



**JPMorgan
Global Internet Conference**

March 14, 2006

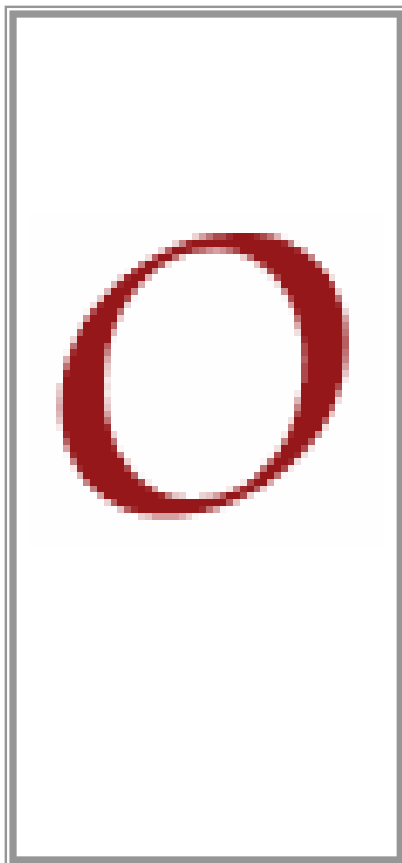
**Overstock.com**[®]
Your Online Outlet[™]

The following information contains, or may be deemed to contain, “forward-looking statements” (as defined in the U.S. Private Securities Litigation Reform Act of 1995). By their nature, forward-looking statements involve risk and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. The future results may vary from the results expressed in, or implied by, the following forward-looking statements, possibly to a material degree. For a discussion of some of the important factors that could cause the results to differ from those expressed in, or implied by, the following forward-looking statements, and for definition of the non-GAAP term “Gross Bookings,” please refer to documents that the Company files with the SEC, including but not limited to, its most recent reports on forms 10-K, 10-Q, 8-K and S-1. The Company undertakes no obligation to update or revise any forward-looking statements.

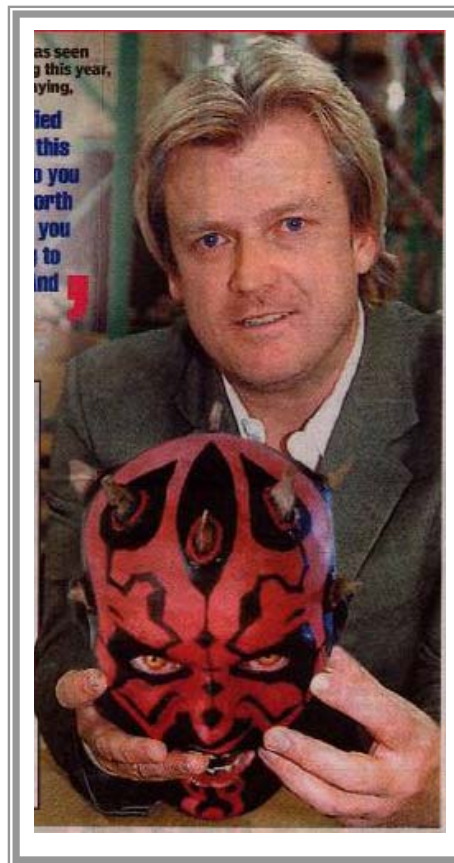
- o Dr. Patrick Byrne
 - President
- o Mr. Jason Lindsey
 - Director (+ former President & CFO)

