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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

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**FORM 10-Q**

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**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Quarterly Period Ended April 30, 2016

OR

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Transition Period From            to

Commission File Number: 001-35239

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**FRANCESCA'S HOLDINGS CORPORATION**

(Exact name of registrant as specified in its charter)

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Delaware  
(State or other jurisdiction of  
incorporation or organization)

20-8874704  
(I.R.S. Employer  
Identification No.)

8760 Clay Road Houston, TX  
(Address of principal executive offices)

77080  
(Zip Code)

(713) 864-1358  
(Registrant's telephone number, including area code)

None  
(Former name, former address and former fiscal year, if changed since last report)

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Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer

Non-accelerated filer  (Do not check if a smaller reporting company) Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

The registrant had 40,156,656 shares (excluding 6,004,929 of treasury stock) of its common stock outstanding as of May 15, 2016.

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**PART I. FINANCIAL INFORMATION**  
**ITEM 1. FINANCIAL STATEMENTS**

**Francesca's Holdings Corporation**  
**Unaudited Consolidated Balance Sheets**  
(In thousands, except share amounts)

	<u>April 30, 2016</u>	<u>January 30, 2016</u>	<u>May 2, 2015</u>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 35,421	\$ 56,224	\$ 46,119
Accounts receivable	13,316	9,580	11,858
Inventories	34,799	31,541	31,395
Deferred income taxes	6,557	6,411	5,288
Prepaid expenses and other current assets	6,649	7,013	5,547
Total current assets	<u>96,742</u>	<u>110,769</u>	<u>100,207</u>
Property and equipment, net	79,056	77,894	77,114
Deferred income taxes	4,333	3,847	3,623
Other assets, net	1,155	1,067	1,731
<b>TOTAL ASSETS</b>	<u>\$ 181,286</u>	<u>\$ 193,577</u>	<u>\$ 182,675</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>			
Current liabilities:			
Accounts payable	\$ 11,174	\$ 14,305	\$ 16,280
Accrued liabilities	14,858	16,328	13,699
Total current liabilities	<u>26,032</u>	<u>30,633</u>	<u>29,979</u>
Landlord incentives and deferred rent	37,531	36,552	36,739
Total liabilities	<u>63,563</u>	<u>67,185</u>	<u>66,718</u>
Commitments and contingencies			
Stockholders' equity:			
Common stock - \$.01 par value, 80.0 million shares authorized; 46.2 million, 45.9 million and 45.5 million shares issued at April 30, 2016, January 30, 2016 and May 2, 2015, respectively.	462	459	455
Additional paid-in capital	108,737	107,693	105,000
Retained earnings	108,637	101,556	70,645
Treasury stock, at cost – 5.7 million, 4.8 million and 3.2 million shares held at each of April 30, 2016, January 30, 2016 and May 2, 2015, respectively.	<u>(100,113)</u>	<u>(83,316)</u>	<u>(60,143)</u>
Total stockholders' equity	<u>117,723</u>	<u>126,392</u>	<u>115,957</u>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<u>\$ 181,286</u>	<u>\$ 193,577</u>	<u>\$ 182,675</u>

*The accompanying notes are an integral part of these Unaudited Consolidated Financial Statements.*

**Francesca's Holdings Corporation**  
**Unaudited Consolidated Statements of Operations**  
(In thousands, except per share data)

	<b>Thirteen Weeks Ended</b>	
	<b>April 30, 2016</b>	<b>May 2, 2015</b>
Net sales	\$ 106,113	\$ 95,011
Cost of goods sold and occupancy costs	56,983	50,118
Gross profit	49,130	44,893
Selling, general and administrative expenses	37,666	33,003
Income from operations	11,464	11,890
Interest expense	(109)	(110)
Other expense	-	(66)
Income before income tax expense	11,355	11,714
Income tax expense	4,274	4,473
Net income	<u>\$ 7,081</u>	<u>\$ 7,241</u>
Basic earnings per common share	\$ 0.18	\$ 0.17
Diluted earnings per common share	\$ 0.18	\$ 0.17
Weighted average shares outstanding:		
Basic shares	40,279	42,305
Diluted shares	40,400	42,418

*The accompanying notes are an integral part of these Unaudited Consolidated Financial Statements.*

**Francesca's Holdings Corporation**  
**Unaudited Consolidated Statement of Changes in Stockholders' Equity**  
(In thousands)

	Common Stock		Additional Paid-in Capital	Retained Earnings	Treasury Stock, at cost	Total Stockholders' Equity
	Shares Outstanding	Par Value				
Balance, January 30, 2016	41,095	\$ 459	\$ 107,693	\$ 101,556	\$ (83,316)	\$ 126,392
Net income	-	-	-	7,081	-	7,081
Stock-based compensation	-	-	1,052	-	-	1,052
Restricted stocks issued	293	3	(3)	-	-	-
Stock options exercised	18	-	178	-	-	178
Tax effect of stock-based compensation	-	-	(183)	-	-	(183)
Repurchases of common stock	(925)	-	-	-	(16,797)	(16,797)
Balance, April 30, 2016	<u>40,481</u>	<u>\$ 462</u>	<u>\$ 108,737</u>	<u>\$ 108,637</u>	<u>\$ (100,113)</u>	<u>\$ 117,723</u>

*The accompanying notes are an integral part of these Unaudited Consolidated Financial Statements.*

**Francesca's Holdings Corporation**  
**Unaudited Consolidated Statements of Cash Flows**  
(In thousands)

	<b>Thirteen Weeks Ended</b>	
	<b>April 30, 2016</b>	<b>May 2, 2015</b>
<b>Cash Flows Provided by Operating Activities:</b>		
Net income	\$ 7,081	\$ 7,241
<b>Adjustments to reconcile net income to net cash provided by operating activities:</b>		
Depreciation and amortization	4,649	3,822
Stock-based compensation expense	1,052	793
Excess tax benefit from stock-based compensation	(22)	(64)
Loss on sale of assets	88	128
Deferred income taxes	(838)	(1,875)
<b>Changes in operating assets and liabilities:</b>		
Accounts receivable	(3,714)	485
Inventories	(3,258)	(7,594)
Prepaid expenses and other assets	214	460
Accounts payable	(2,862)	6,543
Accrued liabilities	(1,470)	1,795
Landlord incentive and deferred rent	979	3,862
<b>Net cash provided by operating activities</b>	<b>1,899</b>	<b>15,596</b>
<b>Cash Flows Used in Investing Activities:</b>		
Purchase of property and equipment	(5,121)	(8,721)
Other	4	-
<b>Net cash used in investing activities</b>	<b>(5,117)</b>	<b>(8,721)</b>
<b>Cash Flows (Used in) Provided by Financing Activities:</b>		
Proceeds from the exercise of stock options	178	109
Excess tax benefit from stock-based compensation	22	64
Repurchases of common stock	(17,785)	-
<b>Net cash (used in) provided by financing activities</b>	<b>(17,585)</b>	<b>173</b>
Net (decrease) increase in cash and cash equivalents	(20,803)	7,048
Cash and cash equivalents, beginning of year	56,224	39,071
<b>Cash and cash equivalents, end of period</b>	<b>\$ 35,421</b>	<b>\$ 46,119</b>
<b>Supplemental Disclosures of Cash Flow Information:</b>		
Cash paid for income taxes	\$ 6,653	\$ 1,763
Interest paid	\$ 47	\$ 47

*The accompanying notes are an integral part of these Unaudited Consolidated Financial Statements.*

**Francesca's Holdings Corporation**  
**Notes to Unaudited Consolidated Financial Statements**

**1. Summary of Significant Accounting Policies**

**Nature of Business**

Francesca's Holdings Corporation is a holding company incorporated in 2007 under the laws of the State of Delaware whose business operations are conducted through its subsidiaries. Unless the context otherwise requires, the "Company," refers to Francesca's Holdings Corporation and its consolidated subsidiaries. The Company operates a nationwide-chain of boutiques providing its customers with a unique, fun and personalized shopping experience. The Company offers a diverse and balanced mix of apparel, jewelry, accessories and gifts and home at attractive values. At April 30, 2016, the Company operated 637 boutiques, which are located in 48 states throughout the United States and the District of Columbia, and its website.

**Basis of Presentation**

The accompanying unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America ("GAAP") for interim financial statements and are in the form prescribed by the Securities and Exchange Commission ("SEC"). Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, these unaudited financial statements include all adjustments, consisting of normal recurring adjustments, considered necessary for a fair presentation of the Company's financial position, results of operations, changes in equity, and cash flows at the dates and for the periods presented. The financial information as of January 30, 2016 was derived from the Company's audited consolidated financial statements and notes thereto as of and for the fiscal year ended January 30, 2016 included in the Company's Annual Report on Form 10-K filed with the SEC on March 25, 2016.

These unaudited interim consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements and related notes as of and for the fiscal year ended January 30, 2016 included in the Company's Annual Report on Form 10-K.

Due to seasonal variations in the retail industry, interim results are not necessarily indicative of results that may be expected for any other interim period or for a full year.

**Principles of Consolidation**

The accompanying unaudited consolidated financial statements include the accounts of the Company and all its subsidiaries. All intercompany balances and transactions have been eliminated in consolidation.

**Fiscal Year**

The Company maintains its accounts on a 52- or 53-week year ending on the Saturday closest to January 31st. Fiscal years 2016 and 2015 each include 52 weeks of operations. The fiscal quarters ended April 30, 2016 and May 2, 2015 refer to the thirteen-week periods ended as of those dates.

**Management Estimates and Assumptions**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, net of estimated sales returns, and expenses during the reporting periods. Actual results could differ materially from those estimates.

**Recent Accounting Pronouncements**

In March 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-9, "Improvements to Employee Share-Based Payment Arrangements", which amends Accounting Standards Codification ("ASC") Topic 718, Stock Compensation. The new guidance intends to simplify several aspects of the accounting for share-based payments, including income tax consequences, classification of awards as either equity or liabilities, forfeitures and classification on the statement of cash flows. ASU 2016-9 is effective for annual reporting periods beginning after December 15, 2016, including interim periods within that reporting period, with early adoption permitted. The new guidance includes the following adoption methods depending on the provision being adopted: (1) amendments related to the timing of when excess tax benefits are recognized, minimum statutory withholding requirements and forfeitures should be applied using a modified retrospective transition method, (2) amendments related to the presentation of employee taxes paid on the statement of cash flows should be applied retrospectively, (3) amendments requiring recognition of excess tax benefits and deficiencies in the income statement should be applied prospectively, and (4) amendments related to the presentation of excess tax benefits on the statement of cash flows should be applied either prospectively or retrospectively. The Company is currently evaluating the impact of adopting the new guidance on the consolidated financial statements.

**Francesca's Holdings Corporation**  
**Notes to Unaudited Consolidated Financial Statements**

In March 2016, the FASB issued ASU 2016-4 "Liabilities - Extinguishments of Liabilities (Subtopic 405-20), Recognition of Breakage for Certain Prepaid Stored-Value Products." The new guidance allows a company to derecognize amounts related to expected breakage to the extent that it is probable that a significant reversal of the recognized breakage amount will not subsequently occur. ASU 2016-4 is effective for annual periods, and interim periods within those annual periods, beginning after December 15, 2017, with early adoption permitted. The amended standard may be adopted on either a modified retrospective or a retrospective basis. The Company is currently evaluating the impact of adopting the new guidance on the consolidated financial statements.

In February 2016, the FASB issued ASU 2016-2, "Leases (Topic 842)." The new guidance, among other things, requires lessees to recognize the following for all leases (with the exception of short-term leases) at the commencement date: (i) a lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis and (ii) a right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. Under the new guidance, lessor accounting is largely unchanged. Certain targeted improvements were made to align, where necessary, lessor accounting with the lessee accounting model and Topic 606, Revenue from Contracts with Customers. ASU 2016-2 will be effective for public business entities for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. Early application is permitted for all public business entities upon issuance. The Company is currently evaluating the impact of adopting the new guidance on the consolidated financial statements.

