



FREDERICK'S
OF HOLLYWOOD
GROUP INC.

January 2011 - Investor Presentation

Forward Looking Statement

Certain of the matters set forth in this documentation are forward-looking and involve a number of risks and uncertainties. These statements are based on management's current expectations or beliefs. Actual results may vary materially from those expressed or implied by the statements herein. Among the factors that could cause actual results to differ materially are the following: competition; business conditions and industry growth; rapidly changing consumer preferences and trends; general economic conditions; working capital needs; continued compliance with government regulations; loss of key personnel; labor practices; product development; management of growth, increases in costs of operations or inability to meet efficiency or cost reduction objectives; timing of orders and deliveries of products; foreign government regulations and risks of doing business abroad; and the other risks that are described from time to time in Frederick's of Hollywood Group Inc.'s SEC reports. Frederick's of Hollywood Group Inc. is under no obligation to, and expressly disclaims any obligation to, update or alter its forward-looking statements, whether as a result of new information, future events, changes in assumptions or otherwise.

Iconic Brand for Women

Frederick's of Hollywood has pioneered many of today's lingerie staples over the past 60 years by introducing and popularizing:

- The Push-Up Bra
- The Thong
- The Bikini
- The Front Close Bra
- The Fashion Corset
- The Water Bra
- Black lingerie



Investment Thesis

- **Frederick's of Hollywood is an established brand name**
 - Over 60 years of retail leadership and innovation in intimate apparel
 - 2nd largest intimate apparel specialty retailer

- **Sales of \$134 million in fiscal 2010**
 - Established direct to consumer business through eCommerce and catalog
 - Currently 126 retail stores throughout the U.S.

- **Aggressive growth strategy capitalizing on several new opportunities**
 - Expanding beyond intimate apparel and into a lifestyle brand through:
 - Product category expansion, which includes licensing
 - Social media
 - Affiliate and marketing partnerships
 - International expansion

- **Financial turnaround strategy significantly strengthened company in 2010**
 - Significantly reduced operating costs from FY 2009 – FY 2011
 - Completed sale of unprofitable wholesale division in 1Q 2011

Recent Financial Milestones

Fiscal 2010:

- **Closed a private placement of approximately 2.9 million shares of common stock at \$1.05 per share**
- **Exchanged \$14.3 million of debt and converted \$8.8 million of preferred stock into approximately 8.7 million shares of common stock**
 - Increased shareholders' equity by \$23.1 million
- **Entered into a financing agreement for a \$7.0 million term loan**

Fiscal 2011:

- **Completed the sale of the unprofitable wholesale division, Movie Star**
 - Aggregate purchase price of \$4.5 million, excluding accounts receivable
 - Wholesale business reported losses of \$12.4 million in FY2010

