

Bidz.com, Inc.

CORPORATE GOVERNANCE

*Charter of the Audit Committee of the Board of
Directors*

BIDZ.COM, INC.

**CHARTER OF THE
AUDIT COMMITTEE
OF THE
BOARD OF DIRECTORS**

I. PURPOSE

The purpose of the Audit Committee (the “*Committee*”) of the Board of Directors (the “*Board*”) of BIDZ.com, Inc.. (the “*Company*”) is to assist the Board in fulfilling its oversight responsibilities relating to the Company’s financial accounting, reporting, and controls. The Committee’s principal functions are as follows:

- Oversee the Company’s relationship with its independent auditors, including selecting, evaluating and setting the compensation of the independent auditors and overseeing the qualifications, independence and performance of the independent auditors.
- Oversee the accounting and financial reporting processes of the Company and the audits of the financial statements of the Company.
- Monitor the performance of the Company’s internal audit function (if any).
- Review and oversee the Company’s risk management policies and practices and insurance coverage
- Perform other duties as delegated by the Board.

The independent auditors shall report directly to the Committee.

In order to serve these functions, the Committee shall have direct access to Company personnel and documents, and shall have authority to conduct any investigation into any matters appropriate to fulfilling its responsibilities. The Committee may retain, at the Company’s expense, special legal, accounting or other consultants, experts and advisers of its choice that it deems necessary in the performance of its duties. The Company shall provide appropriate funding to the Committee, as determined by the Committee in its capacity as a committee of the Board, for payment of (1) compensation to the independent auditors for services approved by the Committee, (2) compensation to any outside advisers retained by the Committee pursuant to this charter, and (3) ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

Management is responsible for preparing financial statements that accurately and fairly present the Company’s financial results and condition, and the Company’s

independent auditors are responsible for reviewing and auditing those financial statements. While the Committee has oversight responsibilities under this Charter, the Committee shall not be responsible for planning or conducting audits, or determining whether the Company's financial statements are complete and accurate or in accordance with generally accepted accounting principles.

II. MEMBERSHIP

Members of the Committee shall be appointed by the Board after considering the recommendation of the Governance and Nominating Committee, and may be removed by the Board in its sole discretion. The Committee shall consist of at least three members of the Board. Each member shall be "independent" and an "independent director", as defined in the applicable rules and regulations of The Nasdaq Stock Market and the Securities and Exchange Commission (the "**Rules**"). No member shall have participated in the preparation of the financial statements of the Company or any current subsidiary of the Company at any time during the past three years. All members shall be able to read and understand fundamental financial statements, including the a balance sheet, income statement, and cash flow statement, and at least one member must have either (i) past employment experience in finance or accounting, requisite professional certification in accounting, or any other comparable experience or background which results in the member's financial sophistication (including being or having been a chief executive officer, chief financial officer or other senior officer with financial oversight responsibilities), or (ii) be a financial expert, as defined in applicable Securities and Exchange Commission ("**SEC**") regulations. No member of the Committee shall receive directly or indirectly any consulting, advisory, or other compensatory fees from the Company other than (1) director's fees for service as a director of the Company, including reasonable compensation for serving on Board committees, and as Chair of such committees, attendance at meetings, and regular benefits that other directors receive; and (2) a pension or similar compensation for past performance to the Company, provided that such compensation is not conditioned on continued or future service to the Company. In addition, no member of the Committee may be an affiliate of the Company or any subsidiary of the Company whether by being an officer or owning more than 10 percent of the Company's voting securities, or as otherwise defined in the Rules.

Committee membership shall comply with any other applicable regulatory requirements governing Committee membership and qualifications, and other requirements set forth in the Rules.

III. RESPONSIBILITIES

The Committee shall have the following responsibilities, and it may establish policies and procedures from time to time that it deems necessary or advisable in fulfilling its responsibilities.

1. Responsibilities Relating to Independent Auditors

The Committee shall communicate with the Company's independent auditors about the Company's expectations regarding the relationship with the auditors, including the auditors' ultimate accountability to the Board and the Committee.

