

XCEL BRANDS, INC.

WHISTLE-BLOWER POLICY

XCel Brands, Inc. (the “Company”) has established a procedure by which employees can report to the Company allegations of known or suspected alleged Improper Activities (as hereinafter defined). All employees of the Company are encouraged to report either orally or in writing to their immediate supervisor, or alternate line of authority as described below, all evidence of activity by a Company department or employee that may constitute Improper Activities.

“Improper Activities” include, but are not limited to, (i) questionable accounting, internal accounting controls or auditing matters; (ii) disclosures in documents filed by the Company with the Securities and Exchange Commission (the “SEC”) and other public disclosures made by the Company that may not be complete or accurate; (iii) violations of the Company’s Code of Ethics for Senior Financial Officers or other Code of Conduct, if any; (iv) violations of federal or state securities laws or other laws applicable to the Company; (v) wire fraud, mail fraud, bank fraud, or any fraud against the Company’s stockholders or under statute; (vi) forgery or alteration of documents; (vii) misappropriation or misuse of Company resources, such as funds or other assets; (viii) authorizing or receiving compensation for goods not received or services not performed; or (ix) any other activity by an employee that is undertaken in the performance of the employee's official duties, whether or not that action is within the scope of his or her employment, and that is in violation of any state or federal law or regulation, or constitutes malfeasance, bribery, fraud, misuse of Company property, or willful omission to perform his or her duties, or involves gross misconduct.

Any Company employee who in good faith reports incidents described above will be protected from threats of retaliation, discharge, or other types of discrimination including compensation or terms and conditions of employment that are directly related to the disclosure of the report. In addition, no employee may be adversely affected because the employee refused to carry out a directive which, in fact, constitutes corporate fraud or is a violation of state or federal law.

Employees are encouraged to use the guidance provided by this policy for reporting Improper Activities in accordance with the following:

1. *Reporting Requirement.* All officers, directors and employees are required to report information concerning Improper Activities. Such reports may be submitted in a confidential and anonymous manner. Such reports are encouraged to be made in writing so as to assure a clear understanding of the issues, but may be oral. Such reports should be factual rather than speculative or conclusory, and should

contain specific information to allow for proper assessment of the nature, extent and urgency of the issues raised in the report.

Reporting employees should refrain from (i) obtaining evidence for which they do not have a right of access and (ii) conducting their own investigative activities.

It is the Company's policy that no employee shall be subject to disciplinary or retaliatory action by the Company or any of its employees or agents as a result of the employee's submitting a report hereunder. However, employees who file reports of Improper Activities or provide evidence which they know to be false or without a reasonable belief in the truth and accuracy of such information will not be protected by the above policy statement and may be subject to disciplinary action and legal claims.

Reporting employees that report Improper Activities on an anonymous basis must provide sufficient corroborating evidence to justify the commencement of an investigation. Unspecified wrongdoing or broad allegations without verifiable evidentiary support may not lead to an investigation. Because of the inability of investigators to interview anonymous reporting employees, it may be more difficult to evaluate the credibility of an Improper Activity and therefore, it is less likely that an investigation will be initiated.

2. *Company Compliance Officer.* The Board of Directors will appoint an individual who is responsible for administering the Company's Whistle-Blower Policy who will report directly to the Audit Committee of the Company's Board of Directors on matters arising under this Policy. The Compliance Officer's responsibilities under this Policy include:

- Administering, implementing and overseeing ongoing compliance under the Policy.
- Establishing, amending where necessary and administering procedures to assure that such reports of Improper Activities will be collected, reviewed promptly, treated or resolved in an appropriate manner, and retained.
- Making himself or herself available to discuss with employees any complaints raised or reports filed.
- Establishing, amending where necessary and administering procedures that enable employees to submit reports of Improper Activities and related concerns in a confidential and anonymous manner.
- Ensuring that the individuals at the Company who are responsible for preparing and reviewing the Company's public filings with the SEC and

other public disclosures are made aware of reports of Improper Activities involving the Company's accounting, auditing, and internal auditing controls or disclosure practices.

3. *Procedure for Reporting Improper Activities – Alternate Line of Authority.* To submit a report involving any known or suspected Improper Activity, an employee may leave a detailed message for the Company's Compliance Officer at (347) 727-2483 or write to the Compliance Officer c/o the Company at its principal executive offices (currently located at 475 10th Avenue, New York, New York 10018). If the employee submitting the complaint is uncomfortable for any reason addressing such concerns to the Company's Compliance Officer, the employee may write to the Chair of the Audit Committee of the Company's Board of Directors c/o the Company. Complaints or issues related to questionable accounting, internal accounting controls or auditing matters should be submitted directly to the Audit Committee. Employees are encouraged to provide as much specific information as possible including names, dates, places and events that took place, the employee's perception of why the incident(s) constitute an Improper Activity. Anonymous written or telephonic communications will be accepted. Reports submitted through this process that involve the Company's accounting, auditing, and internal auditing controls and disclosure practices will be presented to the full Audit Committee of the Company's Board of Directors and may be submitted on an anonymous and confidential basis. An employee may utilize this process either to raise new complaints or if he or she feels that a complaint previously raised has not been appropriately handled.