In November 2015, the FASB issued ASU 2015-17, "Income Taxes – Balance Sheet Classification of Deferred Taxes." The new guidance simplifies the presentation of deferred income taxes by permitting classification of all deferred tax assets and liabilities as noncurrent on the consolidated balance sheet. The new guidance is effective for annual periods beginning after December 15, 2016, including interim periods within that fiscal year, with early adoption permitted. The amended standard may be adopted on either a prospective or a retrospective basis. The Company does not expect the adoption of this guidance to have a material impact on its consolidated financial statements.

In July 2015, the FASB issued ASU 2015-11, "Inventory (Topic 330): Simplifying the Measurement of Inventory," which changes the measurement principle for inventory from the lower of cost or market to the lower of cost and net realizable value. ASU 2015-11 defines net realizable value as estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation. The new guidance must be applied on a prospective basis and is effective for periods beginning after December 15, 2016, with early adoption permitted. The Company is currently evaluating the impact of adopting the new guidance on the consolidated financial statements.

In May 2014 the FASB issued ASU No. 2014-09, "Revenue from Contracts with Customers." This pronouncement requires entities to recognize revenue in a way that depicts the transfer of promised goods or services to customers in an amount that reflects the consideration which the entity expects to be entitled to in exchange for those goods and services. In July 2015, the FASB deferred the effective date of ASU 2014-09. Accordingly, this standard is effective for reporting periods beginning on or after December 15, 2017, including interim periods within that fiscal year, with early adoption permitted for interim and annual periods beginning on or after December 15, 2016. The Company is currently evaluating the impact of adopting the new guidance on the consolidated financial statements.

## **2. Earnings Per Share**

Basic earnings per common share amounts are calculated using the weighted-average number of common shares outstanding for the period. Diluted earnings per common share amounts are calculated using the weighted-average number of common shares outstanding for the period and include the dilutive impact of stock options and restricted stock grants using the treasury stock method. The following table summarizes the potential dilution that could occur if options to acquire common stock were exercised or if the restricted stock grants were fully vested and reconciles the weighted-average common shares outstanding used in the computation of basic and diluted earnings per share:

**Francesca's Holdings Corporation**  
**Notes to Unaudited Consolidated Financial Statements**

	<b>Thirteen Weeks Ended</b>	
	<b>April 30, 2016</b>	<b>May 2, 2015</b>
	<b>(in thousands, except per share data)</b>	
<b>Numerator:</b>		
Net income	\$ 7,081	\$ 7,241
<b>Denominator:</b>		
Weighted-average common shares outstanding - basic	40,279	42,305
Options and other dilutive securities	121	113
Weighted-average common shares outstanding - diluted	40,400	42,418
<b>Per common share:</b>		
Basic earnings per common share	\$ 0.18	\$ 0.17
Diluted earnings per common share	\$ 0.18	\$ 0.17

Potentially issuable shares under the Company's stock-based compensation plans amounting to approximately 0.3 million and 0.5 million shares in the thirteen weeks ended April 30, 2016 and May 2, 2015, respectively, were not included in the computation of diluted earnings per share due to their anti-dilutive effect. The Company also excluded contingently issuable market- and performance-based awards totaling 1.4 million and 1.1 million shares in the thirteen weeks ended April 30, 2016 and May 2, 2015, respectively, from the computation of diluted earnings per share because the pre-established goals have not been satisfied as of the end of each period.

### 3. Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The carrying amount reflected in the consolidated balance sheets of financial assets and liabilities, which includes cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, approximated their fair values due to the short term nature of these financial assets and liabilities.

### 4. Income Taxes

The provision for income taxes is based on the Company's current estimate of the annual effective tax rate. The effective income tax rates for the thirteen weeks ended April 30, 2016 and May 2, 2015 were 37.6% and 38.2%, respectively. The difference between our effective tax rate and federal statutory tax rate is primarily related to state income taxes.

### 5. Revolving Credit Facility

On August 30, 2013, Francesca's Collections, Inc. (the "Borrower"), as borrower, and its parent company, Francesca's LLC, a wholly owned subsidiary of the Company, entered into a Second Amended and Restated Credit Agreement with Royal Bank of Canada, as Administrative Agent and Collateral Agent, and the lenders party thereto. The credit facility provides capacity of \$75.0 million (including up to \$10.0 million for letters of credit) and matures on August 30, 2018. The facility also contains an option permitting the Borrower, subject to certain requirements and conditions, to arrange with the lenders for additional incremental commitments up to an aggregate of \$25.0 million, subject to reductions in the event the Borrower has certain indebtedness outstanding. At April 30, 2016, no amounts or letters of credit were outstanding under the credit facility.

The credit facility contains customary events of default and requires the Borrower to comply with certain financial covenants. As of April 30, 2016, the Borrower was in compliance with all covenants under the credit facility. The credit facility restricts the amount of dividends the Borrower can pay; provided that the Borrower is permitted to pay dividends to the extent it has available capacity in its available investment basket (as defined in the Second Amended and Restated Credit Agreement), no default or event of default is continuing, certain procedural requirements have been satisfied and the Borrower is in pro forma compliance with a maximum secured leverage ratio. At April 30, 2016, the Borrower would have met the conditions for paying dividends out of the available investment basket. All obligations under the credit facility are secured by substantially all the assets of the Borrower and any subsidiary guarantor, if any. All obligations under the facility are unconditionally guaranteed by, subject to certain exceptions, by Francesca's LLC and each of the Borrower's existing and future direct and indirect wholly-owned domestic subsidiaries.

**Francesca's Holdings Corporation**  
**Notes to Unaudited Consolidated Financial Statements**

**6. Stock-based Compensation**

Stock-based compensation cost is measured at the grant date fair value and is recognized as an expense on a straight-line basis over the employee's requisite service period (generally the vesting period of the equity grant). The Company estimates forfeitures for grants that are not expected to vest. The stock-based compensation cost was \$1.1 million and \$0.8 million in the thirteen weeks ended April 30, 2016 and May 2, 2015, respectively. See Note 9, "Subsequent Events" for additional information.

The Company granted approximately 358,000 and 115,000 target shares of performance-based restricted stock to certain executives and key employees during the thirteen weeks ended April 30, 2016 and May 2, 2015, respectively. Awards are considered "granted" when the performance goals related to those awards have been established. The number of shares that may ultimately vest will equal 0% to 150% of the target shares subject to the achievement of pre-established performance goals during the applicable performance period and the employees' continued employment through the third year anniversary of the date on which the award was originally approved by the Compensation Committee.

In connection with the performance-based restricted stock awards, the Company recognized approximately \$0.4 million and \$0.1 million of stock-based compensation costs in the thirteen weeks ended April 30, 2016 and May 2, 2015, respectively.

**7. Share Repurchases**

On September 3, 2013, the Company's Board of Directors authorized a \$100.0 million share repurchase program ("Previous Repurchase Plan") commencing on the same date. This authorization has no expiration date. Under the repurchase program, purchases can be made from time to time in the open market, in privately negotiated transactions, under Rule 10b5-1 plans or through other available means. The specific timing and amount of the repurchases is dependent on market conditions, securities law limitations and other factors. The cost of repurchased shares is presented as treasury stock in the unaudited consolidated balance sheets. As of April 30, 2016, repurchases can no longer be made under the Previous Repurchase Plan as the authorized amount was fully exhausted as of that date.

On March 15, 2016, the Company's Board of Directors authorized an additional \$100.0 million share repurchase program ("New Repurchase Plan") to commence immediately. This authorization is in addition to the Company's Previous Repurchase Plan and has the same features as described above. No repurchases were made under the New Repurchase Plan during the thirteen weeks ended April 30, 2016.

During the thirteen weeks ended April 30, 2016, the Company repurchased approximately 925,000 shares of its common stock at a cost of approximately \$16.8 million or an average price (including brokers' commission) of \$18.16 per share under the Previous Repurchase Plan. No common stock repurchases were made in the thirteen weeks ended May 2, 2015.

**8. Commitments and Contingencies**

*Leases*

The Company leases boutique space and office space under operating leases expiring in various years through the fiscal year ending 2027. Certain of the leases provide that the Company may cancel the lease, with penalties as defined in the lease, if the Company's boutique sales at that location fall below an established level. Certain leases provide for additional rent payments to be made when sales exceed a base amount. Certain operating leases provide for renewal options for periods from three to five years at their fair rental value at the time of renewal.

Minimum future rental payments under non-cancellable operating leases as of April 30, 2016, are as follows:

<u>Fiscal year</u>	<u>Amount</u>
	<u>(In thousands)</u>
Remainder of 2016	\$ 30,898
2017	40,815
2018	39,390
2019	36,618
2020	30,759
Thereafter	73,292
	<u>\$ 251,772</u>

**Francesca's Holdings Corporation**  
**Notes to Unaudited Consolidated Financial Statements**

*Legal Proceedings*

The Company, from time to time, is subject to various claims and legal proceedings, including employment claims, wage and hour claims, intellectual property claims, contractual and commercial disputes and other matters that arise in the ordinary course of business. While the outcome of any such claim cannot be predicted with certainty, the Company does not believe that the outcome of these matters will have a material adverse effect on the Company's business, results of operations or financial condition.

**9. Subsequent Events**

Subsequent to the end of the quarter through May 31, 2016, the Company repurchased 728,000 shares of its common stock at a cost of approximately \$9.5 million or an average price (including brokers' commission) of \$13.05 per share and remaining balance available for future purchases of approximately \$90.5 million under the New Repurchase Plan.

On May 15, 2016, Michael W. Barnes resigned from his positions as Chairman, President and Chief Executive Officer of the Company. As a result of such resignation, the following outstanding and unvested stock-based awards previously granted to him were forfeited.

- Market- and service-based employee stock option providing Mr. Barnes with the right to purchase 1.0 million shares of the Company's common stock granted in connection with his appointment as Chairman, President and CEO of the Company in December 2014, and
- Performance- and service-based restricted stock awards providing Mr. Barnes with the contingent right to receive approximately 0.3 million shares of the Company's common stock (based on the target number of shares for performance periods that have not yet been completed and the number of earned shares for awards that relate to completed performance periods and are subject only to time-based vesting).

This resulted in the reversal of approximately \$2.6 million of previously accrued stock-based compensation expense related to these unvested awards that will be recognized in the second quarter of fiscal year 2016.

## ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

### FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements concerning our business, operations and financial performance and condition as well as our plans, objectives and expectations for our business operations and financial performance and condition, which are subject to risks and uncertainties. All statements other than statements of historical fact included in this report are forward-looking statements. These statements may include words such as "aim", "anticipate", "assume", "believe", "can have", "could", "due", "estimate", "expect", "goal", "intend", "likely", "may", "objective", "plan", "potential", "positioned", "predict", "should", "target", "will", "would" and other words and terms of similar meaning in connection with any discussion of the timing or nature of future operating or financial performance or other events or trends. For example, all statements we make relating to our estimated and projected earnings, sales, costs, expenditures, cash flows, growth rates, market share and financial results, our plans and objectives for future operations, growth or initiatives, strategies or the expected outcome or impact of pending or threatened litigation are forward-looking statements.

