect to each element for 2014.

Compensation Component	Principal Contribution to Compensation Objectives	Description and 2014 Highlights
Base Salary	Attracts, retains and rewards executives with an appropriate fixed compensation level that reflects the executive’s scope and breadth of responsibility, his or her individual performance against the objectives set for his or her position and their relative value in the marketplace.	— Base salaries are targeted at either the 50 th or 75 th percentile of our Compensation Peer Group, which is described on page 32. Actual positioning varies above or below the target to reflect each executive’s performance over time, readiness for promotion to a higher level, experience and skill set relative to internal peers, and criticality to the Company.

² Note, however, that disclosure rules require us to include the target grant value of performance share units granted in fiscal 2014 in the Summary Compensation Table on page 39, even though these awards were later forfeited.

27

Table of Contents

Compensation Component	Principal Contribution to Compensation Objectives	Description and 2014 Highlights
Performance-Based Annual Cash Incentive	Focuses executives on achieving specific annual financial and operating results aligned with our business strategies. The performance measures used in the Cash Bonus Incentive Plan are those we believe are the key drivers of stockholder value.	<p>— Our compensation philosophy is to establish annual cash incentive opportunities such that target total annual cash compensation (base salary plus the annual cash incentive target) approximates the 50th percentile for our corporate NEOs and the 75th percentile for our Brand President NEOs when we achieve target performance goals. Actual compensation, however, will vary above or below this level depending on actual Company performance.</p> <p>— Annual cash incentive awards for shared services executives, including our CEO and CFO, are determined based on our performance against pre-established goals for earnings per share (“EPS”), total sales, and return on net assets (“RONA”) at the corporate level. Annual cash incentives for executives within all of our brands, including our Brand Presidents, are determined based on the same EPS and RONA metrics plus brand specific metrics. The Committee establishes threshold, target, expressed as a percentage of base salary, and maximum goals for each measure. Achievement of threshold performance results in a payout of 25% of target for each measure, while achievement at or in excess of the maximum performance goal for each measure results in a maximum payout of 175% of target. In addition, the Company must attain the established earnings per share threshold for the fiscal year before any payout under the Bonus Plan can be made.</p>
Long-Term Equity Incentives	Provides a direct link between compensation and the creation of long-term stockholder value and provides the incentive to manage the Company from the perspective of an owner. Supports the retention of a talented management team over time.	<p>— Company-wide, actual performance for fiscal 2014 was below the EPS threshold level and no bonus was paid. Refer to pages 33-34 for more detail.</p> <p>— In fiscal 2014, annual equity awards to the NEOs consisted of approximately a 50/50 mix of time-based restricted stock and performance share units.</p> <p>— Restricted stock vests in three equal annual installments, subject to each executive’s</p>

continued employment.

— Performance share units may be earned based on our performance against RONA goals pre-established by the Committee. The Committee establishes threshold, target and maximum goals. Achievement of threshold performance results in a payout of 50% of target, while achievement at or in excess of the maximum performance goal results in a maximum payout of 150% of target. In addition, the Company must attain the established RONA threshold for the fiscal year before any payout can be made. If earned, units vest one-third at the end of the performance period, and one-third on each anniversary thereafter. The Company did not achieve the threshold RONA goal; as a result, the executives forfeited all performance share units that were granted in fiscal 2014.

In summary, we believe that the fiscal 2014 performance-based compensation together with base salary levels appear well-aligned with the Company performance for the year and the linkage between pay and performance is strong.

Table of Contents

In addition to our core elements of base salary, cash incentives, and equity awards, our compensation program includes other standard benefits that are available to all employees, such as medical and dental insurance, life and disability insurance, a 401(k) Savings Plan, and a broad-based employee stock purchase plan. The Company has a deferred compensation plan available to all senior management; the Company has not made any contributions to this plan. Senior management are also covered by a supplemental long-term disability plan and may also participate in an annual executive physical program, among other optional benefits.

Compensation Risk Mitigation and Governance Highlights

We maintain various compensation policies that align our program with recognized corporate governance best practice:

- We conduct an annual risk assessment of our compensation programs. In 2014 we determined that our compensation policies and practices do not create risks that are reasonably likely to have a material adverse effect on our Company.
- We require senior executives and non-employee directors to maintain meaningful Company stock ownership levels.
- Officers and directors are not permitted to hedge their economic exposures to the Company stock and are also prohibited from trading our stock on margin.
- We have formal compensation clawback agreements for adjustment, cancellation or recovery of incentive awards or payments to the CEO and CFO in the event of a financial restatement.
- We do not provide significant perquisites or personal benefits to NEOs.
- As part of our emphasis on performance-based compensation plans, we do not provide supplemental executive retirement plans or other retirement benefits to the NEOs, other than the tax-qualified 401(k) defined contribution plan available to all employees.
- Our severance policies are in line with competitive practice, and we do not provide excise tax gross-ups.

Annual Say-on-Pay Vote

At our 2014 Annual Meeting of Stockholders we conducted our annual say-on-pay vote where we asked our stockholders to vote to approve, on an advisory basis, the fiscal 2013 compensation paid to our NEOs. Our stockholders overwhelmingly approved NEO compensation, with over 97% of votes cast in favor of our say-on-pay resolution. As we evaluated our compensation practices in 2014, we were mindful of the strong support our stockholders expressed for our pay-for-performance philosophy. As a result, the Committee continued its general approach to executive compensation for fiscal 2014. We believe our programs are effectively designed, are working well, and are aligned with the interests of our stockholders. The Committee will continue to seek and consider stockholder feedback in the future.

Compensation Discussion & Analysis — Detailed Report

Compensation Philosophy and Objectives

The goal of our executive compensation program is the same as our goal for the Company — to increase stockholder value over the long term. To this end, we have designed and implemented a compensation program intended to attract, motivate, and retain highly skilled executive officers and reward them for results that increase stockholder value through sustained, profitable financial performance and outstanding leadership that reflects our values and unique culture.

The Company's Compensation and Benefits Committee is responsible for monitoring adherence with our compensation philosophy and for reviewing and approving the annual base salary, annual cash bonus, stock-based compensation, retirement plans, and health and welfare benefits for our senior officers, including the NEOs. For fiscal 2014, our NEOs were David F. Dyer, President and Chief Executive Officer, Todd E. Vogensen, Executive Vice President-Chief Financial Officer and Corporate Secretary, Pamela K Knous, former Executive Vice President-Chief Financial Officer, Michelle R. Berardelli, President - Digital Commerce and Chief Marketing Officer, Donna M. Colaco, Brand President — White House | Black Market, and Cynthia S. Murray, Brand President — Chico's.

The Company bases its executive compensation programs and decisions on the same basic objectives that guide the Company in establishing all of its compensation programs:

29

Table of Contents

— Total compensation should foster a long-term focus and be based on the level of job responsibility, individual performance, and Company performance. Associates at higher levels should have an increasing portion of their compensation tied to Company performance because they are more able to affect our overall results.

— Compensation should reflect the value of the particular job in the marketplace and should be at the levels necessary to attract and retain the high-caliber talent required to lead our Company. We believe these levels are the 50th percentile for our corporate NEOs and the 75th percentile for our Brand President NEOs when compared to the Compensation Peer Group.

— Compensation should align our executives with our stockholders by rewarding performance that achieves our strategic and financial objectives and enhances stockholder value. Recognizing the importance of pay-for-performance, our compensation programs are structured so that if Company performance exceeds target levels, a NEO's total compensation may similarly exceed target levels. Likewise, where individual performance or Company performance falls short of established goals, the programs will deliver lower levels of compensation.

— Performance-based compensation programs should enable associates to easily understand how their efforts can affect their pay, both directly through individual performance and indirectly through contributing to the Company's achievement of its overall strategic, financial, and operational goals. Although individual pay levels will always reflect differences in job responsibilities, experience, and marketplace considerations, the overall structure of the compensation and benefit program should be generally consistent across the organization.

— Perquisites for executives should be rare and limited to those that are important to the executive's ability to safely and effectively carry out his or her responsibilities.

The decisions the Committee makes on NEO compensation are performance-based and market driven decisions. In making compensation decisions, the Committee reviews all compensation components for the NEOs and compares each element of compensation against a peer group of publicly-traded retailers. In setting the various elements of NEO compensation, the Committee believes that a substantial portion of an individual NEO's compensation should be "at-risk," which we define as the bonus payments at the target level under our Executive Cash Bonus Incentive Plan and the targeted economic value of equity awards. Thus the Committee, with the advice of its independent compensation consultant and with the desire to have a significant portion of the NEO compensation be at risk, establishes an overall compensation opportunity for each NEO designed to deliver a specific, market competitive value when our target goals are achieved.

Role of the Committee and the Executive Officers in Compensation Decisions

The Committee, in consultation with its independent compensation consultant, reviews, evaluates, and determines the various components of compensation for the CEO, including establishing his base salary, the terms under which his cash incentive bonuses are paid, and deciding the extent to which he receives stock-based compensation awards. The Chief Human Resources Officer ("CHRO") may assist the Committee with gathering relevant data, but does not participate in recommending or setting the CEO's compensation. The Committee then recommends a compensation package for the CEO to the Board for its review, input, and approval.

The Committee also determines the amount and terms of the cash-based and stock-based compensation awards for the other NEOs, taking into account recommendations on individual compensation levels and performance evaluation input from the CEO and CHRO. No other NEO had an active role in the evaluation, design, or administration of the 2014 executive officer compensation program. Each NEO, however, provides input to the CEO and CHRO on individual compensation levels for their respective direct reports.

Use of Independent Compensation Experts

The Committee has engaged Frederic W. Cook & Co., Inc. ("Cook"), a nationally recognized compensation consulting firm, as its independent compensation consultant. The Committee considered whether Cook was independent from management utilizing, among other things, the independence factors required by the Securities and Exchange Commission and incorporated into New York Stock Exchange Listing Standards.

Based on this review, the Committee determined that Cook was independent from Company management and, further, that Cook's work did not create any conflicts of interest under Rule 10C-1(b)(4)(i)-(vi) of the Exchange Act. Cook's work for the Committee includes gathering and analyzing data, performing market assessments, and preparing reports and recommendations. A representative from Cook attends Committee meetings, when requested by the

Table of Contents

Committee, and the Committee Chair frequently interacts with the consultant between meetings to define the nature of work to be conducted, to review materials to be presented at Committee meetings, and to obtain the consultant’s opinion and perspective on proposals prepared by management.

The Committee considers the input from Cook as one factor in making NEO compensation decisions. The Committee also considers information and analyses it receives from management as well as its own judgment and experience.

Setting Executive Compensation — Comparative Data

Cook provided the Committee with relevant market and comparative data and strategic alternatives to consider when making compensation decisions and recommendations for our NEOs. The Committee and Cook also utilized benchmark data from Hay Group, another compensation consulting firm, to provide data for positions below the NEO level and to validate the comparative data Cook provided to the Committee.

In making compensation decisions, the Committee reviews all compensation components for the NEOs taking into account tally sheets showing each individual component as well as overall compensation for each NEO. The Committee also compares each element of total compensation against a peer group of publicly-traded retailers (the “Compensation Peer Group”), which is reviewed and updated each fall. The Compensation Peer Group generally consists of U.S. based, publicly traded retailers in the Apparel Retail and Apparel, Accessories and Luxury Goods GICS Industry Codes of generally similar size and scope to us, and with which we generally compete against for talent and stockholder investment. We used the following Compensation Peer Group to make decisions about 2014 compensation:

Abercrombie & Fitch Co.	Coach, Inc.	Guess, Inc.
Aeropostale, Inc.	DSW, Inc.	L Brands, Inc.
American Eagle Outfitters, Inc.	Express, Inc.	The Buckle, Inc.
Ann Inc.	Finish Line, Inc.	The Children’s Place Retail Stores, Inc.
Ascena Retail Group, Inc.	Foot Locker, Inc.	The Gap, Inc.
Brown Shoe Company, Inc.	Genesco, Inc.	Urban Outfitters, Inc.

