

DREAMS, INC.

Nominating and Corporate Governance Committee Charter

Status

The Nominating and Corporate Governance Committee (the "Committee") is a committee of the Board of Directors.

Membership

The committee shall be composed of two or more directors, as determined by the Board of Directors, each of whom (a) satisfies the independence requirements of the American Stock Exchange, and (b) has experience, in the business judgment of the Board of Directors, that would be helpful in addressing the matters delegated to the Committee. The members of the Committee, including the Chair of the Committee, shall be appointed by the Board of Directors. Committee members may be removed from the Committee, with or without cause, by the Board of Directors.

Purpose

The purpose of the Nominating and Corporate Governance Committee is to assist the Board of Directors in discharging the Board of Directors' responsibilities regarding: (1) the identification of qualified candidates to become members of the Board of Directors; (2) the selection of nominees for election as directors at the next annual meeting of stockholders (or special meeting of stockholders at which directors are to be elected); (3) the selection of candidates to fill any vacancies on the Board of Directors; (4) the development and recommendation to the Board of Directors of a set of corporate governance guidelines and principles applicable to the Company (the "Corporate Governance Guidelines"); and (5) oversight of the evaluation of the board.

In addition to the powers and responsibilities expressly delegated to the Committee in this Charter, the Committee may exercise any other powers and carry out any other responsibilities delegated to it by the Board of Directors from time to time consistent with the Company's bylaws. The powers and responsibilities delegated by the Board of Directors to the Committee in this Charter or otherwise shall be exercised and carried out by the Committee as it deems appropriate without requirement of Board of Directors approval, and any decision made by the Committee (including any decision to exercise or refrain from exercising any of the powers delegated to the Committee hereunder) shall be at the Committee's sole discretion. While acting within the scope of the powers and responsibilities delegated to it, the Committee shall have and may exercise all the powers and authority of the Board of Directors.

Responsibilities

Director Nominations

1. Consider and review the direct and indirect relationships of members of the Board of Directors with the Company or its management and assist the Board of Directors with its determination of independence of its members.
2. Solicit suggestions for director candidates from management, shareholders and other sources and consider and accept nominations for candidates to serve as directors. In performing this responsibility, the Committee will evaluate the suitability of potential candidates based on the Criteria for Nomination to the Board of Directors attached hereto as Annex "A." The Committee will meet with candidates to review their qualifications and will request such materials from each candidate as the Committee deems necessary.
3. Give appropriate consideration to candidates for membership in the Board of Directors nominated by shareholders in accordance with the following procedures. A shareholder may nominate a person for election as a director at an annual meeting of the shareholders only if written notice of such shareholder's intent to make such nomination has been given the Company's Secretary as described in the applicable proxy statement for the previous year's annual meeting of shareholders. Each written notice must set forth: (a) as to each person whom the stockholder proposes to nominate for election as a director, (i) all information relating to such person that is required to be disclosed in solicitations of proxies for election of directors in an election contest, or that is otherwise required, in each case pursuant to and in accordance with Regulation 14A under the Securities Exchange Act of 1934, as amended, and (ii) such person's written consent to being named in the proxy statement as a nominee and to serve as a director if elected; and (b) as to the stockholder making such nomination, (i) the name and address of such stockholder, as they appear on the Company's books, (ii) the class and number of shares of capital stock of the Company which are owned by such stockholder, (iii) a representation that the stockholder is a holder of record of stock of the Company entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to propose such nomination, and (iv) a representation whether the stockholder intends or is a part of a group which intends (a) to deliver a proxy statement and/or form of proxy to holders of at least the percentage of the Company's outstanding capital stock required to elect the nominee and/or (b) otherwise to solicit proxies from stockholders in support of such nomination. The Committee will evaluate the suitability of potential candidates nominated by shareholders in the same manner as other candidates identified to the Committee in accordance with Annex "A."
4. Evaluate the performance of each incumbent director before recommending to the Board of Directors his or her nomination for an additional term as a director.
5. Review with the full Board of Directors the Committee's recommendations and nominations for candidates to the Board of Directors.

