

Sears Hometown and Outlet Stores, Inc.
Nominating and Corporate Governance Committee of the Board of Directors
Charter

Purpose

The Nominating and Corporate Governance Committee of the Board of Directors (the “**Board**”) of Sears Hometown and Outlet Stores, Inc. (the “**Company**”) is appointed by the Board (1) to assist the Board by identifying individuals qualified to become Board members and to recommend to the Board the director nominees for the next annual meeting of stockholders, (2) to recommend to the Board changes to the Company’s Corporate Governance Guidelines, (3) to lead the Board when it conducts reviews of its performance, (4) to take a leadership role in shaping the corporate governance policies of the Company, and (5) to recommend to the Board director nominees for each committee.

Committee Membership

The Nominating and Corporate Governance Committee shall consist of no fewer than three members. At such time as the Company no longer qualifies as a “controlled company” under the rules of the NASDAQ Stock Market (“**Nasdaq**”), each member of the Nominating and Corporate Governance Committee shall satisfy the independence requirements of Nasdaq, subject to any applicable transition rules.

The members of the Nominating and Corporate Governance Committee shall be appointed, and may be replaced, by the Board. One member of the Nominating and Corporate Governance Committee shall be appointed as its Chairman by the Board.

Meetings

The Nominating and Corporate Governance Committee shall meet as often as necessary to carry out its responsibilities. The Chairman of the Nominating and Corporate Governance Committee shall preside at each meeting. In the event the Chairman is not present at a meeting, the Nominating and Corporate Governance Committee members present at the meeting shall designate one of its members as the acting chair of the meeting.

Committee Authority and Responsibilities

1. The Nominating and Corporate Governance Committee shall have the sole authority to retain and terminate any search firm to be used to identify director candidates and shall have sole authority to approve the search firm’s fees and other retention terms. The Nominating and Corporate Governance Committee shall also have authority to obtain advice and assistance from internal and external legal, accounting, and other advisors.

2. The Nominating and Corporate Governance Committee shall actively seek individuals qualified to become board members for recommendation to the Board.
3. The Nominating and Corporate Governance Committee shall annually review and make recommendations to the Board with respect to the compensation and benefits of directors, including under any incentive compensation plans and equity-based compensation plans.
4. The Nominating and Corporate Governance Committee shall receive comments from all directors and report to the Board with respect to assessments by the Board of its performance.
5. The Nominating and Corporate Governance Committee shall on an annual basis review and reassess the adequacy of the Company's Corporate Governance Guidelines and recommend any proposed changes to the Board for approval.
6. The Nominating and Corporate Governance Committee shall annually review the succession planning recommendations for the Company's senior executive officers, including but not limited to the Chief Executive Officer and will do so in concert with the Compensation Committee and the Chairman of the Board of Directors.
7. The Nominating and Corporate Governance Committee may form and delegate authority to subcommittees when appropriate.
8. The Nominating and Corporate Governance Committee shall review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.