

SELECT COMFORT CORPORATION
CHARTER
FOR THE
MANAGEMENT DEVELOPMENT
AND
COMPENSATION COMMITTEE
OF THE
BOARD OF DIRECTORS

(Revised November 2006)

The purposes, responsibilities and duties of the Management Development and Compensation Committee (the “Committee”) of the Board of Directors (the “Board”) of Select Comfort Corporation (the “Company”) shall be as follows:

I. PURPOSES

The primary purposes of the Committee are to:

- (a) Discharge the responsibilities of the Board relating to the development and compensation of the Company’s executive officers; and
- (b) Prepare such report or reports, as may be required by applicable law, including without limitation the Committee report on executive compensation required for inclusion in the annual proxy statement.

The Committee will fulfill these responsibilities by carrying out the activities enumerated in Section IV of this Charter.

II. COMPOSITION

The Committee shall be comprised of two or more directors as determined by the Board, each of whom shall be independent directors, as determined by the Board consistent with applicable law and the applicable requirements of any exchange or self-regulatory

organization with which the Company's shares are listed for trading, 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. A director is not independent if the director:

- (a) Is an officer or employee of the Company or of an affiliate of the Company;
- (b) Receives compensation, directly or indirectly from the Company or an affiliate of the Company, for services rendered as a consultant or in any capacity other than as a director, except for an amount that does not exceed the threshold for which disclosure would be required pursuant to Item 404 of Regulation S-K;
- (c) Possesses any interest in any other transaction for which disclosure would be required pursuant to Item 404 of Regulation S-K;
- (d) Is engaged in a business relationship for which disclosure would be required pursuant to Item 404 of Regulation S-K; or
- (e) Is an executive of another entity and any of the Company's executives serve on that entity's compensation committee.

The members of the Committee shall be elected by the Board at the annual organizational meeting of the Board and shall serve for such terms as are established by the Board or until their successors shall be duly elected and qualified. Unless the Board elects a Chair, 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 two times annually, or more frequently as circumstances dictate. The Chair of the Committee shall have the authority to call meetings of the Committee upon reasonable notice and shall preside at all meetings of the Committee. Meetings of the Committee may be conducted by telephone conference if each of the members may simultaneously hear each other member. A majority of the

members of the Committee shall constitute a quorum for the conduct of business and the Committee shall act by majority vote of the quorum. Action of the Committee may be taken without a meeting if unanimous written consent thereto by each of the members of the Committee is given. The Committee shall keep minutes of its meetings and shall provide copies of such minutes and of actions by written consent to the Board and to the Secretary of the Company for placement in the Company's minute books.

IV. RESPONSIBILITIES AND DUTIES

To fulfill its responsibilities and duties the Committee shall:

- (a) Establish, and from time to time review and revise, corporate goals and objectives with respect to compensation for the Chief Executive Officer ("CEO") and the direct reports to the CEO;
- (b) Establish and lead a process for the full Board to evaluate the performance of the CEO in light of those goals and objectives and provide an annual performance review to the CEO;
- (c) Review and approve on an annual basis the evaluation process applicable to the direct reports to the CEO;
- (d) Review and approve on an annual basis the development and succession plan for the CEO;
- (e) Review and provide input to the CEO on an annual basis regarding development and succession plans for the direct reports to the CEO;
- (f) Review and approve salaries and other compensation applicable to the CEO and the direct reports to the CEO;
- (g) Establish and lead a process for determination of the compensation applicable to service on the Board by non-employee directors;
- (h) Administer the Company's stock option and stock purchase plans applicable to any employee of the Company;
- (i) Determine specific grants of options, restricted stock or other awards, or general grant levels, under the Company's stock incentive plans;

- (j) Administer the Company's incentive compensation plans applicable to executive officers of the Company, including the annual establishment of (i) eligible employees, (ii) performance goals, and (iii) target incentive compensation levels;
- (k) Review the Company's policies with respect to employee benefit plans and approve substantive changes to such benefit plans;
- (l) Report regularly to the Board with regard to action taken by the Committee and any issues that may arise in the course of the discharge by the Committee of its responsibilities and duties hereunder;
- (m) Where appropriate, retain (without need for further Board approval) and consult with such independent advisors as the Committee may deem necessary or appropriate in connection with fulfilling the responsibilities and duties of the Committee; and
- (n) Undergo an annual review of the performance of the Committee pursuant to such process as may be established and modified from time to time by the Corporate Governance and Nominating Committee.

Any independent consultant engaged by the Committee for any purpose as contemplated by clause (m) above shall not be separately engaged by the Company for any work not expressly commissioned by the Committee without the prior approval of the Committee.

V. FUNDING OF THE COMMITTEE'S FUNCTIONS BY THE COMPANY

The Company shall provide for appropriate funding for the Committee, in its capacity as a committee of the Board, in such amounts as may be determined by the Committee, for payment of compensation to any advisors engaged by the Committee in connection with the fulfillment by the Committee of its responsibilities and duties hereunder.