



**Francesca's Holdings Corporation  
Related Party Transaction Policy**

**SCOPE**

This policy applies only to Transactions in which and the Company is a participant and in which any Related Person has or will have an Interest.

The Company's Code of Conduct is its primary guide to ethical decision-making. Through the policy contained in the Company's Code of Conduct, the Company strives to avoid any circumstances that may create a conflict, or the appearance of a conflict, between the personal interests of an employee or director and the interests of the Company. This policy is not intended to be a part of the Company's Code of Conduct but instead reflects the implementation of the principles contained therein. Nothing herein shall be deemed to amend or supersede any provision of the Company's Code of Conduct.

**DEFINITIONS**

**"Company"** means Francesca's Holdings Corporation or any of its subsidiaries.

**"Immediate Family"** of any person means any child, stepchild, parent, stepparent, spouse, sibling, niece, nephew, aunt, uncle, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law or sister-in-law of such person, and any person (other than a tenant or employee) sharing the household of such person.

**"Interest"** means opportunity for direct or indirect benefit, including benefit to an Immediate Family member of a Related Person or to any corporation, partnership or other business or professional entity in which the Related Person or the Immediate Family member is an executive officer or of which the Related Person or the Immediate Family member owns beneficially more than ten percent (10%). For purposes of this policy, an Interest does not arise from (1) the Related Person's, or the Immediate Family member's, position as a director of another corporation or organization; (2) the direct or indirect ownership by the Related Person or the Immediate Family member of less than a ten percent (10%) equity stake in another corporation or organization; (3) both such position and ownership; or (4) the Related Person's, or the Immediate Family member's, position as a limited partner in a partnership in which the Related Person or the Immediate Family member has an interest of less than ten percent (10%), where the person is not a general partner of and does not hold another position in the partnership.

**"Material"** means involving an amount greater than \$120,000.

**"Related Person"** means (1) any director or executive officer (as that term is defined by the Securities and Exchange Commission) of the Company, (2) any nominee for director, (3) any officer of the Company at or above the rank of Senior Vice President, and (4) any security holder who is known to the Company to own of record or beneficially more than five percent (5%) of any class of the Company's voting securities.

**"Transaction"** means any financial transaction, arrangement or relationship (including any indebtedness or guaranty of indebtedness) or any series of similar transactions, arrangements or relationships. For purposes of this policy, however, Transaction does not mean (i) compensation, director fees, committee fees, or other remuneration paid to a Related Person as part of the Company's customary compensation or Board arrangements; or (ii) reimbursement to a Related Person of customary business expenses in accordance with the Company's established procedures.

## **POLICY**

### **Material Transactions in which a Related Person has or will have an Interest**

The Company shall not enter into a Material Transaction in which a Related Person has or will have an Interest unless the Transaction is first reviewed and approved by the disinterested members of the Audit Committee or, if necessary to reach a decision, a majority of the disinterested members of the Board of Directors.

In the case of an ongoing business relationship, pre-approval as provided above shall be required if the relationship is anticipated to result in a series of Transactions that, in the aggregate, are Material. If such an ongoing business relationship extends over multiple fiscal years, pre-approval shall occur at least annually for each year's anticipated Transactions.

In its discretion, the Audit Committee may present a proposed Transaction that is subject to pre-approval under this policy to the disinterested members of the Board of Directors for review and approval. Such presentation may be made with a recommendation by the Audit Committee for approval or disapproval of the proposed Transaction, or may be made without recommendation by the Audit Committee.

### **Non-Material Transactions in which a Related Person has or will have an Interest**

The Company shall not enter into a non-Material Transaction in which a Related Person has or will have an Interest unless the Transaction is first reviewed and approved by the CEO and the General Counsel.

Each Non-Material Transaction that is approved pursuant to this policy shall be reported quarterly by the General Counsel to the Audit Committee, but such Transactions shall not require pre-approval by the Audit Committee.

### **Standard for Approval**

Material Transactions. In order to approve a Material Transaction which a Related Person has or will have an Interest, the disinterested members of the Audit Committee or the disinterested members of the Board of, as applicable, must find: (1) that the transaction has a legitimate business purpose; and (2) for any transaction other than a charitable contribution, that either the transaction's terms were determined through a competitive bidding process or the transaction is on terms no less favorable than those generally available to unaffiliated third-parties under the same or similar circumstances.

Non-Material Transactions. In order to approve a non-Material Transaction which a Related Person has or will have an Interest, the CEO and the General Counsel must find: (1) that the transaction has a legitimate business purpose; and (2) for any transaction other than a charitable contribution, that either the transaction's terms were determined through a competitive bidding process or the transaction is on terms no less favorable than those generally available to unaffiliated third-parties under the same or similar circumstances.

All Directors are Deemed Interested. As a general rule, only disinterested directors should participate in Audit Committee or Board action regarding whether to approve or ratify a Transaction. However, the Company recognizes that there may be certain cases in which all directors are deemed to have an Interest in a proposed Transaction. In such cases, the Company may enter into any such Transaction that is approved in accordance with the provisions of the Delaware General Corporation Law.

## **Review and Approval of Material Changes**

Any substantive change to the terms of a Transaction subject to this policy shall require the same review and approval as would be required for a new Transaction.

## **Reporting to Board**

The Audit Committee shall report to the Board of Directors regarding any Material Transaction that it reviewed pursuant to this policy, and any questions of potential conflicts of interest involving any Related Person.

## **NEPOTISM POLICY**

No Immediate Family of any Director, the President & CEO or any officer of the Company holding the position of Senior Vice President or higher may serve as a director, officer, or employee of, or as consultant to, the Company without pre-approval by the disinterested Audit Committee members or, if necessary, the disinterested members of the Board of Directors.

Other than as provided above, Immediate Family members are permitted to work for the Company; provided, however that members of an Immediate Family may not work within the same “chain of command”, where one such Immediate Family member’s retention, evaluation, promotion, demotion, transfer, discipline, supervision, salary, benefits or work assignments could be influenced by another member of the same Immediate Family.

## **MONITORING**

The Audit Committee shall institute and oversee procedures for monitoring the Interests of Related Parties, including requiring all officers and directors of the Company who are Related Parties regularly to report whether any entities in which such Related Party or any of his or her Immediate Family have an Interest have a relationship with the Company, and to describe the nature of any such relationship.

## **REVIEW OF POLICY**

The Audit Committee will review this policy periodically, and will report the results of this review to the Board.