Decisions about fiscal 2014 pay opportunities were made at Committee meetings held during the fourth quarter of 2013. In September 2013, Cook conducted a review of the Compensation Peer Group to ensure the companies remained appropriate to form decisions about 2014 pay opportunities. Following the review, the following companies were removed from the group because they were either acquired or are no longer public companies: Collective Brands, Inc., The Talbot's, Inc. and Charming Shoppes, Inc. No additional companies were added to the group. In November 2014, Cook again conducted a review of the Compensation Peer Group to ensure the companies remained appropriate to make informed decisions about fiscal 2015 pay opportunities. Based on the recommendation by Cook, no changes were made to the Compensation Peer Group.

Principal Components of Executive Compensation

The principal components of our executive compensation program are: base salary, annual cash incentive bonuses, long term stock-based incentive compensation, and employee benefit plans.

Mix of Compensation Components

There is no pre-established policy or target for the allocation between either cash and non-cash incentive compensation or short-term and long-term incentive compensation. Rather, the Committee reviews information provided by Cook and other relevant information to determine the appropriate mix of salary and incentive compensation for our NEOs. The Committee believes, however, that a substantial portion of the annual and long-term compensation for our NEOs should be “at-risk.” We define at-risk compensation to include bonus payments at target

potential under our executive Cash Bonus Incentive Plan and the targeted economic value of equity awards. This approach is designed to provide more upside potential and downside risk for the NEOs because they have greater influence on and more accountability for our performance as a whole.

Table of Contents

The following chart describes the percent of pay at-risk for our NEOs in fiscal 2014:

NEO	% 2014 Pay At-Risk	
David F. Dyer	90	%
Todd E. Vogensen	56	%
Pamela K Knous	73	%
Michelle R. Berardelli	74	%
Donna M. Colaco	73	%
Cynthia S. Murray	73	%

Components of Compensation

Base Salaries

We provide our NEOs with competitive base salaries at the 50th percentile of the Compensation Peer Group for our corporate NEOs and at the 75th percentile for our Brand President NEOs in accordance with our compensation philosophy.

During its review of base salaries for our NEOs, the Committee also considers:

- market and comparative data available to it, including any data provided by Cook;
- internal review of the executive’s compensation, both individually and relative to other executive officers;
- overall Company-wide performance; and
- the individual executive’s overall performance and contribution to the Company’s performance.

The Committee reviews the base salaries of our NEOs on an annual basis as well as at the time of any promotion or other material change in responsibilities. In fiscal 2014, all NEOs were at or above the competitive base salary target and, as a result, they did not receive any base salary increases, with the exception of Mr. Vogensen, who received a salary increase upon his promotion to the Chief Financial Officer position.

Table of Contents

Annual Cash Incentive Bonuses

An important component of potential total cash compensation is the incentive bonus opportunity, which is intended to make a significant portion of compensation dependent on Company performance. This is also intended to provide incentives to achieve the Company's annual financial and strategic goals and to work as a team in meeting objectives and overcoming challenges.

We target total cash compensation (base salary plus cash incentive bonus), when target performance goals are achieved, at or near the 50th percentile for our corporate NEOs and at or near the 75th percentile for Brand President NEOs because we believe this allows us to successfully compete for talent with the Compensation Peer Group. Variations to this target positioning may occur as dictated by the experience level of the individual and by other market factors. This target competitive positioning takes into account our expectations and desires that, over the long term, we will be able to generate stockholder returns at or above the median of our peer group.

In fiscal 2014, bonuses for NEOs were determined pursuant to our Cash Bonus Incentive Plan (the "Bonus Plan"), which the stockholders approved at our 2010 Annual Meeting. The performance metrics in the Bonus Plan, which the Committee reviewed and approved, were primarily designed to stimulate growth in sales and operating results, improve return on net assets, and grow earnings per share. The performance metrics and the relative weighting of these metrics are intended to motivate and reward the NEOs for improved financial performance of the Company year-over-year, which we expect should lead to increased stockholder value. All NEOs have a minimum of three performance metrics because we believe having a balance in performance metrics helps reduce compensation related risks.

Under the Bonus Plan, each NEO has an assigned target bonus, expressed as a percentage of base salary, ranging from 50% to 150%, depending on the NEO's position. The actual bonus awards can range from 0% to 175% of target, depending on the Company's actual financial performance. In addition, the Company had to attain the established earnings per share threshold for the fiscal year before any payout under the Bonus Plan could be made.

Thus, if the Company failed to achieve the designated earnings per share threshold, then no performance-based bonuses would be awarded under the Bonus Plan. If the Company achieved or exceeded the threshold earnings per share goal but failed to achieve other performance goals, then only a portion of the performance-based bonus would be awarded. On the other hand, if the Company's performance exceeded the earnings per share threshold and some or all of the other performance goals, then the NEO could have received more than the targeted bonus, but only up to the designated maximum amount.

In fiscal 2014, the threshold, target, and maximum levels for the approved metrics, which included EPS, RONA, sales, and brand contribution metrics, were based on considerations of our overall financial performance for the prior year.

In previous years, our cash incentive bonus plan required improvement in our EPS performance over the prior year before any bonus payment could be made. The Committee and Management reviewed this element of the bonus program and determined that this made our bonus plan less competitive than many others in our industry peer group and, as a result, put the Company at a disadvantage for attracting and retaining the level of talent necessary to achieve our long term financial goals. For fiscal 2014, the threshold level for the EPS metric, which must be met before any bonus can be paid, was set at our actual performance for that metric in fiscal 2013. Nonetheless, the threshold level of EPS was not achieved in fiscal 2014, and therefore no bonuses were paid under the Bonus Plan.

As reflected in the table below, all target metrics required improvement over 2013. The Committee believed the approved target metrics to be challenging, but achievable, and dependent on the successful execution of the Company's strategic business plans and general business conditions that are reasonable. Numerous factors, however, could cause the Company's actual results to vary from expected results. It is not possible for the Committee to reliably calculate the likelihood of any NEO achieving threshold, target, or maximum bonus levels. In recent years NEOs have received no bonus, near target bonus, or maximum bonus based on our actual performance. Therefore, the Company seeks to establish goals that will incentivize NEOs to achieve the Company's objectives. Payouts in any year above the target level indicate significant accomplishment with performance above expectations.

Table of Contents

The bonus measures, targeted financial performance, targeted payout, and actual payouts for fiscal 2014 for each respective NEO are set forth below.

NEO	Bonus Measure (1)	Target Financial Performance (2)	Target Payout (% Salary)	Actual Payout (% Salary) (3)	
David F. Dyer	EPS	27.1% increase			
	RONA	14.0% increase	150	% 0	%
	Total Sales	10.8% increase			
Todd E. Vogensen	EPS	27.1% increase			
	RONA	14.0% increase	50	% 0	%
	Total Sales	10.8% increase			
Pamela K Knous	EPS	27.1% increase			
	RONA	14.0% increase	70	% 0	%
	Total Sales	10.8% increase			
Michelle R. Berardelli	EPS	27.1% increase			
	RONA	14.0% increase	75	% 0	%
	Total Sales	10.8% increase			
Donna M. Colaco	EPS	27.1% increase			
	RONA	14.0% increase	80	% 0	%
	WHIBM Brand Sales	11.4% increase			
	WHIBM Brand Contribution	29.5% increase			
Cynthia S. Murray	EPS	27.1% increase			
	RONA	14.0% increase	80	% 0	%
	Chico's Brand Sales	7.5% increase			
	Chico's Brand Contribution	10.4% increase			

(1) EPS means earnings per share. RONA means return on net assets, which we define as net income divided by net working capital less cash and marketable securities plus fixed assets. We exclude from the RONA calculation significant one-time items that were not anticipated at the time the RONA goal was established. Brand contribution means pre-tax earnings, excluding certain shared service expenses, for each brand.

(2) Percentage increase means an increase compared to the prior fiscal year's actual performance for each metric. Percentage increase in EPS is compared to Non-GAAP EPS in fiscal 2013, which excludes the impact of Boston Proper non-cash goodwill and trade name impairment charges and acquisition and integration costs.

(3) The threshold level for the EPS metric, which must be met before any bonus can be paid, was not achieved in fiscal 2014. Accordingly, no cash incentive bonuses were paid in fiscal 2014.

As noted above, no bonuses were paid for fiscal 2014 under the Bonus Plan.

Sign-On and "Guaranteed" Bonuses

The Company will, as necessary, pay sign-on and first year guaranteed bonuses at various levels in order to attract the management talent necessary to drive long term, sustainable growth. Executives we recruit from other companies are often required to give up a significant amount of compensation from their former company in the form of lost bonus opportunities, unvested equity or a combination of both. Sign-on and first year guaranteed bonuses are a necessary and effective means of offsetting their losses and inducing them to join our team. In those instances in which we have provided an executive with a sign-on bonus, we generally require the newly hired executive to pay back a pro rata portion of the sign-on bonus if they voluntarily leave the Company within a year after joining us. Ms. Berardelli joined the Company in June 2014 and received a \$100,000 sign-on bonus and a bonus guarantee of \$300,000 for fiscal 2014. In fiscal 2015, any bonus payments to Ms. Berardelli will be based on the Company's financial performance pursuant to the Bonus Plan.

Long-Term Incentive Stock-Based Compensation

We believe that meaningful equity ownership by our NEOs is essential for both significant long term and sustained increases in value and growth and retention of the NEOs. This belief is reflected in our stock ownership guidelines as well as the aggregate awards of stock options, restricted stock, restricted stock units and performance-based awards that we have made to our NEOs. The stock ownership guidelines are described on page 37 and are available on the Company's investor relations website at www.chicosfas.com.

We believe that providing NEOs stock-based compensation is the most effective way to align their interests with those of our stockholders. Stock options, restricted stock, performance share awards and performance share units provide an

Table of Contents

incentive, beginning immediately upon grant, to NEOs to manage the Company from the perspective of an owner with an equity interest in the business. In addition, stock-based compensation has been and continues to be a key part of our program for motivating and rewarding key employees over the long term. Multi-year vesting of equity compensation provides a strong retention mechanism for key executive talent, which is critical to our long-term success. We intend to continue to have stock-based compensation serve as an important part of the compensation program for key employees.

The Committee, in consultation with Cook and with the approval of the Board, determines the stock-based compensation for the CEO. The Committee, upon the recommendation by the CEO and the CHRO, also makes final decisions regarding stock-based compensation awards for the other NEOs. The Committee has established general guidelines for the value of the long-term incentive compensation to be granted to each NEO based upon relevant market and comparative data provided by Cook and the NEO's position within the Company. In determining the size of the individual stock-based awards, the Committee also considers the amount of stock-based awards outstanding and previously granted, the amount of stock-based awards remaining available for grant under the 2012 Omnibus Plan, the aggregate amount of current awards, and the amount of awards believed necessary to attract and retain key talent. All stock-based awards vest over time as a means to encourage the recipient to remain in service with us.

Stock Options

Under the 2012 Omnibus Plan, we have the ability to grant stock options to our NEOs. However, in fiscal 2012, we discontinued the routine use of stock options. Substantially all stock options granted to NEOs in the past have a ten-year term and vest in equal annual installments over a period of three years from the date of grant, but the Committee will consider and has previously provided for other vesting schedules, as appropriate. The option exercise price is the closing price on the date of grant. We historically granted stock options as part of our ongoing long-term incentive program as an incentive for our executives to create stockholder value. For an executive to receive value from a stock option, the stock price must increase from the time of grant to the time of exercise.

We have not re-priced or replaced options in response to declining stock prices.

Restricted Stock

Awards of restricted stock shares are granted to NEOs based on external market data and internal fairness considerations, and can vary among the NEOs. Approximately 50% of each NEO's target equity opportunity in fiscal 2014 was granted in the form of restricted stock. These share awards generally vest in equal annual amounts over a three-year period from the date of grant, but the Committee has provided for other vesting schedules, as appropriate. Restricted stock awards are considered participating securities, and recipients have the right to receive dividends on the awards during the vesting period. Restricted stock and awards of restricted stock units encourage executives not only to create stockholder value, but also to preserve value. In other words, restricted stock has both upside potential and downside risk. We believe that share awards such as restricted stock grants further align the interests of management and stockholders.

