TRANS WORLD ENTERTAINMENT CORP
Form DEF 14A
May 27, 2016

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

SCHEDULE 14A

(Rule 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities

Exchange Act of 1934

Filed by the Registrant x
Filed by a Party other than the Registrant £

Check the appropriate box:

£ Preliminary Proxy Statement
x Definitive Proxy Statement
£ Definitive Additional Materials
£ Soliciting Material Pursuant to § 240.14a-12

£ Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Trans World Entertainment Corporation

(Name of Registrant as Specified in its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of filing fee (Check the appropriate box):

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(1) Amount previously paid:

(2) Form, schedule or registration statement no.:

(3) Filing party:

(4) Date filed:

TRANS WORLD ENTERTAINMENT CORPORATION
38 Corporate Circle
Albany, New York 12203
(518) 452-1242

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

Date and Time	Wednesday, July 6, 2016, at 10:00 A.M., EDT
Place	Albany Country Club 300 Wormer Road Voorheesville, New York 12186
Items of Business	(1) To elect eight Directors to serve one year terms and until their successors are chosen and qualified; (2) Advisory Vote to Approve Named Executive Officer Compensation; (3) To transact such other business as may properly come before the meeting or any adjournment or adjournments thereof.
Record Date	Shareholders of record as of May 13, 2016 are eligible to vote.
Proxy Voting	A proxy and return envelope, not requiring postage if mailed in the United States, are enclosed for your convenience. Please complete and return your proxy card as promptly as possible. All shareholders are cordially invited to attend the Annual Meeting. Whether or not you plan to attend the meeting, your vote is important. Prompt return of the proxy will assure a quorum is present at the annual meeting and save the Company expense.

By order of the Board of Directors,

Edwin J. Sapienza,
Secretary
May 27, 2016

TRANS WORLD ENTERTAINMENT CORPORATION
38 Corporate Circle
Albany, New York 12203
(518) 452-1242

PROXY STATEMENT

This Proxy Statement is furnished to the shareholders of Trans World Entertainment Corporation, a New York corporation (the Company), in connection with the solicitation of proxies by the Board of Directors for use at the Annual Meeting of Shareholders of the Company to be held on July 6, 2016 (the Annual Meeting), and any adjournment or adjournments thereof. A copy of the notice of meeting accompanies this Proxy Statement. It is anticipated that the mailing of this Proxy Statement and the form of proxy/voting instruction card will commence on May 27, 2016.

As permitted by rules of the Securities and Exchange Commission (SEC), we are making our proxy material, which includes our notice of annual meeting, proxy statement and Annual Report on Form 10-K, available to our shareholders over the Internet. An electronic version of this proxy statement and the Company s Annual Report on Form 10-K are available at **www.envisionreports.com/TWEC**.

VOTING SECURITIES

The Company has only one class of voting securities, its common stock, par value $.01 per share (the Common Stock). On May 13, 2016, the record date, 30,337,938 shares of Common Stock were outstanding. Each shareholder of record at the close of business on the record date will be entitled to one vote for each share of Common Stock owned on that date, as to each matter presented at the Annual Meeting.

QUORUM AND TABULATION OF VOTES

The By-Laws of the Company provide that a majority of the shares of our Common Stock entitled to vote at the Annual Meeting, present in person or by proxy, shall constitute a quorum at the Annual Meeting of Shareholders of the Company. An inspector from Computershare appointed by the Company will determine the presence of a quorum and will certify and tabulate the votes. Shares of Common Stock represented by a properly signed and returned proxy are considered as present at the Annual Meeting for purposes of determining a quorum. Shareholders of record who are present at the Annual Meeting, in person or by proxy, and who abstain from voting, including brokers holding customers shares of record who cause abstentions to be recorded at the Annual Meeting, will be included in the number of shareholders present at the Annual Meeting for purposes of determining whether a quorum is present. However, these shares will not be taken into account in determining the outcome of any of the proposals. A shareholder (including a broker) who does not give authority to a proxy to vote, or withholds authority to vote, on a certain proposal will not be considered present and entitled to vote on that proposal. A broker non-vote occurs when a bank or broker holding shares of a beneficial shareholder does not vote on a particular proposal because it has not received instructions from the beneficial shareholder and the bank or broker does not have discretionary voting power for that particular item.

If you are a beneficial owner and hold your shares in the name of a bank, broker or other holder of record and do not return the voting instruction card, the broker or other nominee will vote your shares on each matter at the Annual Meeting for which he or she has the requisite discretionary authority. If a shareholder does not give instructions to its broker as to how to vote the shares, the broker has authority under New York Stock Exchange rules to vote those shares for or against routine proposals. Brokers cannot vote on their customers behalf on non-routine proposals. Under these rules, Item 1 Election of Directors, and Item 2 Advisory Vote on Executive Compensation are considered non-routine proposals. We are subject to these rules even though shares of our Common Stock are traded on the NASDAQ Global Select Market. If a broker votes shares that are unvoted by its customers for or against a routine proposal, these shares are counted for the purpose of establishing a quorum and also will be counted for the purpose of determining the outcome of routine proposals. If a broker does not receive voting instructions as to a non-routine proposal, or chooses to leave shares unvoted on a routine proposal, a broker non-vote occurs and those shares will not be counted for determining the outcome of those proposals. Shares that are subject to broker non-votes are considered not entitled to vote on the particular proposal, and effectively reduce the number of shares needed to approve that proposal.

Pursuant to the Company s By-Laws, Item 1 Election of Directors is determined by the affirmative vote of a plurality of the shares of our Common Stock cast at the Annual Meeting, in person or by proxy on the proposal. Under applicable New York law, in determining whether such nominees have received the requisite number of affirmative votes, abstentions will have no effect on the outcome of the vote. With respect to the election of directors, votes may be cast for all nominees, withheld from all nominees, or withheld specifically from identified nominees. Brokers do not have discretionary voting power on this proposal.

As of the date of this proxy statement, our Board of Directors knows of no matters that will be presented for consideration at the annual meeting other than as described in this proxy statement. If any other matters shall properly come before the annual meeting or any adjournments or postponements of the annual meeting and shall be voted on, the enclosed proxies will be deemed to confer discretionary authority on the individuals named as proxies therein to vote the shares represented by such proxies as to any of those matters. The persons named as proxies intend to vote in accordance with the recommendation of our Board of Directors or otherwise use their judgment.

A proxy may be revoked at any time prior to the voting at the Annual Meeting by submitting a later dated proxy (including a proxy by telephone), by giving timely written notice of such revocation to the Secretary of the Company or by attending the Annual Meeting and voting in person. However, if you hold any shares of Common Stock in street name, (that is through a bank, broker or other nominee) you may not vote these shares in person at the Annual Meeting unless you bring with you a legal proxy from the holder of record of such shares.

The Company will pay the costs of soliciting, preparing, printing and mailing this Notice of Annual Meeting of Shareholders and Proxy Statement, the enclosed proxy card and the Company s 2015 Annual Report to Shareholders. In accordance with the regulations of the SEC, we also reimburse brokerage firms and other custodians, nominees and fiduciaries for their reasonable expenses incurred in connection with their forwarding of proxies and proxy solicitation materials to beneficial owners of our Common Stock as of the record date. The solicitation of proxies will be conducted primarily by mail, but may also include the Internet, telephone, facsimile or oral communications by directors, officers or regular employees of the Company acting without special compensation. The Company will also request persons, firms and corporations holding shares in their names, or in the names of their nominees, which are beneficially owned by others, to send or cause to be sent proxy materials to, and obtain proxies from, such beneficial owners, and, on request, will reimburse such holders for their reasonable expenses in so doing.

PRINCIPAL SHAREHOLDERS

The only persons known to the Board of Directors to be the beneficial owners of more than five percent of the outstanding shares of Common Stock as of May 13, 2016, the record date, are indicated below:

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class
Robert J. Higgins 38 Corporate Circle Albany, New York 12203	14,717,215(1)	48.5%
Lloyd I. Miller, III 3300 South Dixie Highway, Suite 1-565 West Palm Beach, 33405	6,723,056(2)	22.2%
Dimensional Fund Advisors Inc. Building One 6300 Bee Cave Road Austin, TX 78746	2,581,589(3)	8.5%
Nantahala Capital Management, LLC 19 Old Kings Highway Darien, CT 06800	2,298,270(4)	7.6%

(1) Information is as of May 13, 2016, as provided by the holder. Includes 300,550 shares owned by the wife of Robert J. Higgins and 137,500 shares owned by a foundation controlled by Robert J. Higgins, and excludes 1,288,407 shares owned by certain other family members of Robert J. Higgins who do not share his residence. Mr. Robert Higgins disclaims beneficial ownership with respect to those shares owned by family members other than his wife.
(2) Based on Form 13D/A, filed December 15, 2015 and subsequent Form 4s filed by Lloyd Miller, III, which indicate Mr. Miller has shared voting power and shared dispositive power with respect to 314,525 shares.
(3) Based on Form 13G/A, filed February 9, 2016, by Dimensional Fund Advisors Inc.
(4) Based on Form 13G/A, filed February 16, 2016 by Nantahala Capital Management, LLC.

Mr. Higgins, who beneficially owns 14,717,215 shares of Common Stock as of the record date (approximately 48.5% of all outstanding shares), has advised the Company that he presently intends to vote for the election of the nominees for Directors named under Item 1 Election of Directors and for Item 2 Advisory Vote on Executive Compensation .

Item 1. ***Election of Directors***

The Board of Directors (also referred to herein as the Board) has nominated eight candidates for election as directors to hold office (subject to the Company s By-Laws) for a one-year term expiring at the 2017 annual meeting of shareholders (the 2017 Meeting) and until their successors have been elected and qualified.

The nominees will be elected by a plurality vote of the outstanding shares of Common Stock cast at the Annual Meeting.

If the nominees listed below should become unavailable for any reason, which management does not anticipate, the proxy will be voted for any substitute nominee who may be selected by the Nominating and Corporate Governance Committee of the Board prior to or at the Annual Meeting or, if no substitute is selected prior to or at the Annual Meeting, for a motion to reduce the membership of the Board to the number of nominees available. The information concerning the nominees and their security holdings has been furnished by them to the Company.

