

NOT FILED WITH SEC

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**FORM 8-K EQUIVALENT**

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**This Form 8-K Equivalent is being prepared pursuant to a requirement contained in the indentures, each dated as of May 29, 2007, governing Claire's Stores, Inc. Senior Notes and Senior Toggle Notes due 2015 and Senior Subordinated Notes due 2017.**

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**Date of Report (Date of earliest event reported): December 11, 2007**

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**Claire's Stores, Inc.**

**Florida**  
(State of incorporation)

**59-0940416**  
(I.R.S. Employer  
Identification Number)

**3 S.W. 129<sup>th</sup> Avenue**  
**Pembroke Pines, Florida 33027**  
(Address of principal executive offices)

**Company's telephone number, including area code: (954) 433-3900**

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

Appointment of an Additional Member of the Board of Directors

Effective December 11, 2007, the board of directors (the “Board”) of Claire’s Stores, Inc. (the “Company”) increased the size of the Board from six directors to seven directors and appointed Ron Marshall as a member of the Board to fill the vacancy.

Mr. Marshall has been a principal of Wildridge Capital Management since 2006. From 1998 to 2006, he served as Chief Executive Officer of Nash Finch Company and was a member of its board of directors. Prior to joining Nash Finch, Mr. Marshall served as Chief Financial Officer of Pathmark Stores, Inc., Dart Group Corporation, Barnes & Noble Bookstores, Inc., NBI’s The Office Place and Jack Eckerd Corporation. Mr. Marshall is a certified public accountant. Mr. Marshall is also a director of Linens ‘n Things, Inc.

Mr. Marshall will receive the standard compensation provided to all non-management members of the Board.

Approval of Compensation for Non-Management Members of the Board of Directors

On December 11, 2007, compensation for all non-management members of the Board was approved by the Board. Such compensation consists of the following:

- Annual retainer of \$50,000, payable quarterly in arrears;
- \$2,000 for each Board and committee meeting attended in person (\$1,000 if participating in any board or committee meeting telephonically);
- Reimbursement of out-of-pocket expenses incurred in connection with duties as directors; and
- Option grant to purchase 20,000 shares of common stock of Parent, which will automatically vest and be exercisable upon issuance, at an exercise price of \$10 per share, which is the fair market value as of the date of grant, as determined in the reasonable discretion of the Board.

In connection with the foregoing, on December 11, 2007, each of the non-management members of the Board, including Mr. Marshall, was granted an option to purchase 20,000 shares of common stock of Claire’s, Inc. (the “Parent”). The stock options have an exercise price of \$10.00 per share and are fully vested and immediately exercisable. In connection with such grants, the Board approved a standard form of director option grant letter to be used in connection with the grant of stock options to directors of the Company pursuant to the Claire’s Inc. Amended and Restated Incentive Plan (the “A&R Plan”). The standard form of director option grant letter is attached as Exhibit 10.1 to this Form 8-K Equivalent and is incorporated by reference herein.

Appointment of Executive Vice President

On December 11, 2007, the Company appointed James Conroy to serve as its new Executive Vice President. A press release issued by the Company on December 14, 2007 announcing the appointment of Mr. Conroy is attached to this Form 8-K Equivalent as Exhibit 99.1 and is incorporated by reference herein.

Mr. Conroy, age 37, worked as a full-time consultant to the Company since the acquisition. From July 2001 to December 2007, Mr. Conroy provided retail management consulting services through

various firms, including as a principal of Kurt Salmon Associates and a senior manager of Deloitte Consulting.

Mr. Conroy entered into an employment agreement with the Company dated December 13, 2007 (the "Agreement"). The material terms of the Agreement are as follows: an annual base salary of \$585,000; a bonus opportunity of 75% of base salary for achievement of target level of performance, with the opportunity to earn more or less than that for achievement above or below target; a time option to purchase 175,000 shares of common stock of Parent at an exercise price of \$10.00 per share; a target performance option to purchase 175,000 shares of common stock of Parent at an exercise price of \$10.00 per share; and a stretch performance option to purchase 87,500 shares of common stock of Parent at an exercise price of \$10.00 per share. In addition, Mr. Conroy has the opportunity to purchase up to an additional 30,000 shares of common stock of Parent at a purchase price of \$10.00 per share, and in return for such investment will receive an option to purchase an equal number of fully-vested shares of common stock of Parent at an exercise price of \$10.00 per share. Mr. Conroy is entitled to expense reimbursement and other customary employee benefits, as well as relocation, including a \$150,000 relocation bonus, and temporary housing expenses. Mr. Conroy has agreed not to engage in competitive and similar activities or solicit customers or clients until the later of one year following his termination of employment or the end of the period during which he is entitled to severance pay, and his agreement provides for customary protection of confidential information and intellectual property. The agreement terminates on February 28, 2010 and provides for automatic renewals for successive one-year periods unless either Mr. Conroy or Parent provides notice of non-renewal.