Performance-based Awards

The Committee provides performance-based awards in the form of performance shares and performance share units ("PSUs"), which tie equity compensation earned to the achievement of corporate performance objectives. Unlike time-based restricted stock, performance shares and PSUs are earned based on certain financial and operational achievements, and vest based on continued service. That is, assuming the eligible associates remain employed, they will only earn the performance shares if the Company achieves the designated performance goal. Because the performance goals require improved overall financial performance over time, performance-based awards align our executives' interests with our stockholders' interest.

All NEOs have PSUs as a part of their equity compensation. Approximately 50% of each executive's target equity opportunity in fiscal 2014 was in the form of PSUs, with the exception of Ms. Berardelli who started with the Company in June 2014. Upon commencement of employment, Ms. Berardelli was granted 125,000 restricted shares. In prior years, NEOs had the opportunity to earn between 0 — 125% of the targeted number of PSUs, with the actual number of PSUs earned based on the Company's RONA targets as set forth under the Company's Bonus Plan. In fiscal 2014, the Committee increased the maximum number of performance share units a NEO can potentially earn from 125% of target to 150% of target to better align the program design with the design of similar programs at companies

in the industry peer group. For a discussion of the details about the RONA target and the likelihood of the Company achieving the RONA target, please see page 34 of this proxy statement.

In addition, the Company had to attain the established RONA threshold for the fiscal year before any payout of PSUs could be made. The threshold level of RONA was not achieved in 2014 and, as a result, the PSUs granted in 2014 were not earned and were canceled in full.

Table of Contents

Retention and Special Recognition Grants

On occasion and as necessary, the Company will make retention or special recognition awards of restricted stock to NEOs. Retention grants usually vest over a 5-year period with no shares vesting in years 1 and 2, 20% vesting in each of year 3 and year 4 and 60% vesting in year 5. The Committee believes that retention awards are appropriate to reward the recipient's contributions to the Company and that the extended vesting schedules will foster long-term focus on, and commitment to, the Company. Special recognition grants generally vest in equal annual amounts over a three-year period from the date of grant and are given to reward sustained, superior individual performance. Both retention and special recognition grants are considered participating securities and recipients have the right to receive dividends on the awards during the vesting period. No NEO was awarded a retention or special recognition equity grant in fiscal 2014.

Granting of Equity Awards

The Company has adopted a Policy on Granting Equity Awards. The complete Policy is available under "Governance Documents & Charters" at www.chicosfas.com. This Policy is designed to provide some measure of assurance that equity grant awards are not being manipulated to result in a price that is unreasonably favorable to the recipients of the grants. Since fiscal 2007, the annual equity grant date for all officers has been on or shortly after the date on which the trading window period first opens following the public release of year-end earnings. This grant date is generally in late February or early March and is established by us well in advance. Because the Committee does not generally meet on this date, the Committee authorizes the grants at its meeting first preceding the grant date specifying an effective prospective grant date consistent with this policy. The exercise price for stock options is generally the closing price on the specified grant date, but in no event less than the closing price on the grant date. This grant date is driven by two principal considerations:

- It coincides with our fiscal-year-based performance management cycle, allowing supervisors to deliver the equity awards close in time to performance appraisals, which tends to increase the impact of the awards by strengthening the link between pay and performance.
- It occurs at least 24 hours after the release of year-end earnings, so that the stock price at that time can reasonably be expected to fairly represent the market's collective view of our then-current results and prospects.

The Company also makes promotional, new hire, and out-of-cycle equity awards to executives, as appropriate. The grant date for such awards is generally the first business day of the month following the date of promotion or hire.

Retirement and Welfare Benefits

401(k) Plan

Effective on January 1, 1999, as amended and restated February 1, 2013, we adopted a 401(k) Plan as a means for all eligible employees at all levels of the Company to accumulate retirement savings. Under the 401(k) feature of the plan, eligible employees can elect to defer up to 100% of their respective compensation, subject to statutory limitations, and have it contributed to the plan. The Company has elected to match employee contributions at 50% on the first 6% of the employees' compensation that is contributed and in the future, may elect to make additional contributions at its discretion.

Employee Stock Purchase Plan

In 2002, the Company adopted an employee stock purchase plan (replacing our 1993 employee stock purchase plan) to continue to provide eligible employees at all levels an opportunity to become stockholders of the Company. The Plan was amended in 2011 to enhance the overall effectiveness of the Plan. Eligible employees may purchase shares of our stock semiannually during specified offering periods at a 15% discount to the value of the stock. Executive officers are eligible to participate in this stock purchase plan.

Health and Welfare Benefits

Our executive officers are also eligible to participate in the medical and dental coverage, life and disability insurance, paid time off, and other programs that are generally available to all of our employees.

Perquisites and Other Benefits

We do not provide significant perquisites or personal benefits to NEOs. We provide competitive relocation benefits to newly hired officers, in keeping with industry practices. We offer to pay for an annual physical examination and offer

supplemental disability income insurance for all officers, including all NEOs. The costs of the annual physical and supplemental disability income insurance are immaterial. The annual physical helps to mitigate the risk of losing the services of a member of senior management due to otherwise undetected health issues. The Company believes that the financial security provided to executives through the supplemental disability income insurance is a good investment because it provides a useful

36

Table of Contents

tool in the retention of top talent. We value perquisites at their incremental cost to us in accordance with SEC regulations. These amounts, if applicable, are reflected in the Summary Compensation Table below under the column entitled “All Other Compensation” and the related footnotes.

Deferred Compensation Plan

The Company has adopted two nonqualified plans that permit executive officers to defer current compensation, on a tax-deferred basis, for long term or retirement savings, one of which relates to deferrals made through December 31, 2004 and related earnings and the other of which relates to deferrals since January 1, 2005 and related earnings. Pursuant to the deferred compensation plans, participants have been allowed to defer all or a portion of their eligible compensation. Under each plan, a book account is then maintained for each such executive officer in which there is an accounting of the amount of compensation deferred and deemed earnings on those amounts based upon the participant’s selection of various available investment options. The Company has not made any matching funds or other contribution to any participant’s account. In accordance with the terms of each of the plans, the deferral is placed in a “rabbi” trust. This trust arrangement offers a degree of assurance for ultimate payment of benefits without causing constructive receipt of the deferral or earnings thereon for income tax purposes. The assets in the trust remain subject to the claims of our creditors and are not the property of the executive officer unless there is a change in control. Section 409A of the Internal Revenue Code (the “Code”) imposes restrictions on the funding of, distributions made under, and elections to participate in, nonqualified deferred compensation arrangements. Although we believe that we are operating in compliance with the statutory provisions relating to Section 409A that are currently effective and have made appropriate modifications to the applicable plan, the statute and its regulations are complex and subject to further interpretation. Thus, it is possible that we will have to make additional adjustments to our nonqualified deferred compensation arrangements to comply with the applicable rules as further interpretations are issued.

Severance and Change in Control Benefits

Our CEO has an employment letter that provides for severance benefits in connection with certain employment terminations, with separate provisions that would govern a severance associated with a change in control. The principal terms of Mr. Dyer’s employment agreement and the related provisions addressing severance benefits are described beginning on page 44 of this proxy statement.

The Company also offers reasonable severance benefits to all officers in order to attract and retain highly skilled management talent. Many other retailers offer comparable severance benefits. As a result, the Company has adopted an Executive Severance Plan and a Vice President Severance Plan, which provide severance benefits upon certain terminations of employment. The plans are on file with the SEC, as required, and their material terms are summarized on page 47 of this proxy statement.

None of these severance benefits provide for payment of excise tax gross-ups.

Tally Sheets

With respect to fiscal 2014 compensation, the Committee analyzed tally sheets for all compensation and maximum potential payouts when approving compensation matters. Through the use of such tally sheets, the Committee reviewed all components of the compensation of our CEO, CFO, and other NEOs, including base salary and annual cash incentive compensation as well as long term equity based incentive compensation and accumulated realized and unrealized equity award gains.

Other Matters

Share Retention Guidelines

The Company has adopted stock ownership guidelines for all senior officers and directors, including the NEOs. Compliance with the ownership guidelines is reviewed regularly by the Committee. The current guidelines require executives to hold Company stock equal to the following values: (i) CEO — ownership equal to three times the prior year’s salary; (ii) other covered officers — ownership equal to one to two times prior year’s salary; and (iii) non-employee directors — ownership equal to three times the base annual retainer. The Company has established a retention ratio that requires senior officers and directors to retain and hold on a net after tax basis at least 25% of shares obtained as a result of a stock option exercise or the vesting of restricted shares until such time as the officer or director is in compliance with the guidelines.

Shares counted toward this requirement are based on shares owned outright as well as shares otherwise beneficially owned by such officer or director (as beneficial ownership is defined by the SEC's rules and regulations) and the value of the gain on vested but unexercised in-the-money options as determined based on a closing price as of a set date. Unvested restricted shares and unvested options awarded under our stock incentive plan are not counted for these purposes.

37

Table of Contents

Hedging and Pledging Prohibition

Officers and directors are not permitted to hedge their economic exposures to the Company stock that they own and are not permitted to trade our stock on margin. Beginning December 1, 2013, NEOs, Board members and other "insiders" were prohibited from pledging their shares of the Company's stock. Anyone who pledged shares prior to December 1, 2013 may continue to pledge those shares, but may not pledge any additional securities.

Clawback Agreements

The Company has "Clawback" agreements with the CEO and CFO. Under these Agreements, each executive is required to reimburse the Company for incentive compensation previously paid to the executive under any of the Company's executive bonus programs if within two years from the date of payment of such incentive compensation, the Company is required to prepare an accounting restatement due to material noncompliance of the Company with any then applicable financial reporting requirement under the securities laws as a result of misconduct by the executive and/or gross negligence by the executive in failing to prevent the misconduct or if the executive is otherwise subject to automatic forfeiture under Section 304 of the Sarbanes-Oxley Act of 2002. The Committee believes that the officers who certify the Company's financial reporting should not be unjustly enriched for prior reporting periods in the event of such a restatement.

Deductibility of Executive Compensation

Section 162(m) of the Internal Revenue Code prohibits publicly held companies from deducting certain compensation to any one NEO, other than the CFO, in excess of \$1,000,000 during the tax year. However, Section 162(m) provides that, to the extent that compensation is based on the attainment of performance goals set by the Committee pursuant to plans approved by our stockholders, the compensation is exempt from the deductibility limitations. Our Compensation Committee administered the bonus awards under the Bonus Plan in an effort to have the payouts qualify for the "performance-based" exemption from the \$1,000,000 limit.

Compensation realized from stock options granted under the 2002 Omnibus Plan is believed to qualify for the performance-based exemption under Section 162(m), and is, therefore, treated as fully deductible. In addition, the Compensation Committee has administered the performance share awards to also qualify for the performance-based exemption; therefore, compensation realized from performance shares has been treated as fully deductible.

Compensation realized from time-based vesting restricted stock grants, however, does not qualify for such an exemption. Thus, to the extent taxable compensation from restricted stock earnings in combination with salaries and certain other compensation elements for any NEO exceeds \$1,000,000, such compensation will not be deductible. The Company is permitted to and reserves the right to pay other amounts that are not tax deductible to meet the design goals of our executive compensation program. In any event, because of the uncertainties associated with the application and interpretation of Section 162(m) and the regulations issued thereunder, there can be no assurance that compensation intended to satisfy the requirements for deductibility under Section 162(m) will in fact be deductible.

Fiscal 2015 Compensation Framework

For fiscal 2015, the Company implemented the following changes in compensation arrangements for its NEOs. We replaced the return on net assets ("RONA") metric in our annual Cash Bonus Incentive Plan with operating income, which we define as corporate gross margin minus all selling, general, and administrative expenses. The Committee made this adjustment because it believes that operating income is an accurate measure of the Company's annual performance. RONA will continue to be the metric used in the PSU program.

In prior years, if the Company failed to achieve the designated earnings per share threshold, then no performance-based bonuses would be awarded under the Bonus Plan. Beginning in fiscal 2015, the Committee replaced the earnings per share threshold with an operating income threshold. The operating income threshold must be met before any NEO can receive a bonus.

