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

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of earliest event reported): **February 10, 2020**

FRANCESCA'S HOLDINGS CORPORATION

(Exact Name of Registrant as Specified in Its Charter)

Delaware

(State or Other Jurisdiction of Incorporation)

001-35239

(Commission File Number)

20-8874704

(I.R.S. Employer Identification No.)

**8760 Clay Road,
Houston, Texas**

(Address of Principal Executive Offices)

77080

(Zip Code)

(713) 864-1358

(Registrant's Telephone Number, Including Area Code)

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$.01 per share	FRAN	The Nasdaq Stock Market LLC
Purchase Rights of Series A Junior Participating Preferred Stock, par value \$0.01 per share	N/A	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

On February 10, 2020, the Board of Directors (the “Board”) of Francesca’s Holdings Corporation (the “Company”) appointed Andrew Clarke as the Company’s Chief Executive Officer, effective as of March 9, 2020. On February 12, 2020, the Board also appointed Mr. Clarke to serve as a Class II director of the Board, effective as of March 9, 2020. At such time, Mr. Michael Prendergast, who has been serving as the Company’s Interim Chief Executive Officer since February 2019, will resign as Interim Chief Executive Officer.

Mr. Clarke, 46, previously served as President of LOFT, a women’s specialty apparel retail brand owned by Ascena Retail Group, from July 2018 to July 2019. Prior to that, Mr. Clarke was EVP, Chief Merchandising Officer at Justice, also owned by Ascena Retail Group, from August 2017 to July 2018. Prior to joining Ascena Retail Group, Mr. Clarke served as President, Kmart Apparel from September 2014 to July 2017. Mr. Clarke also previously held various merchandising leadership positions at Pimke, a women’s fashion brand owned by French retail conglomerate, Mulliez, Marks & Spencer, and New Look Retailers, a fast fashion apparel retailer based in Europe.

On February 10, 2020, the Compensation Committee of the Board (the “Committee”) approved a new employment letter agreement for Mr. Clarke, which will become effective upon the date he commences employment with the Company (expected to be March 9, 2020). The agreement does not have a specified term and provides that Mr. Clarke will receive an annual base salary of \$700,000. He will also be eligible to receive an annual incentive bonus pursuant to the Company’s annual bonus plan as in effect from time to time (including a pro-rated bonus for 2020), with his target bonus to be set at 125% of his base salary. The agreement also provides for Mr. Clarke to participate in the Company’s savings and welfare benefit plans made available to employees generally. He will also receive certain relocation benefits in connection with his moving to the Houston area, including a lump-sum payment of \$200,000 to help cover his relocation costs. However, he will be required to repay this amount to the Company in full if he terminates his employment other than for Good Reason (as defined in the agreement) or is terminated by the Company for Cause (as defined in the agreement) during the first year of his employment or on a pro-rated basis if such a termination occurs during the second year of his employment.

Pursuant to the agreement, Mr. Clarke will also be entitled to receive (i) a grant of restricted stock units with a value of \$500,000 (determined as of the first day of his employment with the Company) that vest in three annual installments and (ii) a grant of performance stock units with a target value (determined as of the first day of his employment with the Company) equal to \$500,000, prorated to reflect his period of employment with the Company during its 2020 fiscal year, that will vest on the same terms and conditions that apply to the performance stock units to be granted to the Company’s other executive officers in March 2020 for the Company’s 2020 fiscal year (including the performance metrics, goals and weightings applicable to such awards), subject in each case to Mr. Clarke’s continued employment with the Company through the applicable vesting period. Mr. Clarke will also be eligible for future long-term incentive grants each fiscal year beginning with 2021, with the target value of such grants expected to be not less than \$1,000,000. In addition, Mr. Clarke will receive a cash incentive award, with a potential payout of up to \$275,000 if the Company’s average market capitalization exceeds certain target levels specified in the agreement for any period of 30 consecutive trading days during the period between six months and 18 months after his start date and subject to his continued employment with the Company.

If Mr. Clarke’s employment is terminated by the Company without Cause or by him for Good Reason, he will be entitled to a severance payment equal to 1.5 times his annual base salary that would be payable in installments over 12 months, provided that this payment is subject to a reduction if Mr. Clarke accepts employment with another employer during that period. The Company will also arrange for Mr. Clarke to continue participation for up to 12 months in the Company’s health insurance plans on substantially the same terms as during his employment (including any required contribution by the Company). These severance benefits are subject to Mr. Clarke’s providing a release of claims in favor of the Company and to his compliance with certain restrictive covenants in the agreement, including provision that, during the period of Mr. Clarke’s employment and for a period of 12 months following a termination of his employment for any reason, he will not compete with the Company or its affiliates or solicit any Company employees or customers. If Mr. Clarke’s employment with the Company terminates due to his death or disability, he would be entitled to a pro-rated annual bonus for the fiscal year in which his termination occurs.

On February 10, 2020, the Committee also approved a new change in control agreement for Mr. Clarke, which will become effective upon his commencing employment with the Company. This agreement provides that if, during the period beginning 30 days before a Change in Control (as defined in the agreement) and ending one year after the Change in Control, Mr. Clarke's employment is terminated by the Company without Cause or by him for Good Reason (as such terms are defined in his employment letter agreement), he will be entitled to receive, in connection with the termination of his employment under his employment letter agreement as described above, a lump-sum payment in cash equal to 1.5 times his annual base salary, a pro-rated amount of his target annual bonus for the fiscal year in which his termination occurs (regardless of whether the applicable performance goals are met), and full acceleration of vesting of all of his then-outstanding and unvested stock incentive awards granted by the Company (with any performance-based awards vesting as though the maximum level of performance for each metric under the award had been achieved).

The foregoing summaries of Mr. Clarke's new employment letter agreement and change in control agreement are qualified in their entirety by the provisions of these agreements, which are filed herewith as Exhibits 10.1 and 10.2, respectively, and incorporated herein by reference.

Mr. Clarke will also enter into an indemnification agreement with the Company in the form previously approved by the Board and filed with the Securities and Exchange Commission as Exhibit 10.4 of Amendment No. 5 to the Company's Registration Statement on Form S-1 filed on July 14, 2011.

There are no arrangements or understandings between Mr. Clarke and any other person pursuant to which Mr. Clarke was appointed as Chief Executive Officer and a member of the Board and there are no transactions between the Company and Mr. Clarke that would require disclosure under Item 404(a) of Regulation S-K. No family relationship exists between Mr. Clarke and any other director or executive officer of the Company.

Item 7.01. Regulation FD Disclosure.

The Company issued a press release on February 13, 2020, announcing the management change set forth in Item 5.02 of this Current Report on Form 8-K. A copy of such press release is furnished as Exhibit 99.1 to this report and is incorporated herein by reference. This information shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

Item 8.01. Other Events.