These forward-looking statements are based on current expectations, estimates, forecasts and projections about our business and the industry in which we operate and our management's beliefs and assumptions. These statements are not guarantees of future performance or development and involve known and unknown risks, uncertainties and other factors that are in many cases beyond our control. All of our forward-looking statements are subject to risks and uncertainties that may cause our actual results to differ materially from our expectations. These risks and uncertainties include, but are not limited to, the following: the risk that we cannot anticipate, identify and respond quickly to changing fashion trends and customer preferences; our ability to attract a sufficient number of customers to our boutiques or sell sufficient quantities of our merchandise through our ecommerce business; our ability to successfully open and operate new boutiques each year; our ability to efficiently source and distribute additional merchandise quantities necessary to support our growth, and our ability to attract and integrate a new President and Chief Executive Officer. For additional information regarding these and other risks and uncertainties that could cause actual results to differ materially from those contained in our forward looking statements, please refer to "Item 1A. Risk Factors," in our Annual Report on Form 10-K for the fiscal year ended January 30, 2016 and filed with the Securities and Exchange Commission ("SEC") on March 25, 2016, Part II, Item 1A. "Risk Factors" contained in this Quarterly Report on Form 10-Q and any risk factors contained in subsequent Quarterly Reports on Form 10-Q we file with the SEC.

We derive many of our forward-looking statements from our own operating budgets and forecasts, which are based upon many detailed assumptions. While we believe that our assumptions are reasonable, we caution that it is very difficult to predict the impact of known factors, and it is impossible for us to anticipate all factors that could affect our actual results. All written and oral forward-looking statements attributable to us, or persons acting on our behalf, are expressly qualified in their entirety by the cautionary statements contained in this report as well as other cautionary statements that are made from time to time in our other SEC filings and public communications. You should evaluate all forward-looking statements made in this report in the context of these risks and uncertainties.

Potential investors and other readers are urged to consider these factors carefully in evaluating the forward-looking statements and are cautioned not to place undue reliance on the forward-looking statements. These forward-looking statements speak only as of the date of this report. Except as required by law, we undertake no obligation to update or revise any forward-looking statements publicly after the date of this report whether as a result of new information, future developments or otherwise.

### Overview

Unless the context otherwise requires, the "Company," "we," "our," "ours," "us" and "francesca's<sup>®</sup>" refer to Francesca's Holdings Corporation and its consolidated subsidiaries.

francesca's<sup>®</sup> is a growing specialty retailer which operates a nationwide-chain of boutiques providing customers a unique, fun and personalized shopping experience. The merchandise assortment is a diverse and balanced mix of apparel, jewelry, accessories and gifts and home. As of April 30, 2016, francesca's<sup>®</sup> operated 637 boutiques in 48 states and the District of Columbia and also served its customers through [www.francescas.com](http://www.francescas.com), its website. The information contained on our website is not incorporated by reference into this Quarterly Report on Form 10-Q and you should not consider information contained on our website to be part of this Quarterly Report on Form 10-Q.

Our net sales increased 12% to \$106.1 million in the thirteen weeks ended April 30, 2016 from \$95.0 million in the thirteen weeks ended May 2, 2015. Over the same period, income from operations decreased by 4% to \$11.5 million from \$11.9 million. Net income decreased 2% to \$7.1 million, or \$0.18 per diluted share, in the first quarter of fiscal year 2016 compared to net income of \$7.2 million, or \$0.17 per diluted share, in the comparable prior year period.

We have increased our boutique count to 637 boutiques as of April 30, 2016 from 589 boutiques as of May 2, 2015. We plan to open approximately 28 to 38 boutiques and close four to nine underperforming boutiques during the remainder of the fiscal year.

## Recent Developments

On May 15, 2016, Michael W. Barnes resigned from his positions as Chairman, President and Chief Executive Officer of the Company. As a result of such resignation, each of Mr. Barnes' then-outstanding and unvested equity awards were forfeited. This resulted in the reversal of approximately \$2.6 million previously recognized stock-based compensation expense related to those unvested awards that will be recognized in the second quarter of fiscal year 2016. On May 16, 2016, the Board of Directors appointed Richard Kunes, a member of the Board of Directors, to serve as the Company's Interim Chairman, President and Chief Executive Officer effective immediately.

We are in the early stages of deploying a new technology suite of systems to enhance our omni-channel and customer engagement capabilities as part of our previously disclosed Vision 2020 strategy. This includes replacing our legacy point-of-sale system and introduction of a new order management system and a new customer relationship management system. The point-of-sale system is expected to be implemented during fiscal year 2017. Throughout the installation and stabilization of these new systems, we will continue to run our existing platform to ensure continuity during the conversion process. We expect that these new systems will enhance our visibility into our customers' preferences, products and supply chain resulting in improved customer service, improved operational efficiency, enhanced management analytics and increased synergies between our ecommerce and our boutique channels.

## Results of Operations

The following represents operating data for the thirteen weeks ended April 30, 2016 and May 2, 2015.

	Thirteen Weeks Ended	
	April 30, 2016	May 2, 2015
Net sales growth for period	12%	11%
Comparable sales result for period <sup>(1)</sup>	2%	(2)%
Number of boutiques open at end of period	637	589
Net sales per average square foot for period <sup>(2)</sup>	\$ 124	\$ 125
Average square feet per boutique <sup>(3)</sup>	1,367	1,355
Total gross square feet at end of period	871,000	798,000

- 1) A boutique is included in comparable sales on the first day of the fifteenth full month following the boutique's opening. When a boutique that is included in comparable sales is relocated, we continue to consider sales from that boutique to be comparable sales. If a boutique is closed for thirty days or longer for a remodel or as a result of weather damage, fire or the like, we no longer consider sales from that boutique to be comparable sales. If a boutique is permanently closed, we exclude sales from that boutique from comparable sales on the first day of the fiscal month that it did not register full month of sales. Comparable sales include our ecommerce sales.
- 2) Net sales per average square foot are calculated by dividing net sales for the period by the average square feet during the period. Because of our growth, for purposes of providing net sales per square foot measure, we use average square feet during the period as opposed to total gross square feet at the end of the period. For individual quarterly periods, average square feet is calculated as the sum of total gross square feet at the beginning and end of the period divided by two. There may be variations in the way in which some of our competitors and other retailers calculate sales per square foot or similarly titled measures. As a result, average square feet and net sales per average square foot for the period may not be comparable to similar data made available by other retailers.
- 3) Average square feet per boutique is calculated by dividing total gross square feet at the end of the period by the number of boutiques at the end of the period.

## Boutique Count

The following table summarizes the number of boutiques open at the beginning and end of the periods indicated.

	Thirteen Weeks Ended	
	April 30, 2016	May 2, 2015
Number of boutiques open at beginning of period	616	539
Boutiques added	22	50
Boutiques closed	(1)	-
<b>Number of boutiques open at the end of period</b>	<b>637</b>	<b>589</b>

*Thirteen Weeks Ended April 30, 2016 Compared to Thirteen Weeks Ended May 2, 2015*

	Thirteen Weeks Ended				Variance		
	April 30, 2016		May 2, 2015		In USD	%	Basis Points
	In USD	As a % of Net Sales <sup>(1)</sup>	In USD	As a % of Net Sales <sup>(1)</sup>			
	(In thousands, except percentages)						
Net sales	\$ 106,113	100.0%	\$ 95,011	100.0%	\$ 11,102	12%	-
Cost of goods sold and occupancy costs	56,983	53.7%	50,118	52.7%	6,865	14%	100
Gross profit	49,130	46.3%	44,893	47.3%	4,237	9%	(100)
Selling, general and administrative expenses	37,666	35.5%	33,003	34.7%	4,663	14%	80
Income from operations	11,464	10.8%	11,890	12.5%	(426)	(4)%	(170)
Interest expense	(109)	(0.1)%	(110)	(0.1)%	1	1%	-
Other expense	-	0.0%	(66)	(0.1)%	66	100%	10
Income before income tax expense	11,355	10.7%	11,714	12.3%	(359)	(3)%	(160)
Income tax expense	4,274	4.0%	4,473	4.7%	(199)	(4)%	(70)
Net income	<u>\$ 7,081</u>	<u>6.7%</u>	<u>\$ 7,241</u>	<u>7.6%</u>	<u>\$ (160)</u>	<u>(2)%</u>	<u>(90)</u>

1) Percentage totals or differences in the above table may not equal the sum or difference of the components due to rounding.

**Net Sales**

Net sales increased 12% to \$106.1 million in the thirteen weeks ended April 30, 2016 from \$95.0 million in the thirteen weeks ended May 2, 2015. This increase was due to the 2% increase in comparable sales driven by the increase in the number of transactions at the boutique and on-line as well as the opening of 48 net new boutiques since the comparable prior year period. Ecommerce comparable sales increased 38% to \$5.2 million driven by higher website traffic and conversion rates. There were 536 comparable boutiques and 101 non-comparable boutiques open at April 30, 2016 compared to 457 and 132, respectively, at May 2, 2015.

**Cost of Goods Sold and Occupancy Costs**

Cost of goods sold and occupancy costs increased 14% to \$57.0 million in the thirteen weeks ended April 30, 2016 from \$50.1 million in the thirteen weeks ended May 2, 2015. Cost of merchandise and freight expenses increased by \$4.5 million driven by the increased sales volume. Occupancy costs increased by \$2.4 million due to the increase in the number of boutiques in operation during the thirteen weeks ended April 30, 2016 compared to the same prior year period. As a percentage of net sales, cost of goods sold and occupancy costs increased to 53.7% in the thirteen weeks ended April 30, 2016 from 52.7% in the thirteen weeks ended May 2, 2015 due to a 60 basis points decrease in merchandise margin and 30 basis points deleveraging of occupancy costs. The decrease in merchandise margin was due to increased markdowns and promotional activity compared to the same period last year as well as a sales mix change to lower margin categories. This decrease was partially offset by a lower amount of slow-moving inventory disposal.

**Selling, General and Administrative Expenses**

Selling, general and administrative expenses increased 14% to \$37.7 million in the thirteen weeks ended April 30, 2016 from \$33.0 million in the thirteen weeks ended May 2, 2015. This change was primarily due to a \$3.5 million increase in corporate and boutique payroll expense to support the larger boutique base and strategic initiatives. Additionally, stock-based compensation expense increased compared to last year in connection with the performance-based restricted stock awarded to certain executives and key employees in March 2016 aligning incentive compensation with the Vision 2020 plan. Professional fees were also higher in support of various strategic and operational initiatives. As a percentage of net sales, selling, general and administrative expense increased to 35.5% in the thirteen weeks ended April 30, 2016 as compared to 34.7% in the thirteen weeks ended May 2, 2015 due to deleveraging of expenses as the growth in expenses outpaced the growth in sales.

**Income Tax Expense**

Income tax expense decreased \$0.2 million in the thirteen weeks ended April 30, 2016 compared to the thirteen weeks ended May 2, 2015 due to the decrease in pre-tax income over the same period. The effective tax rate of 37.6% in the thirteen weeks ended April 30, 2016 was comparable to the effective tax rate of 38.2% in the thirteen weeks ended May 2, 2015.

## Sales by Merchandise Department

	Thirteen Weeks Ended			
	April 30, 2016		May 2, 2015	
	In Dollars	As a % of Net Sales <sup>(2)</sup>	In Dollars	As a % of Net Sales <sup>(2)</sup>
	(in thousands, except percentages)			
Apparel	\$ 54,892	51.6%	\$ 48,170	50.5%
Jewelry	24,062	22.6%	21,972	23.0%
Accessories	16,046	15.1%	15,379	16.1%
Gifts and home	11,327	10.7%	9,837	10.3%
Merchandise sales <sup>(1)</sup>	<u>\$ 106,327</u>	<u>100.0%</u>	<u>\$ 95,358</u>	<u>100.0%</u>

- 1) Excludes gift card breakage income, shipping and change in return reserve.
- 2) Percentage totals may not equal the sum of the components due to rounding.

## Liquidity and Capital Resources

Our primary sources of liquidity are cash flows from operations and borrowings under our revolving credit facility. Our primary cash needs are for capital expenditures in connection with opening new boutiques and remodeling existing boutiques, investing in improved technology and distribution facility enhancements, funding normal working capital requirements and payments of interest and principal, if any, under our revolving credit facility. We may use cash or our revolving credit facility to issue letters of credit to support merchandise imports or for other corporate purposes. The most significant components of our working capital are cash and cash equivalents, merchandise inventories, accounts payable and other current liabilities. Our working capital position benefits from the fact that we generally collect cash from sales to customers the day of or, in the case of credit or debit card transactions, within several days of the related sales and we typically have up to 30 days to pay our vendors.

