

XCel Brands, Inc.

Compensation Committee Charter

The Board of Directors (“Board”) of XCel Brands, Inc. (“Company” or “XCel”) is committed to establishing and maintaining executive compensation practices designed to enhance the profitability of the Company and enhance long-term shareholder value. Toward these aims, the Board of Directors has established a Compensation Committee. This Committee reports to the Board on executive compensation matters.

Membership

The Committee is comprised of no less than two independent members of the Board. In order to qualify as an independent member of the Board, each member must (i) satisfy the independence requirements for independent directors under the applicable rules for Nasdaq-traded issuers, (ii) meet the requirements of a “non-employee director” for purposes of Rule 16b-3 of the Securities Exchange Act of 1934, and (iii) qualify as an “outside director” under Section 162(m) of the Internal Revenue Code, as amended. In addition to the general independence standard required for membership on the Committee, the Board must consider all factors relevant to determining whether the director has a relationship to the Company which is material to that director’s ability to be independent from management in connection with the duties of a Committee member, including the source of the director’s compensation, including any consulting, advisory or other compensation fees (other than director fees), and any affiliate relationships between the director and the Company. Notwithstanding the foregoing, if the Committee is comprised of at least three members, one director who does not meet the independence requirements set forth above and is not currently an executive officer or employee or a family member of an executive officer, may be appointed to the compensation committee if the board, under exceptional and limited circumstances, determines that such individual’s membership on the committee is required by the best interests of the Company and its shareholders. If such a non-independent director is appointed to the Committee, the Company must disclose either on or through the Company’s website or in the proxy statement for the next annual meeting subsequent to such determination the nature of the relationship and the reasons for the determination. In addition, the Company must provide any disclosure required by Instruction 1 to Item 407(a) of Regulation S-K regarding its reliance on this exception. A member appointed under this exception may not serve longer than two years. If not all members of the Compensation Committee qualify as non-employee directors, any grant of equity compensation to directors and officers (as defined by Rule 16a-1(f) of the Exchange Act) shall be made by the full Board or a subcommittee of the Compensation Committee comprised of at least two members who qualify as non-employee directors.

The Board shall elect or appoint a chairperson of the committee (or, if it does not do so, the committee members shall elect a chairperson by vote of a majority of the full committee); the chairperson will have authority to act on behalf of the audit committee between meetings. The chairperson is an independent member of the Board. The chairperson and members of the committee shall serve for one year renewable terms.

Responsibilities

The Committee’s responsibilities include the following:

- Approve the Compensation philosophy of the Company.
- Formulate, evaluate, and approve compensation for the Company’s CEO and other executive officers, as defined in Section 16 of the Securities and Exchange Act of 1934

and rules and regulations promulgated therein, including annual base salary level, annual incentive opportunity level and long term incentive opportunity levels. Compensation policies are intended to reward executives for their contributions to the Company's growth and profitability, recognize individual initiative, leadership, achievement, and other valuable contributions to the Company. An additional goal is to provide competitive compensation that attracts and retains qualified and talented executives. Compensation programs and policies are reviewed and approved annually. Included in this process is establishing the goals and objectives by which executive compensation is determined. Executive officers' performance is evaluated in light of these performance goals and objectives. The Committee may consult the Chief Executive Officer on the performance of other Company executives. The CEO shall not be permitted to be present during voting or deliberations relating to CEO compensation.

- Formulate, approve, and administer cash incentives and deferred compensation plans for executives. Cash incentive plans are based on specific performance objectives defined in advance of approving and administering the plan.
- Oversee and approve all compensation programs involving the issuance of the Company's stock and other equity securities of the Company. Stock options and other equity based awards will be granted in accordance with applicable rules for Nasdaq-traded issuers. Any material modifications to existing equity plans and equity incentive plans are also made consistent with applicable rules for Nasdaq-traded issuers.
- Review executive supplementary benefits, as well as the Company's retirement, benefit, and special compensation programs involving significant cost to the Company, as necessary and appropriate.
- Review compensation for terminated executives.
- Review compensation practices and trends of other companies to assess the adequacy of the Company's executive compensation programs and policies.
- Be directly responsible for the appointment, compensation and oversight of the work of any compensation consultant, legal counsel and other adviser retained by the compensation committee, as necessary and appropriate. The Company must provide for appropriate funding, as determined by the committee, for payment of reasonable compensation for such compensation consultant, legal counsel and other adviser. This system is designed to ensure the independence of such external advisors. The compensation committee may select, or receive advice from, a compensation consultant, legal counsel or other adviser to the compensation committee, other than in-house legal counsel, only after taking into consideration the following factors:
 - the provision of other services to the Company by the person that employs the compensation consultant, legal counsel or other adviser;
 - the amount of fees received from the Company by the person that employs the compensation consultant, legal counsel or other adviser, as a percentage of the total revenue of the person that employs the compensation consultant, legal counsel or other adviser;

- the policies and procedures of the person that employs the compensation consultant, legal counsel or other adviser that are designed to prevent conflicts of interest;
 - any business or personal relationship of the compensation consultant, legal counsel or other adviser with a member of the compensation committee;
 - any stock of the Company owned by the compensation consultant, legal counsel or other adviser; and
 - any business or personal relationship of the compensation consultant, legal counsel, other adviser or the person employing the adviser with an Executive Officer of the Company.
- Make recommendations to the Board with respect to director compensation.
 - Approve employment contracts, severance agreements, change in control provisions, and other compensatory arrangements with Company executives.
 - Prepare and provide (over the names of the members of the Committee) the required Committee report for the Company's annual report or proxy statement for the annual meeting of stockholders.
 - Review and discuss with the Company's management the Compensation Discussion and Analysis ("CD&A") required by the Securities and Exchange Commission Regulation S-K, Item 402 each year for which the Company is required to include the CD&A in its annual report or proxy statement for the annual meeting of stockholders. Based on such review and discussion, determine whether to recommend to the Board of Directors that the CD&A be included in the Company's annual report or proxy statement for the annual meeting of stockholders.
 - Review and reassess annually the adequacy of this Charter and recommend to the Board for approval any proposed changes to this Charter.