As previously disclosed, in connection with the appointment of Mr. Prendergast as Interim Chief Executive Officer in February 2019, the Company entered into an engagement letter with Alvarez & Marsal ("A&M"), a global professional services firm, to provide for, among other things, Mr. Prendergast's services as the Company's Interim Chief Executive Officer (the "Engagement Letter"). The Company and A&M have entered into an amendment to the Engagement Letter (the "Amendment") to, among other things, (i) provide for the payment to A&M of a fee at an average monthly rate of approximately \$120,000 for the Interim Chief Executive Officer services provided by Mr. Prendergast in accordance with the terms of the Engagement Letter, and (ii) provide that A&M is entitled to incentive compensation of \$500,000 subject to the Company's achievement of certain targets, which such incentive compensation is also payable by the Company if the Company terminates the Engagement Letter without "Cause" (as defined in the Engagement Letter) after October 1, 2020 and Mr. Prendergast is still serving as Interim Chief Executive Officer at such time.

Item 9.01. Financial Statements and Exhibits.

Exhibit	Description
<u>10.1</u>	<u>Employment Letter Agreement, dated February 10, 2020, between Francesca's Services Corporation, Francesca's Holdings Corporation and Francesca's Collections, Inc. and Andrew Clarke</u>
<u>10.2</u>	<u>Change in Control Letter Agreement, dated February 10, 2020, between Francesca's Holdings Corporation and Andrew Clarke</u>
<u>99.1</u>	<u>Press Release issued by Francesca's Holdings Corporation on February 13, 2020</u>

SIGNATURES

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

FRANCESCA'S HOLDINGS CORPORATION

Date: February 14, 2020

By: /s/ Cindy Thomassee
Cindy Thomassee
Executive Vice President and Chief Financial Officer

FRANCESCA'S SERVICES CORPORATION

February 10, 2020

Re: Employment Letter Agreement

Dear Andrew:

Subject to the terms and conditions of this letter agreement (this "Agreement"), Francesca's Services Corporation, a Texas corporation ("FSC"), Francesca's Holdings Corporation, a Delaware corporation ("Parent"), and Francesca's Collections, Inc., a Texas corporation ("FCI") and, collectively with FSC and Parent, the "Company") desires to employ you on the terms and conditions of this Agreement. This Agreement is subject to the Company completing satisfactory background and reference checks and shall be effective as of the Effective Date.

1. Employment; Compensation and Benefits.

(a) Position and Duties. You shall serve as the Company's President and Chief Executive Officer and as a member of the board of directors of Parent. During your Period of Employment (as defined below) with the Company, you agree to (i) devote substantially all of your business time, energy and skill to the performance of your duties for the Company, (ii) perform such duties in a faithful, effective and efficient manner and (iii) hold no other employment.

(b) Period of Employment. Your start date will be March 9, 2020 (the "Effective Date"). Your "Period of Employment" begins on the Effective Date and is for an indefinite term, until terminated as provided in Section 2(a).

(c) Base Salary. Your base salary (the "Base Salary") shall be at an annualized rate of Seven Hundred Thousand Dollars (\$700,000.00) and shall be paid in accordance with the Company's regular payroll practices in effect from time to time.

(d) Annual Bonus. You may be eligible for an annual incentive bonus based on the Company's annual bonus plan that may exist from time to time. Your target annual incentive bonus amount for a particular fiscal year of the Company during the Period of Employment shall equal One Hundred Twenty Five Percent (125%) of your Base Salary for that fiscal year. With respect to the fiscal year in which the Effective Date occurs, you will be eligible for a bonus for such fiscal year, pro-rated to reflect the number of calendar days of your employment with the Company from the Effective Date through the end of the fiscal year and the Company's performance for such period as determined by the Compensation Committee of the Parent's Board of Directors (the "Compensation Committee") in consultation with the Chief Executive Officer relative to performance goals previously established by the Compensation Committee for fiscal 2020 bonuses for the Company's other senior executives. Such annual incentive bonus shall be paid following completion of the applicable fiscal year at such time as bonuses are generally paid to the Company's executives.

(e) Relocation Assistance. In connection with your execution of this Agreement, you will be entitled to relocation assistance as follows:

(i) A moving and relocation lump-sum payment of Two Hundred Thousand Dollars (\$200,000), to be paid to you with your first payment of Base Salary (the "Relocation Payment"). If you voluntarily terminate your employment without Good Reason or your employment is terminated with Cause in accordance with Section 2(a) prior to the second anniversary of the Effective Date, you agree to reimburse the Company (i) 100% of the Relocation Payment if such termination occurs prior to the first anniversary of the Effective Date and (ii) for a prorated portion of an amount equal to 1/2 of the Relocation Payment based on the portion of the second year of employment not completed (for example, \$100,000 to be repaid if you are employed for zero days of the second year, with a reduction of 1/365 of \$100,000 (approximately \$273.97) for each additional day of the second year during which you are employed).

(ii) Reimbursement of travel costs (business class or economy air travel) and lodging costs for two trips from New York to Houston for you and your immediate family in connection with procuring permanent housing in the Houston metropolitan area, subject to the Company's policy for reimbursement of employee travel expenses.

(iii) The procurement of furnished temporary housing in the Houston metropolitan area reasonably acceptable to you and the Company, to be paid for by the Company and made available to you from a date mutually agreed by you and the Company until June 30, 2020.

(iv) You acknowledge that the Relocation Payment and other relocation assistance provided under this Agreement provides for non-deductible moving and relocation expenses and will be included in your gross income as wages and subject to withholding of all applicable taxes.

(f) Legal Expenses. The Company agrees to reimburse you promptly for the reasonable and documented fees and expenses of your legal counsel in connection with the review and preparation of this Agreement, in an amount not to exceed Ten Thousand Dollars (\$10,000).

(g) Retirement, Welfare and Fringe Benefits. During the Period of Employment you shall be entitled to participate in all employee savings and welfare benefit plans and programs, and fringe benefit plans and programs, made available by the Company to the Company's employees generally, in accordance with the eligibility and participation provisions of such plans and as such plans or programs may be in effect from time to time. You will be eligible for twenty (20) days of paid-time-off each year in accordance with the Company's policies.

(h) RSU Grants. In connection with your actual commencement of employment with the Company as of the Effective Date, you will be granted the following awards of restricted stock units relating to Parent's common stock in accordance with the Francesca's Holdings Corporation 2015 Equity Incentive Plan (the "Plan");

(i) An award on the same terms and conditions as the annual awards of performance shares granted to the Company's other executive officers in March 2020 for the Company's 2020 fiscal year (including the performance metrics, goals and weightings applicable to such awards), with the target number of shares subject to such award to be determined by dividing (A) the product obtained by multiplying (x) Five Hundred Thousand Dollars (\$500,000), by (y) a fraction, the numerator of which is the number of calendar days between the Effective Date and the last day of the Company's 2020 fiscal year and the denominator of which is three hundred sixty-five (365), by (B) the closing price of a share of Parent's common stock on The Nasdaq Stock Market on the last trading day prior to the Effective Date. Such award will be made in March 2020 in connection with the setting of the aforementioned performance metrics, goals and weightings.