We were in compliance with all covenants under our revolving credit facility as of April 30, 2016. On April 30, 2016, we had \$35.4 million of cash and cash equivalents and \$75.0 million in borrowing availability under our revolving credit facility. There were no letters of credit outstanding at April 30, 2016.

We expect that our cash flow from operations along with borrowings under our revolving credit facility and tenant allowances for new boutiques will be sufficient to fund capital expenditures and our working capital requirements for at least the next twelve months.

### Cash Flow

A summary of our operating, investing and financing activities are shown in the following table:

	Thirteen Weeks Ended	
	April 30, 2016	May 2, 2015
	(In thousands)	
Provided by operating activities	\$ 1,899	\$ 15,596
Used in investing activities	(5,117)	(8,721)
(Used in) provided by financing activities	(17,585)	173
Net (decrease) increase in cash and cash equivalents	<u>\$ (20,803)</u>	<u>\$ 7,048</u>

### Operating Activities

Operating activities consist of net income adjusted for non-cash items, including depreciation and amortization, deferred taxes, the effect of working capital changes and tenant allowances received from landlords. Net cash provided by operating activities was \$1.9 million and \$15.6 million in each of the thirteen weeks ended April 30, 2016 and May 2, 2015, respectively. The decrease in cash provided by operating activities in the current quarter compared to last year was primarily due to timing of payments for inventory purchases, payroll and income taxes as well as an increase in landlord incentives and deferred rent in connection with new boutiques.

### Investing Activities

Investing activities consist primarily of capital expenditures for new boutiques, improvements to existing boutiques, as well as investments in information technology and our distribution facility.

	<b>Thirteen Weeks Ended</b>	
	<b>April 30, 2016</b>	<b>May 2, 2015</b>
	<b>(In thousands)</b>	
Capital expenditures for:		
New boutiques	\$ 4,132	\$ 7,171
Existing boutiques	745	1,054
Technology	180	377
Corporate and distribution	64	119
	<u>\$ 5,121</u>	<u>\$ 8,721</u>

Our total capital expenditures for the thirteen weeks ended April 30, 2016 and May 2, 2015 were \$5.1 million and \$8.7 million, respectively, with new boutiques accounting for most of our spending at \$4.1 million and \$7.2 million, respectively. Spending for new boutiques included amounts associated with boutiques that will open subsequent to the end of each fiscal quarter. We opened 22 boutiques in the thirteen weeks ended April 30, 2016 compared to 50 boutiques in the thirteen weeks ended May 2, 2015. The average cost of the leasehold improvements, equipment, furniture and fixtures, excluding tenant allowances which are reflected in operating cash flows, for new boutiques opened in the thirteen weeks ended April 30, 2016 and May 2, 2015 was \$225,000 and \$208,000, respectively. The average tenant allowance per new boutique in the thirteen weeks ended April 30, 2016 and May 2, 2015 was \$69,000 and \$87,000, respectively. The decrease in the average tenant allowances was due to opening more boutiques in non-mall locations in the current period as compared to the prior year period. Tenant allowances are amortized as a reduction in rent expense over the term of the lease. The average collection period for these allowances is approximately six months after boutique opening. As a result, we fund the cost of new boutiques with cash flow from operations, build-out allowances from our landlords, or borrowings under our revolving credit facility. Our spending for existing boutiques totaled \$0.7 million and \$1.1 million during the thirteen weeks ended April 30, 2016 and May 2, 2015, respectively. The majority of the amount spent in the current period was used in remodeling or relocating five boutiques while the prior year amount was spent on upgrading display fixtures and equipment across many of our boutiques.

Management anticipates that capital expenditures for the remainder of fiscal year 2016 will be approximately \$22.9 million to \$25.9 million. The majority of this amount will be spent on new and existing boutiques as well as investments in our technology systems.

#### ***Financing Activities***

Financing activities consist of borrowings and payments under our revolving credit facility, repurchases of our common stock, and proceeds from the exercise of stock options and the related tax consequence.

Net cash used in financing activities totaled \$17.6 million during the thirteen weeks ended April 30, 2016 which consists of \$17.8 million repurchases of common stock and \$0.2 million proceeds from stock option exercises and the related tax benefit. Net cash provided by financing activities totaled \$0.2 million during the thirteen weeks ended May 2, 2015 which consists of proceeds from stock option exercises and the related tax benefit.

#### ***Revolving Credit Facility***

On August 30, 2013, Francesca's Collections, Inc. (the "Borrower"), as borrower, and its parent company, Francesca's LLC, a wholly owned subsidiary of the Company, entered into a Second Amended and Restated Credit Agreement with Royal Bank of Canada, as Administrative Agent and Collateral Agent, and the lenders party thereto. The credit facility provides capacity of \$75.0 million (including up to \$10.0 million for letters of credit) and matures on August 30, 2018. The facility also contains an option permitting the Borrower, subject to certain requirements and conditions, to arrange with the lenders for additional incremental commitments up to an aggregate of \$25.0 million, subject to reductions in the event the Borrower has certain indebtedness outstanding. At April 30, 2016, no amounts or letters of credit were outstanding under the credit facility.

The credit facility contains customary events of default and requires the Borrower to comply with certain financial covenants. As of April 30, 2016, the Borrower was in compliance with all covenants under the credit facility. The credit facility restricts the amount of dividends the Borrower can pay; provided that the Borrower is permitted to pay dividends to the extent it has available capacity in its available investment basket (as defined in the Second Amended and Restated Credit Agreement), no default or event of default is continuing, certain procedural requirements have been satisfied and the Borrower is in pro forma compliance with a maximum secured leverage ratio. At April 30, 2016, the Borrower would have met the conditions for paying dividends out of the available investment basket. All obligations under the credit facility are secured by substantially all the assets of the Borrower and any subsidiary guarantor, if any. All obligations under the facility are unconditionally guaranteed by, subject to certain exceptions, by Francesca's LLC and each of the Borrower's existing and future direct and indirect wholly-owned domestic subsidiaries.

### **Share Repurchase Program**

For information regarding our share repurchase program, please refer to Notes 7 and 9 to our unaudited consolidated financial statements included in Part I of this report, which is incorporated herein by reference.

### **Critical Accounting Policies**

The preparation of financial statements in accordance with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses, as well as the related disclosures of contingent assets and liabilities at the date of the financial statements. A summary of the Company's significant accounting policies is included in Note 1 to the Company's annual consolidated financial statements included in the Company's Annual Report on Form 10-K for the fiscal year ended January 30, 2016.

Certain of the Company's accounting policies and estimates are considered critical, as these policies and estimates are the most important to the depiction of the company's consolidated financial statements and require significant, difficult, or complex judgments, often about the effect of matters that are inherently uncertain. Such policies are summarized in the "Management's Discussion and Analysis of Financial Condition and Results of Operations" section of our Annual Report on Form 10-K for the fiscal year ended January 30, 2016. As of April 30, 2016, there were no significant changes to any of our critical accounting policies and estimates as disclosed in our Annual Report on Form 10-K for the fiscal year ended January 30, 2016.

### **Recent Accounting Pronouncements**

For information regarding recent accounting pronouncements, please refer to Note 1 to our unaudited consolidated financial statements included in Part I of this Report, which is incorporated herein by reference.

### **Contractual Obligations**

There were no significant changes to our contractual obligations and commercial commitments as disclosed in our Annual Report on Form 10-K for the fiscal year ended January 30, 2016, other than those which occur in the normal course of business.

### **Off Balance Sheet Arrangements**

We are not party to any off balance sheet arrangements.

### **ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

Our principal exposure to market risk relates to changes in interest rates. Our revolving credit facility carries floating interest rates that are tied to LIBOR, the federal funds rate and the prime rate, and therefore, our statements of operations and our cash flows could be exposed to changes in interest rates to the extent that we do not have effective hedging arrangements in place. We historically have not used derivative financial instruments for speculative or trading purposes; however, this does not preclude our adoption of specific hedging strategies in the future. At April 30, 2016, no amounts or letters of credit were outstanding under the Second Amended and Restated Credit Agreement.

### **ITEM 4. CONTROLS AND PROCEDURES**

We maintain disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) that are designed to ensure that information required to be disclosed in our reports under the Exchange Act is processed, recorded, summarized and reported within the time periods specified in the SEC's rules and regulations and that such information is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow for timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

At the end of the period covered by this Quarterly Report on Form 10-Q, we carried out an evaluation, under the supervision and with the participation of our Disclosure Committee and management, including the Chief Executive Officer and the Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures pursuant to Rule 13a-15 of the Exchange Act. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective at the reasonable assurance level as of April 30, 2016.

There were no changes in our internal control over financial reporting during the quarter ended April 30, 2016 that materially affected or are reasonably likely to materially affect our internal control over financial reporting.

## PART II. OTHER INFORMATION

### ITEM 1. LEGAL PROCEEDINGS

We are subject to various claims and legal proceedings, including employment claims, wage and hour claims, intellectual property claims, contractual and commercial disputes and other matters that arise in the ordinary course of business. While the outcome of these and other claims cannot be predicted with certainty, we do not believe that the outcome of these matters will have a material adverse effect on our business, results of operations or financial condition.

#### ITEM 1A. RISK FACTORS

The following risk factor and other information included in this Quarterly Report should be carefully considered. Other than this risk factor, there have been no material changes to our risk factors as previously disclosed in Item 1A contained in Part I of our Annual Report on Form 10-K for the fiscal year ended January 30, 2016 and filed with the SEC on March 25, 2016.

*We depend on our senior management personnel and may not be able to retain or replace these individuals or recruit additional personnel, which could harm our business.*

Our future success is substantially dependent on the continued service of our senior management. On May 15, 2016, Mr. Michael W. Barnes resigned from his positions as Chairman, President and Chief Executive Officer of the Company. Our business could be adversely affected if we are unable to find a suitable permanent replacement for Mr. Barnes or if the search for such replacement is not completed timely. The loss of services of one or more of our other named executive officers could impair our ability to manage our business effectively and could have an adverse effect on our business, as we may not be able to find suitable individuals to replace them on a timely basis or at all. In addition, any additional departures of key personnel could be viewed in a negative light by investors and analysts, which could cause our common stock price to decline. We do not maintain key person insurance on any employee.

In addition to these key employees, we have other employees in positions, including those employees responsible for our merchandising and operations departments that, if vacant, could cause a temporary disruption in our business until such positions are filled.

### ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

The following table provide information about the Company's share repurchase activity during the thirteen weeks ended April 30, 2016.

<u>Period</u> <sup>(1)</sup>	<u>Total number of shares purchased</u>	<u>Average price paid per share</u> <sup>(2)</sup>	<u>Total number of shares purchased as part of a publicly announced plans or programs</u> <sup>(3)(4)</sup>	<u>Approximate dollar value of shares that may yet be purchased under the plans or programs</u>
January 31, 2016 – February 27, 2016	351,775	\$ 17.88	351,775	\$ 10,497,785
February 28, 2016 – April 2, 2016	416,831	\$ 18.37	416,831	\$ 102,847,641
April 3, 2016 – April 30, 2016	156,323	\$ 18.23	156,323	\$ 100,000,000
<b>Total</b>	<b>924,929</b>	<b>\$ 18.16</b>	<b>924,929</b>	

(1) Periodic information is presented by reference to our fiscal monthly periods during the first quarter of fiscal year 2016.

(2) Average price paid per share includes brokers' commission.