Jihad

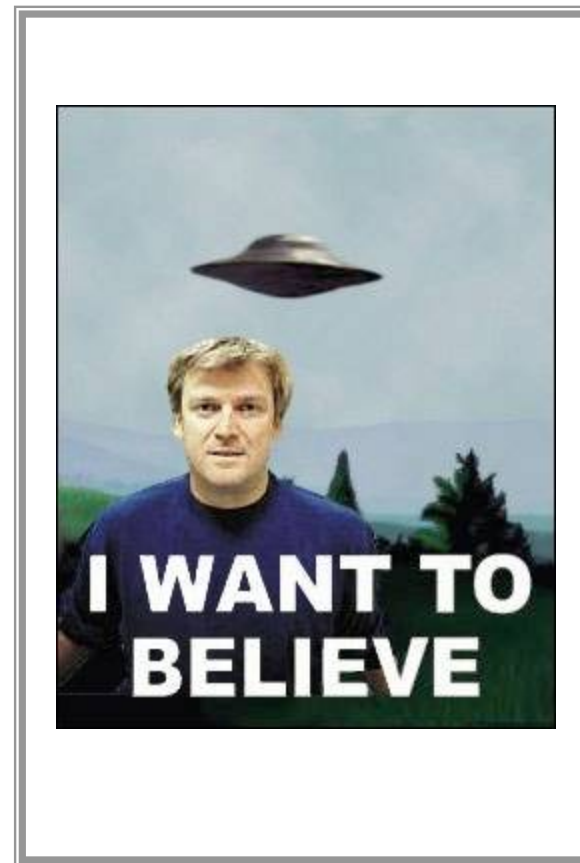
Overstock



Lawsuit



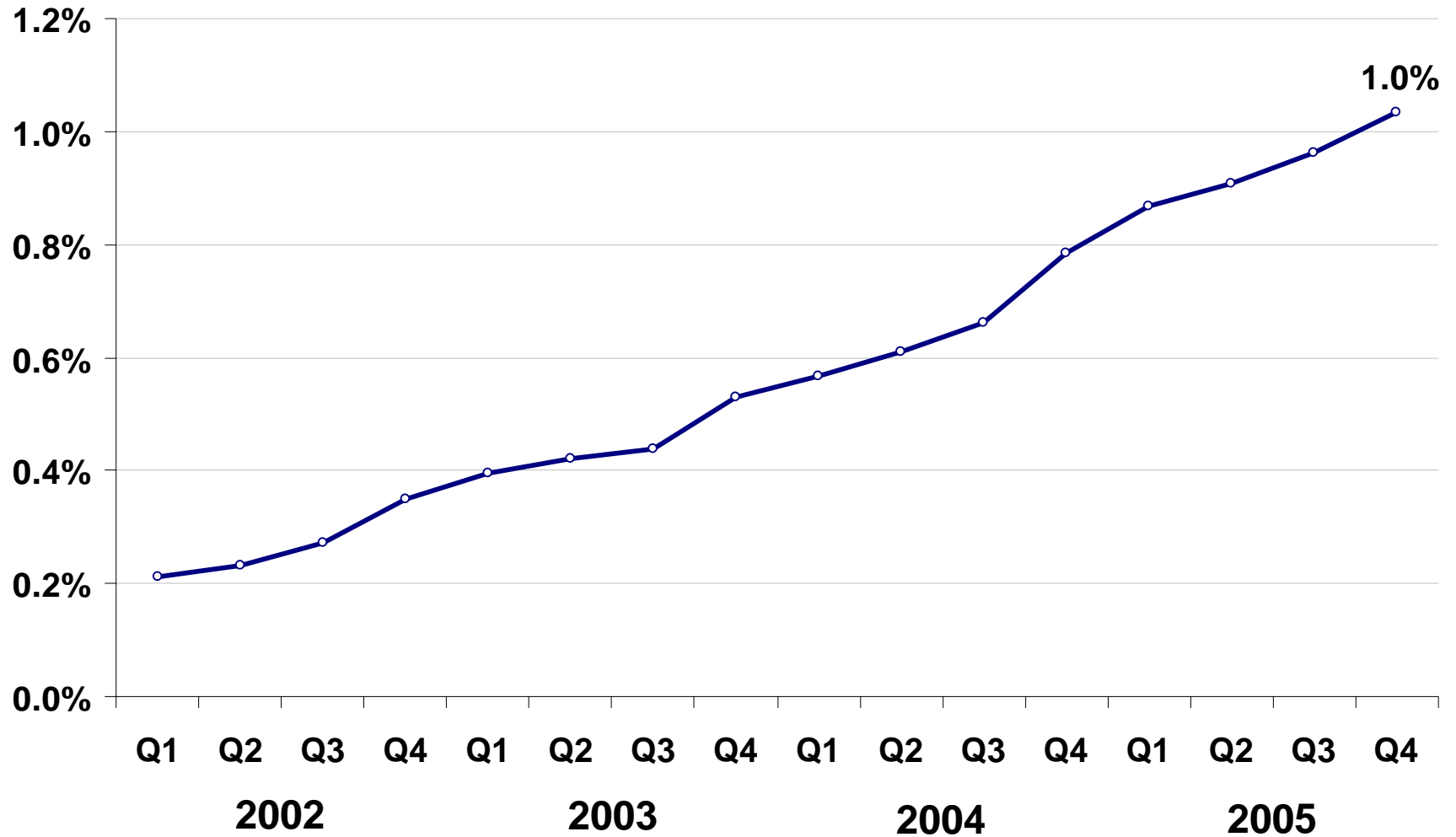
Naked Short Selling



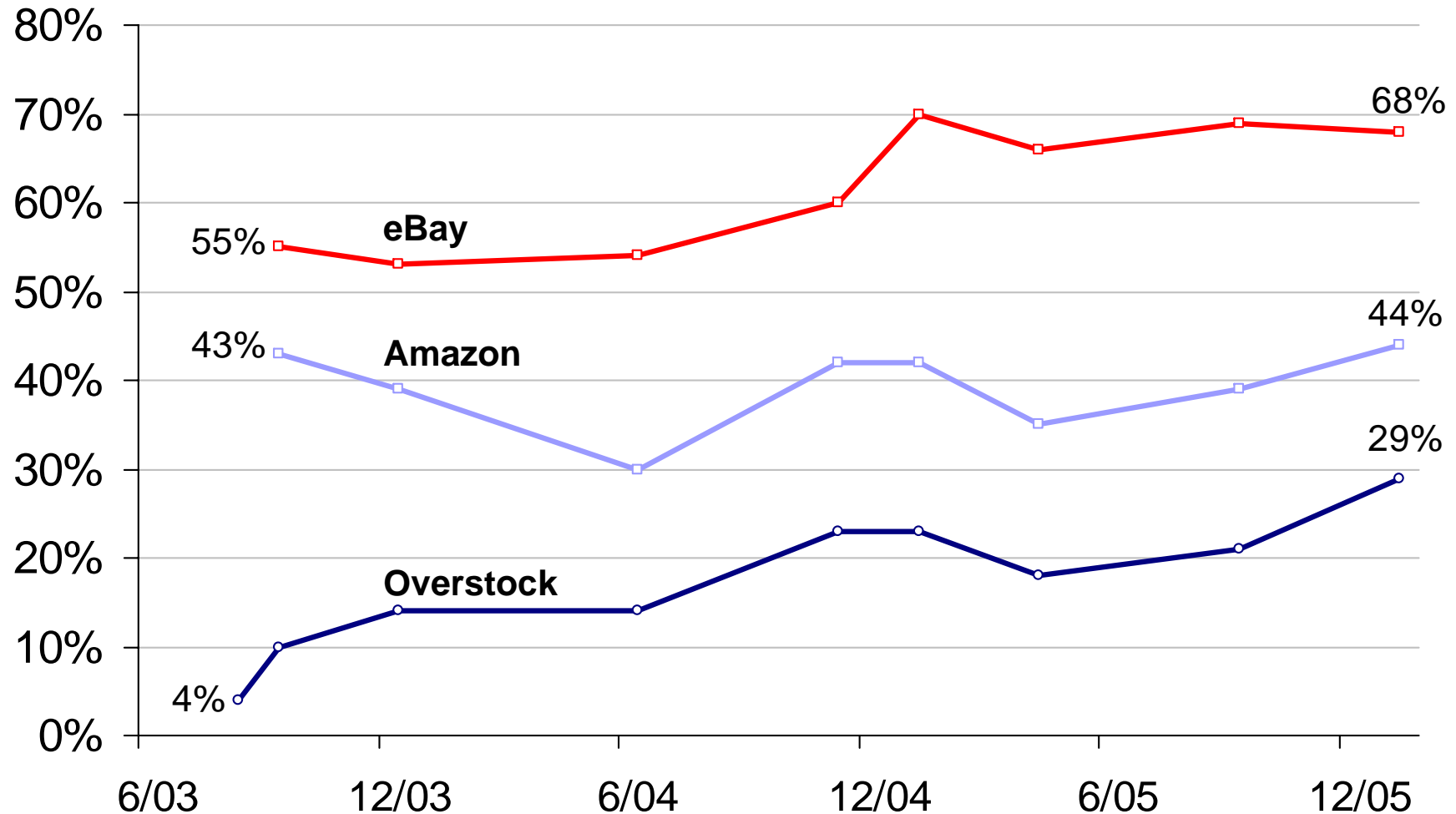
- o Amended 2004 10-K and 2005 Q1-Q3 filed today
- o 8-K filed 2/28 detailing capitalized inbound freight
- o Judge Smith in California ruled against anti-SLAPP motions by Rucker Partners and Gradient Analytics