(ii) An award of a number of time-vested shares determined by dividing (A) Five Hundred Thousand Dollars (\$500,000), by (B) the closing price of a share of Parent's common stock on The Nasdaq Stock Market on the last trading day prior to the Effective Date, such award to vest (x) with respect to one-third ($1/3^{\text{rd}}$) of the shares on first anniversary of the Effective Date if your employment with the Company continues through the first anniversary of the Effective Date, (y) with respect to one-third ($1/3^{\text{rd}}$) of the shares on the second anniversary of the Effective Date if your employment with the Company continues through the second anniversary of the Effective Date and (z) with respect to the remaining one-third ($1/3^{\text{rd}}$) of the shares on the third anniversary of the Effective Date if your employment with the Company continues through the third anniversary of the Effective Date.

Each of these grants will be evidenced by a Restricted Stock Unit Award Agreement, be subject to the approval of the Compensation Committee, and be in accordance with the terms and conditions of the Plan.

(i) Future Long-Term Incentive Grants. During the Period of Employment, you shall be eligible to be granted an award under the Company's long-term incentive program for the Company's fiscal year that begins in February 2021 and each fiscal year thereafter. The grant level and terms for each such grant shall be established by the Compensation Committee in its sole discretion. It is expected that the grant date fair value (as determined by the Company based on its usual equity award valuation methodology and assumptions) of the target number of shares subject to the award or awards that you are granted in each year will have a value, in the aggregate, of not less than One Million Dollars (\$1,000,000).

(j) Long-Term Incentive Grants Subject to Availability of Shares. You acknowledge and understand that the Parent does not have, as of the date hereof, a sufficient number of shares authorized in order to make the performance share grants set for in Sections 1(h) and 1(i). The availability of such shares is subject to approval by Parent's stockholders of additional authorized shares. In the event that any of the awards under Section 1(h) become fully vested prior to such approval, you will be eligible for cash payments in lieu of the applicable shares in an amount equivalent to the value of such vested awards, under the terms of your Restricted Stock Unit Award Agreements.

(k) Additional Cash Performance Incentive. During the Period of Employment, you will be eligible for a performance incentive payable in cash (the “Cash Performance Incentive”) as follows:

(i) If, at any time from and including the 6 month anniversary of the Effective Date and to and including the 18 month anniversary of the Effective Date (the “Test Period”), the Average Market Capitalization (as defined in Section 3(f) below) of the Company exceeds the thresholds specified below, you shall be entitled to receive the amounts specified below as a cash performance incentive:

Average Market Capitalization Threshold	Cumulative Payment ¹
\$50.0 million	\$ 65,000
\$75.0 million	\$ 175,000
\$100.0 million	\$ 275,000

For example, during the Test Period, if (x) the highest Average Market Capitalization of the Company achieved on any trading day is \$51.0 million, you will be entitled to \$65,000, (y) the highest Average Market Capitalization of the Company achieved on any trading day is \$76.0 million, you will be entitled to a total of \$175,000 and (z) the highest Average Market Capitalization achieved on any trading day is \$101.0 million, you will be entitled to a total of \$275,000, regardless of whether the Average Market Capitalization was lower at some other time during the Test Period.

(ii) The Cash Performance Incentive shall be paid with the next payment of Base Salary due following the achievement of the applicable Average Market Capitalization Threshold(s). For the avoidance of doubt, no Cash Performance Incentive shall be payable with respect to any achievement of any Average Market Capitalization Threshold occurring prior to or following the Test Period and the total of all Cash Performance Incentive payments shall in no circumstances exceed \$275,000.

¹ Inclusive of payments already made with respect to any lower threshold.

2. Termination and Severance.

(a) Termination. Your employment by the Company may be terminated by the Company: (i) immediately upon notice, with Cause (as defined below), or (ii) with no less than thirty (30) days' advance written notice to you, without Cause, or (iii) immediately in the event of your Disability (as defined below) or your death. In the event that you are provided with notice of termination without Cause pursuant to clause (ii) above, the Company will have the option to place you on administrative leave during the notice period. You may terminate your employment by the Company: (x) with Good Reason (as defined below) with no less than seven (7) days' advance written notice to the Company or (y) for any reason with no less than thirty (30) days' advance written notice to the Company. Any termination of your employment (by you or by the Company) must be communicated by written notice from the terminating party to the other party. Such notice of termination must be hand delivered (if to the Company, to the Company's General Counsel) and must indicate the specific provision(s) of this Agreement relied upon in effecting the termination. The date your employment by the Company terminates is referred to herein as your "Severance Date."

(b) Benefits upon Termination. Regardless of the reason for the termination of your employment with the Company, in connection with such termination the Company will pay you (on or within 30 days following your Severance Date) your accrued but unpaid Base Salary as of the date of termination, any annual incentive bonuses earned but not yet paid for any completed full fiscal year immediately preceding the employment termination date, any earned benefits to which you are entitled as of the date of termination pursuant to the terms of any compensation or benefit plan to the extent permitted by such plans, your accrued and unused vacation (if any) and you will be entitled to any benefits that are due to you under the Company's 401(k) plan in accordance with the terms of that plan, and if the termination of your employment occurs due to your death or disability prior to the end of any fiscal year, a pro rata annual incentive bonus for such fiscal year in which employment termination occurs (based on actual business days in such fiscal year prior to such employment termination, divided by total annual business days) determined and paid based on actual performance achieved for such fiscal year against the performance goals for that fiscal year. Upon termination, the terms and conditions applicable to any stock incentive awards will control as to the consequences of a termination of your employment on those awards; provided that upon termination by the Company without Cause (as defined below) or termination by you with Good Reason, you will in all events be entitled to the benefits of any time-vested shares as to which the required period of service has been completed prior to termination and the benefits of any performance-vested shares as to which annual performance goals have been satisfied prior to termination. In addition to the foregoing, if your employment with the Company terminates as a result of a termination by the Company of your employment without Cause or if you terminate your employment with Good Reason, you will (subject to the other conditions set forth in Section 2(c) below) be entitled to receive, subject to tax withholding and other authorized deductions, an aggregate amount equal to one and one-half (1.5) times your Base Salary as in effect on the Severance Date (the "Severance Benefit"). Subject to Section 5, the Company will pay this benefit to you in substantially equal installments (each in the applicable fraction of the aggregate benefit) in accordance with the Company's standard payroll practices over a period of twelve (12) months, with the first installment payable in the month following the month in which your Separation from Service (as such term is defined below) occurs; provided however, that notwithstanding anything to the contrary in this Agreement, upon your acceptance of employment with another employer (x) that constitutes a consulting engagement, part time employment or similar employment without a package of benefits customary for full time employment, any remaining installments of the Severance Benefit shall be reduced dollar for dollar by the amount of pro rata annual compensation that the you receive from your new employer and (y) that constitutes full time employment with a package of benefits customary for full time employment, your entitlement to any remaining installments of the Severance Benefit shall terminate and such amounts shall no longer be payable. The Company shall arrange for you to continue to participate (through COBRA or otherwise), on substantially the same terms and conditions as in effect for you (including any required contribution by the Company) immediately prior to such termination, in the medical, dental, disability and life insurance programs provided to the you pursuant to Section 1(g) hereof until the earlier of (i) the end of the 12 month period beginning on the effective date of the your termination of employment hereunder, or (ii) such time as the you are eligible to be covered by comparable benefit(s) of a subsequent employer. You agree to notify the Company promptly if and when you begin employment with another employer and if and when you become eligible to participate in any benefit or other welfare plans, programs or arrangements of another employer.