The biographies of each of the Directors contain applicable information regarding the person s service as a director, business, educational, and other professional experience, director positions held currently or at any time during the last five years, and the experiences, qualifications, attributes or skills that caused the Board to determine that the person should serve as a director for the Company. The Company believes that the backgrounds and qualifications of its Directors, considered as a group, should provide the Company and Board with diverse business and professional capabilities, along with the experience, knowledge and other abilities that will allow the Board to fulfill its responsibilities.

Nominees for Election as Directors

Robert J. Higgins, Chairman of the Board, founded the Company in 1972. Mr. Robert Higgins has served as Chairman of the Company for more than the past five years. He served as Chief Executive Officer of the Company from the Company s founding until October 2014 and as the Executive Chairman of the Board until December 2015. He is also the Company s principal shareholder. See PRINCIPAL SHAREHOLDERS. As founder and Chief Executive Officer of the Company for over 40 years, Mr. Robert Higgins brings an extraordinary understanding of our Company s business, history and organization. With his previous day-to-day leadership and intimate knowledge of our business and operations, Mr. Robert Higgins provides the board with invaluable insight into the operations of our company.

Michael Feurer has been Chief Executive Officer of the Company since October 2014 and a Director since January 2016. Mr. Feurer most recently served as Chief Executive Officer and President of Vanity Stores from 2012 to 2014. Mr. Feurer s prior experience includes nine years, from 2001 through 2010, at Coldwater Creek in various positions, including Senior Vice President Merchandising and Merchandise Operations and President, Strategic New Concepts. He also spent nine years at the Gap where he was responsible for Market Planning and Planning and Allocation for their Canadian, European, and Japanese markets. Mr. Feurer has extensive international and domestic retail experience gained through his positions at Coldwater Creek and Gap Inc., combined with the leadership skills developed as the Chief Executive Officer at Vanity Stores.

Martin Hanaka, has been an Operating Partner at Highland Consumer Fund since August 2014. Prior to that, he was the Interim Chief Executive Officer of Guitar Center, Inc. from January 2013 to April 2013. Previously, Mr. Hanaka served as the Chairman of Golfsmith International Holdings, Inc. from April 2007 to November 2012 and was the Chief Executive Officer from June 2008 to November 2012. From September 1998 to August 2003, Mr. Hanaka served as the Chief Executive Officer of The Sports Authority Inc. and served as Chairman from November 1999 through June 2004. From August 1994 to October 1997, he served as the President and Chief Operating Officer of Staples Inc. and served as a member of the Board of Directors. He has served on a dozen public and private boards of directors, including the Company s from 1998 through 2009. In addition to significant experience providing oversight as a director in various capacities, Mr. Hanaka contributes substantial experience in the retail sector.

Robert E. Marks has been the President of Marks Ventures, LLC, a private equity investment firm, since 1994. Mr. Marks is currently a director of Terra Income Fund 6 and Denny s Corporation (Denny s) and served as Chairman of the Board of Directors of Denny s from 2004 to 2006; a member of the Board of Trustees of the Greenwich, Connecticut Public Library, and a member of the Board of Trustees of The International Rescue Committee. Mr. Marks has extensive finance, investment and executive compensation experience to share with the Board.

Dr. Joseph G. Morone has been the President and CEO of Albany International Corp since January 2006 and President since August 2005. From August 1997 to July 2005, he was the President of Bentley University. Previously, Dr. Morone was the Dean of Rensselaer Polytechnic Institute s Lally School of Management and Technology from July 1993 to July 1997. Before joining the School of Management in 1988, Dr. Morone was a senior associate for the Keyworth Company, a consulting firm specializing in technology management and science policy. Dr. Morone also served in the White House Office of Science and Technology Policy and spent seven years at General Electric Company s Corporate Research and Development. Dr. Morone also serves on the Board of Directors of Albany International Corp. and on the Board of Trustees of the University System of New Hampshire. Dr. Morone has executive leadership experience at public companies and academic institutions, with an expertise in risk management and strategic planning.

Michael Nahl is the retired Executive Vice President and Chief Financial Officer of Albany International Corp. Mr. Nahl joined Albany International Corp. in 1981 as Group Vice President, Corporate, served as Senior Vice President and Chief Financial Officer from 1983 to 2005 and was appointed as Executive Vice President in 2005. Mr. Nahl retired as Executive Vice President and Chief Financial Officer of Albany International Corp. in September 2009. Mr. Nahl has been Chairman of the Board of Lindsay Corporation since January 2015 and was a member of JPMorgan

Chase and Company s Regional Advisory Board from 1996 through 2010. Mr. Nahl has broad and extensive knowledge on accounting, disclosure, risk management, auditing and finance matters, as well as operational and strategic experience to share with our Board.

W. Michael Reickert, has been the managing member of Independent Family Office, LLC since 2005. Prior to founding Independent Family Office in 2005, Mr. Reickert was employed by The Ayco Company, LP, a financial services company, from 1986 to 2004 in various positions, including Executive Vice President. Mr. Reickert currently serves on the board of Albany Medical Center since 2011. Mr. Reickert provides the Board with financial and investment expertise. Mr. Reickert provides financial services to Mr. Higgins and is Trustee of various trusts for the benefit of Mr. Higgins.

Michael B. Solow is the Co-Chairman and Managing Partner of Kaye Scholer LLP, an international law firm based in New York City, where he has practiced since January 2001 and is currently a member of the firm s Executive Committee. Prior to joining Kaye Scholer LLP, Mr. Solow was a Partner and Practice Manager for the Financial Services Practice at Hopkins & Sutter, a Chicago, Illinois law firm. Mr. Solow has previously served on other corporate boards, including Camelot Music, Inc. Mr. Solow provides the Board with extensive legal and management experience, particularly his expertise in corporate finance and his experience in law firm management.

Item 2. ***Advisory Vote to Approve Named Executive Officer Compensation***

The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the "Dodd-Frank Act") allows our shareholders to vote to approve, on an advisory (non-binding) basis, the compensation of our named executive officers as disclosed in this proxy statement in accordance with SEC rules.

The objectives of our compensation programs are to attract, motivate, retain and reward executives and employees who will make substantial contributions toward the Company s meeting the financial, operational and strategic objectives that we believe will build substantial value for the Company s shareholders.

We are requesting shareholder approval of the compensation of our named executive officers pursuant to the compensation disclosure rules of the SEC, including the "Compensation Discussion and Analysis," the compensation tables and any related material disclosed in this proxy statement. This vote is not intended to address any one specific item of compensation, but instead the overall compensation of our named executive officers and the policies and practices described in this proxy statement.

This vote is advisory and therefore not binding on the Company, the Compensation Committee of the Board of Directors or the Board. The Board and the compensation committee value the views of our shareholders and, to the extent there is any significant vote against the named executive officer compensation as disclosed in this proxy statement, we will consider those shareholders concerns and will evaluate whether any actions are necessary to address those concerns.

Executive Officers

The Company s executive officers (other than Mr. Mike Feurer whose biographical information is included under Item 1 Election of Directors herein) are identified below.

John Anderson has been Chief Financial Officer of the Company since February 2013. Prior to being named Chief Financial Officer, Mr. Anderson was Acting Chief Financial Officer beginning July 2012. Prior to that, Mr. Anderson served in positions of increasing responsibility at Trans World for over 18 years, most recently serving as Controller since September 2006.

Bruce J. Eisenberg has been Executive Vice President of Real Estate since May 2001. He joined the Company in August of 1993 as Vice President of Real Estate and was named Senior Vice President of Real Estate in May 1995. Prior to joining the Company, Mr. Eisenberg was responsible for leasing, finance and construction of new regional mall development at The Pyramid Companies.

Scott Hoffman has been Chief Merchandising Officer since July 2015. Mr. Hoffman most recently served as Executive Vice President of G.H. Bass & Co., a specialty retailer, from February 2014 to October 2014. Previously, Mr. Hoffman served as Executive Vice President and Chief Merchandising Officer for Finish Line, a leading athletic retailer, from September 2012 to September 2013. From 2009 through 2012, Mr. Hoffman served in various positions at Echo Design Group, a fashion designer and retailer, including Managing Director Branded Sales, Private Label Coach.

EQUITY OWNERSHIP BY DIRECTORS AND EXECUTIVE OFFICERS

The following table sets forth the beneficial ownership of Common Stock as of May 13, 2016, by each Director and Named Executive Officer of the Company and all Directors and executive officers as a group. All shares listed in the table are owned directly by the named individuals, unless otherwise indicated therein. The Company believes that the beneficial owners have sole voting and investment power over their shares, except as otherwise stated or as to shares owned by spouses.

Name	Positions With the Company	Age	Year First Elected as Director/ Officer	Direct Ownership	Shares that may be acquired within 60 days of May 13, 2016	Total Shares Beneficially Owned	Percent of Class
Robert J. Higgins	Chairman of the Board	75	1973	14,717,765[(1)]		14,717,765	48.5%
Martin Hanaka	Director	67	2013	13,774	7,500	21,274	*
Robert E. Marks	Director	64	2012	35,602	11,250	46,852	*
Dr. Joseph G. Morone	Director	63	1997	24,088		24,088	*
Michael Nahl	Director	73	2011	13,623	15,000	28,623	*
W. Michael Reickert	Director	52	2016	183,775(2)		183,775	*
Michael B. Solow	Director	57	1999	16,294	12,408	28,702	*
Michael Feurer	Chief Executive Officer, Director	46	2014	66,755	200,000	266,755	*
John Anderson	Chief Financial Officer	47	2012		80,800	80,800	*
Bruce J. Eisenberg	Executive Vice President Real Estate	56	1995	10,545	338,750	349,295	1.1%
Scott Hoffman	Chief Merchandising Officer	43	2015				*
All Directors and Executive Officers as a group (11 persons)				15,082,221	665,708	15,747,929	50.8%

* Less than 1% of issued and outstanding Common Stock

(1) Includes 300,550 shares owned by the wife of

Robert J. Higgins and 137,500 shares owned by a foundation controlled by Robert J. Higgins, and excludes 1,291,124 shares owned by certain other family members of Robert J. Higgins who do not share his residence. Mr. Robert Higgins disclaims beneficial ownership with respect to those shares owned by family members other than his wife.

(2) Represents shares held in a trust for the benefit of Mr. Higgins of which Mr. Reickert is Trustee.

CORPORATE GOVERNANCE

The Board of Directors

Meetings and Attendance

The Board of Directors held six meetings during the 2015 fiscal year. All of the Directors attended greater than 75% of the aggregate of: (i) the total number of meetings of the Board of Directors, and (ii) the total number of meetings held by all committees of the Board on which such Director served.