Table of Contents

Summary Compensation Table

The following table includes information concerning compensation for fiscal years 2014, 2013 and 2012 in reference to the NEOs, which consists of the Company's principal executive officer, each person who served as the Company's principal financial officer during the 2014 fiscal year, and the three most highly compensated executive officers of the Company other than the principal executive officer and the principal financial officers. A description of the material terms of the employment agreements for each of the NEOs, including a description of potential post-employment payments, appears below under the headings "Employment Agreements for Named Executive Officers" and "Payments Upon Termination or Change in Control for Named Executive Officers."

Name and Principal Position	Fiscal Year Ended	Salary (1) (\$)	Bonus (2) (\$)	Stock Awards (3) (\$)	Option Awards (4) (\$)	Non-Equity Incentive Plan Compensation (5) (\$)	Change in Nonqualified Deferred Compensation Earnings (6) (\$)	All Other Compensation (7) (\$)	Total (8) (\$)
David F. Dyer, President and Chief Executive Officer	1/31/2015	950,000	—	6,625,133	—	—	—	22,159	7,597,292
	2/1/2014	950,000	—	5,600,192	—	—	—	11,035	6,561,227
	2/2/2013	968,269	—	4,100,012	—	1,423,356	—	9,058	6,500,695
Todd E. Vogensen, Executive Vice President-Chief Financial Officer and Corporate Secretary	1/31/2015	373,750	—	288,253	—	—	—	7,178	669,181
Pamela K Knous, Former Executive Vice President-Chief Financial Officer	1/31/2015	306,731	—	612,191	—	—	—	597,958	1,516,880
	2/1/2014	550,000	—	1,598,310	—	—	—	203,973	2,352,283
	2/2/2013	560,577	—	900,600	—	576,834	—	113,831	2,151,842
Michelle R. Berardelli, President-Digital Commerce and Chief Marketing Officer	1/31/2015	338,462	400,000	2,141,250	—	—	—	169,926	3,049,638
Donna M. Colaco, Brand President- White House Black Market	1/31/2015	725,000	—	1,360,094	—	—	—	17,042	2,102,136
	2/1/2014	725,000	—	2,996,154	—	—	—	8,889	3,730,043
	2/2/2013	725,962	—	1,501,000	—	804,946	—	8,771	3,040,679

Cynthia S. Murray,	1/31/2015	725,000	—	1,360,094	—	—	—	13,604	2,098,698
Brand President- Chico's	2/1/2014	725,000	—	2,996,154	—	—	—	10,848	3,732,002
	2/2/2013	725,962	—	1,876,250	—	952,171	—	12,521	3,566,904

- (1) In fiscal 2014, Mr. Dyer, Mr. Vogensen, Ms. Knous, Ms. Colaco and Ms. Murray contributed a portion of his or her compensation to the Company's 401(k) savings plan.
- (2) The amounts in this column consist of a sign-on bonus and a guaranteed bonus paid to Ms. Berardelli in fiscal 2014 totaling \$100,000 and \$300,000, respectively.
- The amounts included in the "Stock Awards" column for fiscal 2014, fiscal 2013, and fiscal 2012 represent the aggregate grant date fair value of restricted stock, performance shares and performance share units granted in each year presented in the table (excluding any estimated amount for forfeitures related to service-based vesting conditions) in accordance with authoritative guidance, and does not correspond to the Company's accounting expense for these awards. For a discussion of the valuation of stock awards, see Note 12 to the Company's consolidated financial statements included in the Company's Annual Report on Form 10-K for the year ended January 31, 2015 (fiscal 2014). See the Grants of Plan-Based Awards Table for information on restricted stock granted in fiscal 2014. The amounts included in the "Stock Awards" column for fiscal 2014 and 2013 includes the grant date fair value of PSUs that were not earned and were cancelled in full because the RONA threshold was not met in either fiscal year.
- (3) The amounts included in the "Stock Awards" column for fiscal 2014, fiscal 2013, and fiscal 2012 for performance shares and performance share units assume achievement at target. The maximum payout achievable was 150% of target in fiscal 2014 and 125% of target in fiscal 2013 and 2012.
- (4) The actual amounts that the NEOs will be able to realize from these equity awards will depend on a number of factors including the Company's actual operating performance, stock price, the vesting terms of the award and the
- (5)

Table of Contents

NEO's continued employment. The disclosure rules require inclusion of the target grant date fair value of performance share units in fiscal 2014 and 2013 in stock awards compensation, even though the awards were not earned and cancelled in full.

The amounts in this column consist of annual incentive bonus payments earned by each of the NEOs earned based on company performance in fiscal 2014, fiscal 2013 and fiscal 2012. See "Compensation Discussion and (6) Analysis—Annual Cash Incentive Bonuses." Amounts earned with respect to the respective fiscal year are accrued as expenses in such fiscal year, even though a portion of such bonuses were computed and paid following the end of the respective fiscal year.

The amounts in this column consist of the Company's matching contributions to its 401(k) savings plan on behalf of the NEOs, group term life and disability insurance premiums paid by the Company on behalf of the NEOs, (7) supplemental executive disability premiums paid by the Company on behalf of the NEOs, expenses related to the Company's executive wellness program, relocation expenses during the fiscal year, if applicable, and termination expenses during the fiscal year, if applicable.

For Ms. Knous, of the \$597,958 included in this column for fiscal 2014, \$583,511 related to termination expenses further discussed on page 49, of the \$203,973 included in this column for fiscal 2013, \$169,513 related to relocation expenses, and of the \$113,831 included in this column for fiscal 2012, \$104,555 related to relocation expenses.

For Ms. Berardelli, of the \$169,926 included in this column for fiscal 2014, \$168,371 related to relocation expenses.

The disclosure rules require inclusion of the target grant date fair value of performance share units in fiscal 2014 and 2013 in total compensation, even though the awards were not earned and cancelled in full. Compensation NEOs earned based on our actual performance in fiscal 2014 was as follows: Mr. Dyer \$4,284,726, Mr. Vogensen (8) \$575,074, Ms. Berardelli \$3,049,638, Ms. Colaco \$1,422,089, and Ms. Murray \$1,418,651. Ms. Knous did not earn any of the stock awards granted in fiscal 2014 as a result of leaving the Company mid-year. Compensation NEOs earned based on our actual performance in fiscal 2013 was as follows: Mr. Dyer \$3,761,131, Ms. Knous \$1,977,128, Ms. Colaco \$3,079,966, and Ms. Murray \$3,081,925.

Table of Contents

Fiscal Year Grants of Plan Based Awards

The following table sets forth certain information with respect to the equity and non-equity incentive awards granted during or for the fiscal year ended January 31, 2015 (fiscal 2014) to each of our NEOs.

	Grant Date	Compensation Committee Action Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards (1)			Estimated Future Payouts Under Equity Incentive Plan Awards (2)			All Other Stock Awards: Date Number of Shares of Stock or Units (3)	Grant Value of Stock Awards (4)
			Threshold (\$)	Target (\$)	Maximum (\$)	Threshold (#)	Target (#)	Maximum (#)		
David F. Dyer	N/A	N/A	356,250	1,425,000	2,493,750					
	March 3, 2014	February 24, 2014				100,320	200,640	300,960	3,312,566	
	March 3, 2014	February 24, 2014							200,640 3,312,566	
Todd E. Vogensen	N/A	N/A	46,719	186,875	327,031					
	March 3, 2014	February 24, 2014				2,850	5,700	8,550	94,107	
	March 3, 2014	February 24, 2014							5,700 94,107	
	July 1, 2014	June 25, 2014							5,840 100,039	
Pamela K. Knous	N/A	N/A	53,678	214,712	375,746					
	March 3, 2014	February 24, 2014				9,270	18,540	27,810	306,095	
	March 3, 2014	February 24, 2014							18,540 306,095	
Michelle R. Berardelli	N/A	N/A	63,462	253,847	444,232					
	July 1, 2014	June 25, 2014							125,000 2,141,250	
Donna M. Colaco	N/A	N/A	145,000	580,000	1,015,000					
	March 3, 2014	February 24, 2014				20,595	41,190	61,785	680,047	
	March 3, 2014	February 24, 2014							41,190 680,047	
Cynthia S. Murray	N/A	N/A	145,000	580,000	1,015,000					
	March 3, 2014	February 24, 2014				20,595	41,190	61,785	680,047	

March 3, 2014	February 24, 2014	41,190	680,047
------------------	----------------------	--------	---------

These columns show the range of aggregate payouts targeted for fiscal 2014 performance under the Chico’s FAS, Inc. Cash Bonus Incentive Plan as described in the section titled “Annual Cash Incentive Bonuses” in the Compensation Discussion and Analysis. The Threshold amount represents the aggregate amount that would have been payable to the executive officer if the Company had achieved just the minimum performance level for each of the performance measures applicable to the particular executive officer for the fiscal year. The Target amount represents the amount that would have been payable to the executive officer if the Company had achieved the (1) targeted performance level for each of the performance measures applicable to the particular executive officer for the fiscal year. The Maximum amount represents the amount that would have been payable to the executive officer if the Company had achieved the maximum performance level for each of the performance measures applicable to the particular executive officer for the fiscal year. Pursuant to the Cash Bonus Incentive Plan, performance for 2014 was below the threshold level for each NEO’s respective performance measures as more particularly described in the section titled “Annual Cash Incentive Bonuses” in the Compensation Discussion and Analysis. As a result, no bonus was paid for 2014

Table of Contents

performance, as shown in the Summary Compensation Table in the column titled “Non-Equity Incentive Plan Compensation.”

These columns include performance-based awards granted in fiscal 2014 under the 2012 Omnibus Plan. For Mr. Dyer, Mr. Vogensen, Ms. Knous, Ms. Colaco, and Ms. Murray, these columns include amounts for PSUs whereby each of Mr. Dyer, Mr. Vogensen, Ms. Knous, Ms. Colaco, and Ms. Murray were eligible to earn shares, (2) contingent upon the achievement of a defined threshold for the Company’s return on net assets in fiscal 2014. Any shares earned based on the achievement of such goals will vest over three years from the date of grant. Based on the Company’s performance in fiscal 2014, the Company did not meet the RONA threshold, resulting in the forfeiture of all PSUs granted.

This column includes restricted stock granted under the 2012 Omnibus Plan. Restricted stock awards have no express performance criteria other than continued employment (with limited exceptions for termination of (3) employment due to death, disability, retirement, and change in control). However, restricted stock has an implicit performance criterion because the higher the Company’s stock price, the greater the value of the restricted stock award.

The amounts in this column represent the full aggregate grant date fair value of each award, computed in accordance with accounting guidance. For a discussion of the valuation of stock awards, see Note 12 to the (4) Company’s consolidated financial statements included in the Company’s Annual Report on Form 10-K for the year ended January 31, 2015 (fiscal 2014).

Table of Contents

Outstanding Equity Awards at Fiscal Year End

The following table outlines outstanding long-term equity-based incentive compensation awards for our NEOs as of January 31, 2015 (fiscal 2014). Each outstanding award is shown separately. The vesting schedule for each award is described in the footnotes to this table.

Name (4)	Option Awards			Option Exercise Price (\$)	Option Expiration Date	Stock Awards		Equity	Equity
	Number of Underlying Unexercised Options (#)	Number of Securities Underlying Unexercised Options (1) (#)	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options (#)			Number of Shares or Units of Stock That Have Not Vested (2) (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$)	Equity Incentive Plan Awards: Number of Shares, Other Rights That Have Not Vested (3) (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Other Rights That Have Not Vested (\$)
David F. Dyer	10,000	—		20.17	3/5/2017	45,526	759,374	55,542	926,441
	10,000	—		24.58	6/26/2017	110,067 200,640	1,835,918 3,346,675		
Todd E. Vogensen	1,667	—		14.60	11/19/2019	900	15,012	1,098	18,315
	1,667	—		13.78	2/25/2020	1,614	26,922		
	2,000	—		13.69	2/24/2021	5,700 5,840	95,076 97,411		
Michelle R. Berardelli						125,000	2,085,000		
	30,000	—		14.86	9/7/2017	90,000	1,501,200	22,367	373,082
	30,000	—		13.78	2/25/2020	15,000	250,200		
Donna M. Colaco	55,000	—		13.69	2/24/2021	25,554 100,000 41,190	426,241 1,668,000 687,049		
	68,000	—		4.31	3/4/2019	90,000	1,501,200	22,367	373,082
	30,000	—		13.78	2/25/2020	23,334	389,211		
Cynthia S. Murray	55,000	—		13.69	2/24/2021	25,554 100,000 41,190	426,241 1,668,000 687,049		

(1) All options listed above vest at a rate of 33-1/3% per year over the first three years of the option term, beginning on the one year anniversary of the date of grant.