- o \$60+ billion liquidation/closeout industry
- o Gaining market share in industry and eCommerce
- o Competitive advantages from current size

Overstock as % of US eCommerce (TTM)

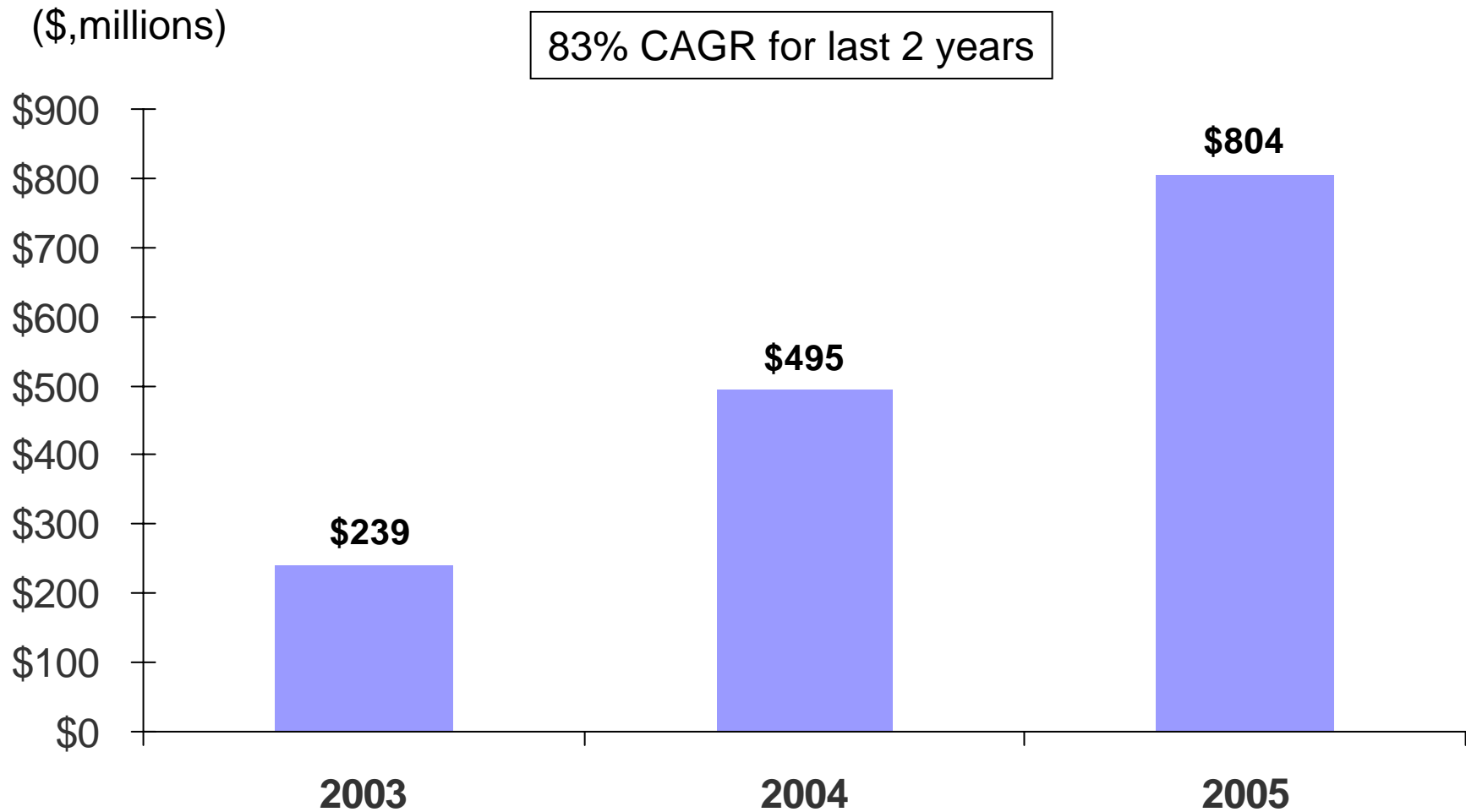


Unprompted name recognition for Overstock, Amazon and eBay by all consumers



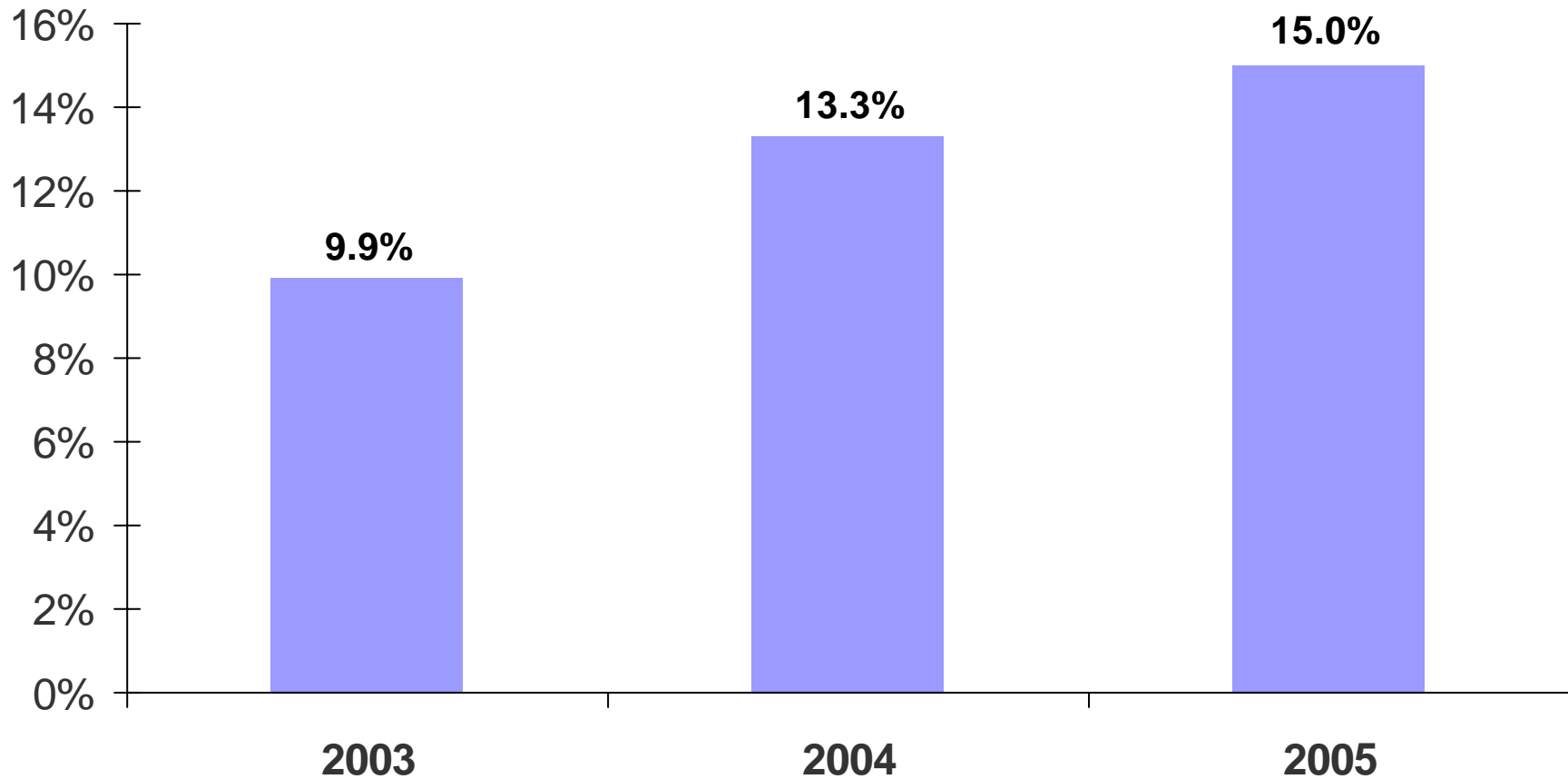
Source: Abacus Associates; Survey of all consumers

Net Revenue: 2003-2005



Gross Margins: 2003-2005

500 bps improvement over last 2 years



- o More focus on the customer experience