(c) Conditions for Receipt of Severance Benefit Notwithstanding anything to the contrary herein, if the Severance Benefit is otherwise due to you and, at any time, you breach any obligation under Section 6 of this Agreement, from and after the date of such breach and not in any way in limitation of any right or remedy otherwise available to the Company, you will no longer be entitled to, and the Company will no longer be obligated to pay, any remaining portion of the Severance Benefit. In addition, in order to receive any Severance Benefit, you must, upon or promptly following (and in all events, within twenty-one (21) days of, unless a longer period of time is required by applicable law) your Separation Date, provide the Company with a customary separation agreement which shall contain a valid, executed general release agreement in a form reasonably acceptable to the Company, and such release shall have not been revoked. In the event a period longer than twenty-one (21) days is required by applicable law, then the first installment of the Severance Benefit shall remain payable in the month following the month in which your Separation from Service (as such term is defined below) occurs, provided that if you fail to provide the Company with the executed general release agreement described above (or have otherwise revoked the release), any further installments of the Severance Benefit shall cease at such time and shall no longer be payable to you. You agree and acknowledge that such separation agreement may contain additional customary restrictive covenants, including, without limitation, non-solicitation covenants and non-disparagement covenants.

(d) Exclusive Remedy. You agree that should your employment by the Company terminate for any reason, the payments and benefits contemplated by this Agreement and, if applicable, the Change In Control Letter Agreement, with respect to the circumstances of such termination shall constitute the exclusive and sole remedy for any such termination of your employment and you agree not to assert or pursue any other remedies, at law or in equity, with respect to any termination of employment. You agree that, in the event of a termination of your employment, you are not and will not be entitled to severance benefits under any other agreement, plan, program, or policy of the Company.

3. Certain Defined Terms. As used in this Agreement, the following terms shall be defined as follows:

(a) “Cause” shall mean that one or more of the following has occurred: (i) you have been convicted of or pleaded no contest to a felony (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); (ii) you have engaged in acts of fraud, dishonesty or other acts of material misconduct in the course of your duties; (iii) your abuse of narcotics or alcohol that has or may reasonably harm the Company; (iv) any violation by you of the Company’s written policies; (v) your failure to perform or uphold your duties and/or you fail to comply with reasonable directives of the Parent’s Board of Directors, as applicable; or (vi) any breach by you of any provision of Section 6, or any material breach by you of this Agreement or any other contract you are a party to with the Company. Any determination of Cause by the Company will be made by a resolution approved by a majority of the members of the Board, provided that no such determination may be made until you have been given written notice detailing the specific event constituting such Cause and a period of thirty (30) days following receipt of such notice to cure such event (if susceptible to cure), and, if such event is not curable or is not cured, an opportunity to meet with the Chair of the Board (or another designee of the Board) to discuss the specific circumstances alleged to give rise to the Cause event. Subject to your right to cure and/or meet with the Chair or other Board designee, if your employment is terminated for Cause, the termination shall take effect on the effective date of such termination as specified in the written notice of such termination delivered to you.

(b) “Disability” shall mean a physical or mental impairment which renders you unable to perform the essential functions of your employment with the Company, even with reasonable accommodation that does not impose an undue hardship on the Company, for more than 180 days in any 12-month period, unless a longer period is required by federal or state law, in which case that longer period would apply.

(c) “Separation from Service” occurs when you die, retire, or otherwise have a termination of employment with the Company that constitutes a “separation from service” within the meaning of Treasury Regulation Section 1.409A-1(h)(1), without regard to the optional alternative definitions available thereunder.

(d) “Good Reason” shall mean the following events without your express written consent: (i) the assignment to you by the Board of any duties or responsibilities which are materially inconsistent with your position as President and Chief Executive Officer or a material reduction in duties and responsibilities exercised by you, or a loss of the title of President and/or Chief Executive Officer, except in connection with the termination of employment for Cause or Disability or death, (ii) a relocation of the headquarters of the Company outside of the Houston metropolitan area that requires a relocation by you of greater than 50 miles, (iii) a reduction in your Base Salary or Annual Bonus as in effect from time to time, (iv) you are removed from the Board or the Board fails to nominate you for election to the Board of Directors at an annual meeting of shareholders (in each case other than solely due to (x) any future stock exchange or other legal requirement prohibiting management directors, (y) the failure of the requisite stockholders to elect you following your nomination or (z) a proposal by shareholders not approved or supported by the Board that is approved at the annual meeting of shareholders and precludes your election) or (v) any material breach by the Company of any provision of this Agreement, the Change in Control Letter Agreement, or any equity grant agreements as provided herein which is not cured to your reasonable satisfaction within thirty (30) days after written notice has been provided to the Company.

(e) “Market Capitalization” shall mean, as of any trading day, the product of (x) the aggregate number of shares of common stock of the Company outstanding at market close on such day and (y) the closing price of a share of Parent’s common stock on The Nasdaq Stock Market on such day.

(f) “Average Market Capitalization” shall mean, as of any date of determination, the quotient obtained by dividing (x) the sum obtained by adding together the Market Capitalization of the Company for each trading day during the immediately preceding 30 trading day period completed prior to such date over (y) 30.

(g) "Change in Control Letter Agreement" shall mean the letter agreement between the Parent and you of even date herewith, providing for certain contingent benefits in connection with a change in control of the Company.

4. **Limitation on Benefits.** In the event that the payment and other benefits provided for in this Agreement, in the Change in Control Letter Agreement, or otherwise payable to you (i) constitute "parachute payments" within the meaning of Section 280G of the Code and (ii) but for this Section 4, would be subject to the excise tax imposed by Section 4999 of the Code, then your payments and benefits will be either:

(a) delivered in full, or

(b) delivered as to such lesser extent which would result in no portion of such severance benefits being subject to excise tax under Section 4999 of the Code, whichever of the foregoing amounts, taking into account the applicable federal, state and local income taxes and the excise tax imposed by Section 4999, results in the receipt by you on an after-tax basis, of the greatest amount of severance benefits, notwithstanding that all or some portion of such severance benefits may be taxable under Section 4999 of the Code.

If a reduction in severance and other payments and benefits constituting "parachute payments" is necessary so that benefits are delivered to a lesser extent, reduction will occur in the following order: (i) reduction of cash payments; (ii) cancellation of awards granted "contingent on a change in ownership or control" (within the meaning of Code Section 280G), (iii) cancellation of accelerated vesting of equity awards, and (iv) reduction of employee benefits. In the event that acceleration of vesting of equity award compensation is to be reduced, such acceleration of vesting will be cancelled in the reverse order of the date of grant of your equity awards.

