



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

SCOPE

This policy applies only to Transactions in which 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 to a Related Person, 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%).

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

“**Related Person**” means any person who (a) is or was since the beginning of the Company's last fiscal year (1) a director or executive officer (as that term is defined under Rule 3b-7 of the Securities Exchange Act of 1934, as amended) of the Company, (2) a nominee for director, (3) any officer of the Company at or above the rank of Senior Vice President or (b) at the time of the occurrence or existence of the Transaction, is known to be the beneficial owner 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 in which the Company was, is or will be a participant. Contributions to any charitable organization by a Related Person constitute a Transaction for purposes of this policy. Transactions involving compensation of executive officers shall be reviewed and approved by the Compensation Committee in the manner specified in the charter of the Compensation Committee and do not need to be approved by the Committee under this Policy.

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. The Audit Committee or the Board of Directors may, in its sole discretion, impose such conditions as they deem appropriate on the Company or the Related Person in connection with approval of the Transaction.

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 the General Counsel

Any such Material Transaction proposed to be entered into by the Company must be reported by any Related Person, or any director, officer or employee of the Company who knows of the Transaction, to the Company's General Counsel and shall be reviewed as described herein. In the event the Company's General Counsel becomes aware of a Material Transaction in which a Related Person has or will have an Interest that was not previously approved or ratified under this Policy, the General Counsel shall promptly notify the Chairperson of the Audit Committee, and the Audit Committee shall consider whether the Transaction should be ratified or rescinded, or other action should be taken.

In the event the General Counsel determines that it is impractical or undesirable to wait until the next Audit Committee meeting to review a Material Transaction, the Chairperson of the Audit Committee may act on behalf of the Audit Committee to review and approve or ratify such 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 recommend any changes to the Board.