It is the policy of the Board that all Directors should be present at Company s Annual Meeting of Shareholders. All of the Directors then in office and standing for election attended the 2015 Annual Meeting of Shareholders.

Code of Ethics

The Board of Directors has adopted a Code of Ethics applicable to the Company s officers, employees, Directors and consultants. The Code of Ethics is available on the Company s website, www.twec.com. A copy of the Code of Ethics is available in print to any shareholder who requests it in writing to the Company s Corporate Secretary, Trans World Entertainment Corporation, 38 Corporate Circle, Albany, NY, 12203.

Guidelines for Evaluating Independence of Directors

The Board has determined that all of the Directors, other than Mr. Robert Higgins, Mr. Feurer and Mr. Reickert, are independent directors in accordance with the standards of the NASDAQ

Stock Market and as described below. The Nominating and Governance Committee as well as the Board annually reviews relationships that Directors may have with the Company to make a determination of whether there are any material relationships that would preclude a Director being independent.

The standards relied upon by the Board in affirmatively determining whether a director is independent, in compliance with the rules of the NASDAQ Stock Market, are comprised of those objective standards set forth in the NASDAQ rules. The Board is responsible for ensuring that independent directors do not have a material relationship with the Company or its affiliates or any executive officer of the Company or his or her affiliates.

Presiding Director

The non-management directors annually elect one independent director to be the Presiding Director. Dr. Morone currently serves as the Presiding Director. The Presiding Director s primary responsibility is to preside over executive sessions of the non-management directors and at all meetings at which the Chairman is not present.

Committees of the Board of Directors

The Audit Committee

The Board of Directors has an Audit Committee whose current members are: Robert Marks (Chairman), Dr. Joseph Morone, and Michael Nahl. These Directors are, in the opinion of the Board of Directors, independent (as defined under the standards of the NASDAQ Stock Market) of management and free of any relationship that would interfere with their exercise of independent judgment as members of the Audit Committee. The Board of Directors has determined that Robert Marks is both independent and qualified as an Audit Committee financial expert as such term is defined under the rules and regulations promulgated by the Securities and Exchange Commission and applicable to this Proxy Statement. The Audit Committee held five meetings during the 2015 fiscal year. The Audit Committee s responsibilities consist of recommending the selection and authorization of independent accountants, reviewing the scope of the audit conducted by such accountants, as well as the audit itself, and reviewing the Company s audit activities and matters concerning financial reporting, accounting and audit procedures, related party transactions and policies generally. The Audit Committee was established in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934. The Board of Directors has adopted a written charter for the Audit Committee, a copy of which was attached as Appendix A to the 2015 Proxy Statement.

The Compensation Committee

The Board of Directors has a Compensation Committee, consisting solely of independent Directors, whose current members are: Michael Solow (Chairman), Martin Hanaka, Dr. Joseph Morone and Michael Nahl. The Compensation Committee held one meeting during the 2015 fiscal year. The Compensation Committee formulates and gives effect to policies concerning salary, compensation, stock options and other matters concerning employment with the Company. The processes and procedures used for the consideration and determination of executive compensation are described in the section of this Proxy captioned Compensation Discussion and Analysis. The Board of Directors has adopted a written charter for the Compensation Committee, a copy of which is attached as Appendix A to this Proxy Statement.

The Nominating and Corporate Governance Committee

The Board of Directors has a Nominating and Corporate Governance Committee, consisting solely of independent Directors, whose current members are: Dr. Joseph Morone (Chairman), Martin Hanaka, Robert Marks, Michael Nahl, and Michael Solow. The Nominating and Corporate Governance Committee held 4 meetings during the 2015 fiscal year. The Nominating Committee develops qualification criteria for Board members; interviews and screens individuals qualified to become Board members in order to make recommendations to the Board; and oversees the evaluation of executive management. The Committee seeks to select a Board that is strong in its collective knowledge of and diversity of skills and experience concerning retail operations, accounting and finance, management and leadership, vision and strategy, risk assessment and corporate governance. The Board of Directors has adopted a written charter for the Nominating and Corporate Governance Committee, a copy of which is attached as Appendix B to this Proxy Statement.

The Nominating and Corporate Governance Committee will consider nominations submitted by shareholders. To recommend a nominee, a shareholder should write to the Company s Secretary. To be considered by the Nominating and Corporate Governance Committee for nomination and inclusion in the Company s Proxy Statement for its 2017 Meeting, a shareholder recommendation for a Director must be received by the Company s Secretary no later than May 7, 2017. Any recommendation must include (i) the name and address of the candidate, (ii) a brief biographical description, including his or her occupation for at least the last five years, and a statement of the qualifications of the candidate, taking into account the qualification requirements summarized above, and (iii) the candidate s signed consent to be named in the Proxy Statement and to serve as a Director if elected. The Nominating and Corporate Governance Committee may seek additional biographical and background information from any candidate which, to be considered, must be received on a timely basis.

The process followed by the Nominating and Corporate Governance Committee to identify and evaluate candidates includes requests to Board members and others for recommendations, including a search firm or outside consultant, meetings from time to time to evaluate biographical information and background material relating to potential candidates and interviews of selected candidates by members of the Nominating and Corporate Governance Committee and the Board. Assuming the appropriate biographical and background material is provided for candidates submitted by shareholders, the Nominating and Corporate Governance Committee will evaluate those candidates by following substantially the same process, and applying substantially the same criteria, as for candidates submitted by Board members. While the Company does not have a formal diversity policy for Board of Director membership, the Nominating and Corporate Governance Committee and the Board of Directors, as a whole, seeks nominees or candidates to serve as directors that represent a variety of backgrounds and experience that will enhance the quality of the Board of Director s deliberations and decisions. The Nominating and Corporate Governance Committee considers, among other factors, diversity with respect to viewpoint, skills and experience in its evaluation of candidates for Board of Director membership. Such diversity considerations are discussed by the Nominating and Corporate Governance Committee in connection with the general qualifications of each potential nominee. The non-management directors recommended Mr. Feurer and Mr. Reickert be added to the Board. The Nominating and Corporate Governance Committee did not receive any nominations from shareholders for the 2016 Annual Meeting.

Board s Role in Risk Oversight

The Board has an active role, as a whole and also at the committee level, in overseeing management of the Company s risks. The Board regularly reviews information regarding the Company s credit, liquidity, and operations, as well as the risks associated with each. The Compensation Committee is responsible for overseeing the management of risks relating to the Company s executive compensation plans and arrangements. The Audit Committee oversees management of financial risks and potential conflicts of interest. The Nominating and Corporate Governance Committee manages risks associated with the independence of the Board. While each committee is responsible for evaluating certain risks and overseeing the management of such risks, the entire Board is regularly informed through committee reports about such risks.

Communications with the Board of Directors

The Board has established a process for shareholders to communicate with members of the Board. The Chairman of the Nominating and Corporate Governance Committee, with the assistance of the Company s Secretary, will be primarily responsible for monitoring communications from

Shareholders and providing copies or summaries of such communications to the other Directors, as he or she considers appropriate. Communications will be forwarded to all Directors if they relate to appropriate matters and may include suggestions or comments from the Chairman of the Nominating and Corporate Governance Committee. Any such communication must state the number of shares beneficially owned by the shareholder making the communication. In general, communications relating to corporate governance and long-term corporate strategy are more likely to be forwarded than communications relating to personal grievances and matters as to which the Company tends to receive repetitive or duplicative communications. Shareholders who wish to send communications to the Board may do so by writing to:

Michael Feurer	Robert Higgins
Chief Executive Officer	Chairman of the Board
Trans World Entertainment Corporation	Trans World Entertainment Corporation
38 Corporate Circle Albany, New York 12203	38 Corporate Circle Albany, New York 12203

Compensation of Directors

Name	**Fees Earned or Paid in Cash ($)[2]**	**Stock Awards ($)[3]**	**Option Awards ($)**	**All Other Compensation ($)**	**Total Compensation ($)**
Robert J. Higgins[1]	12,500				12,500
Martin Hanaka	54,500	50,000			104,500
Robert Marks	120,000				120,000
Dr. Joseph G. Morone	115,000				115,000
Michael Nahl	110,000				110,000
Michael B. Solow	111,500				111,500

(1) Mr. Higgins was employed as Executive Chairman of the Board through December 2015. Fees earned reflect the amount of cash received for the prorated annual retainer of $150,000. See Summary Compensation Table for information regarding compensation paid to Mr. Higgins for his employment as Executive Chairman of the Board.

(2) Fees earned reflect the amount of cash received for the annual retainer, Board and committee meeting fees and cash received in lieu of Deferred Shares.

(3) Amount represents the grant date fair value as computed in accordance with Accounting Standards Codification Topic 718, relating to the grant of deferred shares to a director in 2015. See Note 7 to the Consolidated Financial Statements in the Company s 2015 Annual Report on Form 10-K for the assumptions made in determining the value. Effective May 1, 2015, 13,774 deferred shares were awarded to Mr. Hanaka.

Cash Compensation. Each Director who is not a salaried employee of the Company, other than Mr. Higgins, receives a $12,500 retainer per annum plus a $2,000 attendance fee for each Board meeting attended and a $1,000 attendance fee for each committee meeting attended, except that the compensation for telephone conference meetings is $1,000 and $500 for board and committee telephone conference meetings, respectively. A committee chairperson receives an additional $5,000 retainer per year and the Audit Committee chairperson receives a $15,000 annual retainer. The Company may, in its discretion, determine to pay all or a portion of any annual retainer in shares of Common Stock in lieu of cash and to make discretionary grants of Common Stock to non-employee Directors from time to time. The Company has not elected to pay the annual retainer in shares or make discretionary grants during the past three years.

Commencing January 1, 2016, Mr. Higgins, as Chairman of the Board, receives a $150,000 retainer per annum.

Directors Equity Awards. Currently, each Director is eligible to participate in the Amended and Restated 2005 Long Term Incentive Plan. During the 2015 fiscal year, no options were granted to members of the Board. As of May 13, 2016, Mr. Hanaka, Mr. Nahl and Mr. Marks each held options to purchase 15,000 shares.