- The Committee shall have the sole authority and responsibility to select, evaluate and if necessary replace the independent auditor. The Committee shall have the authority and responsibility to determine the compensation of and oversee the performance of, the independent auditors, and shall also resolve any disagreements between management and the independent auditors regarding financial reporting.
- The Committee shall review and approve processes and procedures to ensure the continuing independence of the independent auditor, including obtaining and reviewing, on at least an annual basis, a letter from the independent auditors describing all relationships between the independent auditors and the Company required to be disclosed by Independence Standards Board Standard No. 1, and reviewing the nature and scope of such relationships and discontinuing any relationships that the Committee believes could compromise the independence of the auditors.
- The Committee shall obtain a report from the independent auditors regarding any material issues raised in any investigation or audit of the independent auditors by the Public Company Accounting Oversight Board, or any other governmental or regulatory agency.
- The Committee shall establish a policy governing hiring by the Company of employees of its current and former independent auditors.
- The Committee shall review the general scope, staffing and plan for the independent auditors' annual audit, and any special audit steps or procedures that may be required.
- The Committee shall pre-approve all services permitted by applicable law to be provided by the Company's independent auditors to the Company and/or any of its subsidiaries, and shall ensure that such services do not compromise the auditors' independence. The Committee may establish pre-approval policies and procedures, as permitted by applicable law and the rules and regulations of the SEC, for the engagement of independent auditors to render services to the Company, including but not limited to policies that would allow the delegation of pre-approval authority to one or more members of the Committee, provided that the pre-approval decision is presented to the Committee at its next regularly scheduled meeting.

- The Committee shall discuss with the independent auditors and the Company's financial management the results of the annual audit, including comments or recommendations of the independent auditors outlined in the auditors' annual management letter.
- The Committee shall confirm that the lead audit partner of the independent auditor is rotated periodically as required by the Sarbanes-Oxley Act, and shall discuss with the independent auditor the plan for any upcoming rotation.
- The Committee shall meet at least quarterly with the Company's independent auditors, without members of management present.

2. Responsibilities Relating to the Internal Controls

- The Committee shall annually review the Company's internal controls, including the proposed internal control plans for the coming year.
- The Committee shall evaluate whether management is setting the appropriate tone at the top by communicating to all individuals the importance of internal controls as well as their roles and responsibilities.
- The Committee shall evaluate whether internal control recommendations made by independent accountants have been implemented by management.

3. Review Procedures

- In consultation with management and the independent auditors, the Committee shall consider the integrity of the accounting and financial reporting processes and controls of the Company. This consideration shall encompass: (1) meeting periodically with the independent auditors and financial and accounting personnel to discuss significant financial risk exposures and the steps management has taken to monitor, control and report such exposures; and (2) reviewing significant findings prepared by the independent auditors with management.
- The Committee shall review, prior to releasing to the public, the type of financial information, and the presentation of that information, to be included in the Company's annual earnings releases, as well as the annual financial statements to be included in the Company's Form 10-Ks. This review shall include a discussion of the matters required to be addressed by SAS 61.
- The Committee shall perform similar reviews with respect to the Company's Form 10-Qs and quarterly earnings press releases.
- In connection with the Committee's review of any quarterly and annual financial statements, the Committee shall discuss with management and the

independent auditors (either together or separately) (1) the significant accounting principles, policies and practices followed by the Company in accounting for and reporting its financial results, and the independent auditors' judgments about the quality and appropriateness thereof; (2) any significant changes in the Company's application of such accounting principles or in the Company's accounting policies; (3) the effect of regulatory or accounting changes or initiatives on the Company's financial statements; (4) the effect of any off-balance sheet arrangements on the Company's financial statements; (5) any adjustments made in the course of the independent auditors' review or audit of the Company's financial statements; (6) disagreements, including those resolved, between the independent auditors and the Company's financial management; (7) problems or difficulties encountered by the independent auditor, and restrictions placed upon the independent auditor by the Company with respect to the scope of the audit or the independent auditor's access to information; (8) communications between the independent auditors' engagement team and its national office relating to the Company's financial reports; (9) the Company's disclosures in the "Management's Discussion and Analysis of Financial Condition and Results of Operations" section of the Company's financial reports; (10) any correspondence between the Company and any regulatory or government agency relating to the Company's financial reports, and (11) any other significant issues, including issues relating to accounting principles, practices and judgments, that arose in the course of the independent auditors' audit or review, to the extent not already covered under subsections (1) to (10) above.

