

FREDERICK'S OF HOLLYWOOD GROUP INC /NY/  
Form PRER14A  
March 24, 2010

SCHEDULE 14A  
(Rule 14a-101)  
INFORMATION REQUIRED IN PROXY STATEMENT  
SCHEDULE 14A INFORMATION  
Proxy Statement Pursuant to Section 14(a) of the  
Securities Exchange Act of 1934 (Amendment No. 1)

Filed by the Registrant  x  
Filed by a Party other than the Registrant  o

Check the appropriate box:

- x Preliminary Proxy Statement
- .. Confidential, For Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- .. Definitive Proxy Statement
- .. Definitive Additional Materials
- .. Soliciting Material Pursuant to § 240.14a-12

FREDERICK'S OF HOLLYWOOD GROUP INC.  
(Name of Registrant as Specified in Its Charter)

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(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

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  - (2) Form, Schedule or Registration Statement No.:
  - (3) Filing Party:
  - (4) Date Filed:
-

1115 Broadway  
New York, New York 10010

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS  
TO BE HELD ON MAY 12, 2010

TO THE SHAREHOLDERS OF FREDERICK'S OF HOLLYWOOD GROUP INC.:

NOTICE IS HEREBY GIVEN that the Annual Meeting of Shareholders of Frederick's of Hollywood Group Inc., a New York corporation, will be held at 10:00 a.m. Eastern Time on Wednesday, May 12, 2010, at Club 101 on the Main Floor at 101 Park Avenue, New York, New York. You are cordially invited to attend the meeting, which will be held for the following purposes:

1. To elect six directors to serve for the ensuing one-year period and until their successors are elected and qualified.
2. To approve a proposal to issue an aggregate of approximately 8,664,400 shares of our common stock and warrants to purchase 1,500,000 shares of our common stock to accounts and funds managed by and/or affiliated with Fursa Alternative Strategies LLC upon (i) exchange of an aggregate of approximately \$14.3 million of principal amount and accrued interest of our outstanding Tranche C debt and (ii) conversion of approximately \$8.8 million of Series A preferred stock, including accrued dividends, at an effective price of approximately \$2.66 per share.
3. To transact such other business as may properly come before the meeting and any and all postponements or adjournments.

These items of business are described in more detail in this proxy statement, which we encourage you to read in its entirety before voting. Only shareholders of record at the close of business on March 29, 2010 are entitled to notice of, and to vote at, the meeting and any postponements or adjournments thereof.

All shareholders are cordially invited to attend the meeting in person. However, to ensure your representation at the meeting, you are urged to complete, sign, date and return the enclosed proxy card as soon as possible. Returning your proxy card will not affect your right to vote in person if you attend the meeting. You may revoke your proxy if you so desire at any time before it is voted. If your shares are held in an account at a brokerage firm or bank, you must instruct your broker or bank on how to vote your shares.

Your vote is important regardless of the number of shares you own. Whether you plan to attend the meeting or not, please complete, sign, date and return the enclosed proxy card as soon as possible in the envelope provided.

**Important Notice Regarding the Availability of  
Proxy Materials for the Annual Meeting of Shareholders to be held on May 12, 2010**

Our proxy statement is attached. Financial and other information concerning our company is contained in our Annual Report to Shareholders for the fiscal year ended July 25, 2009 ("annual report") and Quarterly Reports on Form 10-Q for the quarterly periods ended October 24, 2009 and January 23, 2010 ("quarterly reports"). Pursuant to rules promulgated by the Securities and Exchange Commission, or SEC, we have elected to provide access to our proxy materials both by sending you this full set of proxy materials, including the proxy statement, annual report, quarterly reports and a proxy card, and by notifying you of the availability of these proxy materials on the Internet. This proxy statement, our annual report and quarterly reports are available on our corporate website at [www.fohgroup.com](http://www.fohgroup.com).

By Order of the Board of  
Directors

Thomas Rende, Secretary

New York, New York  
\_\_\_\_\_, 2010

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FREDERICK'S OF HOLLYWOOD GROUP INC.