If requested by you in connection with a Change of Control, a determination required under this Section 4 will be made in writing by the Company's independent public accountants engaged by the Company for general audit purposes immediately prior to the Change in Control (the "Accountants"), whose good faith determination will be conclusive and binding upon you and the Company for all purposes. If the independent registered public accounting firm so engaged by the Company is serving as accountant or auditor for the individual, entity or group effecting the Change in Control, or if such firm otherwise cannot perform the calculations, the Company shall appoint a nationally recognized independent registered public accounting firm to make the determinations required hereunder. For purposes of making the calculations required by this Section 4, the Accountants may make reasonable assumptions and approximations concerning applicable taxes and may rely on reasonable, good faith interpretations concerning the application of Sections 280G and 4999 of the Code. The Company and you will furnish to the Accountants such information and documents as the Accountants may reasonably request in order to make a determination under this Section. The Company will bear all costs the Accountants may reasonably incur in connection with any calculations contemplated by this section.

5. **Section 409A.** It is intended that any amounts payable under this Agreement and the Company's and your exercise of authority or discretion hereunder shall comply with and avoid the imputation of any tax, penalty or interest under Section 409A of the Code. This Agreement shall be construed and interpreted consistent with that intent. If you are a "specified employee" within the meaning of Treasury Regulation Section 1.409A-1(i) as of the date of your Separation from Service and you are entitled to the Severance Benefit, you shall not be entitled to any payment or benefit pursuant to Section 2(b) until the earlier of (i) the date which is six (6) months after your Separation from Service for any reason other than your death, or (ii) the date of your death. The provisions of the preceding sentence shall only apply if, and to the extent, required to avoid the imputation of any tax, penalty or interest pursuant to Section 409A of the Code. Any amounts otherwise payable to you upon or in the six (6) month period following your Separation from Service that are not so paid by reason of such 6-month delay provision shall be paid (without interest) as soon as practicable (and in all events within thirty (30) days) after the date that is six (6) months after your Separation from Service (or, if earlier, as soon as practicable, and in all events within thirty (30) days, after the date of your death).

6. **Protective Covenants.**

(a) **Confidential Information.**

(i) You shall not disclose or use at any time, either during the Period of Employment or thereafter, any Trade Secrets and Confidential Information (as defined below) of which you become aware, whether or not such information is developed by you, except to the extent that such disclosure or use is directly related to and required by your performance in good faith of duties for the Company. You will take all appropriate steps to safeguard Trade Secrets and Confidential Information in your possession and to protect it against disclosure, misuse, espionage, loss and theft. You shall deliver to the Company at the termination of your employment, or at any time the Company may request, all memoranda, notes, plans, records, reports, computer tapes and software and other documents and data (and copies thereof) relating to the Trade Secrets and Confidential Information or the Work Product (as hereinafter defined) of the business of the Company or any of its affiliates which you may then possess or have under your control. Notwithstanding the foregoing, you may truthfully respond to a lawful and valid subpoena or other legal process, but shall give the Company the earliest possible notice thereof.

(ii) For purposes of this Agreement, “Trade Secrets and Confidential Information” means information that is not generally known to the public and that is used, developed or obtained by the Company in connection with its business, including, but not limited to, information, observations and data obtained by you while employed by the Company or any predecessors thereof concerning (i) the business or affairs of the Company (or such predecessors), (ii) products or services, (iii) fees, costs and pricing structures, (iv) designs, (v) analyses, (vi) drawings, photographs and reports, (vii) computer software, including operating systems, applications and program listings, (viii) flow charts, manuals and documentation, (ix) data bases, (x) accounting and business methods, (xi) inventions, devices, new developments, methods and processes, whether patentable or unpatentable and whether or not reduced to practice, (xii) customers and clients and customer or client lists, (xiii) other copyrightable works, (xiv) all production methods, processes, technology and trade secrets, and (xv) all similar and related information in whatever form. Trade Secrets and Confidential Information will not include any information that has been published (other than a disclosure by you in breach of this Agreement) in a form generally available to the public prior to the date you propose to disclose or use such information. Trade Secrets and Confidential Information will not be deemed to have been published merely because individual portions of the information have been separately published, but only if all material features comprising such information have been published in combination.

(iii) For purposes of this Agreement, “Work Product” means all inventions, innovations, improvements, technical information, systems, software developments, methods, designs, analyses, drawings, reports, service marks, trademarks, trade names, logos and all similar or related information (whether patentable or unpatentable, copyrightable, registerable as a trademark, reduced to writing, or otherwise) which relates to the Company’s or any of its affiliates’ actual or anticipated business, research and development or existing or future products or services and which are conceived, developed or made by you (whether or not during usual business hours, whether or not by the use of the facilities of the Company or any of its affiliates, and whether or not alone or in conjunction with any other person) while employed by the Company (including those conceived, developed or made prior to the Effective Date) together with all patent applications, letters patent, trademark, trade name and service mark applications or registrations, copyrights and reissues thereof that may be granted for or upon any of the foregoing. All Work Product that you may have discovered, invented or originated during your employment by the Company or any of its affiliates prior to the date hereof, that you may discover, invent or originate during your employment or at any time following the termination of your employment with the Company, shall be the exclusive property of the Company and its affiliates, as applicable, and you hereby assign all of your right, title and interest in and to such Work Product to the Company or its applicable affiliate, including all intellectual property rights therein. You shall promptly disclose all Work Product to the Company, shall execute at the request of the Company any assignments or other documents the Company may deem necessary to protect or perfect its (or any of its affiliates’, as applicable) rights therein, and shall assist the Company, at the Company’s expense, in obtaining, defending and enforcing the Company’s (or any of its affiliates’, as applicable) rights therein. You hereby appoint the Company as your attorney-in-fact to execute on your behalf any assignments or other documents deemed necessary by the Company to protect or perfect the Company, the Company’s (and any of its affiliates’, as applicable) rights to any Work Product.

(b) Restriction on Competition. During your employment with the Company and twelve (12) months following the termination of your employment with the Company (regardless of the reason for such termination and regardless of whether or not you are entitled to the Severance Benefit) (the “Restricted Period”), you shall not directly or indirectly, individually or on behalf of any other person or entity, manage, participate in, work for, consult with, render services for, or take an interest in (as an owner, stockholder, partner or lender) any Competitor. For purposes of this Agreement, “Competitor” means a Person that at any time during the period of time during which you are employed by the Company, or any time during the Restricted Period engages, within North America (the “Restricted Geography”) in the business of operating retail stores and/or websites for the sale of women’s apparel, jewelry, accessories, gifts, greeting cards, picture frames and related items or any other business that the Company is engaged in, or reasonably anticipates becoming engaged in. As used herein, the term ‘retail stores’ shall not include: (i) stores that are operated in thirty-thousand or greater square feet; (ii) department stores such as Macy’s, Dillard’s, JCPenney, Nordstrom, Target, Walmart etc.; and (iii) the following named stores; Burlington Coat Factory, Marshall’s, Dollar General, Family Dollar, DSW, FootLocker, and Dick’s Sporting Goods. The parties hereto agree that the Company intends to engage in business in additional geographies within North America, even if it does not currently do so, and therefore the scope of the foregoing is reasonable. Nothing herein shall prohibit you from being a passive owner of not more than 2% of the outstanding stock of any class of a corporation which is publicly traded, so long as you have no active participation in the business of such corporation. The term “Person” as used in this Agreement shall be construed broadly and shall include, without limitation, an individual, a partnership, a limited liability company, a corporation, an association, a joint stock company, a trust, a joint venture, an unincorporated organization and a governmental entity or any department, agency or political subdivision thereof.

