

**THE MIDDLETON DOLL COMPANY
COMPENSATION COMMITTEE CHARTER**

(Adopted and Effective as of March 22, 2007)

Statement of Purpose

The Compensation Committee (the “Committee”) shall discharge the responsibilities of the Board of Directors of The Middleton Doll Company (the “Company”) relating to the compensation programs and compensation of the Company’s directors and officers, including, without limitation, fixing the cash compensation of such persons, establishing and administering compensation and benefit plans (if any) for such persons and determining awards thereunder, and entering into (or amending existing) employment and compensation agreements with any such persons. The Committee shall also administer all equity-based plans (if any), such as stock option and restricted stock plans in accordance with the terms of such plans; provided that the Board of Directors may delegate the authority to establish or administer specific employee compensation or benefit plans to one or more other committees of the Board or one or more persons designated by the Board.

Committee Membership and Qualifications

The Committee shall consist of two or more members of the Board of Directors, each of whom shall meet the independence requirements of The Nasdaq Stock Market LLC or another applicable national securities exchange. Additionally, no director may serve on the Committee unless he or she (i) is a “Non-Employee Director” under the qualifications set forth in Rule 16b-3 of the Securities Exchange Act of 1934, as amended, and (ii) satisfies the requirements of an “outside director” for purposes of Section 162(m)(4)(C) of the Internal Revenue Code.

Appointment and Removal of Committee Members

The Board of Directors shall appoint the members of the Committee in accordance with and pursuant to the Company’s By-laws. Each member shall serve until his or her successor is duly elected and qualified or until such member’s earlier death, resignation or removal.

Chairman

The Board of Directors shall appoint the Chairman of the Committee, and in the absence of any such designation by the Board of Directors, the members of the Committee shall designate one member of the Committee as its Chairman. The Chairman will chair all regular sessions of the Committee and set the agendas for Committee meetings.

Meetings

The Committee shall meet as frequently as circumstances dictate. Any member of the Committee may call meetings of the Committee. All meetings of, and actions taken by, the Committee shall be held and taken pursuant to and in accordance with the Company’s By-laws.

The Committee may invite to its meetings any officer, employee or director of the Company and such other persons as it deems appropriate in order to carry out its responsibilities. A member of management shall not, however, be present at any discussion or review where his or her performance and compensation is being deliberated or voted on.

Responsibilities and Duties

In furtherance of its purpose, the Committee shall have the following responsibilities and duties:

Setting Compensation for Officers

1. The Committee shall review the overall compensation philosophy of the Company with respect to officers and shall take such actions as the Committee deems necessary or appropriate.
2. The Committee may establish corporate goals and objectives relevant to Chief Executive Officer and other officer compensation.
3. The Committee shall evaluate the performance of the Chief Executive Officer and other officers in light of any established goals and objectives, and, based on such evaluation, review and approve the salary and other compensation of such persons.
4. In connection with any officer compensation programs, the Committee shall:
 - a. Review on a periodic basis the operations of such compensation programs to determine whether they are properly coordinated and achieving their intended purpose(s);
 - b. Establish and periodically review policies for the administration of such programs; and
 - c. To the extent deemed advisable, adopt new compensation programs.
5. The Committee shall review and approve all consulting contracts or arrangements, employment contracts, supplemental retirement benefits and severance or termination agreements with current or former officers of the Company.

Compensation of Directors

6. The Committee shall, at least annually, determine the annual and meeting fees to be paid to members of the Board of Directors, members of committees of the Board of Directors and any Chairman of any such committee (if any), and shall determine any other compensation that is to be paid to directors.

Reporting and Review Procedures

7. The Committee shall review and discuss with management the Compensation Discussion & Analysis (the “CD&A”), and shall provide a report in the Company’s proxy statement and Annual Report on Form 10-K or Form 10-KSB, as the case may be, in accordance with applicable rules and regulations of the Securities and Exchange Commission, that the Committee recommends to the Board of Directors that the CD&A be included in the Company’s proxy statement and annual report on Form 10-K or Form 10-KSB, as the case may be.
8. The Committee shall report regularly to the Board of Directors (i) following meetings of the Committee, (ii) with respect to such other matters as are relevant to the Committee’s discharge of its responsibilities and (iii) with respect to such recommendations as the Committee may deem appropriate. The report to the Board of Directors may take the form of an oral report by the Committee’s Chairman or any other member of the Committee designated by the Committee to make such report.
9. The Committee shall maintain minutes or other records of meetings and activities of the Committee.

Retention of Consultants and Other Advisors

The Committee shall have the authority to retain and terminate any compensation consultants or other advisors to assist it in any aspect of the evaluation of compensation for directors, the Chief Executive Officer and other officers, or on any other subject relevant to the Committee’s responsibilities, including the authority to approve such consultant’s or advisor’s fees and other retention terms. The Committee shall also have the right to use reasonable amounts of time of the Company’s independent accountants and staff.

Annual Performance Evaluation

The Committee shall perform a review and evaluation, at least annually, of the performance of the Committee, including by reviewing the compliance of the Committee with this Charter. In addition, the Committee shall review and reassess, at least annually, the adequacy of this Charter and recommend to the Board of Directors any improvements to this Charter that the Committee considers necessary or appropriate. The Committee shall conduct such evaluations and reviews in such manner as it deems appropriate.