The time and performance option grants mentioned above are nonqualified options which were granted under the A&R Plan, and all shares issued to Mr. Conroy are generally subject to the restrictions set forth in the A&R Plan; however, the purchased shares are not subject to repurchase. The stock options generally expire seven years after the date of grant. The time option becomes vested and exercisable in four equal annual installments on December 13, 2008, 2009, 2010 and 2011, subject to acceleration in the event of a change in control. The target performance option generally provides that if on any "Measurement Date," the "Value Per Share" equals or exceeds the "Target Stock Price," then the target performance option will vest and become exercisable in two equal annual installments on each of the first two anniversaries of the Measurement date, subject to acceleration in the event of a change in control or a specified liquidity event, as set forth in the option grant letter. The stretch performance option generally provides that if on any "Measurement Date," the "Value Per Share" equals or exceeds the "Stretch Stock Price," then the stretch performance option will vest and become exercisable in two equal annual installments on each of the first two anniversaries of the Measurement Date, subject to acceleration in the event of a change in control or a specified liquidity event, as set forth in the option grant letter. Prior to a qualified initial public offering with gross proceeds of not less than \$300.0 million, a Measurement Date is the end of a fiscal quarter beginning with or following the last day of the second quarter of our fiscal year ending in 2010. Prior to a qualified initial public offering, Value Per Share is Parent's "Net Equity Value" divided by the number of fully diluted shares. Net Equity Value is calculated as the sum of (1) 8.5 times Parent's EBITDA for the four fiscal quarters ending on the Measurement Date, (2) the sum of all cash and cash equivalents and the aggregate exercise price of all outstanding options or warrants to purchase shares of Parent's common stock as of the Measurement Date, less (3) Parent's debt as of the Measurement Date. Upon a defined liquidity event, Value Per Share is the price per share realized by the Parent's principal stockholders. The Target Stock Price means \$10.00 compounded at an annual rate of 22.5% from May 29, 2007 to the Measurement Date, and the Stretch Stock Price means \$10.00, compounded at an annual rate of 32% from May 29, 2007 to the Measurement Date.

Pursuant to the Agreement, Mr. Conroy is entitled to specified severance compensation in the event of a termination of employment by the Company without cause, non-renewal of the Agreement, or by the executive officer for good reason. In any case, subject to execution of a release of claims, Mr.

Conroy is entitled to continued payments of base salary for a twelve-month period following such date of termination, but if the termination occurs during the eighteen-month period following a change in control (as defined in the Agreement), then the payment of base salary shall continue for the longer of the period until the end of the then remaining term or 12 months. Mr. Conroy is also entitled to reimbursement for premiums for continued health benefits for the length of the severance period. In addition, Mr. Conroy will be entitled to an annual bonus, prorated for the period of employment during the year, based on actual performance of the Company for the year of termination. Upon such a termination, Mr. Conroy will generally be entitled to exercise vested options for a 90 day period, unless they would have otherwise expired earlier.

Upon termination of employment because of death or disability, Mr. Conroy (or his estate) will be entitled to an annual performance bonus, prorated for the period of employment during the year, based on actual performance of Parent for the year of termination. Time options that are not exercisable as of the date of termination because of death or disability and performance options with respect to which performance goals have been achieved will vest pro-rata based on the portion of the option which would have vested on the next vesting date and the number of days of employment since the most recent vesting date, and options which are exercisable as of such date will generally remain exercisable for 180 days, unless they would have otherwise expired earlier.

Upon any other termination, other than for cause, stock options that are not exercisable as of the date of termination will expire, and options which are exercisable as of such date will generally remain exercisable for a 90 day period, unless they would otherwise expire earlier.

The Agreement terminates a consulting agreement between Mr. Conroy and the Company which had been in effect since the acquisition. During the term of the consulting agreement, Mr. Conroy was paid approximately \$450,000 in fees and reimbursed him for expenses incurred in connection with the provision of consulting services.

A copy of the Agreement is attached as Exhibit 10.9 to the Company's Registration Statement on Form S-4 (Reg. No. 333-148108) filed with the SEC on December 17, 2007. The material terms of the Agreement summarized herein are qualified in their entirety by reference to the Agreement, which is incorporated by reference herein.

**ITEM 9.01 Financial Statements and Exhibits.**

(d) Exhibits.

<b><u>Exhibit No.</u></b>	<b><u>Description</u></b>
10.1	Standard Form of Director Option Grant Letter*
10.2	Employment Agreement with James Conroy (Incorporated by reference to Exhibit 10.9 to the Company's Registration Statement on Form S-4 (Reg. No. 333-148108))
99.1	Press Release of the Company dated December 14, 2007*

\* Included herewith

**SIGNATURE**

Pursuant to the requirements of the Indentures, each dated as of May 29, 2007, among Claire's Stores, Inc. and certain of its subsidiaries and The Bank of New York, as Trustee, the undersigned has duly caused this Form 8-K Equivalent report to be signed on its behalf by the undersigned thereunto duly authorized.