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PROXY STATEMENT

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GENERAL INFORMATION

This proxy statement and the enclosed proxy card are furnished in connection with the solicitation of proxies by the board of directors of Frederick's of Hollywood Group Inc., a New York corporation, for use at the Annual Meeting of Shareholders to be held at 10:00 a.m. Eastern Time on Wednesday, May 12, 2010, at Club 101 on the Main Floor at 101 Park Avenue, New York, New York.

This proxy statement and the enclosed proxy card, together with the Annual Report to Shareholders for the fiscal year ended July 25, 2009 ("annual report"), and Quarterly Reports on Form 10-Q for the quarterly periods ended October 24, 2009 and January 23, 2010, are first being mailed on or about \_\_\_\_\_, 2010, to shareholders of record on March 29, 2010.

On January 28, 2008, we consummated a merger with FOH Holdings, Inc., a privately-held Delaware corporation ("FOH Holdings"). As a result of the transaction, FOH Holdings became our wholly-owned subsidiary. FOH Holdings is the parent company of Frederick's of Hollywood, Inc. Upon consummation of the merger, we changed our name from Movie Star, Inc. to Frederick's of Hollywood Group Inc.

Unless otherwise indicated, as used in this proxy statement:

- "Movie Star, Inc." or "Movie Star" refers to the business, operations and financial results of Movie Star, Inc. prior to the closing of the merger;
- "FOH Holdings" or "Frederick's of Hollywood" refers to the business, operations and financial results of FOH Holdings prior to the closing of the merger and after the merger, as the context requires; and
- the "Company," "we," "our" or "us" refers to the operations and financial results of Frederick's of Hollywood Group Inc. together with FOH Holdings, Inc. and its subsidiaries on a consolidated basis after the closing of the merger.

What matters am I voting on?

You are being asked to vote on the following matters:

- The election of six directors to serve for the ensuing one-year period and until their successors are elected and qualified – we refer to this proposal as the "director election proposal";
- To approve a proposal to issue an aggregate of approximately 8,664,400 shares of our common stock and warrants to purchase 1,500,000 shares of our common stock to accounts and funds managed by and/or affiliated with Fursa Alternative Strategies LLC ("Fursa") upon (i) exchange of an aggregate of approximately \$14.3 million of principal amount and accrued interest of our outstanding Tranche C debt and (ii) conversion of approximately \$8.8 million of Series A preferred stock, including accrued dividends, at an effective price of approximately \$2.66 per share – we refer to this proposal as the "debt exchange and preferred stock conversion proposal"; and

- To transact such other business as may properly come before the meeting and any and all postponements or adjournments.
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Who is entitled to vote?

Persons who were holders of our common stock and Series A preferred stock as of the close of business on March 29, 2010, the record date, are entitled to vote at the meeting. As of March 29, 2010, we had issued and outstanding \_\_\_\_\_ shares of common stock, par value \$0.01 per share, and 3,629,325 shares of Series A preferred stock convertible into an aggregate of 1,622,682 shares of common stock, comprising all of our issued and outstanding voting stock.

Each holder of our common stock is entitled to one vote for each share held on the record date. Each holder of our Series A preferred stock is entitled to a number of votes per share of Series A preferred stock held on the record date equal to the number of shares of common stock into which such share of Series A preferred stock may be converted on such date. As of the record date, every 2.2366 outstanding shares of Series A preferred stock was convertible into one share of common stock.

What is the effect of giving a proxy?

Proxies in the form enclosed are solicited by and on behalf of our board of directors. The persons named in the proxy card have been designated as proxies by our board of directors. If you sign and return the proxy card in accordance with the procedures set forth in this proxy statement, the persons designated as proxies by the board will vote your shares at the meeting as specified in your proxy card.

If you sign and return your proxy card in accordance with the procedures set forth in this proxy statement but you do not provide any instructions as to how your shares should be voted, your shares will be voted "FOR" the election of the nominees listed below under the director election proposal and "FOR" the approval of the debt exchange and preferred stock conversion proposal. If you give your proxy, your shares also will be voted in the discretion of the proxies named on the proxy card with respect to any other matters properly brought before the meeting and any postponements or adjournments thereof. If any other matters are properly presented at the meeting for action, the persons named in the proxy card will vote the proxies in accordance with their best judgment.