An initial grant of 15,000 stock options is made to each new non-employee Director. In addition, on or about May 1 of each year, Directors are entitled to receive grants of deferred shares of Common Stock (Deferred Shares) under the Amended and Restated 2005 Long Term Incentive Plan representing $80,000 in market value of Common Stock as of the date of grant. The Deferred Shares vest on the date of grant. By December 31 two years prior to the grant year, each Director must elect to either receive cash in lieu of the Deferred Shares, Common Stock with respect to the Deferred Shares upon grant or to defer the receipt of such Common Stock until such person is no longer a Director, except that a cash election could be made only if the Board member held 4x the value of the annual retainer ($50,000) in Common Stock, including Deferred Shares, based on the 120 day average closing price as of the prior December 1st. During the 2015 fiscal year, each non-executive Director received cash in lieu of Deferred Shares, except Mr. Hanaka who received 13,774 shares representing a value of $50,000. The Board of Directors is authorized, in its discretion, to grant additional stock options or Common Stock awards to Directors.

COMPENSATION DISCUSSION AND ANALYSIS

Introduction

This section describes the material elements of compensation for the Company s executive officers identified in the Summary Compensation Table below (who are referred to below as the named executive officers or NEOs), the process by which such elements are determined and established by the Compensation Committee for the respective individuals and the principles and considerations underlying such determinations.

The compensation decisions for the named executive officers relating to 2015 took into account the Company s consolidated financial results. Discussions relating to the Company s consolidated financial results and operating performance for the year are contained in the Management s Discussion and Analysis section of the Company s 2015 Annual Report on Form 10-K.

Compensation Objectives and Approach

The objectives of our compensation programs are to attract, motivate, retain and reward executives and employees who will make substantial contributions toward the Company meeting the financial, operational and strategic objectives that we believe will build value for the Company s shareholders. In an effort to achieve these objectives, the key elements of such programs consist of base salary, annual performance-based cash bonuses and share-based compensation.

Compensation Determination Process and Considerations

Peer Groups and Survey Data

The Compensation Committee evaluates our executive compensation practices and financial performance by reference to a peer group. The peer group is a group of companies which would be considered peers for executive talent purposes and is similar to the Company in terms of size, industry and scope of operations. Due to the limited number of companies directly similar in size, we include companies that are both somewhat smaller and larger than us, particularly companies from which we could recruit executive talent. The Committee periodically reviews the companies comprising the peer group and revises the group as it deems appropriate to reflect applicable changes within the industry.

At the Committee s request, Compensation Advisor Partners (CAP) conducted an executive compensation review to compare our senior executive compensation relative to the peer group with supplemental data from published market surveys. The Committee used this report to evaluate whether the executive compensation levels, including base salary target bonus and long term-incentive awards, are within industry norms and our business strategy.

CAP supplemented data from the peer group with broad-based compensation survey data to develop a comprehensive view of the competitive market. The Committee believes that this use of survey data is an important element of our compensation evaluation. Compensation survey data includes companies comparable to us in terms of size and scale rather than the broader retail industry that influence the competitive market for executive compensation levels.

The following is a list of the companies which were used by the Compensation Committee in fiscal 2015 when evaluating our executive compensation:

Books-A-Million Inc	Perfumania Holdings, Inc.	Tilly s Inc.
Build-A-Bear Workshop Inc.	Shoe Carnival Inc.	Tuesday Morning Corporation
Christopher & Banks Corporation	Speed Commerce, Inc.	Weyco Group Inc.
Hooker Furniture Corp.	Summer Infant, Inc.	Zumiez, Inc.
Kirkland Inc.		

While the Compensation Committee does not benchmark NEO compensation to the comparable executive compensation at these peer companies, it does consider general competitiveness of the total compensation of our NEOs compared to similarly situated executive officers. The Compensation Committee generally confirms that total annual compensation for our NEOs, assuming performance-based compensation targets are met but not exceeded, is above the median but below the 75th percentile of total compensation for similarly situated executives at the peer group companies.

The Compensation Committee s compensation determinations regarding the named executive officers are reviewed by the full Board. Generally, these determinations are made annually and occur at the Compensation Committee s regular meeting of each fiscal year occurring in April, at which cash bonuses and share-based awards, if any, relating to the named executive officers performance during the preceding fiscal year are granted, and any base salary adjustments for the current year are implemented. In preparation for these meetings, the Chief Executive Officer meets with the Compensation Committee Chairman to present his preliminary compensation proposals relating to the named executive officers to be addressed in the April meeting, based on the planned full-year financial results for the Company and its subsidiaries.

The Compensation Committee reviews and approves each element of compensation for the named executive officers. In establishing the levels and components of compensation for the named executive officers, the Compensation Committee, as a threshold matter, evaluates the overall performance of the Company for the year.

Key elements considered in the Compensation Committee s performance evaluations include corporate performance, the officer s contributions to such performance and the officer s other accomplishments for the benefit of the Company during such period. In these evaluations, the Compensation Committee does not apply rigid formulas with respect to amount of compensation paid or the allocation between cash and non cash compensation, and reviews long-term financial performance, as well as financial performance for the previous year. Such evaluations also take into account the nature, scope and level of the named executive officer s responsibilities and the officer s level of experience, past levels of compensation and changes in such levels, tenure with the Company and other opportunities potentially available to such officer. In addition, the members of the Compensation Committee interact with each of the named executive officers in connection with regular meetings of the Company s Board of Directors, which provides the Committee with an additional basis for evaluating such officer and his performance. Based on all of these general evaluative factors and the additional factors described below, the Compensation Committee makes its assessments and determines the components and levels of compensation for each such officer.

Management meets with members of the Compensation Committee to assist the Committee in making compensation decisions regarding our named executive officers and also to discuss with the Compensation Committee its recommendations for other executives. We believe that since our management has extensive knowledge regarding our business, they are in a position to provide valuable input. Specifically, our Chief Executive Officer provides input relevant to setting performance goals and certifies to the Compensation Committee the level of achievement of our performance targets under our Executive Officer Bonus Plan and Amended and Restated 2005 Long Term Incentive Plan (the 2005 Plan).

Compensation Committee-Assessment of Risk

Each year, the Compensation Committee reviews the Company s compensation programs to assess risk in the Company s compensation programs. As part of its consideration, the Committee considers any potential risks that could arise from the Company s compensation policies and practices and the extent to which any of those risks would be reasonably likely to have a material adverse effect on the Company. The Committee considers all facets of the compensation programs, their underlying assumptions and the objectives those programs were designed to achieve. Some of the factors the Committee considers to minimize potential risks are the balance between cash and stock awards, the various time frames associated with earning of awards (seasonal, annual and multi-year vesting) and the different performance metrics associated with the incentive awards for each of the Company s businesses and corporate associates. After that review, the Committee has determined that the Company s compensation programs for 2015 did incentivize its associates, including senior executives, to take unnecessary and excessive risks that could jeopardize the future of the Company and would be adverse to the best interests of its shareholders.

The Company has sought to structure its overall compensation program to contain an appropriate mix of long-term and short-term incentives that balance risk and potential reward in a manner that is appropriate to the circumstances and in the best interest of the Company s shareholders. In particular, equity-based awards are structured to vest generally over a number of years, which encourages employees to focus on long-term results. Moreover, both annual incentive bonus and performance-based equity awards are subject to discretionary reduction if determined appropriate by the Compensation Committee. The Company believes that these factors reduce any incentive that employees may have to take inappropriate risks. Accordingly, the Company believes that its compensation policies and practices encourage and incentivize the employees to improve results in a disciplined, focused manner, with a view toward long-term success.

Cash Compensation

The Company pays base salaries at levels it believes will attract and retain key employees and ensure that our compensation program is competitive. Base salaries for the named executive officers are established by the Compensation Committee, and reviewed by such Committee for potential adjustment on an annual basis, based on the considerations described in the preceding section. The base salary amounts paid to the named executive officers during the 2015 fiscal year are shown in the Summary Compensation Table at page 14.

The annual incentive bonus plan, the results of which are shown in the Summary Compensation Table in the Non-Equity Incentive Plan Compensation column, provides for a cash bonus, dependent upon the level of achievement of the stated corporate goals, calculated as a percentage of the officer s base salary, with higher ranked executive officers being compensated at a higher percentage of base salary. The Compensation Committee approves the target annual incentive award for the Chief Executive Officer and, for each officer below the Chief Executive Officer level, bases the target in part on the Chief Executive Officer s recommendations. At the target level of bonus, the Chief Executive Officer receives 100% of his salary and the other NEOs receive 60% of their salary. For the 2015 fiscal year, the performance goal adopted for annual bonuses was based on achieving earnings before interest, taxes, depreciation and amortization (EBITDA) of $8.5 million. The Company s earnings before interest, taxes, depreciation and amortization were $9.2 million and each NEO received his target annual bonus.

Share-Based Compensation

The Company believes that a component of its officers compensation should consist of share-based incentive compensation, which appreciates or depreciates in value in relation to the market price of our Common Stock. Accordingly, the Compensation Committee has in recent years made, and intends in the future to continue to make, grants of share-based awards to the named executive officers and other key employees in such amounts as the Committee believes will accomplish the objectives of our compensation programs. As discussed below, the holder s ability to realize any financial benefit from these awards typically requires the fulfillment of substantial vesting requirements that are performance contingency-related in some cases and time-related in others. Accordingly, the Company believes that these awards provide substantial benefit to the Company in creating appropriate performance incentives and in facilitating the long-term retention of employees who add significant value. During fiscal 2015, the Company granted a total 135,000 time vested options to named executive officers in recognition of their performance in fiscal 2014. In addition, Mr. Hoffman was granted 100,000 options and 10,000 restricted stock units upon his hiring.

Retirement and Other Benefits

The Company s benefits program includes retirement plans and group insurance plans. The objective of the program is to provide named executive officers with reasonable and competitive levels of protection against the four contingencies (retirement, death, disability and ill health) which could interrupt their employment and/or income received as an active employee. Retirement plans, including the supplemental executive retirement plan, are designed to provide a competitive level of retirement income to named executive officers and to reward them for continued service with the Company. The retirement program consists of a supplemental executive retirement plan and the 401(k) plan. Mr. Eisenberg is the only participant in the supplemental executive retirement plan.

The group insurance program consists of life, disability and health insurance benefit plans that cover all full-time management and administrative employees and the supplemental long-term disability plan, which covers the named executive officers and other officers.

Other Compensation

The Company continues to maintain modest executive benefits and perquisites for officers; however, the Compensation Committee in its discretion may revise, amend or add to the officer s executive benefits and perquisites if it deems it advisable. See the Summary Compensation Table for a summary of such benefits.