(c) Non-Solicitation of Employees and Consultants. During your employment with the Company and during the Restricted Period, you will not, and should be enjoined (if necessary) from being able to directly or indirectly through any other Person: (i) induce or attempt to induce any employee or independent contractor of the Company or any affiliate of the Company to leave the employ or service, as applicable, of the Company or such affiliate, or in any way interfere with the relationship between the Company or any such affiliate, on the one hand, and any employee or independent contractor thereof, on the other hand, or (ii) hire any person who was an employee of the Company or any affiliate of the Company until twelve (12) months after such individual’s employment relationship with the Company or such affiliate has been terminated.

(d) Non-Solicitation of Customers; Non-Disparagement. During your employment with the Company and during the Restricted Period, you will not, and should be enjoined (if necessary) from being able to directly or indirectly through any other Person: (i) influence or attempt to influence customers, vendors, suppliers, licensors, lessors, joint venturers, associates, consultants, agents, or partners of the Company or any affiliate of the Company to divert their business away from the Company or such affiliate; and (ii) interfere with, disrupt or attempt to disrupt the business relationships, contractual or otherwise, between the Company or any affiliate of the Company, on the one hand, and any of its or their customers, suppliers, vendors, lessors, licensors, joint venturers, associates, officers, employees, consultants, managers, partners, members or investors, on the other hand.

You agree that you will not disparage, ridicule or criticize the Company or its affiliates and its and their present and former employees, directors and officers, or make any remarks or statements that could reasonably be construed as disparaging, ridiculing or criticizing any of them; provided, however, the foregoing shall not prohibit you from giving truthful testimony in any legal proceeding pending before any agency or court of the United States or state government or in any arbitration proceeding relating to this Agreement. The Company agrees that it and its subsidiaries, employees, directors and agents will not disparage, ridicule or criticize you, or make any remarks or statements that could reasonably be construed as disparaging, ridiculing or criticizing you; provided, however, the foregoing shall not prohibit the Company and its subsidiaries, employees, directors and agents from giving truthful testimony in any legal proceeding pending before any agency or court of the United States or state government or in any arbitration proceeding relating to this Agreement.

(e) Understanding of Covenants. You acknowledge and agree that the Company would not have entered into this Agreement, providing for severance protections to you on the terms and conditions set forth herein, but for your agreements herein. You agree that the foregoing covenants set forth in this Section 6 (the “Restrictive Covenants”) are reasonable, including in temporal and geographical scope, and in all other respects, and necessary to protect the Company’s and its affiliates’ Trade Secrets and Confidential Information, good will, stable workforce, and customer relations. The parties hereto intend that Restrictive Covenants shall be deemed to be a series of separate covenants, one for each county or province of each and every state or jurisdiction within the Restricted Area and one for each month of the Restricted Period. You understand that the Restrictive Covenants may limit your ability to earn a livelihood in a business similar to the business of the Company and any of its affiliates, but you nevertheless believe that you have received and will receive sufficient consideration and other benefits as an employee of the Company and as otherwise provided hereunder or as described in the recitals hereto to clearly justify such restrictions which, in any event (given your education, skills and ability), you do not believe would prevent you from otherwise earning a living. You agree that the Restrictive Covenants do not confer a benefit upon the Company disproportionate to your detriment.

(f) Enforcement. You agree that a breach by you of any of the covenants in this Section 6 would cause immediate and irreparable harm to the Company that would be difficult or impossible to measure, and that damages to the Company for any such injury would therefore be an inadequate remedy for any such breach. Therefore, you agree that in the event of any breach or threatened breach of any provision of this Section 6, the Company shall be entitled, in addition to and without limitation upon all other remedies the Company may have under this Agreement, at law or otherwise, to obtain specific performance, injunctive relief and/or other appropriate relief (without posting any bond or deposit) in order to enforce or prevent any violations of the provisions of this Section 6, or require you to account for and pay over to the Company all compensation, profits, moneys, accruals, increments or other benefits derived from or received as a result of any transactions constituting a breach of this Section 6, if and when final judgment of a court of competent jurisdiction is so entered against you.

7. Withholding Taxes. Notwithstanding anything else herein to the contrary, the Company may withhold (or cause there to be withheld, as the case may be) from any amounts otherwise due or payable under or pursuant to this Agreement such federal, state and local income, employment, or other taxes as may be required to be withheld pursuant to any applicable law or regulation.

8. **Successors and Assigns.** This Agreement is personal to you and without the prior written consent of the Company shall not be assignable by you otherwise than by will or the laws of descent and distribution. This Agreement shall inure to the benefit of and be enforceable by your legal representatives. This Agreement shall inure to the benefit of and be binding upon the Company and its successors and assigns.

9. **Governing Law.** THIS AGREEMENT WILL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS, WITHOUT GIVING EFFECT TO ANY CHOICE OF LAW OR CONFLICTING PROVISION OR RULE (WHETHER OF THE STATE OF TEXAS OR ANY OTHER JURISDICTION) THAT WOULD CAUSE THE LAWS OF ANY JURISDICTION OTHER THAN THE STATE OF TEXAS TO BE APPLIED.

10. **Severability.** If any provision of this Agreement is found by any court of competent jurisdiction to be invalid or unenforceable for any reason, such finding shall not affect, impair or invalidate the remainder of this Agreement. If any aspect of any restriction herein is too broad or restrictive to permit enforcement to its fullest extent, you and the Company agree that any court of competent jurisdiction shall modify such restriction to the minimum extent necessary to make it enforceable and then enforce the provision as modified.

11. **Entire Agreement, Amendment and Waiver.** This Agreement constitutes the entire agreement between you and the Company with respect to the subject matter hereof and supersedes any and all prior or contemporaneous oral or written communications respecting such subject matter. This Agreement shall not be modified, amended or in any way altered except by written instrument signed by you and by an officer of the Company duly authorized by Parent's Board of Directors to execute such instrument. A waiver by either party hereto of any rights or remedies hereunder on any occasion shall not be a bar to the exercise of the same right or remedy on any subsequent occasion or of any other right or remedy at any time.

12. **Waiver of Jury Trial.** EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THIS AGREEMENT.

13. **Remedies.** Each of the parties to this Agreement and any such person or entity granted rights hereunder whether or not such person or entity is a signatory hereto shall be entitled to enforce its rights under this Agreement specifically to recover damages and costs for any breach of any provision of this Agreement and to exercise all other rights existing in its favor. The parties hereto agree and acknowledge that money damages may not be an adequate remedy for any breach of the provisions of this Agreement and that each party may in its sole discretion apply to any court of law or equity of competent jurisdiction for specific performance, injunctive relief and/or other appropriate equitable relief (without posting any bond or deposit) in order to enforce or prevent any violations of the provisions of this Agreement. If any civil action or legal proceeding is brought for the enforcement of this Agreement or because of an alleged dispute, breach, default or misrepresentation in connection with any provisions of this Agreement, the successful or prevailing party or parties shall be entitled to recover reasonable attorneys' fees, court costs and all expenses incurred in that civil action, arbitration or legal proceeding, in addition to any other relief to which such party or parties may be entitled whether or not taxable as cost.