6. Work together with management and counsel to the Company to provide appropriate orientation for new directors and continuing education programs for directors.
7. Review required disclosure regarding the Committee and its responsibilities in the proxy statement for each year's annual meeting of the shareholders.
8. Annually review the adequacy of the Criteria for Nomination to the Board of Directors and make any changes the Committee deems necessary.

Committee Assignments and Annual Evaluations

1. Periodically review the structure, function, membership and charters of the committees of the Board of Directors and recommend to the Board of Directors the adoption of any changes.
2. Identify directors to serve as members and chairs of each committee of the Board of Directors after taking into account the desires, experiences and expertise of individual directors. The Committee will review and recommend committee slates annually and shall recommend additional committee members as needed. In recommending a candidate for Audit Committee membership, the Committee shall provide to the Board of Directors its assessment of whether such candidate would be an "audit committee financial expert" as defined by the rules of the Securities and Exchange Commission.
3. Establish criteria and processes for an annual performance self-evaluation by the Board of Directors, each committee of the Board of Directors and each individual director. Review, summarize and report the results of such evaluations to the Board of Directors.

Corporate Governance

1. Review and report to the Board of Directors on a periodic basis with regard to matters of corporate governance, including the review of, and recommendations with regards to, shareholder proposals.
2. Develop and submit to the Board of Directors for approval, if they deem appropriate, corporate governance guidelines with respect to the operation of the Board of Directors. Periodically review and assess the effectiveness of such guidelines and recommend to the Board of Directors any proposed revisions thereto.
3. Review Board of Directors membership succession planning within the Company.

Committee Administrative Matters

1. Annually review the powers and duties of the Committee, the adequacy of this Charter and recommend any proposed changes to the Board of Directors for approval.
2. Periodically review, at least once a year, whether any steps should be taken to improve the effectiveness of the Committee and/or the Board of Directors. Review and consider, among other things, the following:
 - a. the composition and experience base of the members of the Committee;
 - b. whether the size of the Board of Directors should be expanded or contracted; and
 - c. what types of experience, areas of expertise or other skills should be added to the Board of Directors and recommend any proposed changes to the Board of Directors for approval.
3. Consider such other matters in relation to Board of Directors membership and corporate governance as the Committee may, in its discretion, determine to be advisable.

Authority and Resources

The Committee shall have the authority and resources to engage outside search or other consultants to assist in identifying potential director candidates, to engage external legal or other experts or advisors as it deems necessary and appropriate, and to approve the fees and retention terms of the foregoing parties. The Company shall pay for the services of such consultants, experts, and advisors retained by the Committee.

Annex A

Criteria for Nomination to the Board of Directors

1. Directors should be of high ethical character and should have reputations, both personal and professional, consistent with the image and reputation of the Company.
2. Directors should be highly accomplished in their respective fields, with superior credentials and recognition.
3. In selecting directors, the Committee should consider whether a candidate currently serves or previously served as a Chief Executive Officer or Chief Financial Officer of a public company and his/her business experience.
4. The Committee should seek directors who are widely recognized as leaders in their fields.
5. In selecting directors, the Committee should consider the interplay of a candidate's knowledge, expertise, skills and experience with that of the other members of the Board of Directors in order to build a Board of Directors that is effective, collegial and responsive to the needs of the Company
6. Each director should have relevant expertise and experience, and be able to offer advice and guidance to the Chief Executive Officer based on that expertise and experience.
7. The majority of directors on the Board of Directors should be "independent," not only as that term may be legally defined, but also without the appearance of any conflict in serving as a director. In addition, directors should be independent of any particular constituency and be able to represent all shareholders of the Company. Directors should not have any material relationships with competitors or other third parties that could present realistic possibilities of conflict of interest or legal issues.
8. Directors should be willing and capable to take the time to actively participate in meetings of the Board of Directors and its committees and related activities.
9. Directors should be available to remain on the Board of Directors long enough to make an effective contribution.
10. Each director should have the ability to exercise sound business judgment.