



## **Compensation Committee Charter**

**GORDMANS STORES, INC.**

### **COMPENSATION COMMITTEE CHARTER**

#### **I. Membership**

The Compensation Committee (the "Committee") of Gordmans Stores, Inc. (the "Company") shall consist of at least three directors from the Company's board of directors (the "Board"). All Committee members shall (1) meet the applicable independence requirements of The NASDAQ Stock Market LLC ("NASDAQ"), provided however that the Company may avail itself of any exemption or grace period from such requirement available to it under the rules of NASDAQ, including the "controlled company" exemption, (2) shall otherwise meet the membership qualification requirements contained in this Charter, (3) be, to the extent required by the Board, a "non-employee director" within the meaning of Rule 16b-3 under the Securities Exchange Act of 1934 (the "Exchange Act") and (4) be, to the extent required by the Board, an "outside director" within the meaning of Section 162(m) of the Internal Revenue Code. In the event that any member of the Committee does not qualify as a "non-employee director" for purposes of Section 16 of the Exchange Act, then all compensation that is intended to be exempt from Section 16 shall also be approved by the Board or a subcommittee made up of members of the Board who qualify as non-employee directors. In the event that any member of the Committee does not qualify as an "outside director" for purposes of Section 162(m) of the Internal Revenue Code, then all compensation that is intended to be exempt from Section 162(m) of the Internal Revenue Code shall also be approved by a subcommittee made up of members of the Board who qualify as outside directors. Committee members shall be appointed by the Board annually and when a vacancy exists and may be removed by the Board at any time for any reason.

#### **II. Purpose**

The Committee's primary purposes are to:

- assist the Board in discharging its responsibilities relating to compensation of the Company's Board members, the Company's Chief Executive Officer and other executive officers;
- review and approve employment agreements and other similar arrangements between the Company and its Chief Executive Officer and other executive officers;
- review and evaluate the Company's overall compensation philosophy and oversee the Company's equity, incentive and other compensation and benefits plans; and
- prepare the compensation committee report on executive officer compensation required by the Securities and Exchange Commission (the "SEC") for inclusion in the Company's annual proxy statement or Annual Report on Form 10-K.

#### **III. Structure and Operations**

The Board shall designate one of the members of the Committee as Chair of the Committee. Notwithstanding the foregoing, Sun Gordmans, LP ("Sun Gordmans") shall have the right to designate the Chair of the Committee for so long as Sun Gordmans, including through its affiliates, beneficially owns at least thirty percent (30%) of the outstanding Common Stock of the Company; provided that the Committee membership will comply with the applicable rules of NASDAQ. The Committee shall meet periodically at such times as it determines to be necessary or appropriate and shall periodically report to the Board regarding any issues, recommendations or findings as it deems appropriate. A majority of the members of the Committee shall constitute a quorum for the transaction of business. The Committee may act only upon approval of a majority of its members. The action of the Committee at a meeting at which a quorum is present shall be the act of the Committee. The Committee may act in writing by the unanimous consent of its members. The Committee may invite members of management or others to its meetings. However, management should be absent from any discussion or review where the individual compensation of such persons is determined. The Committee shall have the opportunity at each regularly scheduled meeting to meet in executive session without the presence of management. The Committee may delegate any of its responsibilities to one or more subcommittees as it may deem appropriate to the extent allowed by applicable law and the rules of NASDAQ.

#### **IV. Authority and Resources**

The Committee shall have the sole authority to (1) select, retain and terminate any consulting firm engaged to assist in the

evaluation of director, Chief Executive Officer or other executive officer compensation and (2) approve the fees and retention terms of such consulting and search firms. The Committee may conduct or authorize studies and investigations into any matters within the scope of its responsibilities and may retain outside legal or other advisors to assist in the conduct of any such study or investigation or for any other reason as determined by the Committee. The Company shall pay such third parties retained by the Committee such compensation, including without limitation usual and customary expenses and charges, as shall be determined by the Committee. The Company also shall pay such ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties as shall be determined by the Committee.

## V. Responsibilities

The responsibilities of the Committee shall include the following, along with any other matters as the Board may delegate to the Committee from time to time:

1. **Chief Executive Officer Performance.** The Committee shall review and approve corporate goals and objectives relevant to Chief Executive Officer compensation and shall evaluate the Chief Executive Officer's performance in light of these goals and objectives.
2. **Chief Executive Officer Compensation.** The Committee shall determine the Chief Executive Officer's compensation level or changes to such level based on the evaluation of the Chief Executive Officer's performance and any other factors the Committee deems relevant.
3. **Director Compensation.** The Committee shall review periodically, and recommend to the Board any changes to, the form and amount of compensation for directors in light of the following principles: (a) compensation should fairly pay directors for their time and effort; and (b) compensation should align directors' interests with the long-term interests of shareholders. The Committee shall periodically review the principles underlying director compensation and make recommendations to the Board when appropriate.
4. **Officer Compensation.** The Committee, after consultation with and upon recommendation of the Chief Executive Officer, shall determine for officers (a) annual compensation; and (b) any employment contract, severance/termination agreement, retirement arrangement, change in control arrangement, and any special or supplemental benefit arrangement that differs in a material way from the Company's form contracts, agreements and arrangements.
5. **Compensation Principles and Philosophy.** When appropriate, the Committee shall recommend to the non-management Board members changes to the Chief Executive Officer and other officer compensation principles and periodically review the general employee compensation philosophy to ensure it is appropriate and does not incentivize unnecessary and excessive risk taking.
6. **Compensation and Benefits Programs.** The Committee shall oversee overall compensation and benefits programs and policies. Named fiduciary responsibility and responsibility for day-to-day administration of such programs is delegated to each of the Chief Executive Officer and the Chief Financial Officer, including authority to make certain limited amendments, modifications or supplements to designated benefit plans, trusts and related documents. Amendment or modification authority not so delegated remains with the Committee or the Board, as appropriate.
7. **Incentive Compensation Plans and Equity-Based Plans.** When appropriate, and after consultation with the Chief Executive Officer, the Committee shall approve the creation and/or revision of incentive compensation plans affecting Company officers and equity-based plans and grants thereunder, and oversee such plans' administration and discharge any responsibilities such plans may impose on the Committee.
8. **Report for Proxy Statement.** The Committee shall annually prepare a report on executive officer compensation as required by SEC rules and regulations to be included in the Company's annual proxy statement or Annual Report on Form 10-K, and shall review and discuss with management, prior to the filing of the proxy statement or Annual Report on Form 10-K, the disclosure relating to executive compensation, including Compensation Discussion & Analysis and executive and director compensation tables.
9. **Review Committee Charter.** The Committee shall review and reassess the adequacy of this Charter at least once every two years, and recommend any proposed changes to the Board.