

Overstock.com, Inc. 2005 Financial Results Presentation

February 7, 2006



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.

1) Gross Margins:

- a) What is the plan for gross margins? How will you get there
- b) Within logistics and merchandising, where do you see room for improvement?

2) Technology Spend

- a) Can you tell us what the components are to tech expense? What can we expect in 2006?
- b) What is happening with the ERP implementation? Could there be any future overhangs from that issue in 2006?
- c) Analytics: Propeller, TCRM, site design, etc. update
- d) CapEx for 2006?

3) Growth:

- a) It appears that there has been a change in the company's strategy to grow at any cost to one that is now focused on generating profitability?
- b) What is the plan for revenue growth?
- c) Why was there such a rapid deceleration in growth from the beginning of '05 to present? What has caused this?
- d) What is the breakeven volume given current growth rates and your estimates for GM and OpEx?

4) Liquidity:

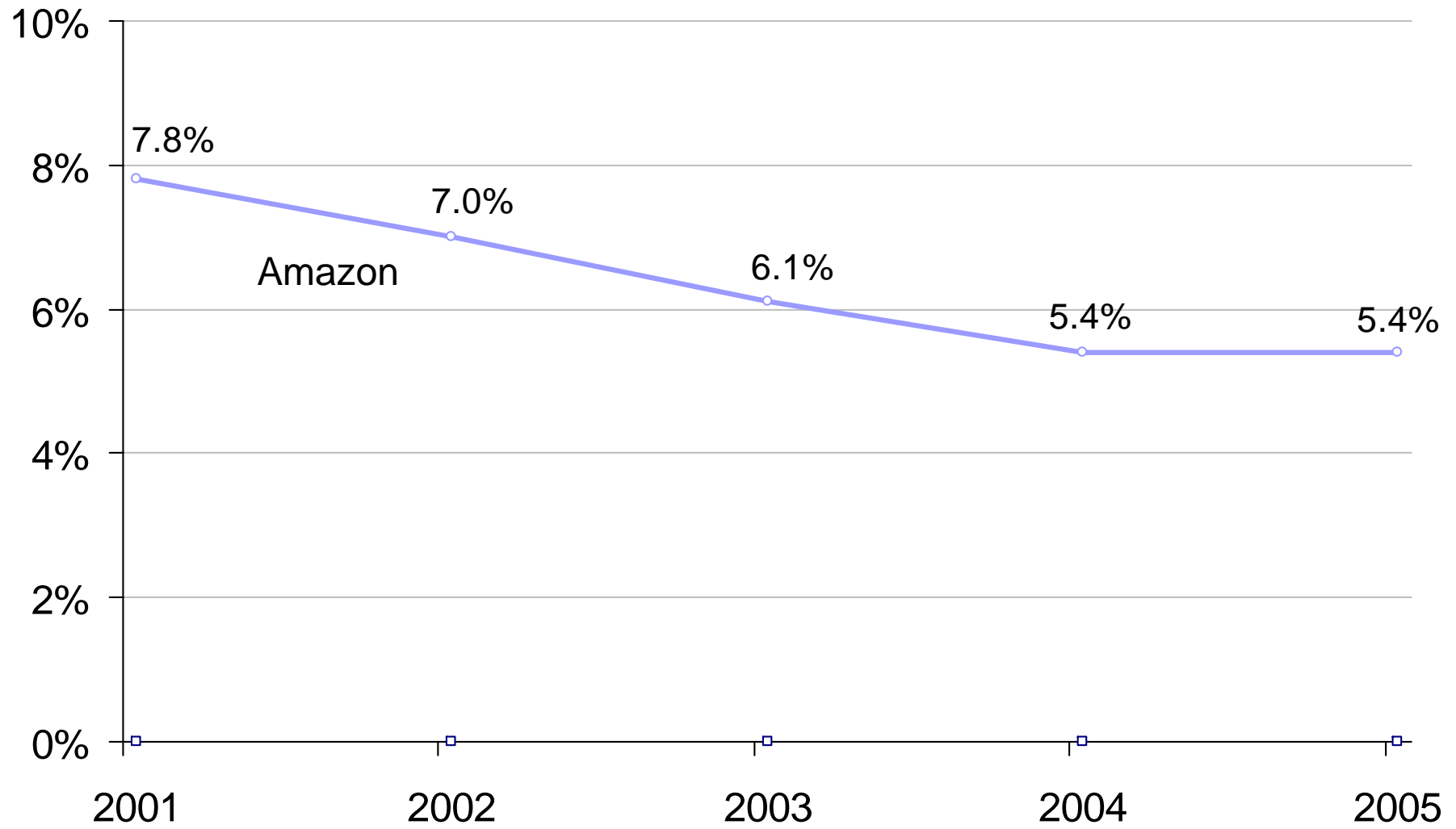
- a) You had \$72 mil in available cash at 12/31 and \$104 mil in A/P with purchase obligations of \$37 mil? What is the current cash situation now? Do you need to raise funds this year?
- b) Inventories were higher at the end of Q4 then going into it? How much of this was due to slower growth? Bad inventory? Competition taking sales, or something else?

