

JENNIFER CONVERTIBLES, INC.

COMPENSATION COMMITTEE CHARTER

I. PURPOSE

The Compensation Committee (the “Committee”), appointed by and acting on behalf of the Board of Directors (the “Board”), shall be responsible for formulating, evaluating and approving compensation of the Company’s directors, executive officers and key employees, overseeing all compensation programs involving the use of the Company’s stock, and producing an annual report on executive compensation for inclusion in the Company’s proxy statement for its annual meeting of stockholders, in accordance with applicable rules and regulations.

II. COMPOSITION

The Committee shall be comprised of two or more directors as determined by the Board, each of whom shall be independent directors, and free from any relationship that, in the opinion of the Board, would interfere with the exercise of his or her independent judgment as a member of the Committee. Committee members shall meet the independence requirements of the American Stock Exchange. In addition, it is intended that each member of the Committee meet the “non-employee director” requirements of Rule 16b-3 under the Securities Exchange Act of 1934, as amended, and the “outside director” requirements of Section 162(m) of the Internal Revenue Code of 1986, as amended, for purposes of the exemptions provided by such rules.

Committee members shall be elected by the Board on the recommendation of the Nominating and Governance Committee. Committee members may be replaced by the Board. Unless a Chair is elected by the full Board, the members of the Committee may designate a Chair by majority vote of the full Committee membership.

III. MEETINGS

The Committee shall meet at least twice a year and at such other times as it deems necessary to carry out its responsibilities. The Chair of the Committee and/or the Board may call such meetings.

IV. RESPONSIBILITIES AND DUTIES

To fulfill its responsibilities and duties the Committee shall:

1. Establish a compensation policy for executives designed to (i) enhance the profitability of the Company and increase stockholder value, (ii) reward executive officers for their contribution to the Company’s growth and profitability, (iii) recognize individual initiative, leadership, achievement, and other contributions and (iv) provide competitive compensation that will attract and retain qualified executives.
2. Subject to variation where appropriate, the compensation policy for executive officers and other key employees shall include (i) base salary, which shall be set on an annual or other periodic basis, (ii) annual or other time- or project- based incentive compensation, which shall be awarded for the achievement of predetermined financial, project, research or other designated objectives of the Company as a whole and of the executive officers

- and key employees individually and (iii) long-term incentive compensation in the forms of equity participation and other awards with the goal of aligning, where appropriate, the long-term interests of executive officers and other key employees with those of the Company's stockholders and otherwise encouraging the achievement of superior results over an extended time period.
3. Review competitive practices and trends to determine the adequacy of the executive compensation program.
 4. Review and consider participation and eligibility in the various components of the total executive compensation package.
 5. Annually review and approve corporate goals and objectives relevant to CEO compensation, evaluate the CEO's performance in light of those goals and objectives, and recommend to the Board the CEO's compensation levels based on this evaluation. The CEO shall not be present for any part of the review and recommendation process for CEO compensation undertaken by the Committee.
 6. Annually review and make recommendations to the Board with respect to compensation of directors, executive officers of the Company other than the CEO, and key employees.
 7. Approve employment contracts, severance arrangements, change in control provisions and other agreements for executive officers.
 8. Approve and administer cash incentives and deferred compensation plans for executives (including any modification to such plans) and oversight of performance objectives and funding for executive incentive plans.
 9. Review matters relating to management succession, including, but not limited to, compensation.
 10. Approve and oversee compensation programs for executive officers involving the use of the Company's stock.
 11. If appropriate, hire experts in the field of executive compensation to assist the Committee with its evaluation of director, CEO or senior executive compensation. The Committee shall have the sole authority to retain and to terminate such experts, and to approve the experts' fees and other retention terms. The Committee shall also have the authority to obtain advice and assistance from internal and external legal, accounting or other advisors.
 12. Prepare annual reports summarizing top executives' compensation levels and explaining the relationship between executive compensation and the organization's performance, as required by the SEC.
 13. Periodically review executive supplementary benefits and, as appropriate, the organization's retirement, benefit, and special compensation programs involving significant cost.
 14. Form and delegate authority to subcommittees when appropriate.
 15. Make regular reports to the Board concerning the Committee's activities.
 16. Annually review and reassess the adequacy of this Charter and recommend any proposed changes to the Board for approval.
 17. Annually evaluate its own performance.

18. Fulfill such other duties and responsibilities as may be assigned to the Committee, from time to time, by the Board and/or the Chairman of the Board.