

CHARTER OF THE GOVERNANCE AND NOMINATING COMMITTEE

This charter (“Charter”) is adopted as and for the Charter of the Governance and Nominating Committee of the Board of Directors of Hot Topic, Inc., a California corporation (herein the “Corporation”) by action of the Board of Directors, dated August 22, 2002. The Governance and Nominating Committee of the Corporation shall consist of at least two “independent” members of the Board of Directors as required under the applicable rules of the National Association of Securities Dealers, Inc. (the “NASD”), if the Corporation’s common stock is listed on the Nasdaq Stock Market, Inc. or the Nasdaq SmallCap Market, Inc., or the applicable rules of any other national securities exchange or other self-regulatory organization (within the meaning of such term in the Securities Exchange Act of 1934) on which the Corporation’s common stock may then be listed (“Independent Director”). The Governance and Nominating Committee shall meet at least semi-annually.

1. The Governance and Nominating Committee has been created for the purposes of oversight of (i) corporate governance issues of the Corporation and (ii) director qualifications and assessment, including but not limited to:
 - a. Evaluating and recommending from time to time, the size, composition and functional needs of the Board of Directors;
 - b. Overseeing the recruitment process for new board members, including interviewing, evaluating, nominating and recommending individuals that are candidates for directors and executive officers of the Corporation;
 - c. To evaluate, and when appropriate, make a recommendation to the Board of Directors as to whether a member of the Board of Directors or any committee of the Board of Directors meets the criteria to qualify as an Independent Director;
 - d. Evaluating the performance of the Board of Directors on an ongoing basis, including that of the Chairman and individual directors annually;
 - e. Periodically reviewing, evaluating and recommending any necessary changes in the Corporate Charter or the Bylaws of the Corporation to the full Board of Directors;
 - f. Staying abreast of developments in the area of corporate governance generally to ensure that the Corporation remains current in its governance policies; and
 - g. Such other matters as may be delegated to it by the full Board of Directors.
2. The Governance and Nominating Committee shall have oversight responsibility for any and all questions pertaining to:
 - a. The quality of the process by which the full Board of Directors and its committees conduct their affairs, including providing recommendations on major agenda items for Board meetings, providing for meetings in executive session, both with and without management members of the Board of Directors present and assuming that the Chairman has responsibility to work with the CEO to identify additional agenda items as appropriate;
 - b. The quality of the strategic planning process, in particular plans for the annual board meeting devoted primarily to strategic planning;
 - c. Matters of ethics and/or conflicts of interest on the part of the directors of the Corporation; and
 - d. The design and implementation of the CEO review process as follows:
 - a) The Committee shall develop the criteria and process to be used for the CEO review and seek to advise the CEO of the review criteria and process one year in advance of the review scheduled to be given to the CEO;

- b) Each individual Board member shall be asked to complete an individual review of the CEO for discussion by the full Board of Directors in order to develop a consensus review to be given to the CEO; and
- c) The Chairman of the Board shall be responsible to present the annual review to the CEO.