- o Improve systems that will enable us to do that

- o Realigned management team
 - Focus on “hardening systems” in 1H’06

Priorities

- o Systems:

- Analytics
- Personalization
- Site design
- Search

- o Processes:

- Customer service
- Fulfillment

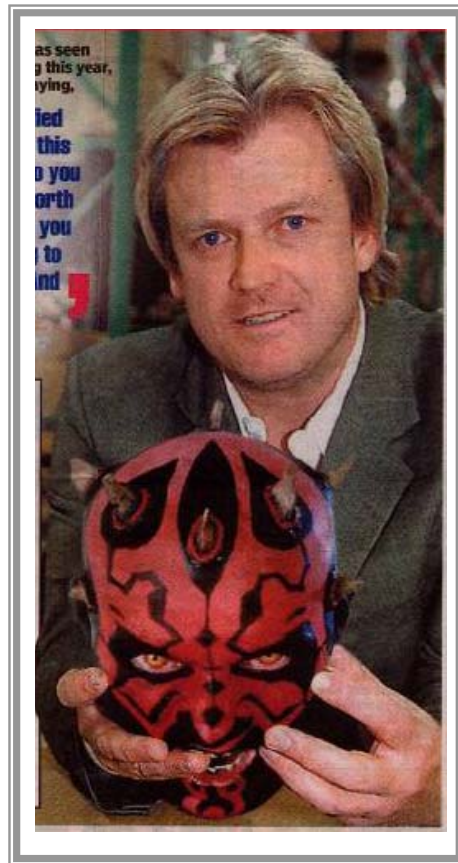
- o Reduce marketing spend sharply
- o Revenue growth of 10% for Q1-Q3
- o Continue to expand gross margins
- o CapEx of approximately \$30 million
- o Tech expense will continue to grow
- o Breakeven to positive EBITDA for year
- o Breakeven to positive operating cash flow