All restricted stock vests at the rate of 33-1/3% per year beginning on the one year anniversary of the date of grant except the 100,000 unvested shares for Ms. Colaco and Ms. Murray, which vest over a 5 year period from the date of grant with no vesting in years 1 and 2, 20% vesting on the three year anniversary of the date of grant, 20% vesting on the four year anniversary of the date of grant and 60% vesting on the five year anniversary of the date of grant.

Awards in this column represent performance-based restricted stock that was not yet vested as of January 31, 2015.

(3) These stock units vest at a rate of 33-1/3% per year beginning on the one year anniversary of the date of grant if earned.

(4) In June 2014, the Company announced that Ms. Knous left the position of Executive Vice President-Chief Financial Officer. As a result, Ms. Knous had no equity awards outstanding as of January 31, 2015.

Table of Contents

Fiscal Year Options Exercised and Stock Vested

The following table sets forth stock options exercised and restricted stock vested during the fiscal year ended January 31, 2015 (fiscal 2014) with respect to our NEOs. The dollar figures in the table below reflect the value on the exercise date for Option Awards and the vesting date for Stock Awards.

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (\$)
David F. Dyer	—	—	189,433	3,209,279
Todd E. Vogensen	—	—	3,804	64,619
Pamela K Knous	25,000	106,919	54,573	881,468
Michelle R. Berardelli	—	—	—	—
Donna M. Colaco	—	—	88,476	1,456,014
Cynthia S. Murray	—	—	96,809	1,598,592

Fiscal Year Retirement Benefits

The Company does not maintain a defined benefit pension plan for any of its employees, including for any of the NEOs. Thus, there are no accumulated pension benefits for any of its NEOs. The only funded retirement benefits that are provided for the Company's NEOs are those accruing as a result of contributions made under the Company's 401(k)/profit sharing plan.

Fiscal Year Nonqualified Deferred Compensation

As described on page 37, the Company maintains two separate nonqualified deferred compensation plans. None of our NEOs participated in our Deferred Compensation Plan in fiscal 2014 and none have elected to participate in our Deferred Compensation Plan in fiscal 2015.

Employment Agreements for Named Executive Officers

David F. Dyer. Mr. Dyer, who currently serves as President and Chief Executive Officer, was subject to an at-will employment offer letter, as of fiscal 2014 year-end, dated January 7, 2009, as subsequently amended on March 6, 2015. The offer letter contemplates an annual base salary and certain other benefits. Mr. Dyer's current base salary is \$950,000 and is subject to further increases as set from time to time by the Board of Directors. Mr. Dyer is also eligible for an annual bonus under the Company's Cash Bonus Incentive Plan. In particular, for fiscal 2015, Mr. Dyer's aggregate annual cash bonus, to the extent earned, has a threshold bonus equal to 37.5% of his base salary, a target bonus equal to 150% of his base salary and a maximum bonus equal to 262.5% of his base salary.

Mr. Dyer also is eligible to be considered for additional awards of stock options or other stock-based compensation of the Company consistent with the equity award practices applicable to other senior officers.

The employment offer letter also provides for certain restrictive covenants which, if violated, can result in immediate forfeiture of any unvested equity grants and the cancellation of all then outstanding option grants and claw-back of any option exercises occurring in the six months prior to such violation. Forfeiture of equity grants and option gains may also be triggered in the event grounds for a "cause" termination are uncovered during a severance period.

Mr. Dyer is also a party to a "clawback" agreement with the Company as more fully described on page 38.

A description of potential post-employment payments payable to Mr. Dyer appears below under the heading "Payments Upon Termination or Change in Control for Named Executive Officers."

Todd E. Vogensen. Mr. Vogensen, who currently serves as Executive Vice President-Chief Financial Officer and Corporate Secretary, is subject to an at-will employment offer letter dated September 23, 2009, as subsequently amended on March 3, 2015. The offer letter contemplates an annual base salary and certain other benefits. Mr. Vogensen's current base salary is \$475,000 and is subject to further increases as set from time to time by the Board of Directors. Mr. Vogensen is also eligible for an annual bonus under the Company's Cash Bonus Incentive Plan. In particular, for fiscal 2015, Mr. Vogensen's aggregate annual cash bonus, to the extent earned, has a threshold bonus equal to 17.5% of his base salary, a target bonus equal to 70% of his base salary and a maximum bonus equal to

122.5% of his base salary. Mr. Vogensen is eligible to be considered for additional awards of stock options or other stock-based compensation of the Company consistent with the equity award practices applicable to other senior officers.

Table of Contents

A description of potential post-employment payments payable to Mr. Vogensen appears below under the heading “Payments Upon Termination or Change in Control for Named Executive Officers.”

Pamela K Knous. Ms. Knous, who formerly served as the Executive Vice President-Chief Financial Officer, was subject to an at-will employment offer letter dated June 8, 2011. The offer letter contemplated an annual base salary and certain other benefits. Ms. Knous’ fiscal 2014 base salary was \$550,000 and was subject to further increases as set from time to time by the Board of Directors. Ms. Knous was also eligible for an annual bonus under the Company’s Cash Bonus Incentive Plan. In particular, for fiscal 2014, Ms. Knous’ aggregate annual cash bonus, to the extent earned, had a threshold bonus equal to 17.5% of her base salary, a target bonus equal to 70% of her base salary and a maximum bonus equal to 122.5% of her base salary. Ms. Knous also was eligible to be considered for additional awards of stock options or other stock-based compensation of the Company consistent with the equity award practices applicable to other senior officers. However, in June 2014, the Company announced that Ms. Knous left the position of Executive Vice President-Chief Financial Officer. A description of Ms. Knous’ post-employment payments appears below under the heading “Executives Who Have Terminated Employment.”

Ms. Knous was also a party to a “clawback” agreement with the Company as more fully described on page 38.

Michelle R. Berardelli. Ms. Berardelli, who currently serves as President-Digital Commerce and Chief Marketing Officer, is subject to an at-will employment offer letter dated June 10, 2014. The offer letter contemplates an annual base salary and certain other benefits. Ms. Berardelli’s current base salary is \$550,000 and is subject to further increases as set from time to time by the Board of Directors. Ms. Berardelli is also eligible for an annual bonus under the Company’s Cash Bonus Incentive Plan. In particular, for fiscal 2015, Ms. Berardelli’s aggregate annual cash bonus, to the extent earned, has a threshold bonus equal to 18.75% of her base salary, a target bonus equal to 75% of her base salary and a maximum bonus equal to 131.25% of her base salary. In fiscal 2014, consistent with the terms of the offer letter, she received a sign-on bonus of \$100,000, guaranteed bonus of \$300,000, certain relocation benefits and was awarded certain restricted stock. Ms. Berardelli is eligible to be considered for additional awards of stock options or other stock-based compensation of the Company consistent with the equity award practices applicable to other senior officers.

A description of potential post-employment payments payable to Ms. Berardelli appears below under the heading “Payments Upon Termination or Change in Control for Named Executive Officers.”

Donna M. Colaco. Ms. Colaco, who currently serves as Brand President-White House | Black Market, is subject to an at-will employment offer letter dated July 19, 2007. The offer letter contemplates an annual base salary and certain other benefits. Ms. Colaco’s current base salary is \$725,000 and is subject to further increases as set from time to time by the Board of Directors. Ms. Colaco is also eligible for an annual bonus under the Company’s Cash Bonus Incentive Plan. In particular, for fiscal 2015, Ms. Colaco’s aggregate annual cash bonus, to the extent earned, has a threshold bonus equal to 20% of her base salary, a target bonus equal to 80% of her base salary and a maximum bonus equal to 140% of her base salary. Ms. Colaco is eligible to be considered for additional awards of stock options or other stock-based compensation of the Company consistent with the equity award practices applicable to other senior officers.

A description of potential post-employment payments payable to Ms. Colaco appears below under the heading “Payments Upon Termination or Change in Control for Named Executive Officers.”

Cynthia S. Murray. Ms. Murray, who currently serves as Brand President-Chico’s, is subject to an at-will employment offer letter dated January 29, 2009. The offer letter contemplates an annual base salary and certain other benefits. Ms. Murray’s current base salary is \$725,000 and is subject to annual increases as determined from time to time by the Company’s Board of Directors. Ms. Murray is also eligible for an annual bonus under the Company’s Cash Bonus Incentive Plan. In particular, for fiscal 2015, Ms. Murray’s aggregate annual cash bonus, to the extent earned, has a threshold bonus equal to 20% of her base salary, a target bonus equal to 80% of her base salary and a maximum bonus equal to 140% of her base salary. In 2009, consistent with the terms of the offer letter, she received a sign on bonus and certain relocation benefits and was awarded certain stock options and restricted stock. Ms. Murray also is eligible to be considered for additional awards of stock options or other stock-based compensation of the Company consistent with the equity award practices applicable to other senior officers.

A description of potential post-employment payments payable to Ms. Murray appears below under the heading “Payments Upon Termination or Change in Control for Named Executive Officers.”

Payments Upon Termination or Change in Control for Named Executive Officers

The section below describes the payments that may be made to NEOs upon termination of their employment, pursuant to individual agreements or otherwise.

45

Table of Contents

David F. Dyer

Pursuant to his employment letter agreement, as amended on March 6, 2015, if Mr. Dyer's employment by the Company is terminated without "Cause" (as described below), Mr. Dyer would generally be entitled to receive, among other benefits, payments equal to the sum of his base salary and target bonus, payable in monthly installments over one year, subject to the execution of a general release of claims against the Company. Mr. Dyer would also be entitled to receive the following, upon termination of employment by the Company without Cause: (i) a pro-rated bonus for the applicable bonus period based on actual performance that would otherwise have been payable, payable after year-end results are measured, (ii) accelerated vesting of time-based restricted stock grants, (iii) accelerated vesting of all PSUs based on actual performance at the end of the performance period. These shares will be paid as soon as possible after the end of the performance period, but in no event later than two and one-half months after the end of such performance period, and (iv) continued health insurance coverage until age 67, provided that Mr. Dyer pays the employee portion of premiums post-termination, which benefits expire when and if Mr. Dyer obtains similar benefits from another employer.

In the event of a "Change in Control" (as described below) where Mr. Dyer's employment is involuntarily terminated without Cause, or where Mr. Dyer voluntarily terminates his employment with "Good Reason" (as described below), in either case, within two years of such Change in Control, Mr. Dyer would be entitled to receive, in lieu of the benefits described in the preceding paragraph, among other benefits, an amount equal to two times the sum of his base salary and the target bonus, payable in a lump sum, subject to the execution of a general release of claims against the Company. In this event, Mr. Dyer would also be entitled to: (i) the ability to exercise any vested options for the lesser of three years after termination date or the remaining term of the options and (ii) the conversion of any unvested PSUs without pro-ration, to time-vested restricted stock units, with the number of restricted stock units based on performance to the date of the Change in Control (which occurs on a Change in Control regardless of whether termination of employment occurs) and vesting of these restricted stock units and any other unvested restricted shares will be accelerated and delivery of shares will occur within sixty days of termination of employment.