Continuing Operations

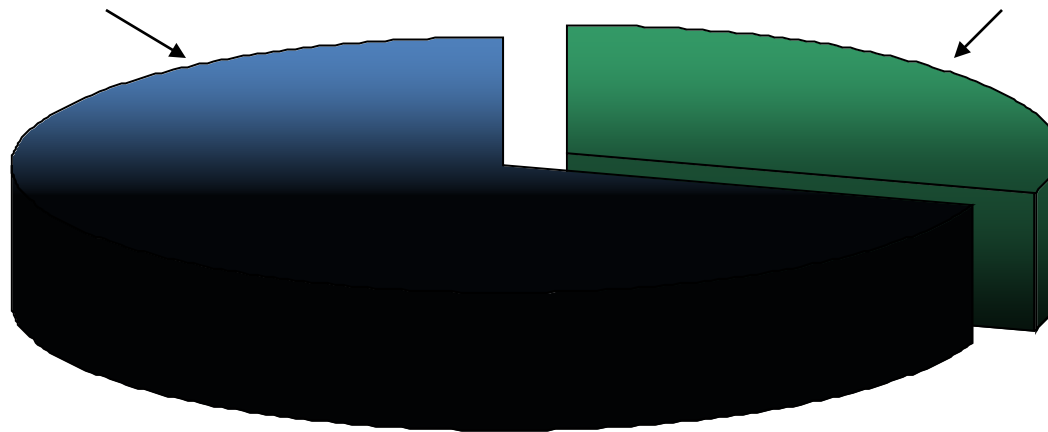
\$134M in total sales for fiscal 2010

Store Sales

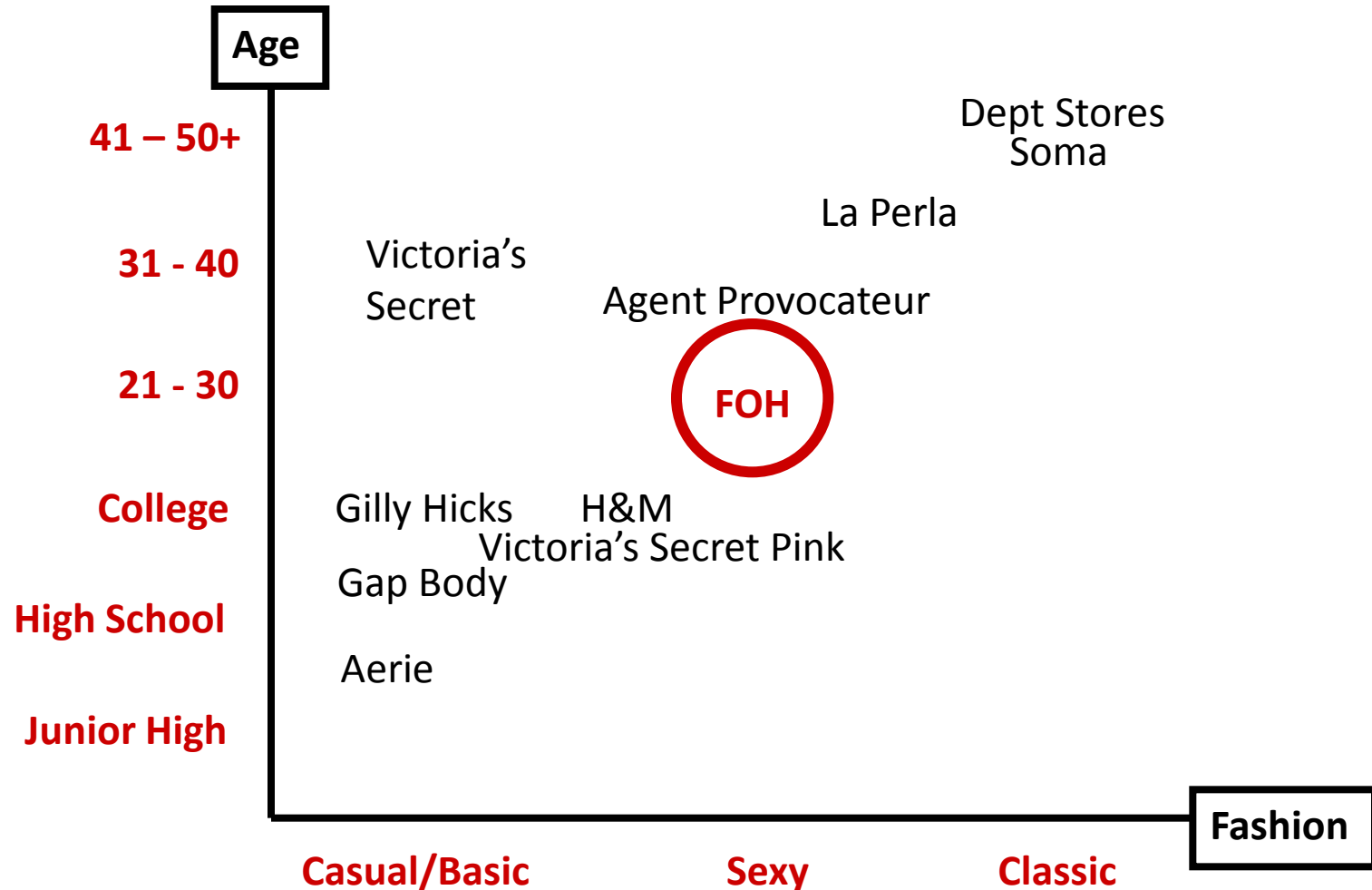
(126 stores in U.S.)

