



WHISTLEBLOWER POLICY AND PROCEDURES

Purpose

It is possible that an employee may have a concern about accounting, internal accounting controls or auditing matters or ethics matters relating to Frederick's of Hollywood Group Inc. or its subsidiaries (collectively, "FOHG"). FOHG's Audit Committee has established the procedures outlined in this policy for (1) the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters as well as complaints regarding violations of FOHG's Code of Ethics and (2) the confidential, anonymous submission of concerns regarding questionable accounting or auditing matters or ethics matters.

Submission of Complaints

Employees with concerns regarding accounting or ethics matters may submit their concerns or complaints on a **confidential and anonymous basis** if the employee so desires in writing to the Chairman of FOHG's Audit Committee by regular mail (or, at the employee's option, by certified mail, return receipt requested) or by e-mail as follows:

By regular mail (or certified mail, RRR):

Audit Committee Chairman (PERSONAL AND CONFIDENTIAL)
c/o General Counsel
Frederick's of Hollywood Group Inc.
1115 Broadway
New York, New York 10010

By e-mail:

e-mail address: auditcommitteechairman@fohgroup.com

Any expression of concern, whether by regular mail or e-mail, should provide as many specifics as possible, including names, dates, places and events that took place, the employee's perception of why the incident may be an issue of concern and what action the employee recommends to be taken. The person submitting a complaint should also include a telephone number in the submission at which he or she may be contacted if the person requests contact and would like to discuss the concern in more detail.

Scope of Matters Covered by this Policy

This policy addresses complaints relating to (1) questionable accounting or auditing matters and (2) violations of FOHG's Code of Ethics, including, without limitation, the following:

- fraud or deliberate error in the preparation, evaluation, review or audit of any financial statement of FOHG;
- fraud or deliberate error in the recording and maintaining of financial records of FOHG;
- deficiencies in or noncompliance with internal accounting controls;
- misrepresentation or false statements regarding a matter contained in the financial records, financial reports or audit reports of FOHG;
- deviation from full and fair reporting of financial condition; or
- violations of FOHG's Code of Ethics.

Treatment of Complaints

- Upon receipt of a concern or complaint, the Audit Committee Chairman will determine whether the concern or complaint involves an accounting or ethics matter. Concerns about other matters will be referred to the appropriate persons. Accounting and ethics concerns will be investigated by the Audit Committee or other persons who the Audit Committee believes are appropriate. Confidentiality will be maintained to the fullest extent possible, consistent with the need to conduct an adequate review.
- Prompt and appropriate corrective action will be taken as warranted in the judgment of the Audit Committee.
- FOHG will not discharge, demote, suspend, threaten, harass or in any manner discriminate or retaliate against any employee based on the good faith reporting of his or her concerns regarding ethics matters or accounting, internal accounting controls or auditing matters or financial statements of FOHG. However, this policy may not be used as a defense by an employee against whom any adverse personnel action has been taken for legitimate reasons or cause, separate and apart from making such report.

Reporting and Retention of Complaints and Investigations

FOHG's General Counsel (in conjunction with the Audit Committee) will maintain a log of all complaints, tracking their receipt, investigation and resolution and shall prepare a periodic summary report thereof for the Audit Committee.