

**CHARTER OF THE COMPENSATION COMMITTEE
OF THE BOARD OF DIRECTORS OF
SHOE CARNIVAL, INC.**

Purpose

The Compensation Committee of the Board of Directors of Shoe Carnival, Inc. (the “Company”) is appointed by the Board to discharge the Board’s responsibilities relating to compensation of the Company’s directors and officers. The Compensation Committee has overall responsibility for approving and evaluating the director and officer compensation plans, policies and programs of the Company. The Compensation Committee also reviews certain Company policies and programs related to human capital management matters.

The Compensation Committee is also responsible for the Compensation Committee Report to be in the Company’s proxy statement and must review the compensation discussion and analysis (the “CD&A”) and recommend its inclusion in the Company’s Annual Report on Form 10-K and its proxy statement, all in accordance with applicable rules and regulations.

Committee Membership

The Compensation Committee shall consist of at least three directors. Each of the members of the Compensation Committee shall meet the independence requirements of the Nasdaq Stock Market (“Nasdaq”) and Rule 10C-1(b)(1) promulgated under the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Each member shall also be a “Non-Employee Director” as defined in Rule 16b-3 under the Exchange Act.

The members of the Compensation Committee and the Chair of the Compensation Committee shall be appointed by the Board on the recommendation of the Nominating and Corporate Governance Committee. Compensation Committee members may be replaced by the Board.

Committee Authority and Responsibilities

1. The Committee shall have the authority, in its sole discretion, to retain or obtain the advice of any consultant, independent legal counsel or other advisor engaged to assist the Committee in the performance of its duties, shall be directly responsible for the appointment, compensation and oversight of the work of any such advisors they retain and shall receive “appropriate funding” as determined by the Committee from the Company for payment of reasonable compensation to such advisors. Approval of the Committee shall also be required in order for any such advisor to provide any services to the Company not related to executive or director compensation services provided to the Committee.
2. The Committee may select a consultant or other advisor only after evaluating all factors relevant to assessing such consultant’s or advisor’s independence, including the factors

required to be considered under applicable Nasdaq and Securities and Exchange Commission rules.

3. The Compensation Committee shall annually review and approve corporate goals and objectives relevant to CEO and other executive officer compensation (collectively, “EO Compensation”), evaluate the CEO’s and other executive officer’s performance in light of those goals and objectives, including reviewing and discussing with the CEO the performance of the Company’s other executive officers, and set the levels of EO Compensation based on this evaluation.
4. The Compensation Committee shall annually review and approve all compensation for the CEO and the other executive officers of the Company, including (a) the annual base salary level, (b) the annual incentive opportunity level, (c) the long-term incentive opportunity level, and (d) any special or supplemental benefits. In determining the long-term incentive component of EO Compensation, the Compensation Committee will consider the Company’s performance and relative shareholder return, the value of similar incentive awards to CEOs and other executive officers at comparable companies, and the awards given to the CEO and other executive officers in past years. The CEO may not be present during voting or deliberations on his or her compensation.
5. The Compensation Committee shall review and approve the selection of the Company’s peer companies for purposes of assessing compensation levels, equity usage, incentive plan design and compensation practices.
6. In making its decisions affecting executive compensation policies and practices, the Compensation Committee shall consider the results of voting on advisory proposals submitted to shareholders relating to executive compensation.
7. The Compensation Committee shall oversee the process for identifying and addressing any material risks relating to the Company’s compensation policies and practices for all employees. The Compensation Committee shall consider the extent, if any, to which risks arising from the Company’s compensation policies and practices are reasonably likely to have any material adverse effects. The Compensation Committee shall also consider the extent, if any, to which incentive compensation programs encourage unnecessary or excessive risk taking or illegal or improper behavior by employees.
8. The Compensation Committee shall approve and periodically assess the effectiveness of any policies, plans or agreements concerning the recoupment of incentive compensation, or “clawback policies.”
9. The Compensation Committee shall review and make recommendations to the Board with respect to incentive compensation plans and equity-based plans. The Compensation Committee shall administer the Company’s incentive compensation and equity-based plans, including making awards under such plans, and may delegate the authority to administer such plans or make awards thereunder as authorized by the plans or applicable law, and shall review all proposed new or amended employee benefit plans.

10. The Compensation Committee shall approve and authorize the Company to enter into any employment agreements, severance arrangements, change in control agreements or provisions, or other compensation-related agreements, in each case as, when and if appropriate, with executive officers of the Company.
11. The Compensation Committee shall periodically review the Company's policies on perquisites and the value of perquisites for executive officers and directors. No changes in perquisites for executive officers and directors shall be made without prior Compensation Committee approval.
12. The Compensation Committee shall approve the amount of any discretionary contribution to be made by the Company under any retirement or savings plan.
13. The Compensation Committee shall recommend to the Board the form and amount of director compensation. The Compensation Committee shall conduct a periodic review of director compensation.
14. The Compensation Committee shall review and discuss with management the CD&A and other executive compensation related disclosures to be included in the proxy statement, shall determine whether to recommend the inclusion of the CD&A in the Company's Form 10-K and the proxy statement, and shall approve the Compensation Committee Report to be included in the proxy statement.
15. The Compensation Committee shall periodically review the Company's human capital management programs, policies, initiatives and results.
16. The Compensation Committee shall monitor the application of the Company's Stock Ownership Guidelines applicable to all non-employee directors and executive officers of the Company.
17. The Compensation Committee shall make recommendations to the Board with respect to the adoption or modification of policies regarding the hedging and pledging of Company stock.
18. The Compensation Committee shall meet at least three times annually or more frequently as circumstances dictate.
19. The Compensation Committee may form and delegate authority to subcommittees and/or executive officers when appropriate.
20. The Compensation Committee shall make regular reports to the Board.
21. The Compensation Committee shall review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.
22. The Compensation Committee shall annually review its own performance.