Deductibility of Compensation Expenses

Section 162(m) of the Internal Revenue Code generally disallows a tax deduction to a public corporation for annual compensation over $1 million for its named executive officers who are considered covered employees for purposes of Section 162(m). Qualifying performance based compensation will not be subject to the deduction limit if certain requirements are met. Executive compensation is structured to avoid limitations on deductibility where this result can be achieved consistent with the Company s compensation goals.

Compensation Committee Report

The Compensation Committee reviewed and discussed with management the Compensation Discussion and Analysis section included in this proxy statement. Based on such review and discussion, the Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this proxy for filing with the Securities and Exchange Commission.

Compensation Committee of the Board of Directors
Michael Solow, Chairman
Martin Hanaka
Dr. Joseph Morone
Michael Nahl

Summary Compensation Table

The following table sets forth information regarding compensation earned by our Chief Executive Officer, Chief Financial Officer and three other most highly compensated Executive Officers:

Name	Principal Position	Year	Salary ($)(1)	Bonus ($)	Stock Awards ($)(2)	Option Awards ($)(3)	Non-Equity Incentive Plan Compensation ($)(4)	Change in Pension Value ($)	All Other Compensation ($)(6)	Total Compensation ($)
Robert J. Higgins(5)	Chairman of the Board	2015	646,154						192,316	838,470
		2014	725,000					1,443,620	193,920	2,362,540
		2013	800,000						186,435	986,435
Michael Feurer	Chief Executive Officer	2015	635,000				635,000		72,551	1,342,551
		2014	195,385	100,000	700,000	443,022				1,438,407
John N. Anderson	Chief Financial Officer	2015	300,000			142,000	85,200		2,538	529,738
		2014	255,000			70,350			2,742	328,092
		2013	235,384	36,000		58,164				329,548
Bruce J. Eisenberg	Executive Vice	2015	425,000			50,652	30,391		7,705	513,748
	President	2014	400,000			60,375		780,882	1,471	1,242,728
	Real Estate	2013	403,269			154,265		214,927		772,461
Scott Hoffman	Chief Merchandising Officer	2015	199,231		35,300	131,910	117,115		4,183	487,739

(1) Salary represents amounts earned during fiscal year.

(2) Amounts represent the grant date fair value, as computed in accordance with Accounting Standards Codification Topic 718, relating to restricted share units awarded to Mr. Hoffman during fiscal 2015. See Note 6 to the Consolidated Financial Statements in the Company s 2015 Annual Report on Form 10-K for the assumptions made in determining the value. Effective July 13, 2015, Mr. Hoffman was granted 10,000 restricted stock units.

(3) Amount represents the grant date fair value as computed in accordance with Accounting Standards Codification Topic 718, relating to the grant of stock options to the named executive officer in 2015. See Note 6 to the Consolidated Financial Statements in the Company s 2015 Annual Report on Form 10-K for the assumptions made in determining the value. Effective April 1, 2015, Mr. Anderson was granted 100,000 options. Effective May 15, 2015, Mr. Eisenberg was granted 35,000 options. Effective July 13, 2015, Mr. Hoffman was granted 100,000 options. The amount set forth in the table above does not necessarily reflect the value that will ultimately be realized with respect to the award.

(4) For the fiscal year 2015, amounts represent cash incentive payouts made to certain named executive officers for the achievement of the Company s Earnings Before Interest, Taxes, Depreciation and Amortization Target.

(5) Effective January 1, 2016, Mr. Higgins became the non-executive Chairman of the Board and is no longer an employee of the Company.

(6) Includes the following payments made by the Company to the named executive officers:

Name	Year	Perquisites and Other Personnel Benefits ($)	Insurance Premiums ($)	Company Contributions to Retirement and 401(K) Plans ($)	Total ($)
Robert J. Higgins(1)	2015	36,386	150,000	5,931	192,316
	2014	35,516	150,000	8,404	193,920
	2013	33,666	150,000	2,769	186,435
Michael Feurer(2)	2015	72,551			72,551
	2014				
John N. Anderson	2015			2,538	2,538
	2014			2,742	2,742
	2013				
Bruce J. Eisenberg	2015			7,705	7,705
	2014			1,471	1,471
	2013				
Scott Hoffman(2)	2015	4,183			4,183

(1) Perquisites for Mr. Higgins during the 2015 fiscal year include club dues ($8,370) and fees paid for a personal assistant ($28,016). The cost of perquisites was determined based on out-of-pocket cost to the Company.
(2) Perquisites for Mr. Feurer during the 2015 fiscal year represent the reimbursement of moving expenses. Perquisites for Mr. Hoffman during the 2015 fiscal year represent a car allowance.

Employment Agreements

Mr. Feurer

On August 27, 2014, the Company entered into an employment agreement with Mr. Feurer pursuant to which Mr. Feurer serves as the Company s Chief Executive Officer. Mr. Feurer received an initial base salary of $635,000 (Base Salary) and received a signing bonus of $100,000. His employment is on an at will basis. For fiscal year 2016, Mr. Feurer will be eligible for an annual bonus under the Company s bonus plan, with a target of 100% of his Base Salary. He will also receive equity having a fair value of not less than $430,000 for achieving target EBITDA. Fifty percent (50%) of the equity portion will be payable in stock options and 50% will be payable in restricted stock units. For later years, his bonus targets will be determined by the Compensation Committee, after consultation with the Executive, in an amount that provides the Executive with an opportunity to earn total compensation at or above a median total compensation benchmark for the Executive s position as deemed appropriate by the Compensation Committee.

On his start date, Mr. Feurer was granted options to purchase 300,000 shares of Company common stock, with an exercise price equal to the closing market price of the Company s common stock on The NASDAQ Stock Market on the start date. 100,000 of such options were vested and exercisable on the start date. The remaining shares will vest ratably over two years, subject to his continued employment on each such date. In addition, Mr. Feurer was granted an award of 200,000 restricted stock units which will vest in four equal installments on each anniversary of the effective date subject to his continued employment on each such date.

Mr. Feurer is eligible to participate in the Company s group health insurance, group life insurance, and 401(k) plans in accordance with their terms. He was also provided with relocation benefits. Please see the Severance Benefits section below for further information on Mr. Feurer s severance benefits.

Mr. Feurer also agreed to confidentiality and non-compete covenants.

Mr. Hoffman

On June 8, 2015, the Company entered into an offer letter with Mr. Hoffman pursuant to which Mr. Hoffman serves as the Company s Chief Merchandising Officer and Senior Vice President of Merchandising. Mr. Hoffman received an initial base salary of $350,000 (Base Salary). His employment is on an at will basis. For fiscal year 2015, Mr. Hoffman was eligible for an annual bonus under the Company s bonus plan, with a target of 60% of his Base Salary, and a guarantee of at least 30% of his Base Salary, pro rated based on his service period. For later years, his bonus targets will be determined by the Compensation Committee.

On his start date, Mr. Hoffman was granted options to purchase 100,000 shares of Company common stock, with an exercise price equal to the closing market price of the Company s common stock on The NASDAQ Stock Market on the start date. The stock options vest ratably over four years, subject to his continued employment on each such date. In addition, Mr. Hoffman was granted an award of 10,000 restricted stock units which will vest in four equal installments on each anniversary of his start date subject to his continued employment on each such date.

Mr. Hoffman is eligible to participate in the Company s group health insurance, group life insurance, and 401(k) plans in accordance with their terms. He was also provided with relocation benefits and a car and phone allowance. Please see the Severance Benefits section below for further information on Mr. Hoffman s severance benefits.

Mr. Hoffman also agreed to confidentiality and non-compete covenants.

17

Grants of Equity and Incentive Plan-Based Awards

The following table provides information with respect to share-based awards granted and annual incentive bonus plan awards, as applicable, to the named executive officers during the year ended January 30, 2016:

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards[(1)] Threshold ($)	Target ($)	Maximum ($)	All Other Stock Awards: Number of Shares of Stock Units (#)	All Other Option Awards; Number of Securities Underlying Options (#)	Exercise or Base Price of Option Awards ($/Share)	Grant Date Fair Value of Stock and Option Awards ($ s)
Robert J. Higgins								
Michael Feurer	5/19/2015	317,500	635,000	1,270,000				
John N. Anderson	5/19/2015	90,000	180,000	360,000				
	4/1/2015					100,000	$ 3.72	142,000
Bruce J. Eisenberg	5/19/2015	127,500	255,000	510,000				
	5/15/2015					35,000	$ 3.88	50,652
Scott Hoffman	7/13/2015	58,558	117,115	234,230	10,000	100,000	$ 3.53	131,910

(1) The amounts indicated reflect the possible payouts for the 2015 annual incentive bonus plan. Based on 2015 results, the Company achieved the targeted EBITDA. Therefore, the executives received the target annual bonus.

(2) Effective January 1, 2016, Mr. Higgins became the non-executive Chairman of the Board and is no longer an employee of the Company.

Outstanding Equity Awards at Fiscal Year-End

The table below summarizes the named executive officers equity awards that were unvested or unexercised, as applicable, as of January 30, 2016.

Name	Grant Date	Option Awards: Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)
Robert J. Higgins[(4)]	5/1/2006	450,000		5.32	5/1/2016	
Michael Feurer	10/13/2014(1)	200,000	100,000	3.50	10/13/2024	150,000(5)
John N. Anderson	5/1/2006	4,000		5.32	5/1/2016	

	5/1/2007	3,800		5.50	5/1/2017	
	3/1/2011	20,000		1.73	3/1/2021	
	5/7/2012(2)	12,000	8,000	2.53	5/7/2022	
	6/21/2013(2)		20,000	4.87	6/21/2023	
	6/3/2014(2)		35,000	3.36	6/21/2023	
	4/1/2015(3)	25,000	75,000	3.72	4/1/2026	
Bruce J. Eisenberg	5/1/2006	50,000		5.32	5/1/2016	
	5/1/2007	50,000		5.50	5/1/2017	
	5/6/2010	200,000		2.11	5/6/2020	
	6/21/2013(2)		50,000	4.87	6/21/2023	
	6/3/2014(2)		35,000	3.36	6/21/2023	
	5/15/2015(3)		35,000	3.88	5/15/2025	
Scott Hoffman	7/13/2015(3)		100,000	3.53	7/13/2025	10,000(5)

(1) Mr. Feurer s options vest ratably over two years beginning with 100,000 options vesting at the grant date.

