

**CHARTER
FOR THE
AUDIT COMMITTEE
OF THE
BOARD OF DIRECTORS
OF
SELECT COMFORT CORPORATION**

(Revised March 2016)

The purposes, responsibilities and duties of the Audit 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) Assist the Board in fulfilling its oversight responsibilities with respect to:
 - (i) The quality and integrity of the financial reports and other financial information provided by the Company to any governmental body or the public;
 - (ii) The Company’s compliance with legal and regulatory requirements that may have a material impact on the Company’s financial condition or results of operations;
 - (iii) The Company’s systems of internal controls regarding finance, accounting, legal compliance and ethics established by management and the Board;
 - (iv) The Company’s auditing, accounting and financial reporting processes generally;
 - (v) The qualifications and independence of the Company’s outside auditors;
 - (vi) The Company’s internal audit functions and outside auditors;
 - (vii) The Company’s financial condition and policies;
 - (viii) Investor relations strategies;
 - (ix) Tax strategies and the impact of potential tax law changes; and

- (x) The Company's policies and practices with respect to risk assessment and risk management; and
- (b) Prepare such report or reports, as may be required by applicable law, including without limitation the Committee report required for the annual proxy statement regarding the scope of the Committee's responsibilities and the manner of discharge of those responsibilities.

Consistent with these purposes, the Committee should encourage continuous improvement of, and should foster adherence to, the Company's policies, procedures and practices at all levels.

II. RESPONSIBILITIES AND DUTIES

The primary responsibilities and duties of the Committee are to:

- (a) Exercise sole authority (subject only to shareholder ratification or approval as determined by the Committee or applicable law) with respect to the selection and discharge of the Company's independent auditors;
- (b) Exercise sole authority with respect to the approval of any non-audit related services (as defined by applicable law) to be performed by the Company's independent auditors;
- (c) Serve as an independent party to monitor the Company's financial reporting processes and internal control systems;
- (d) Review the qualifications and performance of the Company's independent auditors;
- (e) Oversee the Company's internal audit processes and function;
- (f) Establish and oversee procedures for receiving and addressing complaints regarding accounting, internal controls or auditing matters, and for the confidential, anonymous submission by employees of concerns regarding accounting or auditing matters; and
- (g) Provide open avenues of communication among the independent auditors, internal auditors, financial and senior management, and the Board.

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

III. COMPOSITION

The Committee shall be comprised of three 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 employee of the company or of an affiliate, or a former employee within three years, or an immediate family member of a current or former (within three years) executive officer;
- (b) Is currently receiving or has received within the last three years any non-director compensation from the Company (excluding benefits under a tax-qualified retirement plan);
- (c) Is an affiliate of an entity that received payments in any of the past three years exceeding the greater of \$200,000 or five percent of either the paying or receiving company's annual gross revenues; or
- (d) Is an executive of another entity and any of the Company's executives serve on that entity's compensation committee.

All members of the Committee shall have a working familiarity with basic finance and accounting practices, and at least one member of the Committee shall have accounting or related financial management expertise (including without limitation prior experience as CFO or CEO of an unrelated entity). Any director who beneficially owns, or is affiliated with any entity that beneficially owns, ten percent (10%) or more of the Company's publicly traded equity securities, shall not be eligible to be the Chair or a voting member of the Committee.

The members of the Committee shall be elected by 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.

IV. MEETINGS

The Committee shall meet at least four 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.

As part of its job to foster open communication, the Committee should meet at least quarterly with management, with the internal auditor(s) and with the independent auditors in separate executive sessions to discuss any matters that the Committee or each of these groups believe should be discussed privately. In addition, the Committee or at least its Chair should meet with the independent auditors and management quarterly to review the Company's financial statements consistent with V.a.4. below.

V. COMMITTEE PROCESSES

To fulfill its responsibilities and duties the Committee shall:

(a) Review of Financial Statements and Related Matters

1. Review and discuss with management and the independent auditors the Company's annual financial statements and any other material financial information submitted to any governmental body, or the public, including any certification, report, opinion, or review rendered by the independent auditors, and recommend to the Board whether the Company's audited financial statements should be included in the Company's Annual Report on Form 10-K.
2. Review and discuss with management and the independent auditors the annual recommendations to management prepared by the independent auditors and management's response.
3. Review and discuss with management and/or the independent auditors the Company's Quarterly Reports on Form 10-Q prior to filing. The Chair of the Committee may represent the entire Committee for purposes of this review.
4. Review and discuss with management the Company's earnings press releases and earnings guidance prior to their release. The Chair of the Committee may represent the entire Committee for purposes of this review.
5. Review and discuss with management the Company's policies and practices with respect to risk assessment and risk management.
6. Review and discuss with management the Company's cash investment policies, strategies and performance.
7. Review and discuss with management, at least annually in connection with the annual financial planning process, the capital structure of the Company.
8. Review and consult with management regarding, and approve on behalf of the Board, unbudgeted capital commitments and operating leases in excess of \$1 million individually but not to exceed \$3 million in the aggregate (items in excess of this limit shall be subject to approval of the full Board).

