

Bidz.com, Inc.

CORPORATE GOVERNANCE

Corporate Governance Principles

BIDZ.COM, INC.

CORPORATE GOVERNANCE PRINCIPLES

I. INTRODUCTION

The following principles have been approved by the Board of Directors and together with the charters and key practices of the Board committees provide the framework for the governance of the Company. The Board intends that these Principles serve as a flexible framework within which the Board may conduct its business and not as a set of binding legal obligations. These Principles should be interpreted in the context of all applicable laws, the Company's charter documents and other governing legal documents. The Board shall review these Principles annually or more often if deemed necessary, and make such revisions as are considered appropriate.

II. BOARD COMPOSITION

A. Size and Classification of the Board. The Company's Bylaws provide that the authorized number of directors shall be fixed from time to time by a resolution adopted by the Board and that the directors be divided into three classes, designated as Class I, Class II and Class III, with one class of directors elected by the stockholders at each annual meeting to serve until the third succeeding annual meeting. The Board will periodically review the appropriate size and classification of the Board.

B. Majority of Independent Directors. It is the policy of the Board that a majority of the directors will not be current employees of the Company and will satisfy the NASDAQ National Stock Market requirements for independent directors (NASDAQ Stock Market Rule 4200). Because it is not possible to anticipate or explicitly provide for all potential conflicts of interest that may affect independence, the Board is also responsible for determining that each independent director has no other relationship with the Company or its affiliates or any executive officer of the Company or his or her affiliates that would in the judgment of the Board interfere with the director's independent judgment.

C. Management Directors. The Board anticipates that the Company's Chief Executive Officer will be nominated regularly to serve on the Board. The Board may also appoint or nominate other members of Company management whose experience and role at the Company are expected to help the Board fulfill its responsibilities.

D. Chairman. The Board will periodically appoint a Chairman. Both independent and management directors (including the CEO) are eligible for appointment as the Chairman.

E. Selection of Board Nominees. On at least an annual basis, the Board, or the Governance and Nominating Committee, will evaluate and review the performance of the members of the Board, individually and collectively. The Board will be responsible for nominating individuals to present to the stockholders as candidates for Board membership and for selecting individuals to fill Board vacancies. The Board has

delegated to the Governance and Nominating Committee the screening process for identifying and recommending possible candidates for the Board. The Governance and Nominating Committee may consult with the CEO and Company management as part of such screening process.

F. Board Membership Criteria. The Board's policy is to encourage selection of directors who will contribute to the Company's overall corporate goals and objectives. The Governance and Nominating Committee may at the request of the Board from time to time review the appropriate skills and characteristics required of Board members in the context of the then-current composition of the Board and an assessment of the perceived needs of the Board. Board members are expected to prepare for, attend and participate in meetings of the Board and of committees on which they serve. Each Board member is expected to ensure that other existing and planned future commitments do not materially interfere with the member's service as an outstanding director. Each Board member shall disclose to the Board any other boards of directors on which he or she serves, and of any change in his or her principal occupation, including retirement.

G. Directors Who Change Job Responsibility. The Board does not believe directors who retire, change their principal occupation or business association, or serve on other boards of directors should necessarily leave the Board. However, there should be an opportunity for the Board, through the Governance and Nominating Committee, to review the continued appropriateness of Board membership under those circumstances.

H. Retirement and Term Limits. The Board does not believe that a fixed retirement age, or term limits, for directors are appropriate. While mandatory retirement and term limits could help insure that there are fresh ideas and viewpoints available to the Board, they hold the disadvantage of losing the contribution of directors who over time have developed increasing insight into the Company and its operations and therefore provide an increasing contribution to the Board as a whole.

I. Board Compensation. The Board, through the Compensation Committee, will review, or request Company management or outside consultants to review, appropriate compensation policies for the directors serving on the Board and its committees. This review may consider board compensation practices of other public companies, contributions to Board functions, service on Board committees, and other appropriate factors. Management directors will not be paid for Board membership in addition to their regular employee compensation. Independent directors may not receive consulting, advisory or other compensatory fees from the Company in addition to their Board compensation. Independent directors will be reimbursed for their reasonable and necessary expenses for attending Board and Board committee meetings.

J. Board Education. The Board, with the assistance of management, shall consider and provide programs or presentations regarding new director orientation and continuing education to existing directors.

III. BOARD MEETINGS

A. Scheduling of Full Board Meetings. Board meetings will be scheduled in advance, at least every quarter at the Company's principal executive office. In addition to regularly scheduled meetings, additional Board meetings may be called upon appropriate notice at any time to address specific needs of the Company. The Board may also take action from time to time by unanimous written consent.

B. Agenda and Materials. The CEO will have primary responsibility for preparing the agenda for each meeting and arranging for it to be sent in advance of the meeting to the directors along with appropriate written information and background materials so that Board meeting time may be conserved and discussion time focused on questions that the Board has about the materials. Each Board committee and each individual director may propose the inclusion of items on the agenda, request the presence of or a report by any member of Company management, or at any Board meeting raise subjects that are not on the agenda for that meeting. The Board reserves authority to meet in executive sessions to discuss sensitive matters without distribution of written materials.