(2) Mr. Anderson s and Mr. Eisenberg s options vest based on service period with 60% vesting after the third year of service and 20% vesting after the each of fourth and fifth year of service.

(3) Mr. Anderson s, Mr. Eisenberg s and Mr. Hoffman s options vest based on service period ratably over four years.

(4) Effective January 1, 2016, Mr. Higgins became the non-executive Chairman of the Board and is no longer an employee of the Company.

(5) Mr. Feurer s Restricted Stock Units vest ratably over two years. Mr. Hoffman s Restricted Stock Units vest ratably over four years.

Fiscal 2015 Option Exercises and Stock Vested

The following table summarizes options exercised and stock awards that vested during the last completed fiscal year.

	Option Awards		Stock Awards	
Name	**Number of Shares Acquired on Exercise (#)**	**Value Realized on Exercise ($)**	**Number of Shares Acquired on Vesting (#)**	**Value Realized on Vesting ($)**
Robert J. Higgins				
Michael Feurer			50,000	188,000
John N. Anderson				
Bruce J. Eisenberg				
Scott Hoffman				

Pension Benefits

The Company maintains a non-qualified Supplemental Executive Retirement Plan (SERP) for certain executive officers of the Company. The SERP, which is a nonqualified plan, provides eligible executives defined pension benefits that supplement benefits under other retirement arrangements. The annual benefit amount is equal to 50% of the average of the participant s base compensation for the five years prior to retirement plus the average of the three largest bonus payments for the last five years prior to retirement, to the extent vested. Participants vest 35% after 10 years, 75% after 20 years and 100% after 20 years of service and retirement at the age of 65. In addition, the benefits become vested in full upon a change in control of the Company prior to the participant s termination of employment or a termination of employment due to the participant s death or disability. Additionally, all benefits under the Supplemental Executive Retirement Plan will be forfeited in the event of any of the following: competitive conduct during the 5 years following termination of employment or at any time while in receipt of benefits; solicitation for employment or employment of company employees during the 5 years following termination or at any time while in receipt of benefits (this clause is waived in the event of a change in control); disclosure of confidential information; or termination for cause. During the 2012 fiscal year, the Compensation Committee of the Board of Directors approved setting Mr. Robert Higgins annual benefit to $950,000. Payments are made in equal installments over 20 years. The Company has established a rabbi trust whose purpose is to be a source of funds to pay benefits to participants in the SERP. The following table illustrates pension benefits accrued under the Supplemental Executive Retirement Plan:

Name	**Plan Name**	**Number of Years Credited Service (#)**	**Present Value of Accumulated Benefit ($)(1)**	**Payments During Last Fiscal Year ($)**
Robert J. Higgins(2)	Supplemental Executive Retirement Plan	43	13,847,772	
Michael Feurer	Supplemental Executive Retirement Plan			
John N. Anderson				

	Supplemental Executive Retirement Plan		
Bruce J. Eisenberg	Supplemental Executive Retirement Plan	22	3,188,432
Scott Hoffman	Supplemental Executive Retirement Plan		

(1) The amounts shown in this column are based on the same assumptions used in preparation of the Company s 2015 Consolidated Financial Statements, which are described in Note 6 to the Company s 2015 Consolidated Financial Statements.

(2) Effective January 1, 2016, Mr. Higgins became the non-executive Chairman of the Board and is no longer an employee of the Company.

Potential Payments Upon Termination or Change of Control

The following table illustrates potential payments upon termination or change of control as of January 30, 2016:

	Voluntary ($)	For Cause ($)	Involuntary W/O Cause ($)	Death ($)	Disability ($)	Change in Control ($)
Retirement Benefits[1]						
Robert J. Higgins[3]						
Michael Feurer						
John N. Anderson						
Bruce Eisenberg				1,164,448	1,164,448	1,164,448
Scott Hoffman						
Equity[2]						
Robert J. Higgins[3]						
Michael Feurer				514,000	514,000	514,000
John N. Anderson				67,600	67,600	67,600
Bruce Eisenberg				103,300	103,300	103,300
Scott Hoffman				57,800	57,800	57,800
Severance Benefits						
Robert J. Higgins[3]						
Michael Feurer[4]			952,500			
John N. Anderson[5]			150,000			
Bruce Eisenberg[5]			212,500			
Scott Hoffman[6]			262,500			
Health and Welfare Benefits[7]						
Robert J. Higgins[3]						
Michael Feurer			25,130			
John N. Anderson			8,377			
Bruce Eisenberg			8,377			
Scott Hoffman			12,565			

(1) Under provisions of the Trans World Entertainment Supplemental Executive Retirement Plan, a participant would be fully vested in their pension benefit in the event of death, disability or a change in control of the Company. The estimated present value of the accelerated vesting due to the death, disability or change in control provisions as presented are as of January 30, 2016. Additionally, all benefits under the Supplemental Executive Retirement Plan will be forfeited in the event of any of the following: competitive conduct during the 5 years following termination of employment or at any time while in receipt of benefits; solicitation for employment or employment of company employees during the 5 years following termination or at any time while in receipt of benefits (this clause is waived in the event of a change in control); disclosure of confidential information; or termination for cause.

(2) Value as of January 30, 2016 of unvested equity awards. These awards vest pursuant the terms of the 2005 Long Term Incentive Plan and applicable award agreement.

(3) Effective January 1, 2016, Mr. Higgins become the non-executive Chairman of the Board and is no longer an employee of the Company.

(4) Severance provisions as provided by Mr. Feurer s employment agreement, as described below.
(5) Severance provisions as provided by the Company s severance guidelines, as described below.
(6) Severance provisions as provided by Mr. Hoffman s offer letter, as described below.
(7) Anticipated costs of continuing life insurance, disability, medical, dental and hospitalization benefits for estimated severance period.

Severance Benefits

Mr. Feurer

The employment agreement entered into between the Company and Mr. Feurer provides severance or other benefits upon a termination of employment or a change in control.

Mr. Feurer s employment agreement provides that, in the event of his termination by reason of death or disability (as defined in the agreement), the executive shall be entitled to receive earned but unpaid base salary and payment for accrued but unused vacation. Mr. Feurer also shall be entitled to any benefits mandated under the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA) or required under the terms of any death, insurance, or retirement plan, program, or agreement provided by the Employer and to which the Mr. Feurer is a party or in which he is a participant.

In the event of his termination by the Company for cause (as defined in the agreement) or by the executive for any reason other than good reason (as defined in the agreement), the Company s remaining obligations under the agreement shall terminate.

In the event of his termination by the Company for any reason other than cause, death or disability or by the executive for good reason, Mr. Feurer shall be entitled to receive: (i) earned but unpaid base salary and accrued but unused vacation; and (ii) continuation of his base salary for 18 months.

Mr. Hoffman

The offer letter entered into between the Company and Mr. Hoffman provides severance or other benefits upon a termination of employment or a change in control. In the event that employment is terminated by the Company other than for cause, with good reason, or due to death or disability, and subject to signing a severance agreement containing a general release of all claims in a form prepared by the Company, Mr. Hoffman shall be entitled to: (i) base salary through the date of termination, and (ii) salary continuation for a period of nine (9) months (which shall be decreased to six (6) months if such termination is after July 13, 2016.

The Company has severance guidelines that are applicable to Officers, including the named executive officers, who are not party to an employment agreement or an offer letter. Under those guidelines, which are subject to review and amendment by the Committee from time to time, an Officer whose employment is terminated by the Company as a result of a reduction in force, position elimination or a failure to keep pace with the strategic demands of his or her position and who executes a release in the form requested by the Company is generally entitled to continue to receive one week of salary continuation, and continued participation in other benefit plans, for each year of service, with a minimum of 13 weeks and a maximum of 26 weeks for Vice President level officers.

In addition, unvested equity awards vest upon death, disability or a change of control pursuant to the terms of the 2005 Long Term Incentive Plan and applicable award agreements.

RELATED PARTY TRANSACTIONS

The Company leases its 181,300 square foot distribution center/office facility in Albany, New York from a company controlled by Robert J. Higgins, its Chairman and largest shareholder. The original distribution center/office facility was occupied in 1985. On December 4, 2015, the Company amended and restated the lease. The lease commenced January 1, 2016 and expires December 31, 2020.

Under the three original capital leases, dated April 1, 1985, November 1, 1989 and September 1, 1998, the Company paid Mr. Higgins an annual rent of $2.1 million in fiscal 2015. Under the new lease, accounted for as an operating lease, the Company paid Mr. Higgins $103 thousand in fiscal 2015. Under the terms of the lease agreements, the Company is responsible for property taxes and other operating costs with respect to the premises.

The Board has assigned responsibility for reviewing related party transactions to its Audit Committee. The Audit Committee has adopted a written policy pursuant to which all transactions between the Company or its subsidiaries and any Director or Officer must be submitted to the Audit Committee for consideration prior to the consummation of the transaction. The transaction will then be evaluated by the Audit Committee to determine if the transaction is in the Company s best interests and whether, in the Committee s judgment, the terms of such transaction are at least as beneficial to us as the terms we could obtain in a similar transaction with an independent third party. In order to meet these standards, the Committee may conduct a competitive bidding process, secure independent consulting advice, engage in its own fact-finding, or pursue such other investigation and fact-finding initiatives as may be necessary and appropriate in the Committee s judgment. The Audit Committee reports to the Board, for its review, on all related party transactions considered. The transactions that were entered into with an interested Director were approved by a majority of disinterested Directors of the Board of Directors, either by the Audit Committee or at a meeting of the Board of Directors.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934 generally requires the Company s Directors, executive officers and persons who own more than ten percent of the registered class of the Company s equity securities to file reports of beneficial ownership and changes in beneficial ownership with the Securities and Exchange Commission. Based solely upon its review of the copies of such reports received by it, or upon written representations obtained from certain reporting persons, the Company believes that all Section 16(a) filing requirements applicable to its officers, Directors, and greater than ten percent shareholders were complied with.

