

As Amended
December 11, 2006

**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 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, shall be a "Non-Employee Director" as defined in Rule 16b-3 under the Securities Exchange Act of 1934, as amended, and shall be an "Outside Director" as defined by the regulations under Section 162(m) of the Internal Revenue Code of 1986, as amended.

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 Compensation Committee shall have the sole authority to retain and terminate any compensation consultant to be used to assist in the evaluation of director, Chief Executive Officer ("CEO") or other executive compensation and shall have sole authority to approve the consultant's fees and other retention terms. The Compensation Committee shall also have authority to obtain advice and assistance from internal or external legal, accounting or other advisors.
2. 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, and set the levels of EO Compensation based on this evaluation.

3. 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.
4. 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 stock plans, including making awards under such plans, and shall review all proposed new or amended employee benefit plans.
5. 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.
6. 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.
7. The Compensation Committee shall approve the amount of any discretionary contribution to be made by the Company under any retirement or savings plan.
8. 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.
9. The Compensation Committee shall meet at least three times annually or more frequently as circumstances dictate. The Compensation Committee shall meet prior to the filing of the Company's Annual Report on Form 10-K for the purpose of reviewing and discussing with management the CD&A, recommending the inclusion of the CD&A in the Company's Form 10-K and the proxy statement and approving the Compensation Committee Report to be included in the proxy statement.
10. The Compensation Committee may form and delegate authority to subcommittees and/or executive officers when appropriate.
11. The Compensation Committee shall make regular reports to the Board.
12. The Compensation Committee shall review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.
13. The Compensation Committee shall annually review its own performance.