In the event of his termination of employment due to death or permanent disability, Mr. Dyer or his beneficiaries are entitled to the following: (i) payment of all accrued but unpaid compensation, (ii) Mr. Dyer or his beneficiaries may exercise any vested options for one year after his death or permanent disability or the remaining term of the options, whichever is less, and (iii) continued health insurance coverage until age 67 (or, in the case of death, until Mr. Dyer would have reached age 67), such benefits to be mitigated by similar benefits provided by any new employer. For purposes of Mr. Dyer's employment letter agreement, the term "Cause" means the occurrence of any of the following: (i) Mr. Dyer's being convicted of, or entering a plea of no contest to, any felony; (ii) Mr. Dyer's being convicted of, or entering a plea of no contest to, any crime related to his employment by the Company, but specifically excluding traffic offenses; (iii) Mr. Dyer's continued willful neglect of, refusal to perform, or gross negligence concerning, his duties, or engaging in willful misconduct in the performance of his duties, which has a material adverse effect on the Company; (iv) Mr. Dyer's willful failure to take actions that are permitted by law and necessary to implement policies of the Company's Board of Directors which the Board of Directors has communicated to Mr. Dyer in writing, provided that minutes of a Board of Directors meeting that are provided to or made available to Mr. Dyer shall be deemed communicated to Mr. Dyer; (v) Mr. Dyer's material breach of the terms of his employment letter agreement; or (vi) drug or alcohol abuse by Mr. Dyer, but only to the extent that such abuse has an obvious and material adverse effect on the Company or on the performance of Mr. Dyer's duties and responsibilities under his employment letter agreement; provided; however, that Cause shall not be found in any of the circumstances set forth above (other than in subparagraph (i) or (ii) above or where the basis for the Cause determination is incapable of being cured) unless the relevant act or failure to act is not cured by Mr. Dyer within ten (10) business days after the Company gives him written notice setting out a clear description of the circumstances alleged by the Company to constitute Cause.

For purposes of Mr. Dyer's employment letter agreement, the term "Good Reason" means the occurrence of any of the following events, unless such events are corrected in all material respects by the Company within 30 days of Mr. Dyer's written notification to the Company that he intends to terminate his employment for "Good Reason" (provided that such notice is given within 90 days of the initial existence of the condition): (i) any material reduction

in Mr. Dyer's current titles or positions, or a material reduction in Mr. Dyer's then current duties or responsibilities or (ii) Mr. Dyer's failure to be re-elected or re-appointed to the Company's Board of Directors.

For purposes of Mr. Dyer's employment letter agreement, the term "Change in Control" means (a) any "person" or "group" as such terms are used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934 ("Exchange Act") becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing thirty-five percent (35%) or more of the combined voting power of the Company's then outstanding securities; (b) during any one-year period, individuals who at the beginning of such period constitute the Board of Directors, and any new director who is elected or nominated by the Board by a vote of at least two-thirds of the directors then still in office who either were directors at the beginning of the one-year period or whose election or nomination was previously so approved, cease to

Table of Contents

constitute at least a majority of the Board; (c) a merger or consolidation of the Company with any other entity, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) more than fifty percent (50%) of the combined voting power of the voting securities of the surviving entity or its ultimate parent outstanding immediately after such merger or consolidation; or (d) the sale or disposition of all or substantially all of the Company's assets.

If, at the time of his separation from service, Mr. Dyer is a "specified employee," payments shall be delayed six months to the extent necessary to be in compliance with Section 409A of the Internal Revenue Code.

Other Named Executive Officers

General

Effective October 1, 2007, the Company put into effect a formal executive severance plan for certain eligible officer employees, including the Company's NEOs who are not covered by superseding provisions in their respective employment agreements. On March 1, 2008, the Company's executive severance plan was amended to cover only executive vice presidents and senior vice presidents and, at the same time a separate vice president severance plan was adopted to cover vice presidents not covered by the executive severance plan. The division of the severance plan into two separate plans was largely to limit a "good reason" termination trigger to executive vice presidents and senior vice presidents and to clarify that the officers covered by the vice president severance plan would not be subject to any six month waiting period for the payment of severance benefits. Because the NEOs other than Mr. Dyer are currently covered by the version of the executive severance plan that was effective as of March 1, 2008, the following description of the executive severance plan is based on the executive severance plan as revised, effective March 1, 2008.

Of the NEOs, Mr. Vogensen, Ms. Berardelli, Ms. Colaco and Ms. Murray are covered by the executive severance plan. The executive severance plan provides for the payment of certain benefits to certain of the Company's senior executives, including Mr. Vogensen, Ms. Berardelli, Ms. Colaco and Ms. Murray, upon terminations of employment from the Company. The purpose of the executive severance plan is to promote uniform treatment of senior executives who are involuntarily terminated other than for "cause" or who terminate for good reason. Furthermore, the executive severance plan provides benefits to senior executives who, following a change in control as defined in the executive severance plan, have not been offered employment comparable to that which the Company provided prior to the change in control.

The executive severance plan provides for the following severance benefits:

- A cash payment equal to 12 months of the senior executive's annual base salary.
- A cash payment equal to the senior executive's prorated bonus, if earned, for the year in which the termination occurs.
- Provided that the senior executive properly elects continued health care coverage under applicable law, the Company will fully subsidize the COBRA premium cost for a period of up to 12 months.
- Reimbursement for documented outplacement assistance expenses incurred during the 12 months following the qualifying termination of employment.
- Release from any obligation to otherwise repay any sign-on bonus or relocation benefit.

The provision of severance benefits under the executive severance plan is conditioned upon the executive executing an agreement and release which includes, among other things, one-year non-competition and non-solicitation restrictive covenants, a non-disclosure covenant, a non-disparagement covenant as well as a release of claims against the Company. For a terminated executive who falls within the definition of a "specified employee" (as defined in Section 409A of the Internal Revenue Code), no severance payment shall be made before the date which is six months after the date of termination of employment.

Each of Mr. Vogensen, Ms. Berardelli, Ms. Colaco and Ms. Murray is eligible to receive certain post-employment payments as indicated below in accordance with the Company's above-described executive severance plan (payment of which is conditioned upon entry into the above described letter agreement and release under the executive severance

plan) and, in certain cases, under the 2012 Omnibus Plan.

Table of Contents

Potential Payments Upon Termination

The following table shows the potential payments upon termination for our NEOs as if the respective termination events had occurred on January 31, 2015:

Name and Termination Scenarios	Cash Severance (1)	Equity (2)	Health Benefits (3)	Other Benefits (4)	Excise Tax Gross Up	Total
David F. Dyer						
w/o Good Reason (Voluntary)	—	—	19,332	—	N/A	19,332
w/ Good Reason (Voluntary)	—	—	19,332	—	N/A	19,332
For Good Cause (Involuntary)	—	—	19,332	—	N/A	19,332
Death or Disability (Involuntary)	—	6,868,407	19,332	—	N/A	6,887,739
w/o Good Cause (Involuntary)	2,375,000	6,868,407	19,332	—	N/A	9,262,739
Change in Control	4,750,000	6,868,407	19,332	—	N/A	11,637,739
Todd E. Vogensen						
w/o Good Reason (Voluntary)	—	—	—	—	N/A	—
w/ Good Reason (Voluntary)	400,000	—	17,968	—	N/A	417,968
For Good Cause (Involuntary)	—	—	—	—	N/A	—
Death or Disability (Involuntary)	—	267,017	—	—	N/A	267,017
w/o Good Cause (Involuntary)	400,000	—	17,968	21,000	N/A	438,968
Change in Control	400,000	267,017	—	—	N/A	667,017
Michelle R. Berardelli						
w/o Good Reason (Voluntary)	—	—	—	—	N/A	—
w/ Good Reason (Voluntary)	550,000	—	18,194	—	N/A	568,194
For Good Cause (Involuntary)	—	—	—	—	N/A	—
Death or Disability (Involuntary)	—	2,085,000	—	—	N/A	2,085,000
w/o Good Cause (Involuntary)	550,000	—	18,194	21,000	N/A	589,194
Change in Control	550,000	2,085,000	—	—	N/A	2,635,000
Donna M. Colaco						
w/o Good Reason (Voluntary)	—	—	—	—	N/A	—
w/ Good Reason (Voluntary)	725,000	—	11,631	—	N/A	736,631
	—	—	—	—	N/A	—

For Good Cause (Involuntary) Death or Disability (Involuntary)	—	5,211,821	—	—	N/A	5,211,821
w/o Good Cause (Involuntary)	725,000	—	11,631	21,000	N/A	757,631
Change in Control Cynthia S. Murray	725,000	5,211,821	—	—	N/A	5,936,821
w/o Good Reason (Voluntary)	—	—	—	—	N/A	—
w/ Good Reason (Voluntary)	725,000	—	12,971	—	N/A	737,971
For Good Cause (Involuntary) Death or Disability (Involuntary)	—	—	—	—	N/A	—
w/o Good Cause (Involuntary)	725,000	—	12,971	21,000	N/A	758,971
Change in Control	725,000	6,137,393	—	—	N/A	6,862,393

The cash severance associated with any termination other than Change in Control is to be paid as income continuation, but is shown in the aggregate and not as a discounted present value. For Mr. Vogensen, Ms. Berardelli, Ms. Colaco and Ms. Murray the cash severance associated with termination includes 12 months of salary. Pursuant to the Cash Bonus Incentive Plan, performance for 2014 was below the threshold level for each (1) NEO's respective performance measures, resulting in the exclusion of the earned bonus component for fiscal 2014. For Mr. Dyer, if termination of employment occurs not following a Change in Control, Mr. Dyer would receive payments equal to the sum of his base salary and target bonus, payable in monthly installments over one year. If Mr. Dyer's termination of employment is associated with a specified termination following a Change in Control, the cash severance would equal two times the sum of base salary and target bonus.

Stock option value assumes immediate exercise at \$16.68/share at termination, which equals the Company's stock price at the end of the 2014 fiscal year. Equity value for vesting of restricted stock also assumes \$16.68/share. In accordance with the Company's 2012 Omnibus Plan, stock options become 100% vested in the event of death, (2) disability or change in control, as these events are defined in the 2012 Omnibus Plan. Although restricted stock awards do not automatically vest in the event of death or disability or change in control, the Compensation and Benefits Committee may, in its discretion, decide to accelerate such awards. The Company determined that it was

Table of Contents

appropriate to include amounts related to the potential accelerated vesting of restricted stock in this table to provide a comprehensive total of payments upon termination for death, disability or change in control.

For Mr. Vogensen, Ms. Berardelli, Ms. Colaco and Ms. Murray, health benefits represents an estimate using monthly COBRA cost times 12 months, the period of income continuation, but is shown in the aggregate and not as a discounted present value. However, for Mr. Dyer, the amounts in the table represent an estimate using monthly (3) COBRA costs times the number of months until Mr. Dyer reaches the age of 67 based on his employment letter agreement, which indicates that the Company will continue health insurance until age 67 regardless of the reason for termination.

(4) Represents an estimate of maximum outplacement assistance.

Executives Who Have Terminated Employment

Pamela K Knous

When Ms. Knous separated from the Company in June 2014, her rights to separation payments were governed by the Company's executive severance plan as amended on March 1, 2008. For purposes of this plan, Ms. Knous' employment was deemed to have been terminated on August 19, 2014. In accordance with the provisions of the executive severance plan in effect at the time of her separation from service, Ms. Knous is entitled to receive separation payments in 26 bi-weekly installments totaling \$550,000, (representing 12 months of her annual base salary immediately prior to the time of severance), less applicable withholdings. Ms. Knous' separation payment is subject to Section 409A limitations with respect to the timing of the payments and thus such separation payments began in February 2015. She is also entitled to payments to subsidize the costs to continue her medical, dental and vision plan benefits for up to 12 months following her termination and reimbursement of reasonable outplacement assistance expenses incurred over that same post termination period. The Company expects that the total amounts payable to or on behalf of Ms. Knous under the executive severance plan will be approximately \$584,000 (which includes cash severance, continued health benefits and outplacement services). As a condition to Ms. Knous receiving these severance benefits and as required by the executive severance plan, Ms. Knous provided a general release, acknowledged certain confidentiality obligations and agreed to certain customary restrictive covenants and nondisparagement agreements.

Indemnification Agreements

We have entered into indemnification agreements with all of our directors and certain executive officers under which we have agreed to indemnify such persons against all direct and indirect costs of any type or nature whatsoever (including attorneys' fees) incurred as a result of the fact that such person, in his or her capacity as a director or officer, is made or threatened to be made a party to any suit or proceeding. These persons are to be indemnified to the fullest extent now or hereafter permitted by the Florida Business Corporation Act. The indemnification agreements also provide for the advancement of expenses to these directors and officers in connection with any such suit or proceeding.