May I change my vote after I return my proxy card?

Yes. Any proxy given pursuant to this solicitation may be revoked by you at any time before it is exercised. You may effectively revoke your proxy by:

- delivering written notification of your revocation to the Corporate Secretary of Frederick's of Hollywood Group Inc.;
- voting in person at the meeting; or
- delivering another proxy bearing a later date.

Please note that your attendance at the meeting will not alone serve to revoke your proxy.

What is a quorum?

A quorum is the minimum number of shares required to be present at the meeting for the meeting to be properly held under our bylaws and New York law. The presence, in person or by proxy, of a majority of the votes entitled to be cast at the meeting will constitute a quorum at the meeting. A proxy submitted by a shareholder may indicate that all or a portion of the shares represented by the proxy are not being voted ("shareholder withholding") with respect to a

particular matter. Similarly, a broker may not be permitted to vote stock (“broker non-vote”) held in street name on a particular matter in the absence of instructions from the beneficial owner of the stock. The shares subject to a proxy which are not being voted on a particular matter because of either shareholder withholding or broker non-vote will not be considered shares present and entitled to vote on that matter. These shares, however, may be considered present and entitled to vote on other matters and will count for purposes of determining the presence of a quorum if the shares are being voted with respect to any matter at the meeting. If the proxy indicates that the shares are not being voted on any matter at the meeting, the shares will not be counted for purposes of determining the presence of a quorum. Abstentions are voted neither “for” nor “against” a matter, but are counted in the determination of a quorum.



How many votes are needed for approval of each matter?

The election of directors requires a plurality vote of the votes cast at the meeting. "Plurality" means that the individuals who receive the largest number of votes cast "FOR" are elected as directors. Consequently, any shares not voted "FOR" a particular nominee, whether as a result of a direction of the shareholder to withhold authority, abstentions or a broker non-vote, will not be counted in the nominee's favor. As there are six directors to be elected, the six persons receiving the highest votes will be elected if nominees other than those nominated by the board are presented.

The debt exchange and preferred stock conversion proposal must be approved by a majority of the votes cast at the meeting with respect to the proposal. Abstentions and shares deemed present at the meeting but not entitled to vote with respect to the proposal (because of either shareholder withholding or broker non-vote) are not deemed voted and therefore will have no effect on such vote. Pursuant to the Tranche C Debt Exchange and Preferred Stock Conversion Agreement (the "Exchange and Conversion Agreement") described below, Fursa has agreed to "sterilize" their vote by committing to vote the shares of our common stock and Series A preferred stock held by Fursa on the date of the agreement with respect to this proposal in accordance with the vote of a majority of votes cast at the meeting, excluding the shares held by Fursa. On March 16, 2010, we issued an aggregate of 2,907,051 shares of our common stock in a private placement to accredited investors pursuant to the terms of a securities purchase agreement. These investors agreed to appoint Thomas J. Lynch, our Chairman and Chief Executive Officer, or Thomas Rende, our Chief Financial Officer, to vote their shares purchased in the private placement at the meeting in connection with the debt exchange and preferred stock conversion proposal. Messrs. Lynch and Rende intend to vote these shares in favor of this proposal.

Any other proposal properly brought at the Annual Meeting must be approved by a majority of the votes cast at the meeting with respect to the proposal.

How do I vote?

You may vote your shares by returning the enclosed proxy card either by mail or facsimile or by delivering it in person at the meeting. The prompt return of the completed proxy card will assist us in preparing for the meeting. Complete, date, sign and return the enclosed proxy card in the envelope provided for that purpose (to which no postage needs to be affixed if mailed in the United States). You can specify your choices by marking the appropriate boxes on the proxy card. If you attend the meeting, you may deliver your completed proxy card in person or fill out and return a ballot that will be supplied to you. If you wish to fax your proxy, please copy both the front and back of the signed proxy card and fax it to American Stock Transfer & Trust Co. at (718) 921-8355.