Claire's Stores, Inc.

Date: December 17, 2007

By: /s/ Ira D. Kaplan  
Name: Ira D. Kaplan  
Title: Chief Financial Officer

## EXHIBIT INDEX

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*	Included herewith

**CLAIRE'S INC.  
c/o Apollo Management VI, L.P.  
10250 Constellation Boulevard  
Suite 2900  
Los Angeles, CA 90067**

December 11, 2007

[Name of Director]

Re: Grant of Stock Options

Dear \_\_\_\_\_:

We are pleased to inform you that you have been granted options to purchase 20,000 shares of common stock (the "Options") of Claire's Inc. (the "Company"). The Options have been granted pursuant to the Company's Amended and Restated Stock Incentive Plan (the "Plan"), a copy of which is attached as Exhibit I, and are subject in all respects to the provisions of the Plan, except as specifically modified hereby. Capitalized terms not otherwise defined in the text are defined in the Plan.

1. Options: The key terms of the Options are as follows:
  - (a) Number of Shares. 20,000
  - (b) Exercise Price per Share. \$10.00
  - (c) Vesting. The Options are fully vested and immediately exercisable.
2. Termination of the Options. The Options shall terminate on the earliest of:
  - (a) immediately upon your removal as director for cause;
  - (b) the 91st day following the date that you no longer serve as a director for any reason, other than for cause, death or disability;
  - (c) the 181<sup>st</sup> day following the date you no longer serve as a director as a result of your death or disability;
  - (d) the seventh anniversary of the date hereof; and
  - (e) cancellation, termination or expiration of the Options pursuant to action taken by the Board or Committee in accordance with Section 7 of the Plan.

3. Federal Taxes: The Options granted to you are treated as “nonqualified options.” You should consult your personal tax advisor for information concerning the tax treatment of your Options.

Please indicate your acceptance of this option grant and the terms of the Plan by signing and returning a copy of this letter.

Sincerely,

CLAIRE’S INC.

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

Name: Rebecca R. Orand

Title: Secretary

Agreed to and Accepted by:

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

# NEWS BULLETIN RE: CLAIRE'S STORES, INC.

3 S.W. 129th AVENUE, PEMBROKE PINES, FLORIDA 33027 (954) 433-3900

## **CLAIRE'S STORES, INC. ANNOUNCES APPOINTMENT OF JAMES CONROY AS EXECUTIVE VICE PRESIDENT**

PEMBROKE PINES, Florida, December 14, 2007. Claire's Stores, Inc., a leading specialty retailer offering value-priced jewelry and accessories, today reported that it is expanding its corporate management team.

We have recruited James Conroy to the Company to serve as Executive Vice President of Claire's Stores, Inc., reporting to the CEO. Jim will be the principal member of the Senior Management Team, assisting the CEO in developing and implementing strategic initiatives throughout our global business as we pursue our sales, EBITDA and cash flow targets. In addition, his functional areas of responsibility will include global strategic planning and implementation, information technology and international franchising and joint ventures, with each Senior Vice President responsible for these areas reporting to him directly.

Jim has been working as a full-time consultant to the Company since the acquisition and has been instrumental in the progress we have made to date as well as developing the strategic foundation for our future success.

Jim joins us with a considerable background in both consulting and retail management. He has 10 years of management consulting experience and became a principal at Kurt Salmon Associates in 2005, where he primarily led projects for retail and consumer products companies. Additionally, Jim has five years of retail executive experience, where his primary responsibilities included strategic planning, merchandising, and supply chain management.

Gene Kahn, CEO commented, "The Senior Management Team has already embraced Jim as a valuable contributor. He brings extensive experience and leadership skills to help refine Claire's initiatives, best business practices and move our business forward to better serve our customers."

### **Company Overview**

Claire's Stores, Inc. is a leading specialty retailer of value-priced jewelry and accessories for girls and young women through its two store concepts: Claire's and Icing. While the latter operates only in North America, Claire's operates internationally. As of December 1, 2007, Claire's Stores, Inc. operated 3,061 stores in the United States, Canada, Puerto Rico, the Virgin Islands, the United Kingdom, Ireland, France, Switzerland, Austria, Germany, Spain, Portugal, Belgium, and the Netherlands. Claire's Stores, Inc. operates through its subsidiary, Claire's Nippon, Co., Ltd., 202 stores in Japan as a 50:50 joint venture with AEON, Co., Ltd. The Company also franchises 162 stores in the Middle East, Turkey, Russia, Poland, and South Africa.

**Additional Information:**

Note: Other Claire's Stores, Inc. press releases, a corporate profile and the most recent Annual Report on Form 10-K and Form 10-Q Equivalent are available on Claire's business website at: <http://www.clairestores.com>.

**Contact Information:**

Marisa F. Jacobs, Vice President of Corporate Communications and Investor Relations  
Phone: (212) 594-3127, Fax: (212) 244-4237 or Email at [marisa.jacobs@claires.com](mailto:marisa.jacobs@claires.com).