14. **Counterparts.** This Agreement may be executed in any number of counterparts, each of which shall be deemed an original as against any party whose signature appears thereon, and all of which together shall constitute one and the same instrument.

15. **Mediation.** Each of the parties agrees that for a period of ten (10) business days they will negotiate in good faith to resolve any dispute arising under this Agreement and if such good faith negotiations fail, that prior to commencing any claims for breach of this Agreement (except to pursue injunctive relief) to submit, for a period of sixty (60) days, to voluntary mediation before a jointly selected neutral third party mediator under the auspices of JAMS New York Resolution Center (or any successor location), pursuant to the procedures of JAMS Mediation Rules conducted in the State of New York

[Signature page follows]

IN WITNESS WHEREOF, you and the Company have executed this Agreement as of February 10, 2020.

Francesca's Services Corporation
a Texas corporation
Francesca's Collections, Inc.
a Texas corporation
Francesca's Holdings Corporation
a Delaware corporation

By: /s/ Cindy Thomassee
Cindy Thomassee, CFO

AGREED BY:

/s/ Andrew Clarke
Andrew Clarke

February 10, 2020

Mr. Andrew Clarke

Dear Andrew:

Should the possibility of a **“Change in Control”** (as defined below) of Francesca’s Holding Corporation (the **“Company”**) arise, the Company believes it imperative that the Company’s Board of Directors (the **“Board”**) should be able to rely upon you to continue in your position, and that the Board should be able to receive and rely upon your advice, as requested, as to the best interests of the Company and its stockholders without concern that you might be distracted by the personal uncertainties and risks created by the possibility of a Change in Control. In addition, should the possibility of a Change in Control arise, in addition to your regular duties, you may be called upon to assist in the assessment of such possible Change in Control, advise the Board and work with management as to whether such Change in Control would be in the best interests of the Company and its stockholders, and to take such other actions as the Board might determine to be appropriate. Reference is hereby made to the Employment Letter Agreement, dated as of February 10, 2020, between you, the Company and certain subsidiaries of the Company (the **“Employment Agreement”**).

In light of these factors, and to help encourage your retention with the Company should the possibility of a Change in Control arise, the Compensation Committee of the Board has approved a special bonus opportunity for you on the terms set forth below.

If both (i) a Change in Control occurs and (ii) you are terminated from your employment with the Company without **“Cause”** (as defined in the Employment Agreement) or if you terminate your employment for **“Good Reason”** (as defined in the Employment Agreement), in each case within 30 days preceding or one year following the consummation of the Change in Control (the **“Triggering Event”**): (x) the Company will pay you a cash bonus equal to One Hundred Fifty Percent (150%) of your Base Salary (as defined in the Employment Agreement), subject to applicable tax withholding and with such payment to be made in a single lump sum upon or within five business days following the Triggering Event (the **“CIC Bonus”**), (y) you will be entitled to receive the annual incentive bonus amount under Section 1(d) of the Employment Agreement for the year during which the Change in Control occurs, pro rated for the portion of the year during which you are employed by the Company, regardless of whether the applicable performance goals have been satisfied (the **“Performance Bonus Adjustment”**) and (z) the total number of shares subject to your stock incentive awards, including any stock incentive awards in which the vesting of such awards is based upon performance measures, that are outstanding and unvested as of the date of such Change in Control shall vest and become exercisable (the **“Vesting Acceleration”**). The CIC Bonus, the Performance Bonus Adjustment and the Vesting Acceleration are distinct from the severance benefits provided for under the Employment Agreement, but shall not be duplicative of any annual incentive bonus or accelerated vesting already provided for under the Employment Agreement.

For purposes of this letter, “**Change in Control**” means (i) a transaction or series of related transactions in which any “person” or “group” (within the meaning of Section 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended), becomes the “beneficial owner” (as defined in Rule 13d-3 under the Securities Exchange Act of 1934, as amended), directly or indirectly, of more than 50% of the outstanding voting securities of the Company having the right to vote for the election of members of the Company’s board of directors, (ii) any reorganization, merger or consolidation of the Company, other than a transaction or series of related transactions in which the holders of the voting securities of the Company outstanding immediately prior to such transaction or series of related transactions retain, immediately after such transaction or series of related transactions, at least a majority of the total voting power represented by the outstanding voting securities of the Company or such other surviving or resulting entity or (iii) a sale, lease or other disposition of all or substantially all of the assets of the Company.

For purposes of clarity, the Bonus will be payable only with respect to a single Change in Control, and accordingly, no Change in Control after the first Change in Control to occur will be considered for purposes of this letter agreement. You will have no right to the Bonus, and such Bonus opportunity will terminate, in the event that you cease to be employed by the Company prior to the Effective Time, regardless of the reason for such termination of employment.

In the event that the payment and other benefits provided for in this Change in Control Letter Agreement, or otherwise payable to you (i) constitute “parachute payments” within the meaning of Section 280G of the Code and (ii) but for this limitation provided herein, would be subject to the excise tax imposed by Section 4999 of the Code, then your payments and benefits will be either:

(a) delivered in full, or

(b) delivered as to such lesser extent which would result in no portion of such severance benefits being subject to excise tax under Section 4999 of the Code, whichever of the foregoing amounts, taking into account the applicable federal, state and local income taxes and the excise tax imposed by Section 4999, results in the receipt by you on an after-tax basis, of the greatest amount of severance benefits, notwithstanding that all or some portion of such severance benefits may be taxable under Section 4999 of the Code.

If a reduction in severance and other payments and benefits constituting “parachute payments” is necessary so that benefits are delivered to a lesser extent, reduction will occur in the following order: (i) reduction of cash payments; (ii) cancellation of awards granted “contingent on a change in ownership or control” (within the meaning of Code Section 280G), (iii) cancellation of accelerated vesting of equity awards, and (iv) reduction of employee benefits. In the event that acceleration of vesting of equity award compensation is to be reduced, such acceleration of vesting will be cancelled in the reverse order of the date of grant of your equity awards.

If requested by you in connection with a Change of Control, a determination required under this agreement will be made in writing by the Company's independent public accountants engaged by the Company for general audit purposes immediately prior to the Change in Control (the "Accountants"), whose good faith determination will be conclusive and binding upon you and the Company for all purposes. If the independent registered public accounting firm so engaged by the Company is serving as accountant or auditor for the individual, entity or group effecting the Change in Control, or if such firm otherwise cannot perform the calculations, the Company shall appoint a nationally recognized independent registered public accounting firm to make the determinations required hereunder. For purposes of making the calculations required by this agreement, the Accountants may make reasonable assumptions and approximations concerning applicable taxes and may rely on reasonable, good faith interpretations concerning the application of Sections 280G and 4999 of the Code. The Company and you will furnish to the Accountants such information and documents as the Accountants may reasonably request in order to make a determination under this Agreement. The Company will bear all costs the Accountants may reasonably incur in connection with any calculations contemplated by this section.

