

**VAPOR CORP.**  
**(THE “COMPANY”)**  
**COMPENSATION COMMITTEE CHARTER**

**Adopted May [\_\_], 2014**

**Purpose**

The Compensation Committee (the “Committee”) is appointed by the Board of Directors (the “Board”) of the Company to discharge the Board’s responsibilities relating to compensation of the Company’s Chief Executive Officer (the “CEO”) and the Company’s other executive officers (collectively, including the CEO, the “Executive Officers”). The Committee has overall responsibility for approving and evaluating all compensation plans, policies and programs of the Company as they affect the Executive Officers.

**Committee Membership**

The Committee shall consist of no fewer than three members. Each member of the Committee shall be independent in accordance with the provisions of Rule 10C-1(b)(1) under Securities Exchange Act of 1934, as amended (the “Exchange Act”) and the NASDAQ Listing Rules. At least two members of the Committee also shall qualify as “outside” directors within the meaning of Section 162(m) of the Internal Revenue Code, as amended, and as “non-employee” directors within the meaning of Rule 16b-3 under the Exchange Act.

The members of the Committee shall be appointed by the Board based on the recommendation of the Nominating and Corporate Governance Committee of the Board. Unless a Chairperson is elected by the full Board, the members of the Committee shall designate a Chairperson by the majority vote of the full Committee membership.

If the Committee fails to comply with the composition requirement under the NASDAQ Listing Rules due to one vacancy, or one Committee member ceases to be independent due to circumstances beyond the member’s reasonable control, compliance with such requirement shall be made by the earlier of the Company’s next annual stockholders’ meeting or one year from the occurrence of the event that caused the failure to comply with such requirement; provided, however, that if the annual stockholders’ meeting occurs no later than 180 days following the event that caused the failure to comply with this requirement, the Company shall instead have 180 days from such event to regain compliance. The Company shall provide notice to NASDAQ immediately upon learning of the event or circumstance that caused the noncompliance if it expects to rely on this provision for a cure period.

## **Authority and Responsibilities**

The Committee shall have the following authority and responsibilities:

1. To review and approve annually the corporate goals and objectives applicable to the compensation of the CEO, evaluate at least annually the CEO's performance in light of those goals and objectives, and determine and approve the CEO's compensation level based on this evaluation. In evaluating and determining CEO compensation, the Committee shall consider the results of the most recent stockholder advisory vote on executive compensation ("Say on Pay Vote") required by Section 14A of the Exchange Act. The CEO cannot be present during any voting or deliberations by the Committee on his or her compensation.
2. To approve the compensation of all other Executive Officers. In evaluating executive compensation, the Committee shall consider the results of the most recent Say on Pay Vote.
3. To review and approve and, when appropriate, recommend to the Board for approval, incentive compensation plans and equity-based plans, and where appropriate or required, recommend for approval by the stockholders of the Company, which includes the ability to adopt, amend and terminate such plans. The Committee shall also have the authority to administer the Company's incentive compensation plans and equity-based plans, including designation of the employees to whom the awards are to be granted, the amount of the award or equity to be granted and the terms and conditions applicable to each award or grant, subject to the provisions of each plan. In reviewing, approving or making recommendations regarding incentive compensation plans and equity-based plans, including whether to adopt, amend or terminate any such plans, the Committee shall consider the results of the most recent Say on Pay Vote.
4. To review and discuss with management the Company's Compensation Discussion and Analysis ("CD&A") and the related executive compensation information, recommend that the CD&A and related executive compensation information be included in the Company's annual report on Form 10-K and proxy statement and produce the compensation committee report on executive officer compensation required to be included in the Company's proxy statement or annual report on Form 10-K.

