



NEW YORK & COMPANY

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New York & Company, Inc.

COMPENSATION COMMITTEE CHARTER

This Amended and Restated Compensation Committee Charter (the “Charter”) was adopted by the Board of Directors (the “Board”) of New York & Company, Inc. (the “Company”) on September 30, 2004 and replaces any charter previously used by this committee.

Mandate

The Compensation Committee (the “Committee”) assists the Board in its oversight of compensation for the Company’s senior management, compensation for the Board of Directors, evaluation and succession planning for the Chief Executive Officer (the “CEO”) and related matters. The Committee’s mandate includes the following:

- (i) developing and approving the Company’s executive compensation philosophy;
- (ii) setting goals and objectives for the CEO, evaluating the CEO’s performance in light of these goals, and determining the CEO’s compensation based upon this evaluation;
- (iii) approving the compensation structure for the other executive officers and reviewing the CEO’s recommendations with respect to executive officer compensation;
- (iv) making recommendations to the Board with respect to director compensation;
- (v) overseeing CEO and executive succession planning and development; and
- (vi) fulfilling any other responsibilities set forth in this Charter and any additional duties that may be assigned to the Committee by the Board from time to time.

Organization

Committee Members

No members of Company management will serve as Committee members. Recognizing that the Company is a “controlled company” under the rules of the NYSE, the membership of the Committee need not be comprised entirely of independent directors. There shall be a minimum of two Committee members at all times. If the Company’s “controlled” status changes, the

Committee shall then be comprised of the number of independent directors consistent with the then current NYSE rules.

The members and Chair of the Committee shall be appointed by the full Board on an annual basis and may be re-appointed or replaced at the Board's discretion at any time. All Committee members shall be familiar with executive compensation issues and best practices and will undertake to keep current on developments in this field while serving on the Committee.

Committee Meetings

The Chair of the Committee shall be responsible for calling meetings of the Committee, developing the meeting agenda, providing pre-reading materials to Committee members relative to agenda items and chairing the meetings.

The Committee shall meet at least twice a year. Meetings may be in person or by conference call. A majority of the Committee members must be in attendance for a quorum. The Committee may also act by unanimous written consent. The Committee shall make regular reports to the Board on the Committee's activities.

Professional Advisors

The Committee shall have sole authority to retain and terminate any executive compensation consultants engaged to provide advice to the Committee is discharging its responsibilities, including the sole authority to approve such consultants' fees and other retention terms. The Committee shall also have the authority to retain other professional advisors, when necessary or appropriate. The Company shall provide funding to cover the professional fees of any such advisors that have been approved by the Committee.

The Committee may consult with Company management on compensation issues and may delegate to management, where appropriate, the duty to work with and/or supervise the day-to-day activities of independent consultants and advisors retained by the Committee.

Responsibilities

Executive Compensation Philosophy and Programs

In consultation with the Board, the CEO and senior management, the Committee shall develop and approve the Company's executive compensation philosophy, including the balance between or mix of base salaries, cash and equity-based incentive compensation and other compensation components for the CEO, other executive officers and the Board of Directors. In so doing, the Committee shall establish and regularly review and update:

- i) an appropriate peer group of companies for the purposes of comparing compensation levels and practices; and
- ii) key measures that the Committee will use in assessing performance for the purposes of incentive compensation awards to the CEO and other members of the senior management team.

Evaluation and Compensation of the CEO

At the start of each year, the Committee shall determine, review and approve corporate goals and objectives relating to the compensation of the CEO, consistent with the terms of any existing contracts between the CEO and the Company. At the end of the year, the Committee shall evaluate the performance of the CEO in light of the agreed upon goals and objectives and shall set the compensation level for the CEO based upon this evaluation – including the CEO's base salary, incentive compensation and any other components of the CEO's compensation.

The Committee shall also negotiate and approve all formal employment or other contracts with the CEO.

Compensation of Other Executive Officers

The Committee shall approve corporate goals and objectives relating to the compensation of executive officers other than the CEO and review the CEO's evaluation of the performance of the executive officers in light of these goals and objectives. The Committee shall review and approve the CEO's recommendations on salary levels, incentive awards and other compensation for the executive officers.

The Committee shall also review and approve all formal employment agreements or other contracts with executive officers of the Company negotiated by the CEO, or any other arrangements for which authority has not been delegated to management.

Incentive and Equity-Based Compensation Programs

The Committee shall approve the Company's cash-based incentive plans for executive officers, including the performance measures to be applied in determining incentive awards. The Committee shall also review and make recommendations with respect to the adoption or modification of any equity-based plans for Company employees for approval by the Board and company stockholders, unless reserved by the Board through plan provisions or applicable rules and regulations. The Committee shall also oversee the administration of these plans to ensure consistency with the Committee's compensation philosophy and policies with respect to plan participation.

Retirement Programs and Other Benefits

The Committee shall review and make recommendations to the Board for approval with respect to the types and structures of employee retirement plans for the CEO, executive officers and other employees. The Committee shall also establish and periodically review Company policies with respect to prerequisites and other non-cash benefits for executive officers.

Other Compensation Programs

The Committee shall periodically review the operation of the Company's broad-based programs and overall compensation programs for key employees and consider their effectiveness in promoting key Company objectives and stockholder value.

Report on Executive Compensation and Other Regulatory Compliance Matters

The Committee shall be responsible for the production of the annual compensation committee report on executive compensation included in either the Company's annual proxy statement or annual report in accordance with applicable SEC rules and regulations.

In consultation with senior management, the Committee shall oversee regulatory compliance with respect to compensation matters, including overseeing the Company's policies on structuring compensation programs to preserve tax deductibility, and, as and when required, establishing performance goals and recommending to the full board for certification that performance goals have been attained for the purposes of Section 162(m) of the Internal Revenue Code.

CEO Succession Planning

The Committee shall work with the CEO to develop succession plans for the Chief Executive Office for an emergency situation and over the longer term. The Committee, in conjunction with the CEO, shall update the entire Board with respect to executive development and succession planning initiatives.

Director Compensation

The Committee shall review the Company's practices and levels with respect to directors' compensation paid to non-management Board members annually and shall make recommendations to the full Board with respect to any changes or modifications to the directors' compensation program.

In making its recommendations, the Committee shall consider director compensation policies and practices at the Company's principal competitors and other comparable companies to ensure that the compensation (both direct and indirect) paid to the Company's directors is reasonable and appropriate.

Committee Self-Assessment

The Committee is responsible for developing and conducting an annual self-assessment of its performance. The Committee will work with the Nomination and Governance Committee to design and coordinate the annual self-assessment in conjunction with the overall Board assessment process. The Committee shall report to the full Board on the results of its assessment each year and shall make any appropriate recommendations to further enhance the Committee's performance.

Other Matters

The Committee shall also fulfill any other responsibilities that may be assigned to the Committee by the Board from time to time.

Charter Modifications/Updating

The Committee shall review this charter regularly and may recommend to the Board from time to time any proposed changes to the charter and to any other documents related to the responsibilities of the Compensation Committee.