Nothing in this letter confers any right to continued employment.

This agreement will be binding upon any successor to the business of the Company, whether direct or indirect, by purchase of securities, merger, consolidation, and purchase of all or substantially all of the assets of the Company or otherwise.

This agreement shall be governed by and construed under, and interpreted and enforced in accordance with, the laws of the State of Texas, notwithstanding any conflict of law provision to the contrary.

If any civil action or legal proceeding is brought for the enforcement of this agreement or because of an alleged dispute, breach, default or misrepresentation in connection with any provisions of this Agreement, the successful or prevailing party or parties shall be entitled to recover reasonable attorneys' fees, court costs and all expenses incurred in that civil action, arbitration or legal proceeding, in addition to any other relief to which such party or parties may be entitled whether or not taxable as cost.

This agreement may not be amended except by a formal, definitive written agreement that is signed by an authorized officer of the Company.

Each of the parties agrees that for a period of ten (10) business days they will negotiate in good faith to resolve any dispute arising under this agreement and if such good faith negotiations fail, that prior to commencing any claims for breach of this agreement (except to pursue injunctive relief) to submit, for a period of sixty (60) days, to voluntary mediation before a jointly selected neutral third party mediator under the auspices of JAMS New York Resolution Center (or any successor location), pursuant to the procedures of JAMS Mediation Rules conducted in the State of New York.

FRANCESCA'S HOLDINGS CORPORATION

By: /s/ Cindy Thomassee

Cindy Thomassee, CFO

Agreed and acknowledged

/s/ Andrew Clarke

Andrew Clarke



francesca's® Announces Appointment of Andrew Clarke to President and Chief Executive Officer

HOUSTON, TEXAS — February 13, 2020 —Francesca's Holdings Corporation (Nasdaq: FRAN) today announced the appointment of Mr. Andrew Clarke as the Company's President and Chief Executive Officer ("CEO") and as a member of the board of directors, effective March 9, 2020. Mr. Clarke will replace Mr. Michael Prendergast who has served as Interim CEO since February 4, 2019. As part of the Company's consulting agreement with Alvarez and Marsal ("A&M"), Mr. Prendergast will remain with francesca's for a period of time to ensure a seamless transition. In addition, A&M's merchandising, planning and allocation consulting services will continue until those roles are replaced.

Mr. Clarke brings 25 years of specialty retail experience to francesca's, including five years of c-suite leadership positions with U.S. retailers and 20 years spent at three of Europe's largest retail groups. Most recently, he served as President of LOFT, a women's specialty apparel retail brand owned by Ascena Retail Group. Prior to that, Mr. Clarke was EVP, Chief Merchandising Officer at Justice, also owned by Ascena Retail Group. In both roles, he delivered strong sales growth in stores and e-commerce channels through leading digital technology and customer insights initiatives, successfully building a more agile, customer-centric organization. Previously, Mr. Clarke held various merchandising leadership positions at Kmart, Pimkie, a \$1 billion women's fashion brand owned by French retail conglomerate, Mulliez, Marks & Spencer, and New Look Retailers, a \$3 billion fast fashion apparel retailer in based in Europe.

"After a thoughtful and extensive search, we are delighted to be welcoming Andrew to lead francesca's into the next phase of our turnaround," said Rich Emmett, francesca's Chairman of the Board. "We believe Andrew's proven track record in specialty retail, including successful transformation initiatives, combined with his experience across merchandising, sourcing, planning & allocation, and consumer insights, make him an excellent choice to lead the francesca's Brand. I want to thank Michael for his tremendous contributions toward bringing francesca's back to its roots and laying a foundation for long-term success. We believe that it is an ideal time to transition the reigns to a permanent and highly capable executive and we are thrilled to have Andrew lead us into our next phase in positioning the Company for consistent profitable growth."

Mr. Clarke commented, "I am excited to join francesca's as I have long-admired the Brand. I believe francesca's offers a highly differentiated business model within the retail landscape with an eclectic boutique format reflecting a diversified assortment of products at very attractive price points. As consumer shopping behavior shifts towards enjoyable treasure hunt shopping experiences, I see tremendous opportunity to build on francesca's strong DNA to capitalize on its competitive positioning and create a truly exciting and unique customer experience across both our retail stores and e-commerce platforms. I look forward to drawing on my background to deliver top line growth through product and brand strategies as well as improving profitability through disciplined inventory management and continued expense controls."

Conference Call Information

The Company plans to hold a conference call to discuss its fourth quarter and fiscal year 2019 results on March 24, 2020 at 8:30 a.m. ET. To participate in the call, please dial 1-877-451-6152 and passcode 13699221. To listen to a live webcast via the internet, please visit the investor relations section of the Company's website, www.francescas.com.

In addition, a replay of the call will be available after the conclusion of the call and remain available until March 31, 2020. To access the telephone replay, listeners should dial 1-844-512-2921. The access code for the replay is 13699221. A replay of the web cast will also be available shortly after the conclusion of the call and will remain on the website for ninety days.

About Francesca's Holdings Corporation

francesca's® is a 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. As of today, francesca's® operated approximately 711 boutiques in 47 states throughout the United States and the District of Columbia and also serves its customers through francescas.com. For additional information on francesca's®, please visit www.francescas.com.

Forward-Looking Statements

Certain statements in this release are “forward-looking statements” made pursuant to the safe-harbor provisions of the Private Securities Litigation Reform Act of 1995, as amended. Such forward-looking statements reflect the Company’s current expectations or beliefs concerning future events and are subject to various risks and uncertainties that may cause actual results to differ materially from those that are expected. These risks and uncertainties include, but are not limited to, the following: the risk that the Company may not be able to successfully execute its turnaround plan; the risk that the Company may not be able to successfully integrate its new Chief Executive Officer, the risk that the Company may not be able to identify suitably qualified and experienced candidates to add to its Board of Directors; the risk that the Company cannot anticipate, identify and respond quickly to changing fashion trends and customer preferences or changes in consumer environment, including changing expectations of service and experience in boutiques and online, and evolve its business model; the Company’s ability to attract a sufficient number of customers to its boutiques or sell sufficient quantities of its merchandise through its ecommerce website; the Company’s ability to successfully open, close, refresh, and operate our boutiques each year; the Company’s ability to efficiently source and distribute merchandise quantities necessary to support its operations; and the impact of potential tariff increases or new tariffs. For additional information regarding these and other risks and uncertainties that could cause actual results to differ materially from those contained in the Company’s forward-looking statements, please refer to “Risk Factors” in the Company’s Annual Report on Form 10-K for the year ended February 3, 2019 filed with the SEC on May 3, 2019 and any risk factors contained in subsequent quarterly and annual reports it files with the SEC. The Company undertakes no obligation to publicly update or revise any forward-looking statement.

CONTACT:

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