(3) On September 3, 2013, the Company's Board of Directors authorized a \$100 million share repurchase program ("Previous Repurchase Plan") commencing on the same date. These authorization has no expiration date. Under the repurchase program, purchases can be made from time to time through open market purchases, in privately negotiated transactions, under a Rule 10b5-1 plans or through other available means. The specific timing and amount of repurchases is dependent on market conditions, securities law limitations and other factors.

(4) On March 15, 2016, the Company's Board of Directors authorized an additional \$100 million share repurchase program ("New Repurchase Plan") commencing on the same date. This authorization is in addition to the Company's Previous Repurchase Plan and has the same features described in footnote 3 above.

**ITEM 6. EXHIBITS**

<b>Exhibit No.</b>	<b>Description</b>
10.1+	Employment Letter Agreement, dated March 23, 2016, between Francesca's Collections, Inc., Francesca's Services Corporation, Francesca's Holdings Corporation and Kelly M. Dilts. (incorporated by reference to Exhibit 10.1 of Form 8-K filed by Francesca's Holdings Corporation on March 25, 2016)
10.2*+	Francesca's Holdings Corporation 2015 Executive Bonus Plan
10.3*+	Form of Restricted Stock Award Agreement
31.1*	Certification of Interim Chief Executive Officer Pursuant to Exchange Act Rule 13a-14(a)
31.2*	Certification of Chief Financial Officer Pursuant to Exchange Act Rule 13a-14(a)
32.1**	Certification of Interim Chief Executive Officer and Chief Financial Officer Pursuant to 18 U.S.C. Section 1350 as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101*	Interactive data files pursuant to Rule 405 of Regulation S-T: (i) the Unaudited Consolidated Balance Sheets as of April 30, 2016, January 30, 2016 and May 2, 2015, (ii) the Unaudited Consolidated Statements of Operations for the thirteen weeks ended April 30, 2016 and May 2, 2015, (iii) Unaudited Consolidated Statements of Changes in Stockholders' Equity for the thirteen weeks ended April 30, 2016, (iv) Unaudited Consolidated Statements of Cash Flows for the thirteen weeks ended April 30, 2016 and May 2, 2015 and (v) the Notes to the Unaudited Consolidated Financial Statements.

\* Filed herewith.

\*\* Furnished herewith.

+ Indicates a management contract or compensatory plan or arrangement.

**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Francesca's Holdings Corporation  
(Registrant)

Date: June 9, 2016

/s/ Kelly Dilts  
\_\_\_\_\_  
Kelly Dilts  
Chief Financial Officer  
(duly authorized officer and Principal Financial and Accounting Officer)

*Francesca's Holdings Corporation*  
**EXECUTIVE BONUS PLAN**

**1. Purpose.**

The purpose of this Francesca's Holdings Corporation Executive Bonus Plan (this "**Bonus Plan**") is to promote the success of Francesca's Holdings Corporation, a Delaware corporation, (the "**Corporation**") by (i) compensating and rewarding participating executives (each, a "**Participant**") with bonuses for the achievement of pre-established performance goals and (ii) motivating such executives by giving them opportunities to receive bonuses directly related to such performance. For Participants who are expected to be impacted by the deductibility limits of Section 162(m) ("**Section 162(m)**") of the United States Internal Revenue Code of 1986, as amended (the "**Code**") (each, a "**Section 162(m) Officer**"), this Bonus Plan is intended to provide bonuses that qualify as performance-based compensation within the meaning of Section 162(m). With respect to Section 162(m) Officers, this Bonus Plan is adopted under Section 5.2 of the Corporation's 2015 Equity Incentive Plan (the "**Plan**"), and bonuses payable under this Bonus Plan to such Section 162(m) Officers shall be subject to all of the terms and conditions of the Plan applicable to Performance-Based Awards. Capitalized terms are defined in the Plan if not defined herein.

**2. Administration of the Plan.**

2.1 **Authority of the Committee.** This Bonus Plan shall be administered by the Compensation Committee of the Board (the "**Committee**"), which shall consist solely of two or more members of the Board who are "outside directors" within the meaning of Section 162(m). Action of the Committee with respect to the administration of this Bonus Plan shall be taken pursuant to a majority vote or by the unanimous written consent of its members. The Committee shall have the authority to construe and interpret this Bonus Plan and any agreements or other document relating to awards under this Bonus Plan (each, an "**Award**"), and may adopt rules and regulations relating to the administration of this Bonus Plan as specified in the Plan.

2.2 **Effect of Determination.** Any determinations made by the Committee, including, without limitation, determinations with respect to attainment of Performance Goals and Bonus amount, shall be binding, final and conclusive on each Participant.

**3. Awards.**

3.1 **Award Grants.** Each Participant will be granted an Award under this Bonus Plan. Each Award granted to a Participant represents the opportunity to receive a payment for the Corporation's relevant fiscal year (the "**Performance Period**") determined under the terms and conditions of this Bonus Plan (a "**Bonus**"). The Committee shall establish (i) the target amount of each Participant's Bonus and (ii) the applicable performance goals for such Performance Period (the "**Performance Goals**") during the first ninety (90) days of the Performance Period, although the target Bonus amount for Participants selected to participate in this Bonus Plan after this period may be established at a later date.

- 3.2 **Performance Goals.** The actual amount of the Bonus paid to each Participant for the Performance Period will be calculated based on the Participant's achievement of the Performance Goals established by the Committee pursuant to Section 3.1 above for the applicable Performance Period. In the case of Section 162(m) Officers, such Performance Goals shall be limited to those included in Section 5.2.2 of the Plan.
- 3.3 **Maximum Bonus Amounts.** In no case shall the amount of any Bonus paid to a Section 162(m) Officer exceed the applicable limit set forth in Section 5.2.3 of the Plan.
- 3.4 **Determination of Performance.** The determination as to whether the Corporation has attained the Performance Goals with respect to the Performance Period shall be made by the Committee acting in good faith.
- 3.5 **Negative Discretion.** Notwithstanding the foregoing provisions, the Committee retains discretion to reduce (but not increase) the Bonus otherwise payable to any one or more Section 162(m) Officers pursuant to Section 3.1. The Committee may exercise such discretion on any basis it deems appropriate (including, but not limited to, its assessment of the Corporation's performance relative to its operating or strategic goals for the Performance Period and/or the Section 162(m) Officer's individual performance for such period). For purposes of clarity, if the Committee exercises its discretion to reduce the amount of any Bonus payable hereunder, it shall not allocate the amount of such reduction to Bonuses payable to other Section 162(m) Officers.
4. **Newly Hired Participants.** If any Participant is selected to participate in this Bonus Plan after the first quarter of the Performance Period has elapsed, the Committee shall have the discretion to make appropriate pro-rata adjustments to the target amount of the Participant's Bonus and to any of the other terms and conditions of this Bonus Plan as they relate to such newly hired Participant.
5. **Committee Determination and Certification.** As soon as practicable after the end of the Performance Period, the Committee shall determine whether the Corporation has attained the Performance Goals with respect to the Performance Period. At this time, the Committee shall also determine the amount of each Participant's Bonus payable pursuant to this Bonus Plan. No Bonus shall be paid to a Section 162(m) Officer unless and until the Committee has certified, by resolution or other appropriate action in writing, (1) that the Performance Goals have been achieved, (2) the amount of the Bonus earned by each Section 162(m) Officer and (3) that any other material terms previously established by the Committee or set forth in this Bonus Plan applicable to the Bonus were in fact satisfied.
6. **Payment of Bonuses.** Any Bonuses shall be paid (subject to tax withholding pursuant to Section 10.6) as soon as practicable following the Committee's determination of the final Bonus amount (after giving effect to any exercise of its discretion to reduce Bonuses pursuant to Section 3.5) and, for Section 162(m) Officers, certification of the Committee's findings under Section 5, but in no event later than 74 calendar days following the end of the Performance Period.

7. **Termination of Employment.** In the event that a Participant's employment with the Corporation and its Subsidiaries terminates (regardless of the reason for such termination of employment, whether voluntarily or involuntarily, with or without cause, or due to the Participant's death or disability) at any time during the Performance Period applicable to an Award, such Award shall immediately terminate upon such termination of employment, and the Participant shall not be entitled to any Bonus payment in respect of such Award, unless otherwise expressly provided under a written contract with the Corporation.
8. **Adjustments.** The Committee shall adjust the performance measures, performance goals, relative weights of the measures, and other provisions of then-outstanding Awards under this Bonus Plan to the extent (if any) it determines that the adjustment is necessary or advisable to preserve the intended incentives and benefits to reflect (1) any material change in corporate capitalization, any material corporate transaction (such as a reorganization, combination, separation, merger, acquisition, or any combination of the foregoing), or any complete or partial liquidation of the Corporation, (2) any change in accounting policies or practices, (3) the effects of any special charges to the Corporation's earnings, or (4) any other similar special circumstances. Notwithstanding any other provision herein, each Award shall be subject to termination in connection with certain corporate transactions as provided in Section 7.2 of the Plan.
9. **Recoupment of Bonus Payments.** Any Bonuses becoming payable pursuant to this Bonus Plan shall be subject to the terms of the Corporation's recoupment, clawback or similar policy as it may be in effect from time to time, as well as any similar provisions of applicable law, any of which could in certain circumstances require repayment or forfeiture of the Bonuses.
10. **General Provisions.**
- 10.1 **Rights of Participants.**
- (a) No Right to Awards or Continued Employment. Nothing contained in this Bonus Plan (or in any other documents under this Bonus Plan or in any Award) shall confer upon any Participant any right to continue in the employ or other service of the Corporation or one of its Subsidiaries, constitute any contract or agreement of employment or other service or affect an employee's status as an employee at will, nor shall interfere in any way with the right of the Corporation or one of its Subsidiaries to change a person's compensation or other benefits, or to terminate his or her employment or other service, with or without cause. Nothing in this Section 10.1(a), however, is intended to adversely affect any express independent right of such person under a separate employment or service contract other than an award agreement.
- (b) Plan Not Funded. Awards payable under this Bonus Plan shall be payable from the general assets of the Corporation, and no special or separate reserve, fund or deposit shall be made to assure payment of such awards. No Participant, beneficiary or other person shall have any right, title or interest in any fund or in any specific asset of the Corporation or one of its Subsidiaries by reason of any award hereunder. Neither the provisions of this Bonus Plan (or of any related documents), nor the creation or adoption of this Bonus Plan, nor any action taken pursuant to the provisions of this Bonus Plan shall create, or be construed to create, a trust of any kind or a fiduciary relationship between the Corporation or one of its Subsidiaries and any Participant, beneficiary or other person. To the extent that a Participant, beneficiary or other person acquires a right to receive payment pursuant to any Award, such right shall be no greater than the right of any unsecured general creditor of the Corporation.

- 10.2 ***Non-Transferability of Benefits and Interests.*** Except as expressly provided by the Committee in accordance with the provisions of Section 162(m), all Awards are non-transferable, and no benefit payable under this Bonus Plan shall be subject in any manner to sale, transfer, anticipation, alienation, assignment, pledge, encumbrance or charge. This Section 10.2 shall not apply to an assignment of a contingency or payment due (a) after the death of a Participant to the deceased Participant's legal representative or beneficiary or (b) after the disability of a Participant to the disabled Participant's personal representative.
- 10.3 ***Force and Effect.*** The various provisions herein are severable in their entirety. Any determination of invalidity or unenforceability of any one provision will have no effect on the continuing force and effect of the remaining provisions.
- 10.4 ***Governing Law.*** This Bonus Plan will be construed under the laws of the State of Delaware.
- 10.5 ***Construction.***
- (a) ***Section 162(m).*** It is the intent of the Corporation that this Bonus Plan, Awards, and Bonuses paid hereunder will qualify as performance-based compensation or will otherwise be exempt from deductibility limitations under Section 162(m). Any provision, application or interpretation of this Bonus Plan inconsistent with this intent to satisfy the standards in Section 162(m) shall be disregarded.
  - (b) ***Section 409A.*** It is intended that Awards granted and Bonuses paid under this Bonus Plan qualify as "short-term deferrals" within the meaning of the guidance provided by the Internal Revenue Service under Section 409A of the Code and this Bonus Plan shall be interpreted consistent with that intent.
- 10.6 ***Tax Withholding.*** Upon the payment of any Bonus, the Corporation shall have the right to deduct the amount of any federal, state or local taxes that the Corporation or any Subsidiary may be required to withhold with respect to such payment.
- 10.7 ***Amendments, Suspension or Termination of Plan.*** The Board or the Committee may at any time terminate, amend, modify or suspend this Bonus Plan, in whole or in part, in each case, without the consent of Participants. Notwithstanding the foregoing, no amendment may be effective without Board and/or stockholder approval if such approval is necessary to comply with the applicable rules of Section 162(m) and no amendment shall be effective that would violate Section 162(m).