Direct Sales

(online and catalog)

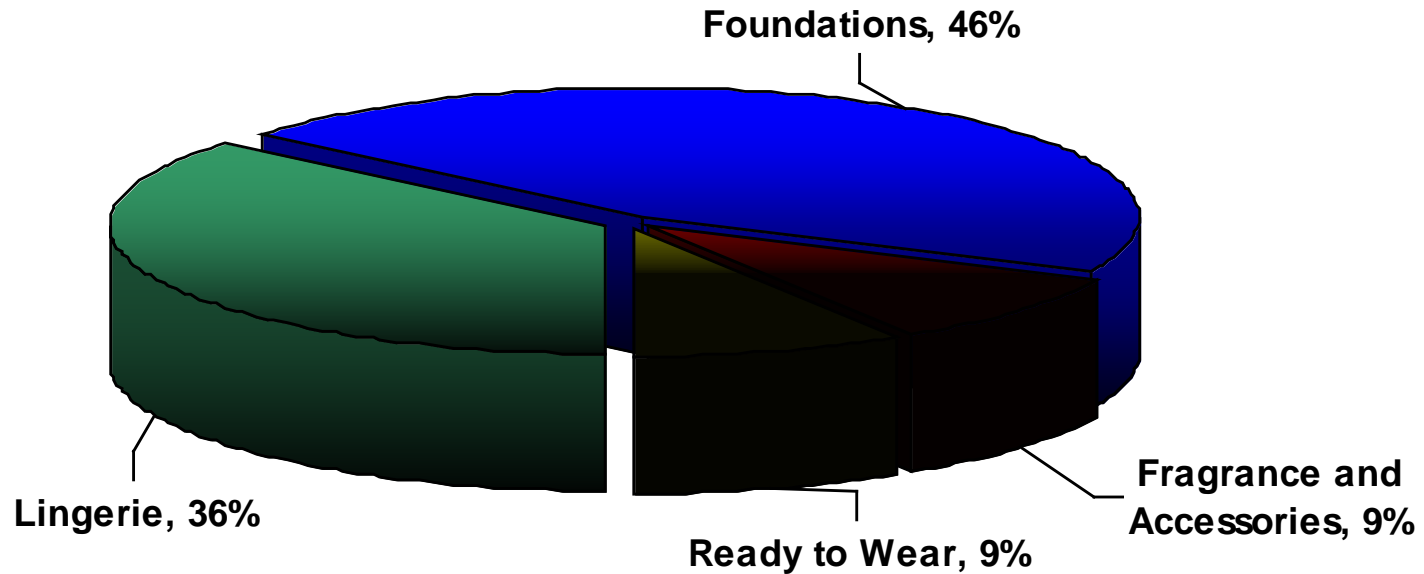


Target Market



Product Sales Mix

Percentage of total sales by product category



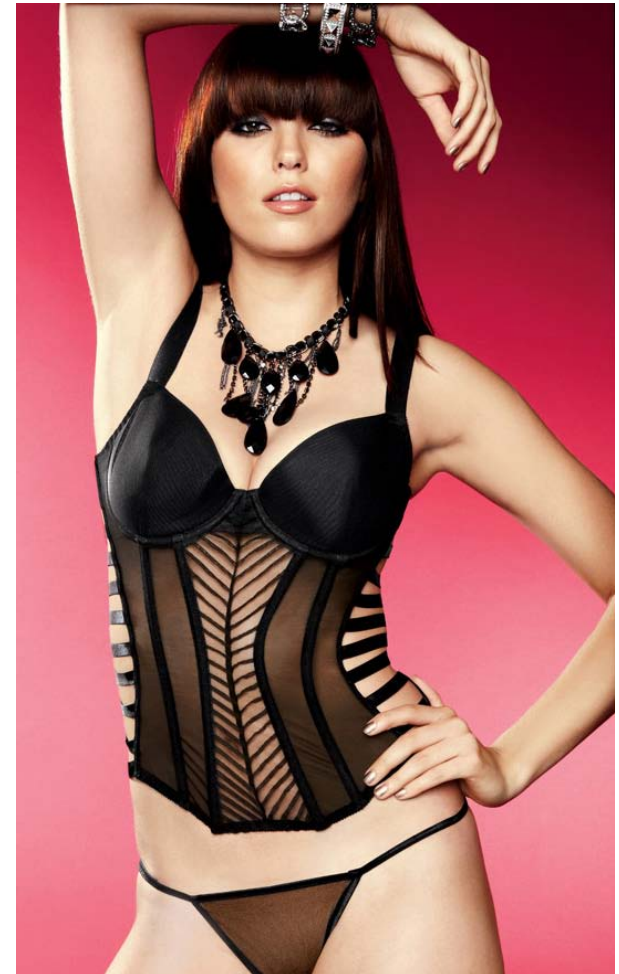
Stores

- **Currently 126 retail stores in the U.S.**
 - Primarily located in CA, FL, TX, NY and NV
 - Total store sales of \$84 million in fiscal 2010
 - Products range in price from \$6.00 to \$99.00
- **Complete line of branded merchandise**
 - Foundations (bras, corsets, shapewear, panties)
 - Lingerie (daywear, sleepwear)
 - Fragrance and accessories (shoes, personal care products, novelties)
 - Ready-to-wear (dresses, swimwear, sportswear)