5. To review and approve and, when appropriate, recommend to the Board for approval, any employment agreements and any severance arrangements or plans, including any benefits to be provided in connection with a change in control, for the CEO and other Executive Officers, which includes the ability to adopt, amend and terminate such agreements, arrangements or plans.
6. To determine, if it deems appropriate in its sole discretion, stock ownership guidelines for the CEO and other Executive Officers and monitor compliance with such guidelines.
7. To review and approve and, when appropriate, recommend to the Board for approval, all employee benefit plans for the Company, which includes the ability to adopt, amend and terminate such plans.
8. To review the Company's incentive compensation arrangements to determine whether they encourage excessive risk-taking, to review and discuss at least annually the relationship between risk management policies and practices and compensation, and to evaluate compensation policies and practices that could mitigate any such risk.
9. To review and recommend to the Board for approval the frequency with which the Company will conduct Say on Pay Votes, taking into account the results of the most recent stockholder advisory vote on frequency of Say on Pay Votes required by Section 14A of the Exchange Act, and review and approve the proposals regarding the Say on Pay Vote and the frequency of the Say on Pay Vote to be included in the Company's proxy statement.
10. To review director compensation for service on the Board and Board committees at least once a year and to recommend any changes to the Board.

### **Outside Advisors**

The Committee shall have the authority, in its sole discretion, to select, retain, dismiss and obtain the advice of a compensation consultant as necessary to assist with the execution of its duties and responsibilities as set forth in this Charter. The Committee shall set the compensation, and oversee the work, of the compensation consultant. The Committee shall have the authority, in its sole discretion, to retain, dismiss and obtain the advice and assistance of outside legal counsel and such other advisors as it deems necessary to fulfill its duties and responsibilities under this Charter. The Committee shall set the compensation, and oversee the work, of its outside legal counsel and other

advisors. The Committee shall receive appropriate funding from the Company, as determined by the Committee in its capacity as a committee of the Board, for the payment of compensation to its compensation consultants, outside legal counsel and any other advisors. However, the Committee shall not be required to implement or act consistently with the advice or recommendations of its compensation consultant, legal counsel or other advisor to the Committee, and the authority granted in this Charter shall not affect the ability or obligation of the Committee to exercise its own judgment in fulfillment of its duties under this Charter.

In retaining or seeking advice from compensation consultants, outside counsel and other advisors (other than the Company's in-house counsel), the Committee must take into consideration the independence factors specified in the NASDAQ Listing Rules. The Committee may retain, or receive advice from, any compensation advisor they prefer, including ones that are not independent, after considering the specified factors. The Committee is not required to assess the independence of any compensation consultant or other advisor that acts in a role limited to consulting on any broad-based plan that does not discriminate in scope, terms or operation in favor of Executive Officers or directors and that is generally available to all salaried employees or providing information that is not customized for a particular company or that is customized based on parameters that are not developed by the consultant or advisor, and about which the consultant or advisor does not provide advice.

The Committee shall evaluate whether any compensation consultant retained or to be retained by it has any conflict of interest in accordance with Item 407(e)(3)(iv) of Regulation S-K. Any compensation consultant retained by the Committee to assist with its responsibilities relating to executive compensation shall not be retained by the Company for any compensation or other human resource matters.

### **Meetings and Annual Review of Charter**

The Committee shall meet as often as necessary to carry out its responsibilities. The Committee shall report regularly to the Board regarding its actions and make recommendations to the Board as appropriate. The Committee Chairperson shall preside at each meeting. In the event the Committee Chairperson is not present at a meeting, the Committee members present at that meeting shall designate one of its members as the acting chair of such meeting. Written minutes of Committee meetings shall be maintained.

The Committee may invite such other members of the Board and such members of management to its meetings as it deems appropriate. However, the Committee shall meet regularly without such members of management present, and in all cases the CEO and any other such officers shall not be present at meetings at which their compensation or performance is discussed or determined.

The Committee shall review this Charter at least annually and recommend any proposed changes to the Board for approval.

**Delegation and Authority**

The Committee shall have the authority to delegate any of its responsibilities, along with the authority to take action in relation to such responsibilities, to one or more subcommittees as the Committee may deem appropriate in its sole discretion.