- 10.8 ***Effective Date.*** This Bonus Plan is effective as of March 15, 2016.
- 10.9 ***Captions.*** Captions and headings are given to the sections and subsections of this Bonus Plan solely as a convenience to facilitate reference. Such headings shall not be deemed in any way material or relevant to the construction or interpretation of this Bonus Plan or any provision thereof.
- 10.10 ***Non-Exclusivity of Plan.*** Subject to compliance with Section 162(m), nothing in this Bonus Plan shall limit or be deemed to limit the authority of the Board or the Committee to grant awards or authorize any other compensation under any other plan or authority.

FRANCESCA'S HOLDINGS CORPORATION  
2015 EQUITY INCENTIVE PLAN  
PERFORMANCE STOCK AWARD AGREEMENT

THIS PERFORMANCE STOCK AWARD AGREEMENT (this "Award Agreement") is dated as of [\_\_\_\_], 2016 (the "Award Date") by and between Francesca's Holdings Corporation, a Delaware corporation (the "Corporation"), and [\_\_\_\_] (the "Participant").

WITNESSETH

WHEREAS, pursuant to the Francesca's Holdings Corporation 2015 Equity Incentive Plan (the "Plan"), the Corporation hereby grants to the Participant, effective as of the date hereof, a performance stock award (the "Award"), upon the terms and conditions set forth herein and in the Plan.

NOW THEREFORE, in consideration of services rendered and to be rendered by the Participant, and the mutual promises made herein and the mutual benefits to be derived therefrom, the parties agree as follows:

1. **Defined Terms.** Capitalized terms used herein and not otherwise defined herein shall have the meaning assigned to such terms in the Plan.

2. **Grant.** Subject to the terms of this Award Agreement, the Corporation hereby grants to the Participant an Award with respect to an aggregate of [\_\_\_\_] shares of Common Stock of the Corporation, which aggregate number represents the maximum number of shares of Common Stock that may become vested in accordance with the terms of this Award Agreement (the "Maximum Number" of shares). Of the Maximum Number of shares of Common Stock subject to the Award, [\_\_\_\_] shares represent the "target" number of shares of Common Stock subject to the Award (the "Target Number" of shares).

The Target Number of shares shall be issued to the Participant on or promptly following the Award Date as restricted shares of Common Stock of the Corporation (the "Restricted Stock") as provided in Section 7(a) hereof. The additional shares of Common Stock that may be issuable pursuant to the Award (equal to the amount by which the Maximum Number of shares exceeds the Target Number of shares) are referred to herein as the "Additional Shares" and, subject to vesting as set forth herein, shall be issuable as provided in Section 7(e) hereof.

3. **Performance-Based and Time-Based Vesting.** Subject to Section 8 below, the Award shall become eligible to vest based on the achievement of certain performance goals as set forth in Section 3(a) of this Award Agreement for the [\_\_\_\_]-year period consisting of [the Corporation's [\_\_\_\_] fiscal years (each such fiscal year, a "Fiscal Year," and such [\_\_\_\_]-year period, the "Performance Period") and, with respect to any shares of Common Stock subject to the Award that vest in accordance with this Section 3, such shares shall vest (and as to any such shares that are Restricted Stock, restrictions (other than those set forth in Section 8.1 of the Plan) shall lapse) based on the achievement of the time-based vesting requirements set forth in Section 3(b) of this Award Agreement.

(a) Eligibility to Vest Based Upon Corporate Performance. The percentage of the Target Shares that become eligible to vest, if any, based on the achievement of the performance goals during the Performance Period, as determined in accordance with Exhibit A attached hereto, are referred to as the “**Eligible Shares.**” (For purposes of clarity, in no event shall the maximum number of shares that are deemed to be Eligible Shares exceed the Maximum Shares subject to the Award.) Any of the Target Shares that the Administrator determines shall not be Eligible Shares in accordance with this Section 3(a) shall terminate and be forfeited as of the last day of the Performance Period, and the Participant shall have no further rights with respect to any such Target Shares that are not determined to be Eligible Shares in accordance with this Section 3(a).

(b) Vesting. Subject to the terms and conditions of this Award Agreement, the number of shares subject to the Award that (1) the Administrator has determined are Eligible Shares in accordance with Section 3(a) of this Award Agreement and (2) do not otherwise vest in accordance with Section 8 of this Award Agreement, if any, shall vest on the [\_\_\_\_\_] anniversary of the Award Date (the “**Vesting Date**”), subject to the Participant’s continuous employment or service to the Corporation through the Vesting Date.

**4. Continuance of Employment.** Except as expressly provided in Section 8 of this Award Agreement, the vesting schedule requires continued employment or service through the Vesting Date as a condition to the vesting of the applicable installment of the Award and the rights and benefits under this Award Agreement. Employment or service for only a portion of the vesting period, even if a substantial portion, will not (except as expressly provided in Section 8) entitle the Participant to any proportionate vesting or avoid or mitigate a termination of rights and benefits upon or following a termination of employment or services as provided in Section 8 below or under the Plan.

Nothing contained in this Award Agreement or the Plan constitutes an employment or service commitment by the Corporation, affects the Participant’s status as an employee at will who is subject to termination without cause, confers upon the Participant any right to remain employed by or in service to the Corporation or any of its Subsidiaries, interferes in any way with the right of the Corporation or any of its Subsidiaries at any time to terminate such employment or services, or affects the right of the Corporation or any of its Subsidiaries to increase or decrease the Participant’s other compensation or benefits. Nothing in this Award Agreement, however, is intended to adversely affect any independent contractual right of the Participant without his or her consent thereto.

**5. Dividend and Voting Rights.** After the Award Date, the Participant shall be entitled to cash dividends with respect to the shares of Restricted Stock subject to the Award even though such shares are not vested but shall not be entitled to voting rights with respect to the shares of Restricted Stock; provided that such rights to cash dividends shall terminate immediately as to any shares of Restricted Stock that are forfeited pursuant to Section 8 below; and provided, further, that the Participant agrees that promptly following any such forfeiture of the shares of Restricted Stock, the Participant will make a cash payment to the Corporation equal to the amount of any cash dividends received by the Participant in respect of any such unvested, forfeited shares. To the extent the shares are forfeited after the record date and before the payment date for a particular dividend, the Participant shall, promptly after the dividend is paid, make a cash payment to the Corporation equal to the amount of any such cash dividend received by the Participant in respect of such forfeited shares. For purposes of clarity, the Participant shall have no rights as a stockholder of the Corporation, no dividend rights and no voting rights, with respect to any Additional Shares until such time (if any) as such shares are actually issued to and held of record by the Participant. No adjustments will be made for dividends or other rights of a holder for which the record date is prior to the date of issuance of such shares.

6. **Restrictions on Transfer.** Prior to the time that they have become vested pursuant to Section 3 or Section 8 hereof or Section 7 of the Plan, neither the Restricted Stock, nor any interest therein, amount payable in respect thereof, nor any Restricted Property (as defined in Section 9 hereof), nor any Additional Shares or rights with respect thereto, may be sold, assigned, transferred, pledged or otherwise disposed of, alienated or encumbered, either voluntarily or involuntarily. The transfer restrictions in the preceding sentence shall not apply to (a) transfers to the Corporation, or (b) transfers by will or the laws of descent and distribution.

7. **Issuance of Shares.**

(a) **Book Entry Form.** On or promptly following the Award Date, the Corporation shall issue the shares of Restricted Stock subject to the Award (i.e. the Target Shares) either: (a) in certificate form as provided in Section 7(b) below; or (b) in book entry form, registered in the name of the Participant with notations regarding the applicable restrictions on transfer imposed under this Award Agreement. Any Additional Shares that vest and become issuable pursuant to the Award will be issued as provided in Section 7(e).

(b) **Certificates to be Held by Corporation; Legend.** Any certificates representing shares of Restricted Stock that may be delivered to the Participant by the Corporation prior to vesting shall be redelivered to the Corporation to be held by the Corporation until the restrictions on such shares shall have lapsed and the shares shall thereby have become vested or the shares represented thereby have been forfeited hereunder. Such certificates shall bear the following legend and any other legends the Corporation may determine to be necessary or advisable to comply with all applicable laws, rules, and regulations:

*“The ownership of this certificate and the shares of stock evidenced hereby and any interest therein are subject to substantial restrictions on transfer under an Agreement entered into between the registered owner and Francesca’s Holdings Corporation. A copy of such Agreement is on file in the office of the Secretary of Francesca’s Holdings Corporation.”*

(c) **Delivery of Certificates Upon Vesting.** Promptly after the vesting of any shares of Restricted Stock pursuant to Section 3 or Section 8 hereof or Section 7 of the Plan and the satisfaction of any and all related tax withholding obligations pursuant to Section 10, the Corporation shall, as applicable, either remove the notations on any shares of Restricted Stock issued in book entry form which have vested or deliver to the Participant a certificate or certificates evidencing the number of shares of Restricted Stock which have vested (or, in either case, such lesser number of shares as may result after giving effect to Section 10). The Participant (or the beneficiary or personal representative of the Participant in the event of the Participant’s death or disability, as the case may be) shall deliver to the Corporation any representations or other documents or assurances as the Corporation or its counsel may determine to be necessary or advisable in order to ensure compliance with all applicable laws, rules, and regulations with respect to the grant of the Award and the delivery of shares of Common Stock in respect thereof. The shares so delivered shall no longer be restricted shares hereunder.

(d) Stock Power; Power of Attorney. Concurrently with the execution and delivery of this Award Agreement, the Participant shall deliver to the Corporation an executed stock power in the form attached hereto as Exhibit B, in blank, with respect to such shares. The Corporation shall not deliver any share certificates in accordance with this Award Agreement unless and until the Corporation shall have received such stock power executed by the Participant. The Participant, by acceptance of the Award, shall be deemed to appoint, and does so appoint by execution of this Award Agreement, the Corporation and each of its authorized representatives as the Participant's attorney(s)-in-fact to effect any transfer of unvested forfeited shares (or shares otherwise reacquired by the Corporation hereunder) to the Corporation as may be required pursuant to the Plan or this Award Agreement and to execute such documents as the Corporation or such representatives deem necessary or advisable in connection with any such transfer.

(e) Payment of Additional Shares. In the event that any Additional Shares vest pursuant to the terms hereof or under the Plan, the Corporation shall deliver to the Participant such number of Additional Shares (in book-entry or certificate form as provided in Section 7(a) and subject to tax withholding as provided in Section 10) on or as soon as practicable after (and in all events within two and one-half months after) the applicable vesting date.