- o Continued revenue growth
- o Remain focused on reducing costs & inefficiencies
- o Committed to keeping share count low

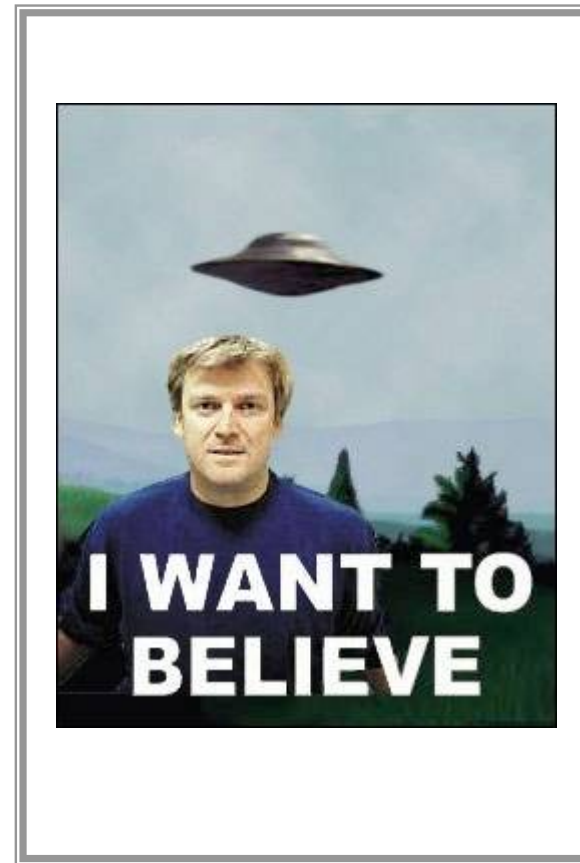
Questions

 **Overstock.com**[®]
Your Online Outlet[™]

Lawsuit



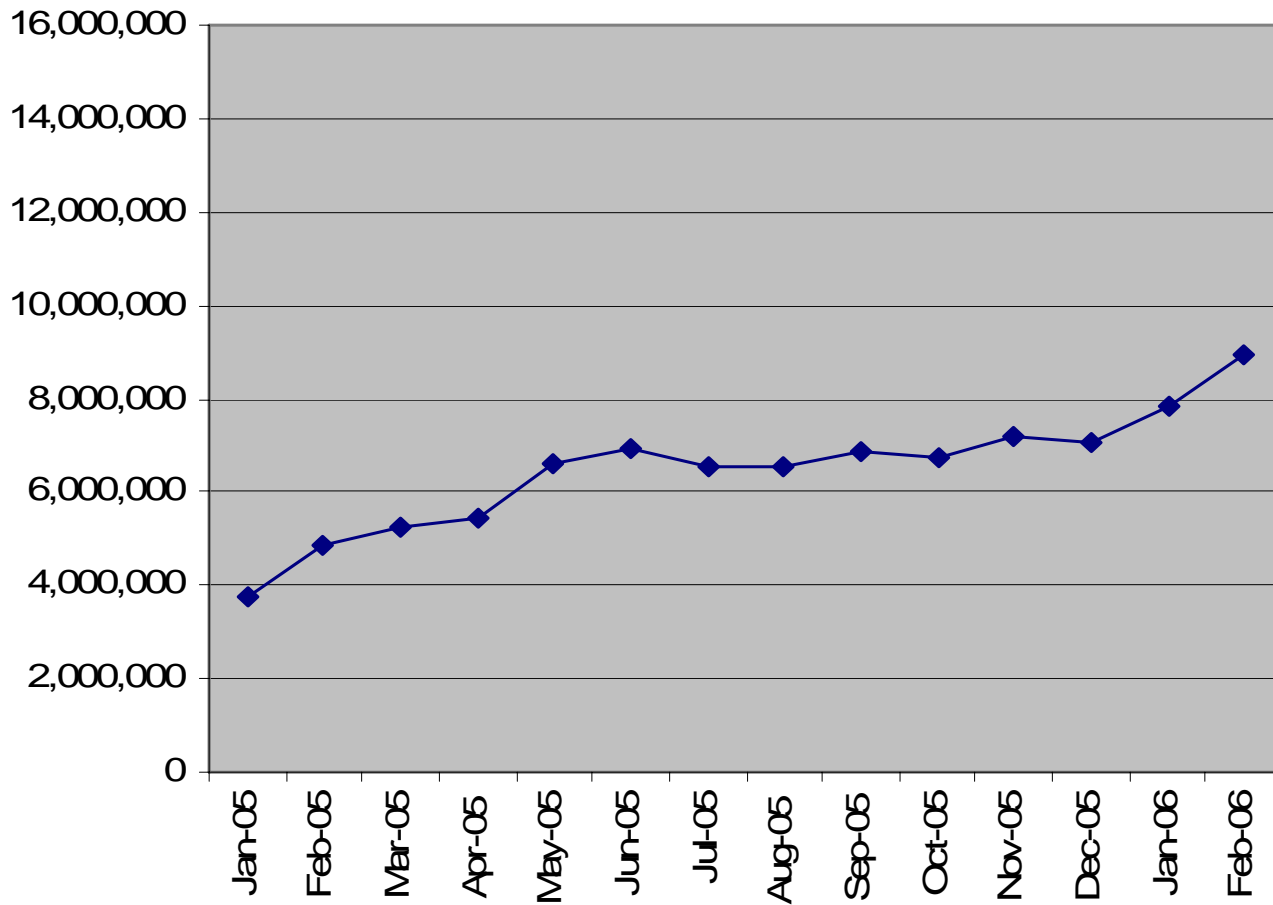
Naked Short Selling



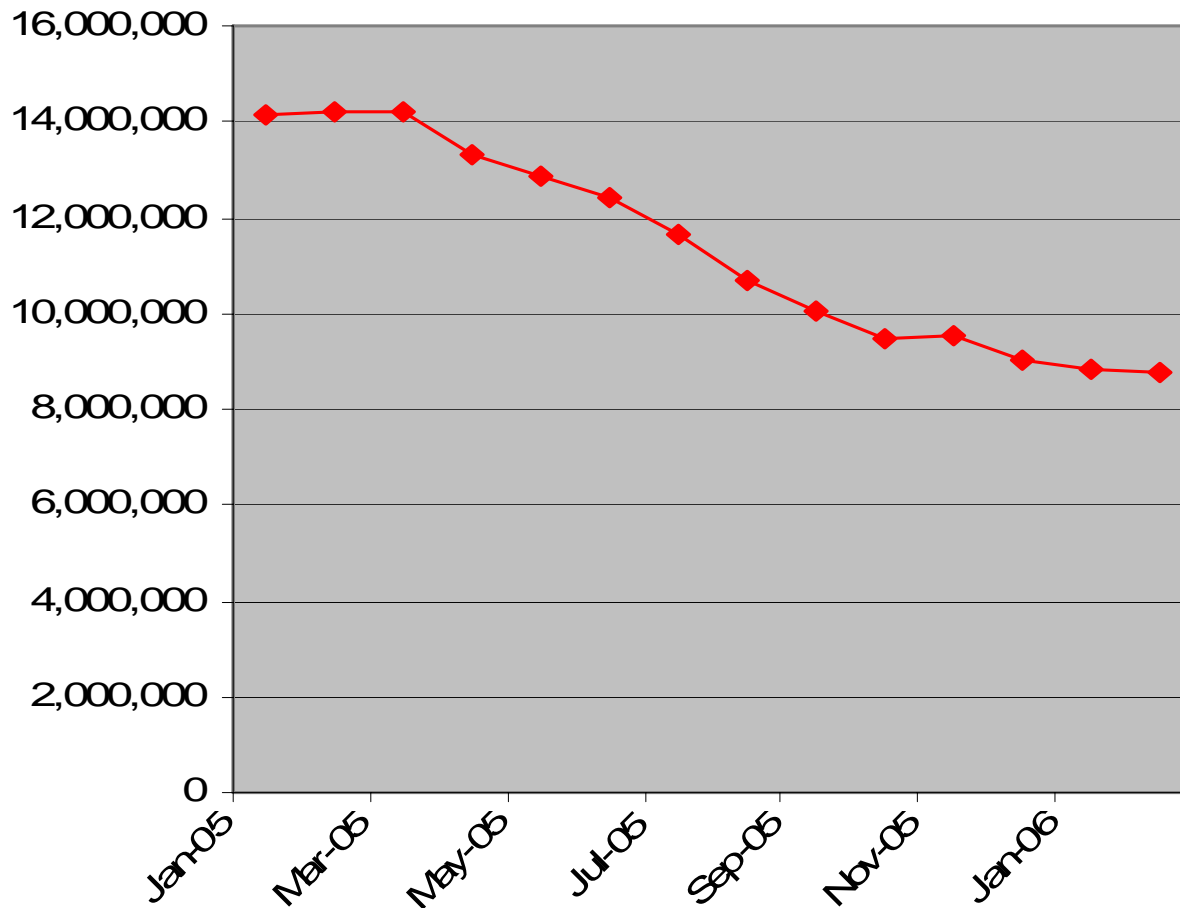
- @dtcc: One of the allegations made in some of the lawsuits is that the Stock Borrow program counterfeits shares, creating many more shares than actually exist. True?
- Thompson: Absolutely false. Under the Stock Borrow program, NSCC only borrows shares from a lending member if the member actually has the shares on deposit in its account at the DTC and voluntarily offers them to NSCC. **If the member doesn't have the shares, it can't lend them.**
- Once a loan is made, **the lent shares are deducted from the lender's DTC account and credited to the DTC account of the member to whom the shares are delivered.** Only one NSCC member can have the shares credited to its DTC account at any one time.
- The assertion that the same shares are lent over and over again with each new recipient acquiring ownership of the same shares is **either an intentional misrepresentation** of the SEC-approved system, or a **profoundly ignorant characterization** of this component of the process of clearing and settling transactions. "

