

**CHARTER FOR THE COMPENSATION COMMITTEE OF THE BOARD OF  
DIRECTORS  
OF OVERSTOCK.COM, INC.**

**PURPOSE:**

The purpose of the Compensation Committee established pursuant to this charter is to discharge the Board's responsibilities relating to compensation of the Company's directors and officers. The Committee has overall responsibility for approving and evaluating the director and officer compensation plans, policies and programs of the Company.

The Compensation Committee has the authority to undertake the specific duties and responsibilities listed below and will have the authority to undertake such other specific duties as the Board of Directors from time to time prescribes.

**MEMBERSHIP:**

Each member shall meet the independence standards of applicable law and of applicable Nasdaq rules. At least two members of the Committee shall also qualify as "non-employee" directors within the meaning of Rule 16b-3 under the Securities Exchange Act of 1934, as amended, and as "outside" directors within the meaning of Section 162(m) of the Internal Revenue Code of 1986, as amended.

The Compensation Committee members shall be appointed by and serve at the discretion of the Board of Directors on the recommendation of the Nominating and Corporate Governance Committee. One member of the Committee shall be appointed as Committee Chairman by the Board. Committee members may be replaced by the Board.

**RESPONSIBILITIES AND AUTHORITY:**

The responsibilities of the Compensation Committee include:

- (i) Reviewing and approving the compensation policies for executive officers and directors of the Company, and such other officers of the Company as directed by the Board of Directors;
- (ii) Reviewing and approving all forms of compensation to be provided to the executive officers and directors of the Company;
- (iii) In consultation with senior management, reviewing and approving general compensation goals and guidelines for the Company's employees and the criteria by which bonuses and stock compensation awards to the Company's employees are determined;
- (iv) Acting as Administrator of the Company's equity compensation plans (the "Plans") within the authority delegated by the Board of Directors. In its administration of the Plans, the Compensation Committee may, (1) grant stock

options, stock purchase rights and other awards permitted by the Plans to individuals eligible for such grants (including grants to individuals subject to Section 16 of the Securities Exchange Act of 1934, as amended, in compliance with Rule 16b-3 thereunder), (2) amend such stock options or stock purchase rights to the extent permitted by the Plans and applicable law, and (3) take all other actions permitted under the Plans;

- (v) Reviewing and making recommendations to the Board of Directors with respect to amendments to the Plans and changes in the number of shares reserved for issuance thereunder;
- (vi) Reviewing and making recommendations to the Board of Directors regarding other plans to be proposed for adoption or adopted by the Company for the provision of compensation to employees of, directors of and consultants to the Company;
- (vii) Reviewing and discussing with management the Company's disclosures under "Compensation Discussion and Analysis" (the "CD&A") to be included in the Company's annual report on Form 10-K and/or proxy statement, and based on such review and discussion, making a recommendation to the Board as to whether the CD&A should be included in the Company's annual report on Form 10-K and, as applicable, the Company's proxy statement;
- (viii) Producing the annual Compensation Committee Report for inclusion in the Company's proxy statement in compliance with the rules and regulation promulgated by the SEC;
- (ix) Monitoring the Company's compliance with applicable laws affecting employee compensation and benefits;
- (x) Overseeing the Company's compliance with SEC rules and regulations regarding stockholder approval of certain executive compensation matters, including advisory votes on executive compensation and the frequency of such votes, and the requirement under the Nasdaq rules that, with limited exception, stockholders approve equity compensation plans; and
- (xi) Taking such other actions as the Compensation Committee deems necessary or appropriate in connection with its duties hereunder or as may be authorized by the Board.

#### **COMMITTEE PERFORMANCE EVALUATION:**

The Committee shall evaluate the Committee's performance of its duties under this charter annually. The evaluation shall also include any recommendations to improve this charter. The performance evaluation shall be conducted in such a manner as the Committee deems appropriate. Any member of the Committee may present the evaluation to the Board either orally or in writing.

**MEETINGS:**

The Compensation Committee will meet as often as necessary to carry out its responsibilities. The Committee Chairman will preside at each meeting. In the absence of the Chairman, the Committee members present at the meeting may designate one of such members as the acting chair of such meeting. The Chief Executive Officer shall not be present during any Compensation Committee deliberations or voting with respect to his or her compensation.

**MINUTES:**

The Compensation Committee may maintain written minutes of its meetings, which minutes will be filed with the minutes of the meetings of the Board of Directors.

**REPORTS:**

The Compensation Committee may provide written reports to the Board of Directors of the Company regarding recommendations of the Compensation Committee submitted to the Board of Directors for action, and copies of the written minutes of its meetings.

**RESOURCES AND AUTHORITY:**

The Committee shall have the resources and authority appropriate to discharge its duties and responsibilities, including the authority to select, retain, terminate, and approve the fees and other retention terms of compensation consultants, legal counsel and other advisers, as it deems appropriate, without seeking approval of the Board or management. Authority to select, retain, terminate, and approve the fees and other retention terms of any compensation consultants, legal counsel and other advisers shall be vested solely in the Committee. The Company must provide for appropriate funding, as determined by the Committee, for payment of reasonable compensation to any adviser retained by the Committee.

The Committee may select a compensation consultant, legal counsel or other adviser to the Committee only after taking into consideration the following factors, as well as any other factors identified by Nasdaq in its listing standards, whether in Listing Rule 5605(d) (3) or otherwise:

- (i) The provision of other services to the Company by the person that employs the compensation consultant, legal counsel or other adviser;
- (ii) The amount of fees received from the Company by the person that employs the compensation consultant, legal counsel or other adviser, as a percentage of the total revenue of the person that employs the compensation consultant, legal counsel or other adviser;
- (iii) The policies and procedures of the person that employs the compensation consultant, legal counsel or other adviser that are designed to prevent conflicts of interest;

- (iv) Any business or personal relationship of the compensation consultant, legal counsel or other adviser with a member of the compensation committee;
- (v) Any stock of the Company owned by the compensation consultant, legal counsel or other adviser; and
- (vi) Any business or personal relationship of the compensation consultant, legal counsel, other adviser or the person employing the adviser with an executive officer of the Company.