5) Marketing:

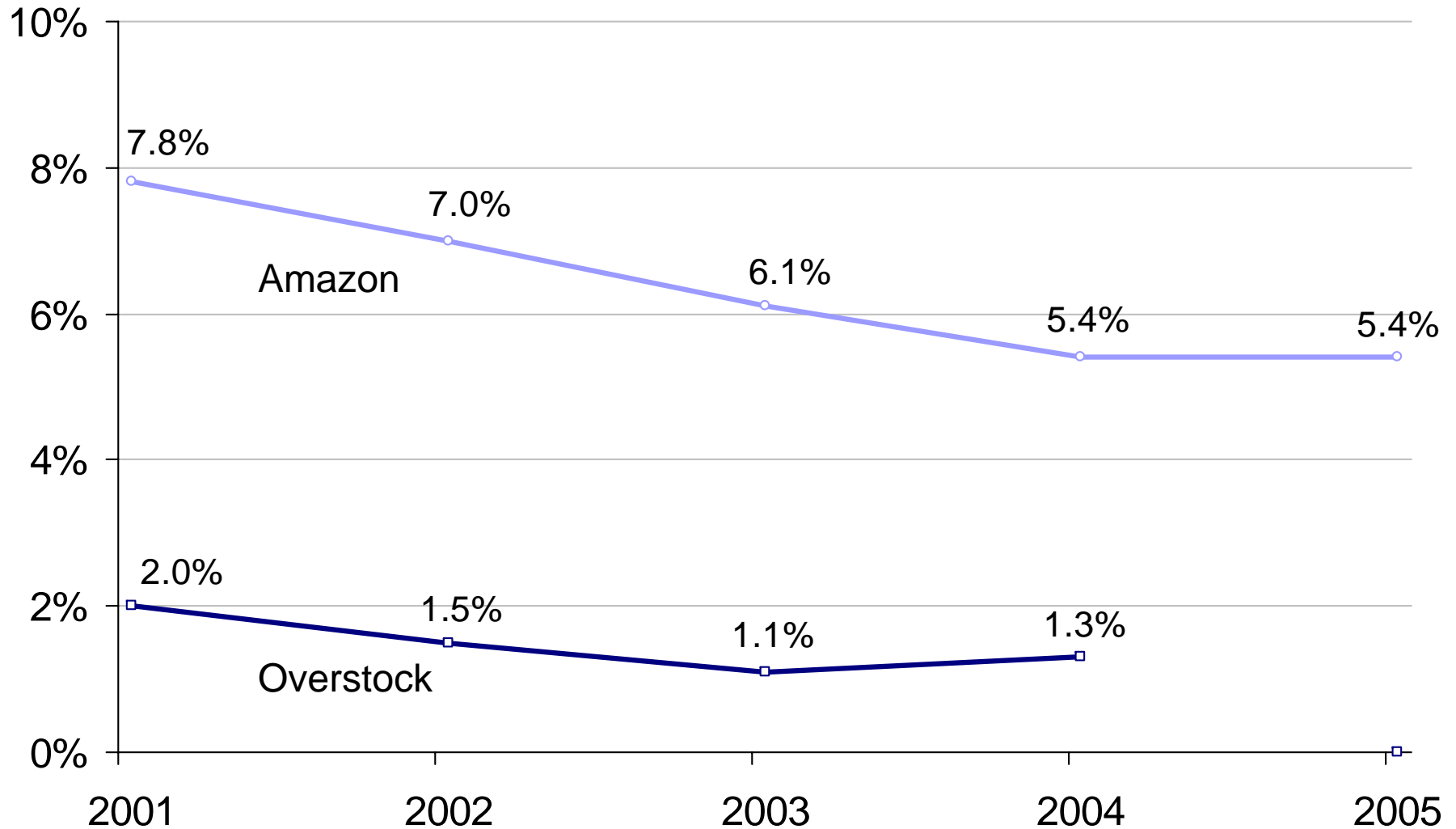
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- f) Free shipping in December? Why so much?
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1. 2005 – The bad and the ugly
2. 2005 – The good
3. Looking forward
4. Jihad

