

**21ST CENTURY HOLDING COMPANY
COMPENSATION COMMITTEE CHARTER**

I. COMPOSITION AND QUALIFICATIONS

The Compensation Committee (the "Committee") of the Board of Directors shall be comprised of three or more independent members of the Board of Directors.

II. APPOINTMENT AND REMOVAL

The members of the Committee shall be appointed by the Board of Directors and shall serve until such member's successor is duly elected and qualified or until such member's earlier resignation or removal by the Board of Directors.

III. DUTIES

The duties of the Compensation Committee of the Board of Directors are as follows:

1. Discharge the Board of Directors' responsibilities to the stockholders, potential stockholders and investment community relating to the compensation of the Company's executive officers.
2. Review and approve corporate goals and objectives relevant to the compensation of the executive officers.
3. Review and evaluate the performance of the executive officers in light of the goals and objectives of the Company and determine their annual compensation packages, including base salaries, stock options and other stock-based incentives, variable pay amounts and variable pay metrics, based on these evaluations.
4. Monitor the effectiveness of executive officer benefit plan offerings and approve changes where appropriate.
5. Make an annual report on executive compensation in the Company's annual proxy statement as required by the rules of the NASDAQ, U.S. Securities and Exchange Commission and other regulatory bodies.
6. Review and approve, or recommend to the full Board of Directors, executive incentive compensation plans and equity-based plans in which executive officers are eligible to participate.
7. Supervise and oversee the administration of the Company's incentive compensation, variable pay and stock programs.
8. Recommend to the Board of Directors the annual retainer fee as well as other compensation for non-employee directors.
9. Have sole authority to retain and terminate executive compensation consultants, including the fees and other terms of their engagements, to advise on the evaluation and compensation of members of the board of directors, and executive officers of the Company.

10. Have authority to delegate any or all of its responsibilities to a subcommittee of the Committee, as permitted by the laws and regulations that govern its actions.
11. Report regularly to the Board of Directors (i) following meetings of the Committee, (ii) with respect to those matters that are relevant to the Committee's discharge of its responsibilities, and (iii) with respect to those recommendations that the Committee may deem appropriate. The report to the Board of Directors may take the form of an oral report by the Chairman of the Committee or any other member of the Committee designated by the Committee to make such report.
12. The Committee shall review and reassess periodically the adequacy of this Charter and recommend to the Board of Directors any improvements to this Charter that the Committee considers necessary or valuable. The Committee shall conduct such review in the manner it deems appropriate. The Committee's performance will be evaluated within the Self Evaluation that will be performed annually by the Board of Directors.