http://www.dtcc.com/Publications/dtcc/mar05/naked_short_selling.html

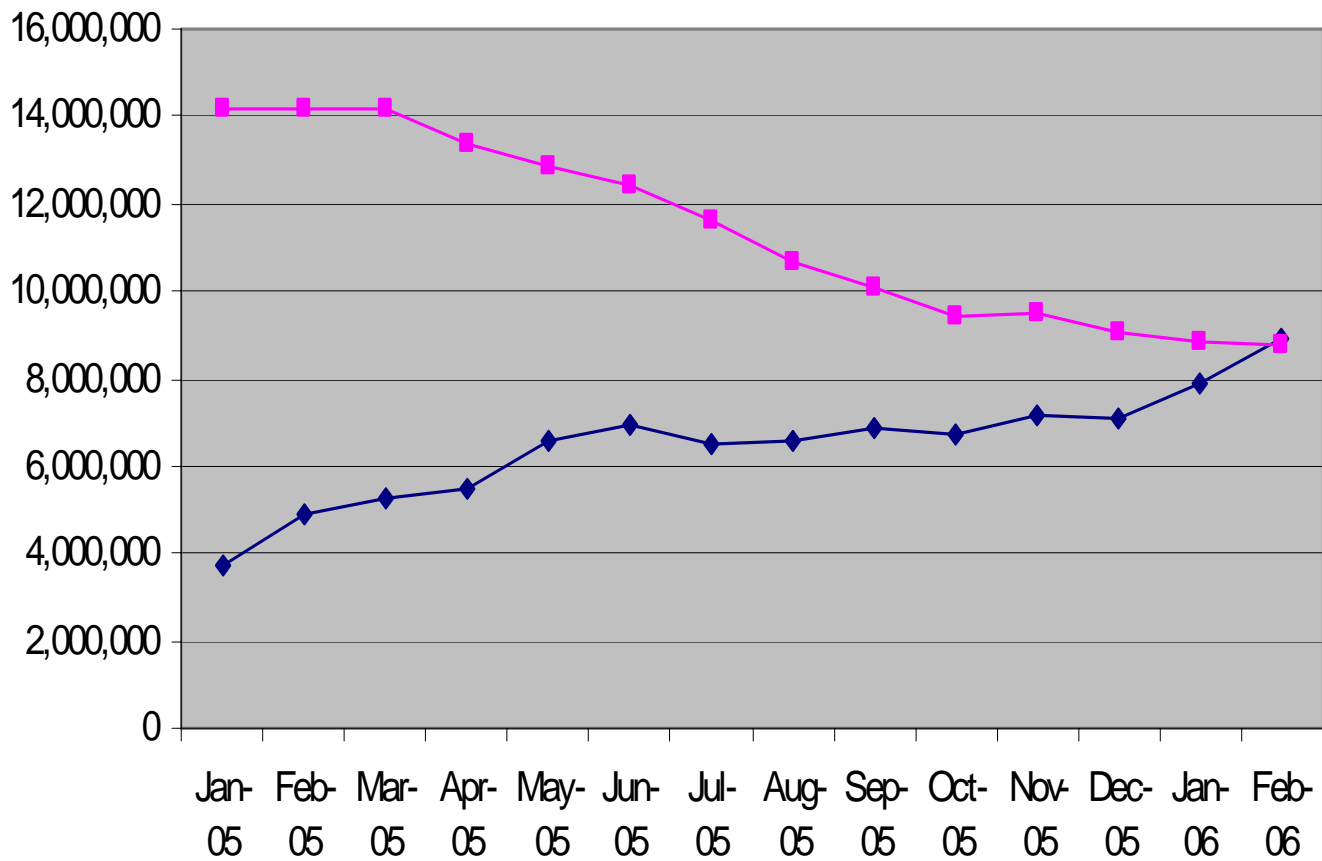
OSTK Short Interest



OSTK shares on deposit at DTCC



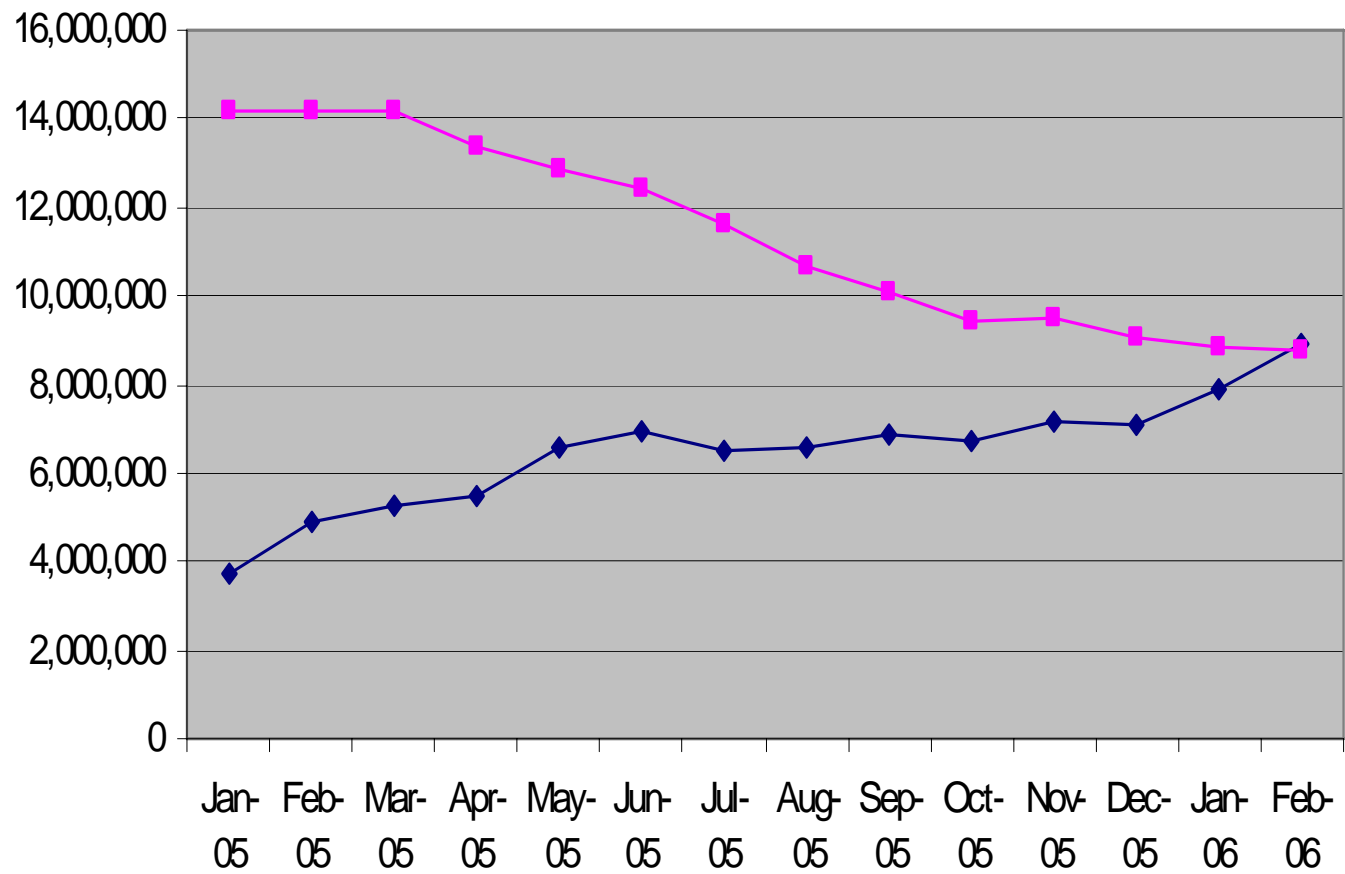
OSTK short interest & on deposit at DTCC