- In connection with the Committee's review of the annual financial statements, the Committee shall obtain and review a report from the independent auditors addressing: (1) all critical accounting policies and practices used; (2) all alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, the ramifications of each alternative and the treatment preferred by the independent auditors; (3) other material communications between the independent auditors and management, such as any management letter or schedule of unadjusted differences; and (4) any internal control reports prepared or to be prepared by the independent auditors.
- The Committee will ask the independent auditors for their observations on the adequacy of the Company's financial staff.
- The Committee shall recommend to the Board whether the annual financial statements should be included in the Annual Report on Form 10-K, based on (1) the Committee's review and discussion with management of the annual financial statements, (2) the Committee's discussion with the independent auditors of the matters required to be discussed by SAS 61, and (3) the Committee's review and discussion with the independent auditors of the independent auditors' independence and the written disclosures and letter

from the independent auditors required by Independence Standards Board Standard No. 1.

- The Committee shall review and assess the adequacy of this Charter at least once annually and shall make recommendations to the Board where appropriate to amend this Charter.
- The Committee shall review and approve any related party transaction (excluding transactions that are subject to review by another committee of the Board). A “related party transaction” is as defined in Item 404(a) of Regulation S-K of the SEC, which governs disclosure of these types of transactions in public company reports.

4. **Other.**

- The Committee shall establish procedures to receive and process complaints regarding accounting, internal accounting controls or auditing matters, and for employees to make confidential, anonymous complaints regarding questionable accounting or auditing matters.
- The Committee shall discuss with the Company’s chief legal officer and/or outside counsel any legal matters brought to the Committee’s attention that could reasonably be expected to have a material impact on the Company’s financial statements.
- The Committee shall discuss with the Company’s management the Company’s policies with regard to risk assessment and management. The Committee shall discuss significant financial risk exposures and the actions management has taken to monitor or control such risk exposures.
- The Committee shall annually prepare a report to the Company’s stockholders for inclusion in the Company’s annual proxy statement as required by the rules and regulations of the SEC, as they may be amended from time to time.
- The Committee shall meet periodically with the Company’s internal auditor (if any), and with any professionals who have been retained by the Committee in addition to the independent auditors.
- The Committee shall perform any other activities required by applicable law, rules or regulations, including the rules of the SEC and any stock exchange or market on which the Company’s capital stock is listed, and perform other activities that are consistent with this Charter, the Company’s Bylaws and governing laws, as the Committee or the Board deems necessary or appropriate.

- The Committee shall at least annually perform an assessment of the performance of the Committee and its members and of its compliance with this Charter.
- Subject to the applicable provisions of the Company's Bylaws and the authority of the Board, the Committee shall have the authority to establish its own rules and procedures for notice and conduct of its meetings.

IV. MEETINGS:

Meetings of the Committee will be held from time to time, but at least once per quarter, in response to the needs of the Board or as otherwise determined by the Chair of the Committee. Unless a Chair of the Committee is elected by the Board, the members of the Committee may designate a Chair by majority vote of the Committee membership. Meetings will be presided over by the Chair of the Committee, with the agenda for each meeting to be determined by the Chair of the Committee after consideration of suggestions from other Committee members and the Company's management. The Committee shall report to the Board from time to time, regularly and as requested by the Board and at such other times as determined by the Committee to be appropriate. In accordance with the Bylaws of the Company and in lieu of a meeting, the Committee may also act by unanimous written consent. The Committee may in its sole discretion invite persons who are not members of the Committee to attend Committee meetings, or exclude persons who are not members of the Committee from Committee meetings.

V. MINUTES:

The Committee will maintain written minutes of its meetings, and will file such minutes with the minutes of the meetings of the Board.