REPORT OF THE AUDIT COMMITTEE

The Audit Committee reviews the Company s financial reporting process on behalf of the Board of Directors and monitors the Company s efforts to comply with certain aspects of the Sarbanes-Oxley Act of 2002. The Audit Committee of the Board has reviewed and discussed the Company s audited financial statements with the Company s Management and its independent accountants, KPMG LLP. Management is responsible for the financial statements and the underlying financial reporting processes, including the system of internal controls. The Audit Committee has discussed with KPMG LLP the matters required to be discussed under professional standards. The Audit Committee also has received the written disclosures and the letter from the independent accountants required by applicable standards of the Public Company Accounting Oversight Board regarding the independent accountant s communications with the Audit Committee concerning independence and has discussed with KPMG LLP the independence of such independent accounting firm. The Committee has also considered whether the independent accountants other non-audit services to the Company are compatible with the accountants independence.

The Audit Committee also discussed with the Company s internal auditors and with KPMG LLP the overall scope and plans for their respective audits. The Audit Committee meets periodically with the Company s internal auditors and with KPMG LLP, with and without management present, to discuss the results of their examinations, the evaluation of the Company s internal controls and the overall quality and transparency of the Company s financial reporting. Based on its review and discussions referred to above, the Audit Committee recommended to the Board that the audited financial statements for the fiscal year ended January 30, 2016 be included in the Company s Annual Report on Form 10-K for the Company s fiscal year ended January 30, 2016.

Audit Committee of the Board of Directors
Robert Marks (Chairman)
Dr. Joseph Morone
Michael Nahl

OTHER MATTERS

Other Items. Management knows of no other items or matters that are expected to be presented for consideration at the meeting. However, if other matters properly come after May 27, 2016, the persons named in the accompanying proxy intend to vote thereon in their discretion.

Proxy Solicitation. The Company will bear the cost of the meeting and the cost of soliciting proxies, including the cost of mailing the proxy materials. In addition to solicitation by mail, Directors, officers, and regular employees of the Company (none of whom will be specifically compensated for such services) may solicit proxies by telephone or otherwise. Arrangements will be made with brokerage houses and other custodians, nominees, and fiduciaries to forward proxies and proxy materials to their principals, and the Company will reimburse them for their ordinary and necessary expenses.

Independent Accountants. The Board of Directors currently intends to select KPMG LLP as independent accountants for the Company for the fiscal year ending January 28, 2017. KPMG LLP has acted as accountants for the Company since 1994, when it purchased the Albany practice of Ernst & Young, the Company s accountants since 1985. Representatives of KPMG LLP will be present at the Annual Meeting and available to make statements to and respond to appropriate questions of shareholders.

The appointment of independent accountants is approved annually by the Board of Directors. The decision of the Board is based on the recommendation of the Audit Committee, which reviews and approves in advance the audit scope, the types of non-audit services, and the estimated fees for the coming year. The Audit Committee also reviews and approves non-audit services to ensure that they will not impair the independence of the accountants.

Before making its recommendation to the Board for appointment of KPMG LLP, the Audit Committee carefully considered that firm s qualifications as independent accountants for the Company. This included a review of its performance in prior years, as well as its reputation for integrity and competence in the fields of accounting and auditing. The Audit Committee s review included inquiry concerning any litigation involving KPMG LLP and any proceedings by the Securities and Exchange Commission against the firm. The following is a description of the fees billed to the Company by KPMG LLP for fiscal years 2015 and 2014.

Audit Fees. Audit fees include fees paid by the Company to KPMG LLP in connection with the annual audit of the Company s consolidated financial statements and KPMG LLP s review of the Company s interim financial statements. Audit fees also include fees for services performed by KPMG LLP that are closely related to the audit and in many cases could only be provided by independent accountants. The aggregate fees billed to the Company by KPMG LLP for audit services rendered to the Company and its subsidiaries for fiscal years 2015 and 2014 totaled $460,000 and $461,600, respectively.

Audit-Related Fees. Audit related services include audit services related to employee benefit plan audits. The aggregate fees billed to the Company by KPMG LLP for audit related services rendered to the Company and its subsidiaries were $20,500 and $20,000 for fiscal years 2015 and 2014, respectively.

Tax fees. Tax fees include corporate tax compliance and counsel and advisory services. SAXBST LLC was the Company s primary tax advisor in fiscal year 2015. KPMG didn t receive any fees for tax services in the last two years.

Each year, the Company reviews its existing practices regarding the use of its independent accountants to provide non-audit and consulting services to ensure compliance with recent SEC proposals. The Company has a policy which provides that the Company s independent accountants may provide certain non-audit services which do not impair the accountants independence. In that regard, the Audit Committee must pre-approve all audit services provided to the Company, as well as non-audit services provided by the Company s independent accountants. This policy is administered by the Company s senior financial management, which reports throughout the year to the Audit Committee.

Financial Statements. The Company s 2015 Annual Report to Shareholders (which does not form a part of the proxy solicitation material), including financial statements for the fiscal year ended January 30, 2016, is being sent concurrently to shareholders. If you have not received or had access to the 2015 Annual Report to Shareholders, you may request a copy by writing to: Trans World Entertainment Corporation, Attention: Treasurer, 38 Corporate Circle, Albany, NY 12203, and a copy will be sent to you free of charge.

SUBMISSION OF SHAREHOLDER PROPOSALS

Shareholders of the Company wishing to include proposals in the proxy material relating to the Annual Meeting of the Company to be held in 2017 must submit the same in writing so as to be received at the executive offices of the Company on or before January 27, 2017. Such proposals must also meet the other requirements of the rules of the Securities and Exchange Commission relating to shareholder proposals. Proposals should be addressed to Edwin J. Sapienza, Secretary, Trans World Entertainment Corporation, 38 Corporate Circle, Albany, NY 12203. No such proposals were received with respect to the Annual Meeting scheduled for July 6, 2016.

For any proposal that is not submitted for inclusion in next year s proxy statement (as described in the preceding paragraph) but is instead sought to be presented directly at next year s annual general meeting, the rules of the SEC permit management to vote proxies in its discretion if we do not receive notice of the proposal on or before May 2, 2016. Notices of intention to present proposals at next year s annual general meeting should be addressed to Edwin J. Sapienza, Secretary, Trans World Entertainment, 38 Corporate Circle, Albany, NY 12203.

By Order of the Board of Directors,

Edwin J. Sapienza, Secretary

May 27, 2016

APPENDIX A

TRANS WORLD ENTERTAINMENT CORPORATION
CHARTER OF THE COMPENSATION COMMITTEE
OF THE BOARD OF DIRECTORS

A. ***Formation of the Compensation Committee***

There shall be a committee of the Board of Directors (the Board) of Trans World Entertainment Corporation, a New York corporation (the Company) to be known as the Compensation Committee (the Committee). The Committee shall be composed of directors who are independent of the management of the Company and are free of any relationship that, in the opinion of the Board, would interfere with the exercise of independent judgment as a committee member. Without limiting the generality of the preceding sentence, the directors appointed to the Committee shall satisfy (i) the independence criteria of the NASDAQ Stock Market and (ii) the applicable rules and regulations of the U.S. Securities and Exchange Commission (the SEC), and shall not be an affiliated person of the issuer or any subsidiary as defined under the Sarbanes-Oxley Act of 2002. In determining whether a director is eligible to serve on the Committee, the Board shall also consider whether the director is affiliated with the Company, a subsidiary of the Company or an affiliate of a subsidiary of the Company to determine whether such affiliation would impair the director s judgment as a member of the Committee. In addition, if deemed appropriate from time to time, each director appointed to the Committee shall meet the definition of non-employee director under Rule 16b-3 under the Securities Exchange Act of 1934, and outside director for purposes of Section 162(m) of the Internal Revenue Code of 1986. Committee members shall not accept directly or indirectly any consulting, advisory or other compensatory fee from the Company or any subsidiary thereof. The Committee shall consist of no fewer than three independent directors, for a term of appointment at the discretion of the Board, considering the recommendation of the Nominating & Governance Committee, and further considering the views of the Chairman of the Board and the Chief Executive Officer (the CEO), as appropriate., usually for one year. The members of the Committee shall serve until their successors are appointed and qualify, and shall designate the Chairman of the Committee. The Board shall have the power at any time to change the membership of the Committee and to fill vacancies in it, subject to such new member(s) satisfying the above requirements and any other corporate legislation in effect at that time. Except as expressly provided in this Charter or the by-laws of the Company, the Committee shall fix its own rules of procedure.

B. ***Responsibilities of the Committee***

The Committee shall:

(a) discharge the Board s responsibilities relating to compensation of the Company s executives (including the CEO and all other executive officers, as defined under Section 16 of the Securities Exchange Act of 1934, and related rules) and
(b) prepare an annual report on executive compensation for inclusion in the Company s proxy statement in accordance with applicable rules and regulations.

C. ***Duties of the Committee***

In carrying out its responsibilities, the Committee shall:

<u>Review and approve all executive compensation</u>. The Committee shall review and approve corporate goals and objectives relevant to all executive officer compensation, evaluate each executive officer s performance in light of those goals and objectives, and set the executive compensation level based on this evaluation. In determining the long-term incentive component of executive officers compensation, the Committee should consider the Company s

performance and relative shareholder return, the value of similar incentive awards to executive officers at comparable companies, and the awards given to the Company s executive officers in past years. The Company s CEO may not be present during any deliberations or voting regarding his or her compensation.

Conduct an Annual Review. The Committee shall annually review and make recommendations to the Board with respect to the compensation of all officers and other key executives.

Make Recommendations to the Board. The Committee shall make recommendations to the Board with respect to incentive compensation plans and equity-based plans.

Have sole authority to retain and oversee external advisors. The Committee shall have the sole authority to appoint, retain, oversee and terminate any internal or outside legal counsel, external auditor, accountants, financial consultant and other advisors (each a compensation advisor) as it determines necessary or appropriate to assist in the execution of its duties and responsibilities set forth in this charter, including the evaluation of director, Chief Executive Officer and senior executive compensation. The Committee shall have sole authority to approve the compensation advisor s compensation, fees and other retention terms. The Company shall provide appropriate funding, as determined by the Committee, for the payment of reasonable compensation to compensation advisers retained by the Committee.

Have sole authority in the selection of external advisors. The Committee may select, or receive advice from, any compensation adviser it prefers, including ones that are not independent. However, the Committee may select, or receive advice from, a compensation adviser other than in-house legal counsel, only after taking into consideration the following six independence factors:

(i) The provision of other services to the Company by the person that employs the compensation consultant, legal counsel or other adviser;
(ii) 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;
(iii) 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;
(iv) Any business or personal relationship of the compensation consultant, legal counsel or other adviser with a member of the Committee;
(v) Any stock of the Company owned by the compensation consultant, legal counsel or other adviser; and
(vi) 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.