(b) Engagement and Review of Independent Auditors

1. Exercise sole authority (subject only to shareholder ratification or approval as determined by the Committee or applicable law) with respect to (a) the selection and discharge of the independent auditors, considering their qualifications, independence and effectiveness; (b) the approval of the fees and other compensation, if any, to be paid to the independent auditors; and (c) the approval of any non-audit related services to be performed by the independent auditors.
2. On an annual basis, the Committee should obtain and review and discuss with the auditors a report prepared by the independent auditors describing: (a) the firm's internal quality control procedures; (b) any material issues raised by the most recent internal quality-control review or peer review of the firm, or by any inquiry or investigation by any governmental or professional authority, within the preceding five years, respecting one or more independent audits carried out by the firm, and any steps taken to deal with any such issues; and (c) all significant relationships the auditors have with the Company to determine the auditors' independence.
3. Periodically consult with the independent auditors out of the presence of management about internal controls and the accuracy and completeness of the Company's financial statements.

(c) Oversight of Internal Audit Function

1. Review and approve the appointment, replacement or dismissal of the leader of the Company's internal audit function, who reports directly to the Audit Committee with respect to internal audit matters.
2. Review and approve, at least annually, the Company's internal audit plan and receive quarterly reports with respect to the results of internal audits. Provide feedback and guidance to the leader of the internal audit function as needed with respect to internal audit activities.
3. Meet regularly with the leader of the internal audit function without any members of the company's management team present.

(d) Oversight of Financial Reporting Processes

1. In consultation with the independent auditors, review the integrity of the Company's financial reporting processes, both internal and external.
2. Consider the independent auditors' judgments about the quality and appropriateness of the Company's accounting principles as applied in its financial reporting.

3. Consider and approve, if appropriate, material changes to the Company's accounting principles and practices as suggested by the independent auditors and/or management.

(e) Oversight of Process Improvement

1. Establish regular and separate systems of reporting to the Committee by each of management and the independent auditors regarding any significant judgments made in management's preparation of the financial statements and the view of each as to appropriateness of such judgments.
2. Following completion of the annual audit, review separately with each of management and the independent auditors any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information.
3. Review any significant disagreement among management and the independent auditors in connection with the preparation of the financial statements.
4. Review with the independent auditors and management the extent to which changes or improvements in financial or accounting practices, as approved by the Committee, have been implemented. (This review should be conducted at an appropriate time subsequent to implementation of changes or improvements, as decided by the Committee.)

(f) Oversight of Ethical and Legal Compliance

1. Establish, review and update periodically a code of ethics (the "Code") meeting the requirements of Item 406 of Regulation S-K of the Federal securities laws and ensure that management has established a system to enforce the Code.
2. Review management's monitoring of compliance with the Code.
3. Establish and periodically review a process for receiving and addressing complaints regarding accounting or auditing matters from employees, investors or others, and for the confidential, anonymous submission by employees of concerns regarding accounting or auditing matters;
4. Review, with the Company's counsel, legal compliance matters including corporate securities trading policies and the status of the Company's compliance with Sarbanes-Oxley Section 404 requirements.
5. Review, with the Company's counsel, any legal matter that could have a significant impact on the Company's financial statements.
6. Review Travel and Entertainment expenditures of the President and CEO, all Executive and Senior Vice Presidents of the Company and all members of the Board.

7. Review periodically with the Company's counsel and tax advisors the Company's legal and tax structure.

(g) Oversight of Significant Information Technology Matters

Review and consult with management regarding significant and material matters related to the Company's information technology systems and review and report to the Board with respect to significant and material developments or proposed changes to the Company's information technology systems.

(h) Retain Independent Advisors

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.

(i) Reporting to the Board

Report regularly to the Board with regard to any issues that may arise in connection with the quality or integrity of the Company's financial statements, the Company's compliance with legal or regulatory requirements, the performance and independence of the independent auditors, the performance of the internal audit function, or any other matter of a material nature that may arise in the course of the discharge by the Committee of its responsibilities and duties hereunder.

(j) Review of Committee Performance and Charter

1. 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.
2. Review and, if necessary or appropriate, revise this Charter at least annually or more frequently as may be necessary to conform to the requirements of any applicable law or the requirements of any exchange or self-regulatory organization with which the Company's shares are listed for trading.

While the Audit Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Audit Committee to determine that the Company's financial statements are complete and accurate and are in accordance with generally accepted accounting principles. This is the responsibility of management. The independent auditor is responsible to plan and conduct this audit in accordance with GAAS. Nor is it the duty of the Audit Committee to conduct investigations, to resolve disagreements, if any, between management and the independent auditor or to assure compliance with laws and regulations and the Company's Code of Business Conduct.

VI. 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 (a) the independent auditors and (b) any other advisors engaged by the Committee in connection with the fulfillment by the Committee of its responsibilities and duties hereunder.