- @dtcc: One of the allegations made in some of the lawsuits is that the Stock Borrow program counterfeits shares, creating many more shares than actually exist. True?
- Thompson: Absolutely false. Under the Stock Borrow program, NSCC only borrows shares from a lending member if the member actually has the shares on deposit in its account at the DTC and voluntarily offers them to NSCC. **If the member doesn't have the shares, it can't lend them.**
- Once a loan is made, **the lent shares are deducted from the lender's DTC account and credited to the DTC account of the member to whom the shares are delivered.** Only one NSCC member can have the shares credited to its DTC account at any one time.
- The assertion that the same shares are lent over and over again with each new recipient acquiring ownership of the same shares is **either an intentional misrepresentation** of the SEC-approved system, or a profoundly ignorant characterization of this component of the process of clearing and settling transactions. "

http://www.dtcc.com/Publications/dtcc/mar05/naked_short_selling.html

OSTK short interest & on deposit at DTCC



Who owns those 8.7 million shares at the DTCC?

Shares at DTCC:	8,747,903
DTCC Beneficial owners :	<u>-15,611,420</u>
Shares someone is SOL:	<u>-6,863,517</u>

Participant Name	DTCC Position (1/12/06)	Beneficial Ownership List (1/12/06)	Difference
Goldman Sachs	1,024,234	2,720,747	1,696,513
Citigroup	88,706	1,031,596	942,890
City Securities	-	811,972	811,972
Morgan Stanley	86,258	705,356	619,098
Barclays Capital	147,287	577,196	429,909
NFS LLC	937,315	1,354,520	417,205
Lazard	50	309,750	309,700
Charles Schwab	388,346	665,178	276,832
Merrill Lynch	145,673	415,977	270,304
UBS Securities	293,834	515,131	221,297
Daiwa Securities	-	159,100	159,100
Bear Stearns	22,508	180,059	157,551
National Investor	137,624	293,411	155,787
Ameritrade	251,320	383,245	131,925
E*Trade	150,825	254,372	103,547
	3,673,980	10,377,610	6,703,630

@dtcc: Just how big is the fails to deliver, and how much of those fails does the Stock Borrow program address?

Thompson: Currently, fails to deliver are running about 24,000 transactions daily, and that includes both new and aged fails, out of an average of 23 million new transactions processed daily by NSCC, or about one-tenth of one percent. In dollar terms, fails to deliver and receive amount to about \$6 billion daily, again including both new fails and aged fails, out of just under \$400 billion in trades processed daily by NSCC, or about 1.5% of the dollar volume. The Stock Borrow program is able to resolve about \$1.1 billion of the “fails to receive,” or about 20% of the total fail obligation.

“Patrick,

Today I have been informed by XXX at Wells Fargo, that the 50,000 shares of OSTK originally confirmed to have settled on Dec 5th and in the process of being converted from DTC shares to paper, have in actuality not settled and no shares have been received by Wells Fargo from Lehman Brothers. The \$1.8mm for the purchase of the shares has been debited from your Wells Fargo account, but Wells has not distributed any money to Lehman and the funds are being held in a Wells holding account.”

“Patrick,

It would seem that Lehman did not have the shares when they sold them to us. They are a market mover for overstock.com and so are both placing sells and buys throughout the day. There is no way for us to tell how short they were at what time, I don't think the broker at Lehman even knows the total position of shares when they complete the trade. It never is disclosed as a short sale, all we see is a confirmation that they accepted the trade which means that typically they will deliver the shares in three days. My understanding is that traders and brokerage houses will often on securities borrow the shares if they come up short at the end of the day. **Since Overstock is a "hot" stock they are finding it just about impossible to find shares to borrow or buy.**”

“As far as your question about buying them in, yes we could buy them in in this situation. However, if we try I don't know that we will be successful. **Talking with my traders they feel that we will run into the same problem, no one seems to have enough of the shares to deliver.**

I have talked with Lehman again today and they are at the same position right now.”

www.locatestock.com

www.thesanitycheck.com

www.businessjive.com