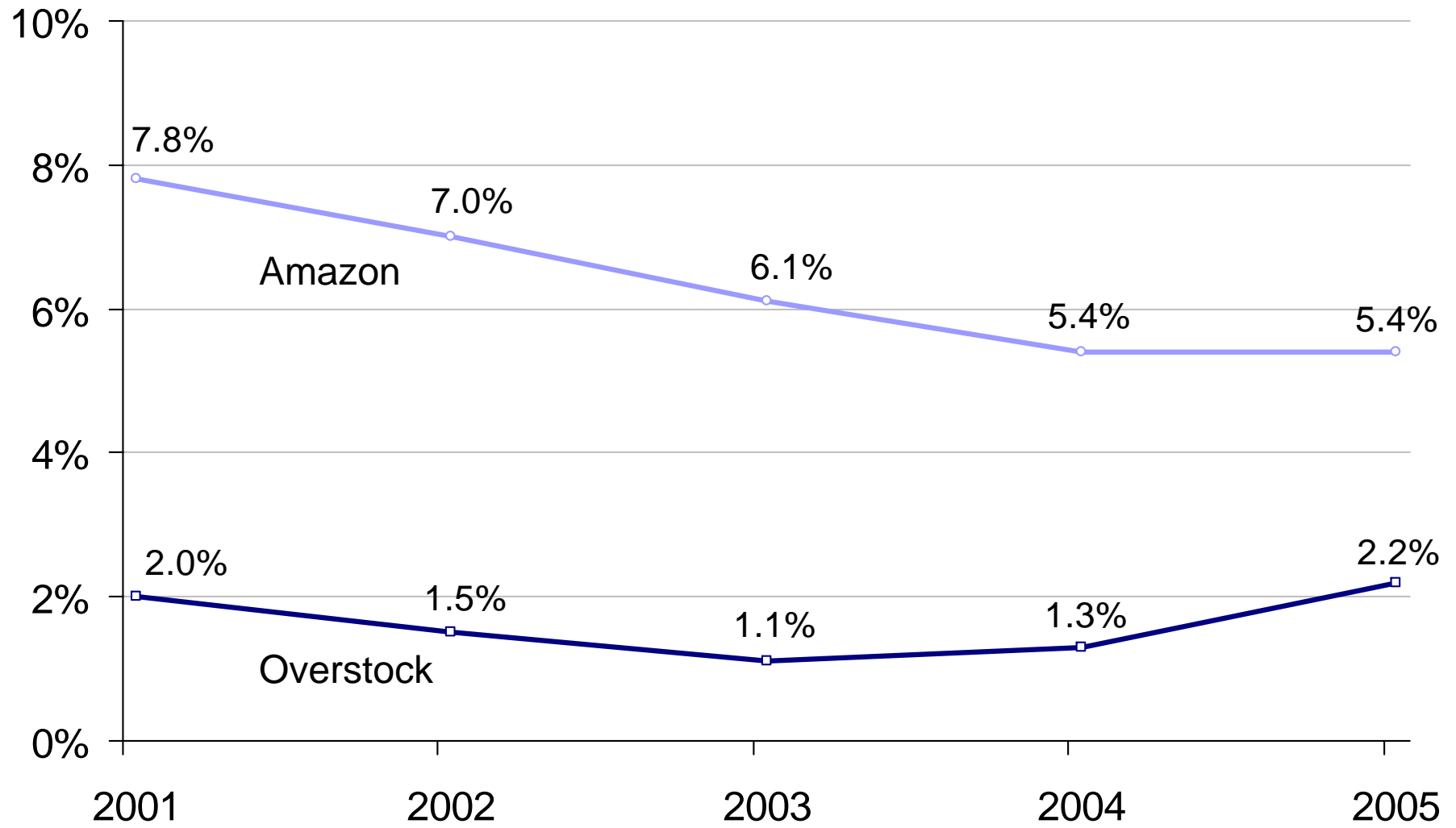
Cumulative technology expense / revenue for Overstock and Amazon