Certain Relationships and Related Party Transactions

Except as described herein, none of the directors or officers of the Company, and no stockholder holding over 5% of the Company's common stock, and no corporations or firms with which such persons or entities are associated, currently maintains or has maintained since the beginning of the last fiscal year, any significant business or personal relationship with the Company other than such as arises by virtue of such position or ownership interest in the Company.

Compensation Committee Interlocks and Insider Participation

The current members of the Company's Compensation and Benefits Committee are John J. Mahoney, Janice L. Fields, Stephen E. Watson and Andrea M. Weiss. None of the members of the Compensation and Benefits Committee have at any time been an officer or employee of the Company or any of its subsidiaries, nor did any of them have a relationship requiring disclosure under Item 404 of Regulation S-K promulgated under the Exchange Act. In addition, during the last completed fiscal year, none of our executive officers has served as a member of the board of directors or compensation committee of any other entity that has or has had one or more of its executive officers serving as a member of our Board or Compensation Committee.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Exchange Act requires all executive officers, directors, and persons who are the beneficial owner of more than 10% of our shares of outstanding common stock to file reports of ownership with the SEC indicating their ownership of the Company's equity securities and to report any changes in that ownership. Specific due dates for these reports have been established, and the Company is required to report in this Proxy Statement any failure to comply therewith during the fiscal year ended January 31, 2015. To the Company's knowledge, based solely on a review of the forms, reports and certificates filed with the Company by the Company's directors and officers and the holders of more than 10% of the

Table of Contents

Company's common stock, we believe all Section 16(a) filing requirements were complied with by such persons during or with respect to the fiscal year ended January 31, 2015, except that due to administrative errors by the Company, Ms. Murray filed one late report relating to a sale of common stock (one transaction not timely reported).

SECURITY OWNERSHIP

The following tables set forth the number of shares of the Company's common stock beneficially owned by (1) each of its directors and nominees to become a director, (2) each NEO as defined under applicable SEC rules, (3) all directors and executive officers as a group and (4) each person known to the Company as having beneficial ownership of more than 5% of the Company's common stock together with such person's address as of May 2, 2015, with the exception of Ms. Knous, whose beneficial holdings are reported as of the date she ceased to be active in the Company in June 2014.

Stock Ownership of Directors and Executive Officers

Directors/Executive Officers	Current Beneficial Holdings (1)(3)	Shares Subject to Options (2)	Total Beneficial Ownership (1)	Percent of Class (4)	
David F. Dyer	1,019,759	20,000	1,039,759	*	
Todd E. Vogensen	39,173	5,334	44,507	*	
Pamela K Knous (6)	208,359	25,000	233,359	*	
Michelle R. Berardelli	152,430	—	152,430	*	
Donna M. Colaco	441,704	115,000	556,704	*	
Cynthia S. Murray	446,499	85,000	531,499	*	
Ross E. Roeder	170,383	30,000	200,383	*	
Verna K. Gibson	776,566	(5) 30,000	806,566	*	
David F. Walker	70,983	30,000	100,983	*	
John J. Mahoney	76,983	10,000	86,983	*	
Andrea M. Weiss	52,029	—	52,029	*	
Stephen E. Watson	38,146	—	38,146	*	
Janice L. Fields	15,620	—	15,620	*	
All Directors and Executive Officers as a Group (17 persons)	4,004,519	325,334	4,329,853	3.0	%

* Less than one percent

For purposes of this table, a person is deemed to be the beneficial owner of shares under applicable SEC rules, if she or he (a) has or shares voting power or dispositive power with respect to such shares, or (b) has the right to (1) acquire ownership of such shares within 60 days. "Voting power" is the power to vote or direct the voting of shares, and "dispositive power" is the power to dispose or direct the disposition of shares, irrespective of any economic interest in such shares. Except as otherwise indicated, all shares are held with sole voting and investment power.

(2) Represents shares that may be acquired currently or within sixty days after May 2, 2015 through the exercise of stock options.

The shares listed also include restricted stock which has not yet vested and which is subject to forfeiture as follows: Mr. Dyer, 370,504; Mr. Vogensen, 32,397; Ms. Berardelli, 152,430; Ms. Colaco, 279,607; Ms. Murray, 279,607; Mr. Roeder, 7,350; Ms. Gibson, 7,350; Mr. Walker, 7,350; Mr. Mahoney, 7,350; Ms. Weiss, 7,350; Mr. Watson, 7,350; and Ms. Fields, 7,350. Shares listed for Ms. Knous include 130,487 shares of restricted stock which had not yet vested as of the date she ceased to be active with the Company, of which 25,000 shares were subsequently vested and 105,487 were forfeited.

In calculating the percentage ownership or percent of equity vote for a given individual or group, the number of (4) common shares outstanding includes unissued shares subject to options, warrants, rights or conversion privileges exercisable within 60 days held by such individual or group, but are not deemed outstanding by any other person or group.

(5)

Edgar Filing: DREYFUS MUNICIPAL INCOME INC - Form N-CSR

Includes 135,069 shares owned by Ms. Gibson's husband, 125,000 shares owned by Ms. Gibson's grantor trusts, 125,000 shares owned by the grantor trusts of Ms. Gibson's husband, and 100,000 shares owned by Ms. Gibson's IRA. Also includes 6,000 shares held by a trust for the benefit of one grandchild of which Ms. Gibson's husband is the trustee, 6,000 shares held by a separate trust for the benefit of another grandchild of which Ms. Gibson's husband

Table of Contents

is the trustee, 7,970 shares held by a separate trust for the benefit of another grandchild of which Ms. Gibson's husband is the trustee. Ms. Gibson disclaims beneficial ownership of the aggregate 19,970 shares held in these trusts for the grandchildren. 151,710 shares directly owned by Ms. Gibson are subject to a pledge as security for real estate.

Ms. Knous, former Chief Financial Officer, ceased being an executive officer in June 2014. Shares of the (6) Company's common stock were calculated based on the Company's records as of her separation date. No further ownership information was available to the Company after Ms. Knous ceased being a Section 16 reporting person.

Stock Ownership of Certain Beneficial Owners

Name of Beneficial Owner	Amount and Nature of Beneficial Ownership (1)	Percent of Class
Blue Harbour Group, LP. 646 Steamboat Road Greenwich, CT 06830	10,525,273 (2)	7.3 %
BlackRock, Inc. 55 East 52nd Street New York, NY 10022	8,897,040 (3)	6.2 %
The Vanguard Group. 100 Vanguard Blvd. Malvern, PA 19355	8,867,472 (4)	6.2 %
FMR LLC 245 Summer Street Boston, MA 02210	7,762,564 (5)	5.4 %

For purposes of this table, a person is deemed to be the beneficial owner of shares under applicable SEC rules, if she or he (a) has or shares voting power or dispositive power with respect to such shares, or (b) has the right to (1) acquire ownership of such shares within 60 days. "Voting power" is the power to vote or direct the voting of shares, and "dispositive power" is the power to dispose or direct the disposition of shares, irrespective of any economic interest in such shares.

The ownership information set forth herein is based in its entirety on the material contained in Schedule 13F filed with the SEC on February 17, 2015 by Blue Harbour Group, LP. As reported in such filing, such shares are owned (2) as follows: (i) 10,525,273 shares held by Blue Harbour Group, LP with respect to which it has sole dispositive power and (ii) 10,525,273 shares of which it has sole voting power

The ownership information set forth herein is based in its entirety on the material contained in Amendment No. 4 of Schedule 13G filed with the SEC on February 9, 2015 by BlackRock, Inc. As reported in such filing, such shares (3) are owned as follows: (i) 8,897,040 shares held by BlackRock, Inc. with respect to which it has sole dispositive power and (ii) 8,392,675 shares of which it has sole voting power.

The ownership information set forth herein is based in its entirety on the material contained in Amendment No. 2 of Schedule 13G filed with the SEC on February 11, 2015 by The Vanguard Group, ("Vanguard"). As reported in (4) such filing, such shares are owned as follows: (i) 8,778,522 shares held by Vanguard with respect to which it has sole dispositive power (ii) 102,950 shares of which it has sole voting power and (iii) 88,950 shares to which it has shared dispositive power.

The ownership information set forth herein is based in its entirety on the material contained in Schedule 13G filed with the SEC on February 13, 2015 by FMR LLC. As reported in such filing, such shares are owned as follows: (5) (i) 7,762,564 shares held by FMR LLC with respect to which it has sole dispositive power and (ii) 476,464 shares of which it has sole voting power.

10b5-1 Trading Plans

We permit our officers and directors to adopt trading plans under Rule 10b5-1 promulgated under the Securities Exchange Act of 1934, which allows stockholders to establish prearranged written plans to buy or sell shares or

exercise stock options in accordance with predetermined formulas. Rule 10b5-1 plans allow stockholders to buy or sell shares of the Company's common stock according to their plan on a regular basis (for example, weekly or monthly or in accordance with another predetermined formula), regardless of any subsequent nonpublic information they receive. As of May 8, 2015, Mr. Dyer and Ms. Colaco each had Rule 10b5-1 trading plans in place. No other Company stockholders, officers or directors were known by the Company to have adopted and have in effect a Rule 10b5-1 trading plan. However, directors and officers have carried out such plans in the past and may adopt such plans in the future.

Table of Contents

STOCKHOLDER PROPOSALS FOR PRESENTATION AT THE 2016 ANNUAL MEETING

The Company's 2016 Annual Meeting is currently expected to be held on June 23, 2016. Pursuant to the Rule 14a-8 under the Securities Exchange Act of 1934, proposals of stockholders intended to be presented at the 2016 Annual Meeting of Stockholders and included in the proxy statement for that meeting must be received by management of the Company at its executive offices on or before January 9, 2016.

The Company's Amended and Restated Articles of Incorporation also require certain advance notice to the Company of any stockholder proposal and of any nominations by stockholders of persons to stand for election as directors at a stockholders' meeting. Notice of stockholder proposals and of director nominations must be timely given in writing to the Secretary of the Company prior to the meeting at which the directors are to be elected. To be timely, notice must be received at the principal executive offices of the Company not less than 60 days prior to the meeting of stockholders; provided, however, that in the event that less than 70 days' notice or prior to public disclosure of the date of the meeting is given or made to the stockholders, notice by the stockholder, in order to be timely, must be so delivered or received not later than the close of business on the tenth day following the day on which such notice of the date of the annual meeting was mailed or public disclosure of the date of the annual meeting was made, whichever first occurs.

A stockholder's notice with respect to a proposal to be brought before the annual meeting must set forth in addition to the matters required to be set forth by the General Rules under the Securities Exchange Act of 1934 the following:

(i) a brief description of the proposal and the reasons for conducting such business at the annual meeting, (ii) the name and address, as they appear on the Company's books, of the stockholder proposing such business and any other stockholders known by such stockholder to be supporting such proposal, (iii) the class and number of shares of the Company which are beneficially owned by such stockholder on the date of such stockholder notice and by any other stockholders known by such stockholder to be supporting such proposal on the date of such stockholder notice, and (iv) any financial interest of the stockholder in such proposal.

A stockholder's notice with respect to a director nomination must set forth (i) the name, age, business address and residence address of the person, (ii) the principal occupation or employment of the person, (iii) the class and number of shares of the Company which are beneficially owned by such person, and (iv) all information that would be required to be included in a proxy statement soliciting proxies for the election of the nominee director (including such person's written consent to serve as a director if so elected). As to the stockholder providing such notice, such stockholder must set forth (i) the name and address, as they appear on the Company's books, of the stockholder and (ii) the class and number of shares of the Company which are beneficially owned by such stockholder on the date of such stockholder notice.

We will not entertain any proposals or nominations at the Annual Meeting that do not meet the requirements set forth in our Amended and Restated Articles of Incorporation. A complete copy of our Amended and Restated Articles of Incorporation provisions governing these requirements are available to any stockholder without charge upon request from the Secretary of the Company.