Direct Sales

- **eCommerce and catalog business has a broad addressable customer base**
 - 15 million unique website visitors annually (FY 2010)
 - Mailed 15.3 million catalogs to 4.7 million households (FY 2010)
- **Total direct sales of \$50 million in fiscal 2010**
- **Over 70% of all direct sales are placed through the fredericks.com website**
- **Replacing full catalogs with lower cost alternatives, including: targeted emails, persona books and post cards**



Licensing Program

- **Strategically use the “Frederick’s of Hollywood” brand**
 - FOH ownership and control of all trademarks; approval of all brand and marketing plans
 - Domestic and international licensing programs
- **Announced licensing agreements:**
 - Swimwear
 - Accessories
 - Halloween Costumes
 - Jewelry
 - Beach towels
 - Bedding and bath items
- **Rollout of licensed products**
 - Limited launch of initial products in December 2010
 - More extensive rollout to stores in Summer 2011



Licensed Products



International Expansion

- Significant opportunity to grow internationally
 - 100% of FOH revenue for FY 2010 is from sales in the U.S.
 - Expanding international presence through licensing and distribution agreements
 - International franchise opportunities
 - Direct to consumer - eCommerce sales internationally through fredericks.com
- Targeting countries with potential for stable economic growth
 - Targeted countries for 2011 include Dubai, South Korea and Brazil
 - Developed markets also targeted for 2011: Canada and China
 - Additional markets for post-2011 include Japan, Russia, India and Mexico

Management Team

- Thomas Lynch, Chairman and Chief Executive Officer
 - Appointed to Frederick's of Hollywood Group in January 2009 to lead the company's strategic turnaround
 - Previously CEO of Fursa Alternative Strategies LLC
- Linda LoRe, President
 - Named Frederick's of Hollywood Group President in February 2009
 - CEO of Retail Division since 1999
 - Former President and CEO of Giorgio Beverly Hills
- Thomas Rende, Chief Financial Officer
 - CFO of Frederick's of Hollywood Group since January 2008
 - CFO of Wholesale Division since February 1999 to January 2008

Investment Highlights

- **Maximizing brand value for sales growth**
 - Expanded product categories
 - Licensing opportunities
 - International expansion
 - Social Networking
 - Enhanced eCommerce website
 - Highly targeted direct persona book mailings
- **Improving financials**
 - Reduced debt significantly from start of FY 2010 and converted preferred stock
 - Sold unprofitable wholesale business
 - Continued reduction of operating expenses





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Capital Structure

	Weighted Average Exercise Price	Number Outstanding	As Converted/ Exercised
Common Stock (200 million shares authorized) - as of 11/29/10		38,421,972	38,421,972
Options / Warrants			
Stock Options expiring 2010-2020 - average life of approx. 7 years	\$1.72	2,940,458	2,940,458
Rights Offering Warrants to Tokarz Investments LLC and Fursa expiring 1/28/2011	\$3.31	635,076	635,076
Two-and-a-half year Series A warrants - expire Sept. 2012	\$1.25	1,162,820	1,162,820
Five year Series B warrants - expire March 2015	\$1.55	1,380,850	1,380,850
Debt Exchange and Preferred Stock Conversion Agreement Warrants to accounts and funds managed by and/or affiliated with Fursa Alternative Strategies LLC issued on 5/18/2010:			
3 year warrants	\$2.00	500,000	500,000
5 year warrants	\$2.33	500,000	500,000
7 year warrants	\$2.66	500,000	500,000
Total Fully Diluted			46,041,176

Affiliate Direct Share Ownership 11/29/2010	% of Direct Ownership
TTG Apparel LLC and Tokarz Investments LLC	27.1%
Fursa	46.9%
Executive Officers and Directors	7.9%
Total	81.9%

Debt and Cash as of 10/30/10	Amount
Wells Fargo Revolver due January 2012	\$3,000,000
Term loan due 7/13	\$3,556,000
Term loan due 7/14	\$3,556,000
Less cash on hand	(\$2,793,000)
Total	\$7,319,000