**8. Effect of Termination of Employment or Services; Change of Control Event.**

(a) General. Except as expressly provided in Section 8(b) and 8(c) below, if the Participant ceases to be employed by or ceases to provide services to the Corporation or a Subsidiary at any time prior to the Vesting Date (the date of such termination of employment or service is referred to as the Participant's "**Severance Date**"), (i) the Participant's shares of Restricted Stock (and related Restricted Property as defined in Section 9 hereof) shall be forfeited to the Corporation and (ii) any right of the Participant to receive any Additional Shares hereunder shall immediately terminate without payment or other consideration therefor (in each case, regardless of the reason for such termination of employment or service, whether with or without cause, voluntarily or involuntarily, or due to death or disability). Upon the occurrence of any forfeiture of shares of Restricted Stock hereunder, such unvested, forfeited shares and related Restricted Property shall be automatically transferred to the Corporation as of the Severance Date, without any other action by the Participant (or the Participant's beneficiary or personal representative in the event of the Participant's death or disability, as applicable). No consideration shall be paid by the Corporation with respect to such transfer. The Corporation may exercise its powers under Section 7(d) hereof and take any other action necessary or advisable to evidence such transfer. The Participant (or the Participant's beneficiary or personal representative in the event of the Participant's death or disability, as applicable) shall deliver any additional documents of transfer that the Corporation may request to confirm the transfer of such unvested, forfeited shares and related Restricted Property to the Corporation.

(b) Termination Without Cause, With Good Reason or Due to Death. Subject to Section 8(c), in the event the Participant ceases to be employed by or ceases to provide services to the Corporation or a Subsidiary prior to the Vesting Date, and such termination of employment is by the Corporation or a Subsidiary without Cause (as defined below), by the Participant for Good Reason (as defined below) or due to the death of the Participant, the following shall apply with respect to the Award:

(i) The Performance Period shall be deemed to end as of the Severance Date (such shortened performance period being referred to herein as the “**Shortened Performance Period**”). A portion of the Target Shares subject to the Award shall be allocated to the Shortened Performance Period equal to (x) the total number of Target Shares multiplied by (y) a fraction, the numerator of which is the total number of calendar days in the Shortened Performance Period and the denominator of which is the total number of calendar days in the Performance Period (the “**Shortened Period Target Shares**”).

(ii) To determine the vesting of such Shortened Period Target Shares, the applicable performance goals for the Performance Period shall be pro-rated based on the ratio of the number of calendar days in the Shortened Performance Period to the total number of calendar days in the Performance Period, and the performance conditions applicable to such Shortened Period Target Shares shall be determined based on actual performance for the Shortened Performance Period against such pro-rated goals, with the number of Shortened Period Target Shares that may become eligible to vest determined in accordance with Exhibit A attached hereto (as modified to give effect to the preceding provisions of this Section 8(b)). (For purposes of clarity, such pro-ration shall be applied to the performance goals only and not the vesting percentages applicable to each performance level so that if the maximum performance level (as determined with reference to the pro-rated performance goals) is achieved, the vesting percentage shall be the maximum vesting percentage as provided in Exhibit A.)

(iii) With respect to any shares of Common Stock subject to the Award that vest in accordance with this Section 8(b), such shares shall vest (and as to any such shares that are Restricted Stock, restrictions (other than those set forth in Section 8.1 of the Plan) shall lapse) as of the Severance Date. To the extent that the total number of Target Shares subject to the Award exceeds the total number of Eligible Shares determined and vested under this Section 8(b), such excess Target Shares shall be forfeited to the Corporation as of the Severance Date in accordance with Section 8(a) of this Award Agreement.

(c) Change of Control. In the event a Change of Control (as defined below) occurs prior to the last day of the Performance Period and either (1) the Award is to be terminated pursuant to Section 7.2 of the Plan in connection with such event and not assumed, substituted for, exchanged or otherwise continued after such event, or (2) the Award is or would be assumed, substituted for, exchanged or otherwise continued after such event and in connection with or within twelve (12) months following the Change of Control, the Participant’s employment or service is terminated by the Corporation or a Subsidiary without Cause (as defined below) or by the Participant for Good Reason (as defined below) (the occurrence of an event described in the foregoing clause (1) or clause (2), a “**Trigger Event**”), the following shall apply with respect to the Award:

(i) The Performance Period shall be deemed to end as of the last day of the Fiscal Year prior to the Fiscal Year in which the Trigger Event occurs (such shortened performance period being referred to herein as the “**CIC Shortened Performance Period**”). A portion of the Target Shares subject to the Award shall be allocated to the CIC Shortened Performance Period equal to (x) the total number of Target Shares multiplied by (y) a fraction, the numerator of which is the total number of whole Fiscal Years in the CIC Shortened Performance Period and the denominator of which is three (3) (the “**CIC Shortened Period Target Shares**”).

(ii) To determine the vesting of such CIC Shortened Period Target Shares, the applicable performance goals for the Performance Period shall be pro-rated based on the ratio of the number of Fiscal Years in the CIC Shortened Performance Period to the total number of Fiscal Years in the Performance Period (i.e., three), and the performance conditions applicable to such CIC Shortened Period Target Shares shall be determined based on actual performance for the CIC Shortened Performance Period against such pro-rated goals, with the number of CIC Shortened Period Target Shares that may become eligible to vest determined in accordance with Exhibit A attached hereto (as modified to give effect to the preceding provisions of this Section 8(b)). (For purposes of clarity, such pro-ratio shall be applied to the performance goals only and not the vesting percentages applicable to each performance level so that if the maximum performance level (as determined with reference to the pro-rated performance goals) is achieved, the vesting percentage shall be the maximum vesting percentage as provided in Exhibit A.) The vesting percentage for the CIC Shortened Performance Period as determined under this Section 8(c)(ii) is referred to as the “**CIC Vesting Percentage**.”

(iii) In addition to the vesting provided in Section 8(c)(ii), a number of Target Shares shall be eligible to vest equal to (x) the total number of Target Shares subject to the Award, less (y) the total number of CIC Shortened Period Target Shares; provided, however, that if the CIC Vesting Percentage determined under Section 8(c)(ii) is greater than one hundred percent (100%), the number of shares eligible to vest under this Section 8(c)(iii) shall equal (A) the CIC Vesting Percentage, multiplied by (B)(I) the total number of Target Shares subject to the Award, less (II) the total number of CIC Shortened Period Target Shares; and provided, further, that if the Trigger Event occurs during the first Fiscal Year of the Performance Period, Sections 8(c)(i) and 8(c)(ii) shall not apply, and the Award shall vest upon the Trigger Event with respect to the total number of Target Shares subject to the Award.

(iv) With respect to any shares of Common Stock subject to the Award that vest in accordance with this Section 8(c), such shares shall vest (and as to any such shares that are Restricted Stock, restrictions (other than those set forth in Section 8.1 of the Plan) shall lapse) as of the Trigger Event. To the extent that the total number of Target Shares subject to the Award exceeds the total number of Eligible Shares determined and vested under this Section 8(c), such excess Target Shares shall be forfeited to the Corporation as of the Trigger Event in accordance with Section 8(a) of this Award Agreement.

In the event a Change of Control occurs on or after the last day of the Performance Period and prior to the Vesting Date and either (x) the Award is to be terminated pursuant to Section 7.2 of the Plan in connection with such event and not assumed, substituted for, exchanged or otherwise continued after such event, or (y) the Award is or would be assumed, substituted for, exchanged or otherwise continued after such event and in connection with the Change of Control or at any time following the Change of Control and prior to the Vesting Date, the Participant’s employment or service is terminated by the Corporation or a Subsidiary without Cause or by the Participant for Good Reason, any shares of Common Stock subject to the Award that have been deemed to be Eligible Shares as provided herein shall immediately vest (and as to any such shares that are Restricted Stock, restrictions (other than those set forth in Section 8.1 of the Plan) shall lapse) as of the date of such event.

For purposes of this Section 8(c), a termination of the Participant's employment or service shall not be considered to be "in connection with" a Change of Control if such termination occurs more than sixty (60) days before the Change in Control.

(d) Release. Notwithstanding the foregoing provisions, the treatment of the Award in connection with a termination of the Participant's employment or service by the Corporation or a Subsidiary without Cause or by the Participant for Good Reason pursuant to either Section 8(b) or 8(c) above shall be subject to to the Participant's providing to the Corporation upon or promptly following (and in all events within twenty-one (21) days, or such longer period of time as required by applicable law, following) the Severance Date a separation agreement which shall contain a valid, executed general release of claims in a form acceptable to the Corporation, and the Participant's not revoking such release within any revocation period provided by applicable law.

(e) Defined Terms. The following definitions shall apply for purposes of this Award Agreement:

(i) "**Cause**" with respect to the Participant means that one or more of the following has occurred: (A) the Participant has committed a felony or a crime involving moral turpitude (under the laws of the United States or any relevant state, or a similar crime or offense under the applicable laws of any relevant foreign jurisdiction); (B) the Participant has engaged in acts of fraud, dishonesty or other acts of material misconduct in the course of the Participant's duties; (C) the Participant's abuse of narcotics or alcohol that has or may reasonably cause material harm the Corporation; (D) any material violation by the Participant of the Corporation's written policies that causes material harm to the Corporation or any of its Subsidiaries; (E) the Participant's material failure to perform or uphold his or her duties and/or his or her material failure to comply with reasonable directives of the Corporation's Chief Executive Officer or Board of Directors, as applicable; or (F) any material breach by the Participant of this Award Agreement or any other contract the Participant is a party to with the Corporation or any Subsidiary.

(ii) "**Change of Control**" means any of the following:

(a) The dissolution or liquidation of the Corporation, other than in the context of a Business Combination that does not constitute a Change in Control Event under paragraph (c) below;

(b) The acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (a “**Person**”)) of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”)) of 50% or more of either (1) the then-outstanding shares of common stock of the Corporation (the “**Outstanding Company Common Stock**”) or (2) the combined voting power of the then-outstanding voting securities of the Corporation entitled to vote generally in the election of directors (the “**Outstanding Company Voting Securities**”); provided, however, that, for purposes of this paragraph (b), the following acquisitions shall not constitute a Change of Control: (A) any acquisition directly from the Corporation, (B) any acquisition by the Corporation, (C) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Corporation or any of its affiliates or a successor to the Corporation or any of its affiliates, (D) any acquisition by any entity pursuant to a Business Combination, or (E) any acquisition by a Person described in and satisfying the conditions of Rule 13d-1(b) promulgated under the Exchange Act; or

(c) Consummation of a reorganization, merger, statutory share exchange or consolidation or similar corporate transaction involving the Corporation or any Subsidiary, a sale or other disposition of all or substantially all of the assets of the Corporation, or the acquisition of assets or stock of another entity by the Corporation or any of its Subsidiaries (each, a “**Business Combination**”), in each case unless, following such Business Combination, (1) all or substantially all of the individuals and entities that were the beneficial owners of the Outstanding Company Common Stock and the Outstanding Company Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 50% of the then-outstanding shares of common stock and the combined voting power of the then-outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the entity resulting from such Business Combination (including, without limitation, an entity that, as a result of such transaction, owns the Corporation or all or substantially all of the Corporation’s assets directly or through one or more subsidiaries (a “**Parent**”)), and (2) no Person (excluding any individual or entity described in clauses (C) or (E) of paragraph (b) above) beneficially owns (within the meaning of Rule 13d-3 promulgated under the Exchange Act), directly or indirectly, more than 50% of, respectively, the then-outstanding shares of common stock of the entity resulting from such Business Combination or the combined voting power of the then-outstanding voting securities of such entity, except to the extent that the ownership in excess of 50% existed prior to the Business Combination.