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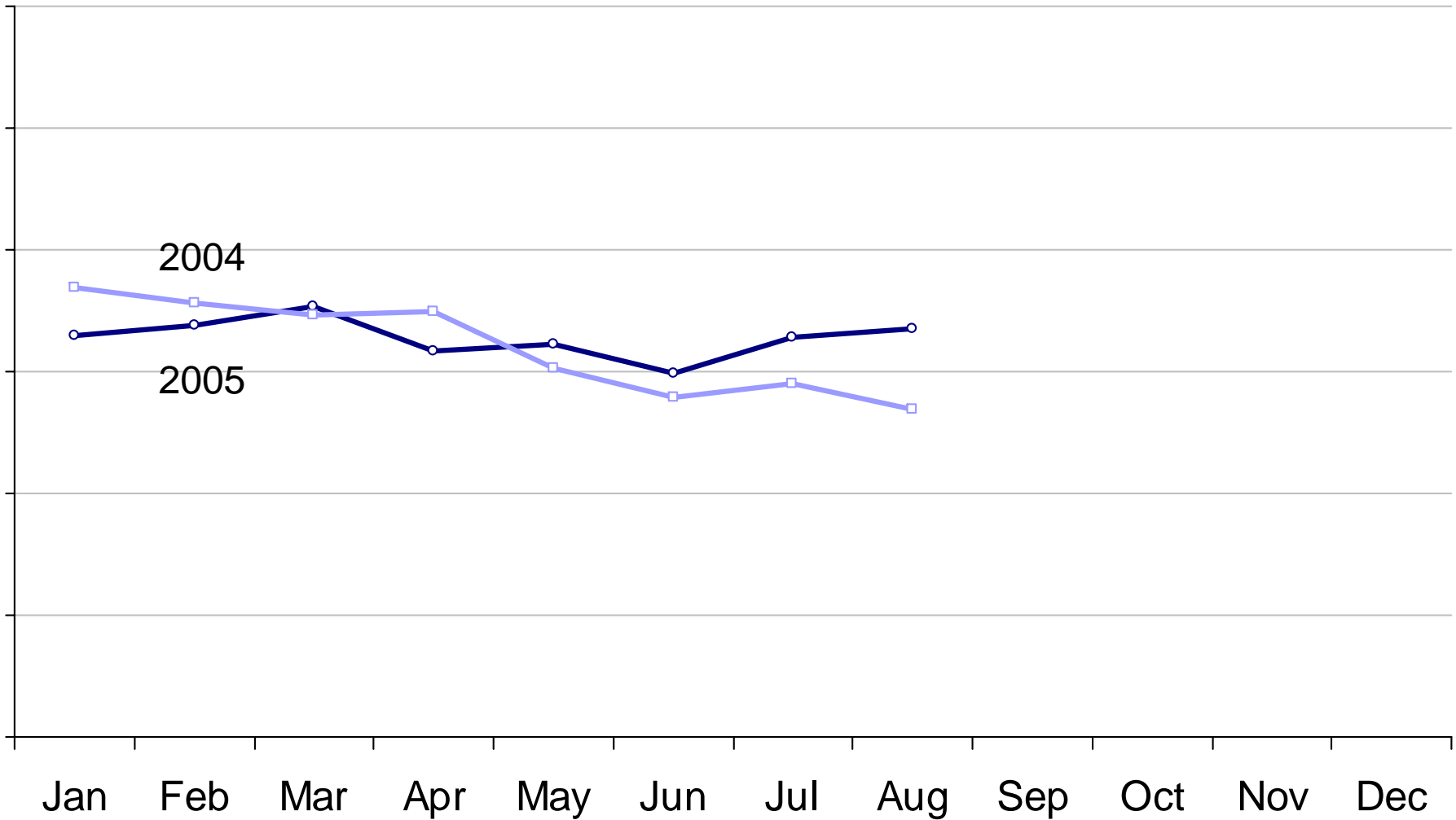