C. Board Presentations. It is expected that the Board will have regularly-scheduled presentations from finance, sales and marketing, and the major lines of business and operations of the Company. The Board encourages the presentation at meetings by managers who can provide additional insight into matters being discussed, who can provide reports that will enhance the flow of meaningful financial and business information to the Board or who have potential that the CEO believes should be given exposure to the Board.

D. Access to Information and Employees. The Board shall have complete access to any information about the Company that it deems necessary or appropriate to carry out its duties. This includes, among other things, access to the Company's employees (including senior management), documents and facilities. The Company's executive management will also afford the Board member with access to the Company's outside legal, accounting and investment banking advisors.

E. Independent Directors Discussions. It is the policy of the Board that the independent members of the Board meet separately without management directors at least once per year to discuss such matters as the independent directors consider appropriate. The Company's finance staff and other employees may be invited to attend portions of these meetings.

F. Evaluation of Effectiveness of Board Meetings. The Board will evaluate, at least annually, the effectiveness of meetings of the Board, including agendas, meeting materials, meeting structure and organization, schedule and frequency of meetings, and minutes.

IV. BOARD COMMITTEES

A. Committees. The current three committees of the Board are the Audit Committee, the Compensation Committee and the Governance and Nominating

Committee. The Audit Committee reviews the Company's financial reporting process and system of internal controls, reviews the audit process and the performance and independence of the Company's external auditors, and recommends to the Board the appointment or discharge of external auditors. The Compensation Committee reviews and recommends to the Board the compensation and benefits of officers, directors and consultants, reviews general policy relating to compensation and benefits, and administers the issuance of stock options and other equity awards. The Governance and Nominating Committee is responsible for interviewing, evaluating and recommending individuals for membership on the Board. From time to time the Board may establish a new committee or disband an existing committee depending upon the circumstances.

B. Committee Member Selection. The Board will designate the members and Chairman (if any) of each committee, endeavoring to match the committee's function and needs for expertise with individual skills and experience of the appointees to the committee. The membership of the Audit, Compensation and Governance and Nominating Committees shall consist solely of independent directors (for the Audit and Compensation Committees, the members shall also meet applicable criteria for independence under NASDAQ, SEC and/or tax rules applicable to such committees).

C. Committee Charters. Each committee will have a written charter, approved by the Board and the committee, which describes the committee's general authority and responsibilities. Each committee shall review its charter as appropriate and will work with the Board to make such revisions as are considered appropriate.

D. Committee Functions and Proceedings. The number and agendas of committee meetings and other matters of committee governance will be determined by each committee in light of the authority delegated to the committee by the full Board, the committee's charter, and legal, regulatory, accounting or governance principles applicable to that committee's function. Each committee shall periodically report to the full Board on significant matters discussed by the committee. The agendas and meeting minutes of the committees shall be shared with the full Board, and other Board members are welcome to attend committee meetings. The Company will provide to each committee complete access to employees and other resources to enable committee members to carry out their responsibilities.

V. BOARD AND MANAGEMENT RESPONSIBILITIES

A. Responsibilities of the Board. The primary responsibilities of the Board are oversight, counseling and direction to Company management in the interest and for the benefit of the Company's stockholders. The Board's detailed responsibilities include, among other things:

1. selecting, evaluating the performance of, and approving the compensation of the CEO and approving the compensation of the other executive officers;

2. planning for succession with respect to the position of CEO and monitoring management's succession planning for other senior executive officers;

3. reviewing, approving and monitoring the Company's major financial and strategic objectives, operating plans and corporate actions;

4. overseeing the conduct of the Company's business to evaluate whether the business is being properly managed; and

5. overseeing the processes for maintaining the integrity of the Company with regards to its financial statements and other public disclosures, and compliance with law and ethics.

B. Responsibilities of Management.

1. **Generally.** The Board has delegated to the CEO, working with the other executive officers of the Company, the authority and responsibility for managing the business of the Company in a manner consistent with the standards and practices of the Company, and in accordance with any specific plans, instructions or directions of the Board. The CEO and other executive officers are responsible for running the Company's day-to-day operations and appropriately informing the Board of the status of such operations. The CEO and other executive officers are responsible for seeking the advice and, in appropriate situations, the approval of the Board with respect to extraordinary actions to be undertaken by the Company.

2. **Financial Reporting, Legal Compliance and Ethical Conduct.** The Board's governance and oversight functions do not relieve the Company's executive management of its the primary responsibility for preparing financial statements which accurately and fairly present the Company's financial results and condition. Executive management shall maintain systems, procedures and a corporate culture that promote compliance with legal and regulatory requirements and the ethical conduct of the Company's business.

3. **Corporate Communications.** The Board believes that the Company's executive management has the primary responsibility to communicate with investors, the press, employees and other constituencies that are involved with the Company, and to set policies for those communications. Individual Board members may, from time to time, meet or otherwise communicate with various constituencies that are involved with the Company, but it is expected that Board members would do this with the knowledge of Company management and, in most instances, at the request of Company management.

C. **Availability of Outside Advisors.** The Board and its committees may retain outside advisors – legal, accounting, investment banking, and any others as deemed necessary or appropriate – of its choosing at the Company's expense. The Board and its committees need not obtain management's consent to retain outside advisors.

D. Related Party Transactions. Any related party transactions, excluding compensation (whether cash, equity or otherwise) which is delegated to the Compensation Committee, involving a director or executive officer of the Company must be reviewed and approved by the Audit Committee or another independent body of the Board of Directors.