(iii) “**Good Reason**” with respect to the Participant means the definition of “Good Reason” provided in any written employment agreement (or offer letter or similar written agreement) between the Participant and Corporation or any Subsidiary. If the Participant is not covered by such an agreement with the Corporation or a Subsidiary that defines such term, then “Good Reason” with respect to the Participant means the occurrence (without the Participant’s consent) of any one or more of the following conditions: (A) a material diminution in the Participant’s rate of base salary; (B) a material diminution in the Participant’s authority, duties, or responsibilities; (C) a material change in the geographic location of the Participant’s principal office with the Corporation (for this purpose, in no event shall a relocation of such office to a new location that is not more than fifty (50) miles from the current location of the Corporation’s executive offices constitute a “material change”); or (D) a material breach by the Corporation of this Award Agreement; provided, however, that any such condition or conditions, as applicable, shall not constitute Good Reason unless both (x) the Participant provides written notice to the Corporation of the condition claimed to constitute Good Reason within sixty (60) days of the initial existence of such condition(s) (such notice to be delivered in accordance with Section 11), and (y) the Corporation fails to remedy such condition(s) within thirty (30) days of receiving such written notice thereof; and provided, further, that in all events the termination of the Participant’s employment with the Corporation shall not constitute a termination for Good Reason unless such termination occurs not more than one hundred and twenty (120) days following the initial existence of the condition claimed to constitute Good Reason.

**9. Adjustments Upon Specified Events.** Upon the occurrence of certain events relating to the Corporation's stock contemplated by Section 7.1 of the Plan, the Administrator shall make adjustments in accordance with such section in the number and kind of securities that may become vested under the Award. If any adjustment shall be made under Section 7.1 of the Plan or an event described in Section 7.2 of the Plan shall occur and the shares of Restricted Stock are not fully vested upon such event or prior thereto, the restrictions applicable to such shares of Restricted Stock shall continue in effect with respect to any consideration, property or other securities (the "**Restricted Property**") and, for the purposes of this Award Agreement, "Restricted Stock" shall include "Restricted Property", unless the context otherwise requires) received in respect of such Restricted Stock. Such Restricted Property shall vest at such times and in such proportion as the shares of Restricted Stock to which the Restricted Property is attributable vest, or would have vested pursuant to the terms hereof if such shares of Restricted Stock had remained outstanding. To the extent that the Restricted Property includes any cash (other than regular cash dividends), such cash shall be invested, pursuant to policies established by the Administrator, in interest bearing, FDIC-insured (subject to applicable insurance limits) deposits of a depository institution selected by the Administrator, the earnings on which shall be added to and become a part of the Restricted Property.

**10. Tax Withholding.** Subject to Section 8.1 of the Plan, upon any vesting of the Award, the Corporation shall automatically withhold and reacquire the appropriate number of whole shares of Restricted Stock (or, in the case of vesting of any Additional Shares, shall automatically reduce the number of Additional Shares to be delivered by the appropriate number of whole shares), valued at their then fair market value (with the "fair market value" of such shares determined in accordance with the applicable provisions of the Plan), to satisfy any withholding obligations of the Corporation or its Subsidiaries with respect to such vesting at the minimum applicable withholding rates. In the event that the Corporation cannot satisfy such withholding obligations by withholding and reacquiring shares of Restricted Stock (or such a reduction in the number of Additional Shares to be delivered, as applicable), or in the event that the Participant makes or has made an election pursuant to Section 83(b) of the Code or the occurrence of any other withholding event with respect to the Award, the Corporation (or a Subsidiary) shall be entitled to require a cash payment by or on behalf of the Participant and/or to deduct from other compensation payable to the Participant any sums required by federal, state or local tax law to be withheld with respect to such vesting of any Restricted Stock (or Additional Shares) or such Section 83(b) election or other withholding event.

**11. Notices.** Any notice to be given under the terms of this Award Agreement shall be in writing and addressed to the Corporation at its principal office to the attention of the Secretary, and to the Participant at the Participant's last address reflected on the Corporation's payroll records. Any notice shall be delivered in person or shall be enclosed in a properly sealed envelope, addressed as aforesaid, registered or certified, and deposited (postage and registry or certification fee prepaid) in a post office or branch post office regularly maintained by the United States Government. Any such notice shall be given only when received, but if the Participant is no longer an Eligible Person, shall be deemed to have been duly given five business days after the date mailed in accordance with the foregoing provisions of this Section 11.

**12. Plan.** The Award and all rights of the Participant under this Award Agreement are subject to the terms and conditions of the provisions of the Plan, incorporated herein by reference. The Participant agrees to be bound by the terms of the Plan and this Award Agreement. The Participant acknowledges having read and understanding the Plan, the Prospectus for the Plan, and this Award Agreement. Unless otherwise expressly provided in other sections of this Award Agreement, provisions of the Plan that confer discretionary authority on the Board or the Administrator do not (and shall not be deemed to) create any rights in the Participant unless such rights are expressly set forth herein or are otherwise in the sole discretion of the Board or the Administrator so conferred by appropriate action of the Board or the Administrator under the Plan after the date hereof.

**13. Entire Agreement.** This Award Agreement and the Plan together constitute the entire agreement and supersede all prior understandings and agreements, written or oral, of the parties hereto with respect to the subject matter hereof. The Plan may be amended pursuant to Section 8.6 of the Plan. This Award Agreement may be amended by the Board from time to time. Any such amendment must be in writing and signed by the Corporation. Any such amendment that materially and adversely affects the Participant's rights under this Award Agreement requires the consent of the Participant in order to be effective with respect to the Award. The Corporation may, however, unilaterally waive any provision hereof in writing to the extent such waiver does not adversely affect the interests of the Participant hereunder, but no such waiver shall operate as or be construed to be a subsequent waiver of the same provision or a waiver of any other provision hereof.

**14. Counterparts.** This Award Agreement may be executed simultaneously in any number of counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

**15. Section Headings.** The section headings of this Award Agreement are for convenience of reference only and shall not be deemed to alter or affect any provision hereof.

**16. Governing Law.** This Award Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Delaware without regard to conflict of law principles thereunder.

**17. Construction.** It is intended that the terms of the Award will not result in the imposition of any tax liability pursuant to Section 409A of the Code. This Award Agreement shall be construed and interpreted consistent with that intent.

**18. Clawback Policy.** The Award and the shares of Common Stock that are or may be acquired pursuant to the Award are subject to the terms of the Corporation's recoupment, clawback or similar policy as it may be in effect from time to time, as well as any similar provisions of applicable law, any of which could in certain circumstances require repayment or forfeiture of the Award or such shares or other cash or property received with respect to the Award (including any value received from a disposition of the shares acquired pursuant to the Award).

**19. Waiver of Jury Trial.** EACH OF THE PARTIES HERETO IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM AGAINST OUT OF OR RELATING TO THE PLAN OR THIS PERFORMANCE STOCK AWARD AGREEMENT (INCLUDING THESE TERMS).

**20. No Advice Regarding Grant.** The Participant is hereby advised to consult with his or her own tax, legal and/or investment advisors with respect to any advice the Participant may determine is needed or appropriate with respect to the Award (including, without limitation, to determine the foreign, state, local, estate and/or gift tax consequences with respect to the Award, the advantages and disadvantages of making an election under Section 83(b) of the Code with respect to the Restricted Stock under the Award, and the process and requirements for such an election). Neither the Corporation nor any of its officers, directors, affiliates or advisors makes any representation (except for the terms and conditions expressly set forth in this Award Agreement) or recommendation with respect to the Award or the making an election under Section 83(b) of the Code with respect to the Restricted Stock under the Award. In the event the Participant desires to make an election under Section 83(b) of the Code with respect to the Restricted Stock, it is the Participant's sole responsibility to do so timely. Except for the withholding rights set forth in Section 10 above, the Participant is solely responsible for any and all tax liability that may arise with respect to the Award.

*[Remainder of page intentionally left blank]*

**IN WITNESS WHEREOF**, the Corporation has caused this Award Agreement to be executed on its behalf by a duly authorized officer and the Participant has hereunto set his or her hand as of the date and year first above written.

**FRANCESCA'S HOLDINGS CORPORATION,  
a Delaware corporation**

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Its: \_\_\_\_\_

**PARTICIPANT**

\_\_\_\_\_  
*Signature*

\_\_\_\_\_  
*Print Name*

**CONSENT OF SPOUSE**

In consideration of the execution of the foregoing Performance Stock Award Agreement by Francesca's Holdings Corporation, I, \_\_\_\_\_, the spouse of the Participant therein named, do hereby join with my spouse in executing the foregoing Performance Stock Award Agreement and do hereby agree to be bound by all of the terms and provisions thereof and of the Plan.

Dated: \_\_\_\_\_, 20\_\_

\_\_\_\_\_  
*Signature of Spouse*

\_\_\_\_\_  
*Print Name*

**PERFORMANCE-BASED VESTING REQUIREMENTS**

This Exhibit A is subject to the other provisions of the Award Agreement (including, without limitation, Sections 4, 8 and 9 of the Award Agreement).

*[Performance goals and metrics and methodology to determine the vesting percentage of the Award to be determined at the time of grant.]*

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**STOCK POWER**

FOR VALUE RECEIVED and pursuant to that certain Performance Stock Award Agreement between Francesca's Holdings Corporation, a Delaware corporation (the "Corporation"), and the individual named below (the "Individual") dated as of \_\_\_\_\_, 20\_\_\_\_, the Individual, hereby sells, assigns and transfers to the Corporation, an aggregate \_\_\_\_\_ shares of Common Stock of the Corporation, standing in the Individual's name on the books of the Corporation and represented by stock certificate number(s) \_\_\_\_\_ to which this instrument is attached, and hereby irrevocably constitutes and appoints \_\_\_\_\_ as his or her attorney in fact and agent to transfer such shares on the books of the Corporation, with full power of substitution in the premises.

Dated \_\_\_\_\_, \_\_\_\_\_

\_\_\_\_\_  
*Signature*

\_\_\_\_\_  
*Print Name*

*(Instruction: Please do not fill in any blanks other than the signature line. The purpose of the assignment is to enable the Corporation to exercise its sale/purchase option set forth in the Performance Stock Award Agreement without requiring additional signatures on the part of the Individual.)*

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**CERTIFICATION PURSUANT TO SECTION 302  
OF THE SARBANES-OXLEY ACT OF 2002**

I, Richard Kunes, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Francesca's Holdings Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined by Exchange Act Rules 13a-15(f) and 15-d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: June 9, 2016

/s/ Richard Kunes

Richard Kunes

*Interim Chief Executive Officer*

*(duly authorized officer and Principal Executive Officer)*

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**CERTIFICATION PURSUANT TO SECTION 302  
OF THE SARBANES-OXLEY ACT OF 2002**

I, Kelly Dilts, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Francesca's Holdings Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined by Exchange Act Rules 13a-15(f) and 15-d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: June 9, 2016

/s/ Kelly Dilts

Kelly Dilts

*Chief Financial Officer*

*(duly authorized officer and Principal Financial and Accounting Officer)*

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**CERTIFICATIONS PURSUANT TO 18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO SECTION 906  
OF THE SARBANES-OXLEY ACT OF 2002**

I, Richard Kunes, the Interim Chief Executive Officer of Francesca's Holdings Corporation, certify that (i) the quarterly report on Form 10-Q for the fiscal quarter ended April 30, 2016 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Francesca's Holdings Corporation as of the dates and for the periods set forth therein.

/s/ Richard Kunes  
Richard Kunes  
*Interim Chief Executive Officer*  
*(duly authorized officer and Principal Executive Officer)*

June 9, 2016

Date

I, Kelly Dilts, the Chief Financial Officer of Francesca's Holdings Corporation, certify that (i) the quarterly report on Form 10-Q for the fiscal quarter ended April 30, 2016 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Francesca's Holdings Corporation as of the dates and for the periods set forth therein.

/s/ Kelly Dilts  
Kelly Dilts  
*Chief Financial Officer*  
*(duly authorized officer and Principal Financial and Accounting Officer)*

June 9, 2016

Date

The foregoing certifications are being furnished solely to accompany the Quarterly Report on Form 10-Q pursuant to 18 U.S.C. § 1350 and Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended. These certifications shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liability of that section, nor shall it be incorporated by reference into any filing of the Company under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except to the extent that the Company specifically incorporates it by reference.

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