Notwithstanding the foregoing, the Committee is not required to conduct an independence assessment for a compensation adviser that acts in a role limited to the following activities for which no disclosure is required under the requirements of the SEC: (a) consulting on any broad-based plan that does not discriminate in scope, terms, or operation, in favor of executive officers or directors of the Company, and that is available generally to all salaried employees; and/or (b) providing information that either is not customized for a particular issuer or that is customized based on parameters that are not developed by the adviser, and about which the adviser does not provide advice.

For the avoidance of doubt, the Committee is not required to implement or act consistently with the advice or recommendations of any compensation adviser to the Committee. The retention of any outside advisers shall not affect the ability or obligation of the Committee to exercise its own judgment in fulfillment of its duties.

Administer awards and incentives. The Committee shall adopt, administer, approve and ratify awards under incentive compensation and stock plans, including amendments to the awards made under any such plans, and review and monitor awards under such plans.

Make periodic reports. The Committee shall make periodic reports to the Board.

Review the Charter. The Committee shall review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.

Review Committee performance. The Committee shall annually review its own performance.

Delegation of authority. The Committee may form and delegate authority to subcommittees when appropriate.

Review overall compensation for officer employees. The Committee shall review the overall compensation structure of the Company to determine that it establishes appropriate incentives for officer employees at all levels. All incentives, while industry-dependent and different for different categories of officers should further the Company s long-term strategic plan and be consistent with the culture of the Company and the overall goal of enhancing shareholder value.

April 2013

APPENDIX B

**TRANS WORLD ENTERTAINMENT CORPORATION
CHARTER OF THE NOMINATING AND CORPORATE GOVERNANCE
COMMITTEE OF THE
BOARD OF DIRECTORS**

A. ***Formation of the Nominating and Corporate Governance Committee***

There shall be a committee of the Board of Directors (the Board) of Trans World Entertainment Corporation, a New York corporation (the Company), to be known as the Nominating and Corporate Governance Committee (the Committee). The Committee shall be composed of directors who are independent of the management of the Company and are free of any relationship that, in the opinion of the Board, would interfere with the exercise of independent judgment as a Committee member. Without limiting the generality of the preceding sentence, the directors appointed to the Committee shall satisfy the independence requirements of the NASDAQ National Market and shall not be an affiliated person of the issuer or any subsidiary as defined under the Sarbanes-Oxley Act of 2002. The Committee shall consist of no fewer than three independent directors, for a term of appointment at the discretion of the Board of Directors, considering the views of the Chairman of the Board and the Chief Executive Officer, as appropriate, usually for one year. The members of the Committee shall serve until their successors are appointed and qualify, and shall designate the Chairman of the Committee. The Board shall have the power at any time to change the membership of the Committee and to fill vacancies in it, subject to such new member(s) satisfying the above requirements and any other corporate legislation in effect at that time. The Committee may form and delegate authority to subcommittees when appropriate, and shall meet as necessary, but at least once each year, in order to enable it to fulfill its responsibilities and duties as set forth herein. Except as expressly provided in this Charter, the by-laws of the Company and any applicable corporate governance guidelines of the Company, the Committee shall fix its own rules of procedure.

B. ***Responsibilities of the Committee***

The Committee shall (1) assist the Board in identifying individuals qualified to become Board members and recommend to the Board the director nominees for the next annual meeting of shareholders; (2) recommend members of the Board to serve on the committees of the Board; (3) recommend to the Board individuals qualified to be elected as officers of the Company; (4) recommend to the Board the corporate governance and business ethics policies, principles, guidelines and codes of conduct applicable to the Company; and (5) lead the Board in its annual review of the Board s performance.

C. ***Duties of the Committee***

NOMINATING. The Committee shall:

Develop policies on the size and composition of the Board and qualification criteria, as prescribed by corporate legislation and NASDAQ rules, for Board members in order to insure that the Board is comprised of members reflecting the proper expertise, skills, attributes and personal and professional backgrounds for service as a director of the Company and who have sufficient time available to devote to the affairs of the Company;

Actively seek, interview and screen individuals qualified to become Board members for recommendation to the Board;

Receive suggestions concerning possible candidates for election to the Board, including self-nominations, nominations from shareholders in accordance with the Company s by-laws and other third-party nominations;

Recommend to the Board individuals for vacancies occurring from time to time on the Board, including vacancies resulting from an increase in the size of the Board;

B-1

Recommend the slate of nominees to be proposed for election at each annual meeting of shareholders;
Recommend members of the Board to serve on the committees of the Board; and
Recommend to the Board individuals qualified to be elected as officers of the Company.

CORPORATE GOVERNANCE. The Committee shall:

Develop and recommend to the Board a set of corporate governance and business ethics policies, principles, guidelines and codes of conduct applicable to the Company and its directors, officers and employees;
Review and reassess at least annually the adequacy of the Company s corporate governance and business ethics policies, principles, guidelines and codes of conduct in light of emerging issues and developments related to corporate governance and other factors and formulate and recommend any proposed changes to the Board for approval;
Generally advise the Board as a whole on corporate governance matters;
Review and reassess at least annually the adequacy of this Charter and recommend any proposed changes to the Board for approval;
Annually review its own performance; and
Review and assess the management succession plan for the Chief Executive Officer position.

OTHER. The Committee shall have the authority to:
Request reports from internal or external sources on matters related to its authority and duties as described in this Charter and on any subject that it deems related to its responsibilities;
Retain and terminate any search firm to be used to identify director or officer candidates and to approve the search firm s fees and other retention terms;
Receive communications from shareholders and provide copies or summaries of such communications to the other Directors, as the Chairman of the Committee considers appropriate;
Retain and terminate outside accountants, legal counsel and other advisors to advise the Committee with respect to Committee matters as it may deem appropriate in its sole discretion and approve related fees and retention terms; and
Perform such other activities as the Committee or the Board may from time to time deem necessary or appropriate.

D. ***Procedure for Shareholder Nominations***

(A) The Committee will consider nominations submitted by shareholders. To recommend a nominee, a shareholder must write to the Company s Secretary. To be considered by the Committee for nomination and inclusion in the Company s proxy statement for its annual meeting of shareholders, a shareholder recommendation for a director must be received by the Company s Secretary no later than the deadline for submitting shareholder proposals pursuant to Rule 14a-8(e) of the Securities Exchange Act of 1934. Any recommendation must include (i) the name and address of the candidate, (ii) a brief biographical description, including his or her occupation for at least the last five years, and a statement of the qualifications of the candidate, taking into account the qualification requirements summarized above, and (iii) the candidate s signed consent to be named in the proxy statement and to serve as a director if elected. The Committee may seek additional biographical and background information from any candidate that must be received on a timely basis to be considered by the Committee.

(B) Assuming the appropriate biographical and background material is provided for candidates submitted by shareholders, the Committee will evaluate those candidates by applying substantially the same criteria, as for candidates submitted by Board members.

April 2013

Trans World Entertainment Corporation

IMPORTANT ANNUAL MEETING INFORMATION

Electronic Voting Instructions

Available 24 hours a day, 7 days a week!

Instead of mailing your proxy, you may choose one of the voting methods outlined below to vote your proxy.

VALIDATION DETAILS ARE LOCATED BELOW IN THE TITLE BAR.

Proxies submitted by the Internet or telephone must be received by 1:00 a.m., Eastern Standard Time, on July 6, 2016.

Vote by Internet

- Go to **www.envisionreports.com/TWMC**
- Or scan the QR code with your smartphone
- Follow the steps outlined on the secure website

Vote by telephone

- Call toll free 1-800-652-VOTE (8683) within the USA, US territories & Canada on a touch tone telephone
- Follow the instructions provided by the recorded message
- There is NO CHARGE for this call

Using a **black ink** pen, mark your votes with an **X** as shown in this example. Please do not write outside the designated areas. x

Annual Meeting Proxy Card

6 IF YOU HAVE NOT VOTED VIA THE INTERNET OR TELEPHONE, FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE. 6

A Proposals — The Board of Directors recommends a vote FOR all the nominees listed and FOR Proposal 2.

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1. Election of Directors: **For Withhold** **For Withhold** **For Withhold**

01 - Robert J. Higgins £ £	02 - Michael Feurer £ £	03 - Martin Hanaka £ £
04 - Robert Marks £ £	05 - Dr. Joseph Morone £ £	06 - Michael Nahl £ £
07 - Michael Reickert £ £	08 - Michael Solow £ £	

	For	Against	Abstain	
2. Advisory Vote to Approve Named Executive Officer Compensation.	£	£	£	3. In their discretion, the Proxies are authorized to vote upon all other matters that properly may be presented at the meeting.

B Non-Voting Items

Change of Address — Please print your new address below.

Comments — Please print your comments below.

Meeting Attendance

Mark the box to the right if you plan to attend the Annual Meeting. £

C Authorized Signatures — This section must be completed for your vote to be counted. — Date and Sign Below
Please sign exactly as name(s) appears hereon. Joint owners should each sign. When signing as attorney, executor, administrator, corporate officer, trustee, guardian, or custodian, please give full title.

Date (mm/dd/yyyy) — Please print date below.
/ /

Signature 1 — Please keep signature within the box.

Signature 2 — Please keep signature within the box.

If voting by mail, you must complete Sections A & C and mail in the provided envelope.

1 U P X+

6 IF YOU HAVE NOT VOTED VIA THE INTERNET OR TELEPHONE, FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE. 6

Proxy — Trans World Entertainment Corporation

Notice of 2016 Annual Meeting of Shareholders

Albany Country Club

300 Wormer Road

Voorheesville, NY 12186

Proxy Solicited by Board of Directors for Annual Meeting — July 6, 2016

Robert J. Higgins and Edwin J. Sapienza, or any of them (each, a "Proxy" and together the "Proxies"), each with the power of substitution, are hereby authorized to represent and vote the shares of the undersigned, with all the powers which the undersigned would possess if personally present, at the Annual Meeting of Stockholders of Trans World

Entertainment Corporation to be held on July 6, 2016 or at any postponement or adjournment thereof.

Shares represented by this proxy will be voted as directed herein. If no such directions are indicated, the Proxies will have authority to vote FOR Item 1 and 2.

In their discretion, the Proxies are authorized to vote upon such other business as may properly come before the meeting.

(Items to be voted appear on reverse side.)