Shareholders who hold their securities through a broker or bank will also have the option to authorize their proxies to vote their securities electronically through the Internet or by telephone. If you hold your securities through a broker, bank or other nominee, you should check your proxy card or voting instruction card forwarded by your broker, bank or other nominee who holds your securities for instructions on how to vote by these methods.

Do you provide electronic access to the proxy statement, annual report and quarterly reports?

Yes. You may obtain copies of this proxy statement, our annual report and quarterly reports by visiting our corporate website at [www.fohgroup.com](http://www.fohgroup.com) and clicking the "Investor Relations" tab. Once you are in the Investor Relations section of our corporate website, you will find our proxy statement, annual report and quarterly reports under the section heading "Annual Meeting Materials." The contents of our website are not, and shall not be, deemed a part of this proxy statement, our annual report or quarterly reports. You also may obtain copies of our annual report and quarterly reports (without exhibits), without charge, by sending a written request to: Frederick's of Hollywood Group Inc., 1115 Broadway, 11th Floor, New York, New York 10010, Attention: Corporate Secretary. We will provide copies of the

exhibits to the annual report and quarterly reports, without charge, upon receipt of a written request addressed to the Corporate Secretary.

## SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth information regarding the beneficial ownership of our common stock as of March 19, 2010 and after the consummation of the debt exchange and preferred stock conversion (assuming a May 18, 2010 closing date) by:

- each person or group (as that term is used in Section 13(d)(3) of the Securities Exchange Act of 1934) known by us to be the beneficial owner of more than 5% of our outstanding shares of common stock either on March 19, 2010 or immediately following the consummation of the debt exchange and preferred stock conversion;
  - each of our named executive officers and directors; and
  - all of our named executive officers and directors, as a group.

Our named executive officers and directors as a group is currently comprised of nine individuals. Following the meeting, such group will be comprised of seven individuals.

The percentage of beneficial ownership indicated below is based on 29,336,709 shares of our common stock outstanding on March 19, 2010 and 38,001,082 shares after the consummation of the debt exchange and preferred stock conversion (assuming a May 18, 2010 closing date). Our outstanding Series A preferred stock is convertible into and votes together with the common stock and not as a separate class.

Name and Address of Beneficial Owner(1)	Beneficial Ownership of Our Common Stock on March 19, 2010		Beneficial Ownership of Our Common Stock After the Debt Exchange and Preferred Stock Conversion (assuming a May 18, 2010 closing date)	
	Number of Shares	Percent of Class Before Debt Exchange	Number of Shares	Percent of Class After Debt Exchange
TTG Apparel, LLC 287 Bowman Avenue Purchase, New York 10577	1,766,322(2)	6.0%	1,766,322(2)	4.6%
Tokarz Investments, LLC 287 Bowman Avenue Purchase, New York 10577	8,704,515(2)(3)	29.4%	8,704,515(2)(3)	22.7%
Fursa Alternative Strategies LLC, on behalf of certain funds and accounts affiliated with or managed by it or its affiliates 25 Smith Street Farmingdale, New York 11735	10,327,180(4)	33.0%	18,868,871(5)	47.4%
Thomas J. Lynch	590,000(6)	2.0%	590,000(6)	1.5%
Peter Cole	578,112(7)	2.0%	578,112(7)	1.5%
Thomas Rende	320,544(8)	1.1%	320,544(8)	*
Linda LoRe	850,249(9)	2.8%	850,249(9)	2.2%
John L. Eisel	97,561(10)	*	97,561(10)	*

William F. Harley				
Fursa Alternative Strategies LLC				
25 Smith Street				
Farmingdale, New York 11735	85,073(11)	*	85,073(11)	*
Michael A. Salberg	42,267(12)	*	42,267(12)	*

Beneficial Ownership of  
Our Common Stock on  
March 19, 2010

Beneficial Ownership of  
Our Common Stock After the  
Debt Exchange and Preferred  
Stock Conversion  
(assuming a May 18, 2010 closing  
date)