Table of Contents

OTHER MATTERS

At the time of the preparation of this proxy statement, the Board of Directors of the Company had not been informed of any matters proposed to be presented for action at the Annual meeting other than the proposals specifically set forth in the Notice of Annual Meeting and referred to herein. If any other matters are properly presented for action at the Annual meeting, it is intended that the persons named in the accompanying proxy card will vote or refrain from voting in accordance with their best judgment on such matters after consultation with the Board of Directors.

The Company will provide without charge to any stockholder upon written request, a copy of the Company's Annual Report on Form 10-K, including financial statements and schedules thereto, for the fiscal year ended January 31, 2015 (fiscal 2014), as filed with the Securities and Exchange Commission (without exhibits). All such requests should be delivered to Todd E. Vogensen, Corporate Secretary, Chico's FAS, Inc. at the address set forth on the front page of this proxy statement. Copies of exhibits will be provided upon written request and payment of a reasonable fee to cover the costs of reproduction and mailing.

By Order of the Board of Directors,

Todd E. Vogensen

Executive Vice President, Chief Financial Officer and Corporate Secretary

Dated: May 8, 2015

Table of Contents

Appendix A

CHICO'S FAS, INC.
CASH BONUS INCENTIVE PLAN

1. PURPOSE OF THE PLAN.

The purpose of the Plan is to advance the interests of the Company and its stockholders by providing incentives in the form of cash bonus awards to certain executives and other key employees of the Company and its Subsidiaries. The Plan is intended to enable the Company to attract and retain appropriate executive and key employee talent and to motivate such officers and key employees to manage and grow the Company's business and to attain the performance goals articulated under the Plan.

2. DEFINITIONS.

The following capitalized terms used in the Plan have the respective meanings set forth in this Section:

- (a) "AWARD" means a cash bonus award granted pursuant to the Plan.
- (b) "BOARD" means the Board of Directors of the Company.
- (c) "CODE" means the Internal Revenue Code of 1986, as amended, or any successor thereto.
- (d) "COMMITTEE" means the Compensation and Benefits Committee of the Board, or any successor thereto or any other committee designated by the Board to assume the obligations of the Committee hereunder, which Committee shall be comprised solely of two or more outside directors of the Board.
- (e) "COMPANY" means Chico's FAS, Inc., a Florida corporation, and its Subsidiaries.
- (f) "DISABLED" means the inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months.
- (g) "EFFECTIVE DATE" means the date on which the Plan takes effect in accordance with Section 13 of the Plan.
- (h) "PARTICIPANT" means an employee of the Company or any of its Subsidiaries who is selected by the Committee to participate in the Plan pursuant to Section 4 of the Plan.
- (i) "PERFORMANCE-BASED EXCEPTION" means the performance-based exception from the tax deductibility limitation imposed by Section 162(m) of the Code, as set forth in Section 162(m)(4)(C) of the Code.
- (j) "PERFORMANCE GOALS" means one or more of the following, as selected by the Committee: net sales; revenue; revenue growth or product revenue growth; operating income (before or after taxes); pre- or after-tax income (before or after allocation of corporate overhead and bonus); net earnings; earnings per share; net income (before or after taxes); return on equity; total shareholder return; return on assets or net assets; appreciation in and/or maintenance of share price; gross profits; earnings (including earnings before taxes, earnings before interest and taxes or earnings before interest, taxes, depreciation and amortization); economic value-added models or equivalent metrics; comparisons with various stock market indices; reductions in costs; cash flow or cash flow per share (before or after dividends); return on capital (including return on total capital or return on invested capital); cash flow return on investment; improvement in or attainment of expense levels or working capital levels; operating margins, gross margins or cash margin; maintained margin; brand contribution; year-end cash; debt reductions; shareholder equity; market share; regulatory achievements; implementation, completion, or attainment of measurable objectives with respect to research, development, products or projects and recruiting and maintaining personnel.
- (k) "PERFORMANCE PERIOD" means the Company's fiscal year or such other period as designated by the Committee.
- (l) "PLAN" means the Chico's FAS, Inc. Cash Bonus Incentive Plan.
- (m) "QUALIFIED PERFORMANCE-BASED COMPENSATION AWARD" means an Award that is designated as such by the Committee that is (i) contingent on the achievement of one or more Performance Goals and (ii) intended to qualify for the Performance-Based Exception.
- (n) "SUBSIDIARY" means a subsidiary corporation, as defined in Section 424(f) of the Code (or any successor section thereto).

3. ADMINISTRATION.

The Plan shall be administered by the Committee. The Committee shall have the authority to select the employees to be granted Awards under the Plan, to determine the size and terms of an Award (subject to the limitations imposed on Awards in

A-1

Table of Contents

Section 5 below), to modify the terms of any Award that has been granted, to determine the time when Awards will be made, the amount of any payments pursuant to such Awards, and the Performance Period to which they relate, to establish Performance Goals in respect of such Performance Periods and to determine whether such Performance Goals were attained. The Committee is authorized to interpret the Plan, to establish, amend and rescind any rules and regulations relating to the Plan, and to make any other determinations that it deems necessary or desirable for the administration of the Plan. The Committee may correct any defect or omission or reconcile any inconsistency in the Plan in the manner and to the extent the Committee deems necessary or desirable. Any decision of the Committee in the interpretation and administration of the Plan, as described herein, shall lie within its sole and absolute discretion and shall be final, conclusive and binding on all parties concerned. Determinations made by the Committee under the Plan need not be uniform and may be made selectively among Participants, whether or not such Participants are similarly situated. The Committee shall have the right to deduct from any payment made under the Plan any federal, state, local or foreign income or other taxes required by law to be withheld with respect to such payment. The Committee may delegate to one or more employees of the Company or any of its Subsidiaries, including, but not limited to the Company's Chief Executive Officer, the authority to take actions on its behalf pursuant to the Plan; provided, however, only the Committee may determine and certify Qualified Performance-Based Compensation Awards granted to executive officers of the Company.

4. ELIGIBILITY AND PARTICIPATION.

The Committee shall determine the executive officers and such other employees who shall be Participants for the Performance Period. Only employees of the Company or any of its Subsidiaries shall be eligible for selection as Participants. The designation of Participants may be made individually or by groups or classifications of employees, as the Committee deems appropriate. Participants may be granted one or more Awards.

5. AWARDS.

(a) Performance Goals. Awards under the Plan shall be conditioned on the attainment of one or more Performance Goals, which Performance Goals shall be determined and approved by the Committee, in its sole discretion. The Committee shall determine whether and to what extent each Performance Goal has been met. The Committee may designate whether an Award granted to a Participant who is an executive officer of the Company is intended to be a Qualified Performance-Based Compensation Award. Any such Qualified Performance-Based Compensation Award granted by the Committee shall be conditioned on the achievement of one or more Performance Goals and shall include at least a one (1) year Performance Period. The Performance Goals may be based solely by reference to the Company's performance or the performance of a Subsidiary, division, business segment or business unit of the Company, or based upon the Company's performance relative to the performance of one or more companies or an index covering multiple companies. The Committee may also exclude, if provided in the Award agreement, charges related to an event or occurrence which the Committee determines should appropriately be excluded, including (i) restructurings, discontinued operations, extraordinary items, and other unusual or non-recurring charges, (ii) an event either not directly related to the operations of the Company or not within the reasonable control of the Company's management, or (iii) the cumulative effects of tax or accounting changes in accordance with U.S. generally accepted accounting principles. With respect to a Qualified Performance-Based Compensation Award, the grant of such Award, the establishment of the related Performance Goals and the certification as to whether such Performance Goals have been satisfied shall be made by the Committee in a manner and during the period required under Section 162(m) of the Code.

(b) Target Bonus. The Committee shall determine and specify a target bonus amount to be payable pursuant to each Award for each Participant. Notwithstanding any provision of the Plan to the contrary, with respect to Qualified Performance-Based Compensation Awards, the maximum dollar value payable to any one individual Participant during any one-calendar-year period is \$5 million.

(c) Amount Payable. Subject to the limitations set forth in Section 5(b) of the Plan, the amount payable pursuant to an Award shall be determined by the Committee in its sole discretion based on the applicable target bonus amount, any prescribed weighting of the Performance Goals if more than one, and the Committee's determination of whether and to what extent each applicable Performance Goals have been met. No amounts shall be paid if the Performance Goal(s) upon which the Award is contingent have not been met.

(d) Payment. The amount of the Award payable as determined by the Committee for the Performance Period shall be paid to the Participant in a cash lump sum within seventy (70) days following the end of the applicable Performance Period. The Committee shall have the discretion to decrease, but not increase, the amount of any payment otherwise payable pursuant to an Award based on such factors as it shall deem appropriate. The Committee shall also have the discretion to pay a portion of the Award prior to the end of the Performance Period provided that the Committee determines that the Performance Goal or Goals have been met prior to such payment and provided further that the payment conforms with Performance-Based Exception rules under Section 162(m) of the Code.

(e) Termination of Employment. If a Participant dies, becomes Disabled, retires, is assigned to a different position that renders the Participant ineligible for the Award or is granted a leave of absence, or if the Participant's employment is

A-2

Table of Contents

otherwise terminated for any reason prior to the last day of the Performance Period, the Employee shall forfeit any and all rights with respect to the Award. Notwithstanding the preceding to the contrary, and with respect only to either (1) a Participant who becomes Disabled prior to the end of a Performance Period, or (2) a Participant who is eligible to participate in the Company's Vice President Severance Plan or Executive Severance Plan and who incurs a termination of employment with the Company prior to the end of a Performance Period, if the Performance Goals for the applicable Performance Period are satisfied and timely certified by the Committee, the Participant shall receive a pro rata amount of the Participant's Award for the portion of the Performance Period during which the Participant actually participated in the Plan, such pro rata amount to be paid at the same time and in the same manner as set forth in Section 5(d) of the Plan. If the Performance Goals for the applicable Performance Period are not satisfied, no amount shall be paid.

6. AMENDMENTS OR TERMINATION.

The Committee may amend, alter or discontinue the Plan, but no amendment, alteration or discontinuation shall be made which would impair any of the rights or obligations under any Award theretofore granted to a Participant under the Plan without such Participant's consent; provided, however, that the Committee may amend the Plan in such manner as it deems necessary to permit the granting of Awards meeting the requirements of any applicable law, rule or regulation.

7. NO RIGHT TO EMPLOYMENT.

Neither the Plan nor any action taken hereunder shall be construed as giving any Participant or other person any right to continue to be employed by or perform services for the Company or any Subsidiary, and the right to terminate the employment of or performance of services by any Participant at any time and for any reason is specifically reserved to the Company and its Subsidiaries.

8. NONTRANSFERABILITY OF AWARDS.

An Award shall not be transferable or assignable by the Participant other than by will or by the laws of descent and distribution.

9. OFFSET OF AWARDS.

Notwithstanding anything to the contrary herein, the Committee, in its sole and absolute discretion, may reduce any amounts otherwise payable to any Participant hereunder in order to satisfy any liabilities owed to the Company or any of its Subsidiaries by the Participant.

10. ADJUSTMENTS UPON CERTAIN EVENTS.

In the event of any material change in the business assets, liabilities or prospects of the Company, any division or any Subsidiary, the Committee in its sole and absolute discretion and without liability to any person may make such adjustment, if any, as it deems to be equitable as to any affected terms of outstanding Awards.

11. MISCELLANEOUS PROVISIONS.

The Company is the sponsor and legal obligor under the Plan and shall make all payments hereunder, other than any payments to be made by any of the Subsidiaries (in which case payment shall be made by such Subsidiary, as appropriate). The Company shall not be required to establish any special or separate fund or to make any other segregation of assets to ensure the payment of any amounts under the Plan, and the Participants' rights to the payment hereunder shall be no greater than the rights of the Company's (or Subsidiary's) unsecured creditors. All expenses involved in administering the Plan shall be borne by the Company.

12. CHOICE OF LAW.

The Plan shall be governed by and construed in accordance with the laws of the State of Florida applicable to contracts made and to be performed in the State of Florida.

13. EFFECTIVENESS OF THE PLAN.

The Plan has been approved by the Board and shall be effective as of the date of its approval by the stockholders of the Company at the Company's 2015 annual meeting and shall remain in effect until the Company's annual meeting of stockholders in 2020.