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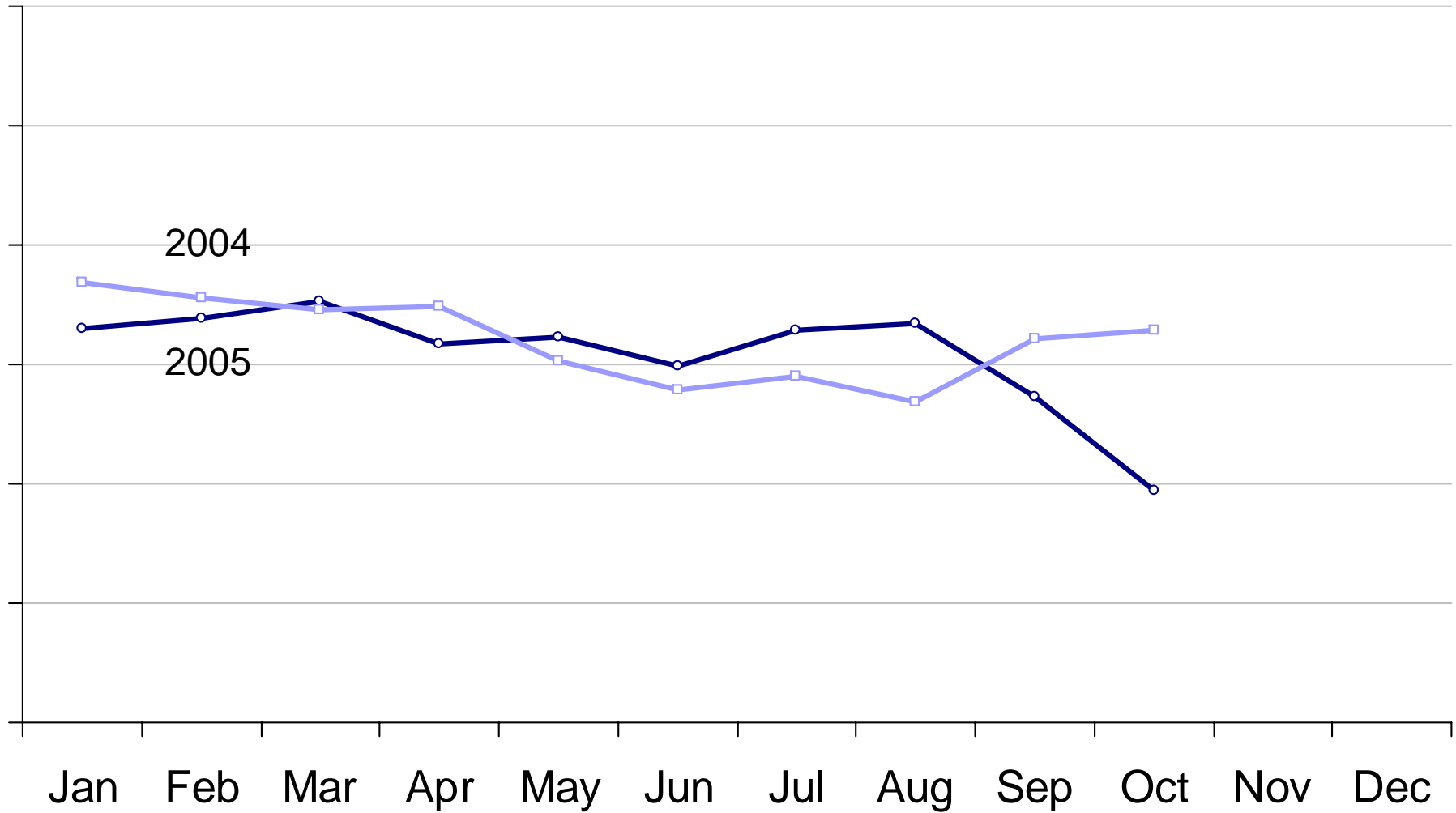
2004 vs 2005 Conversion*

January - August



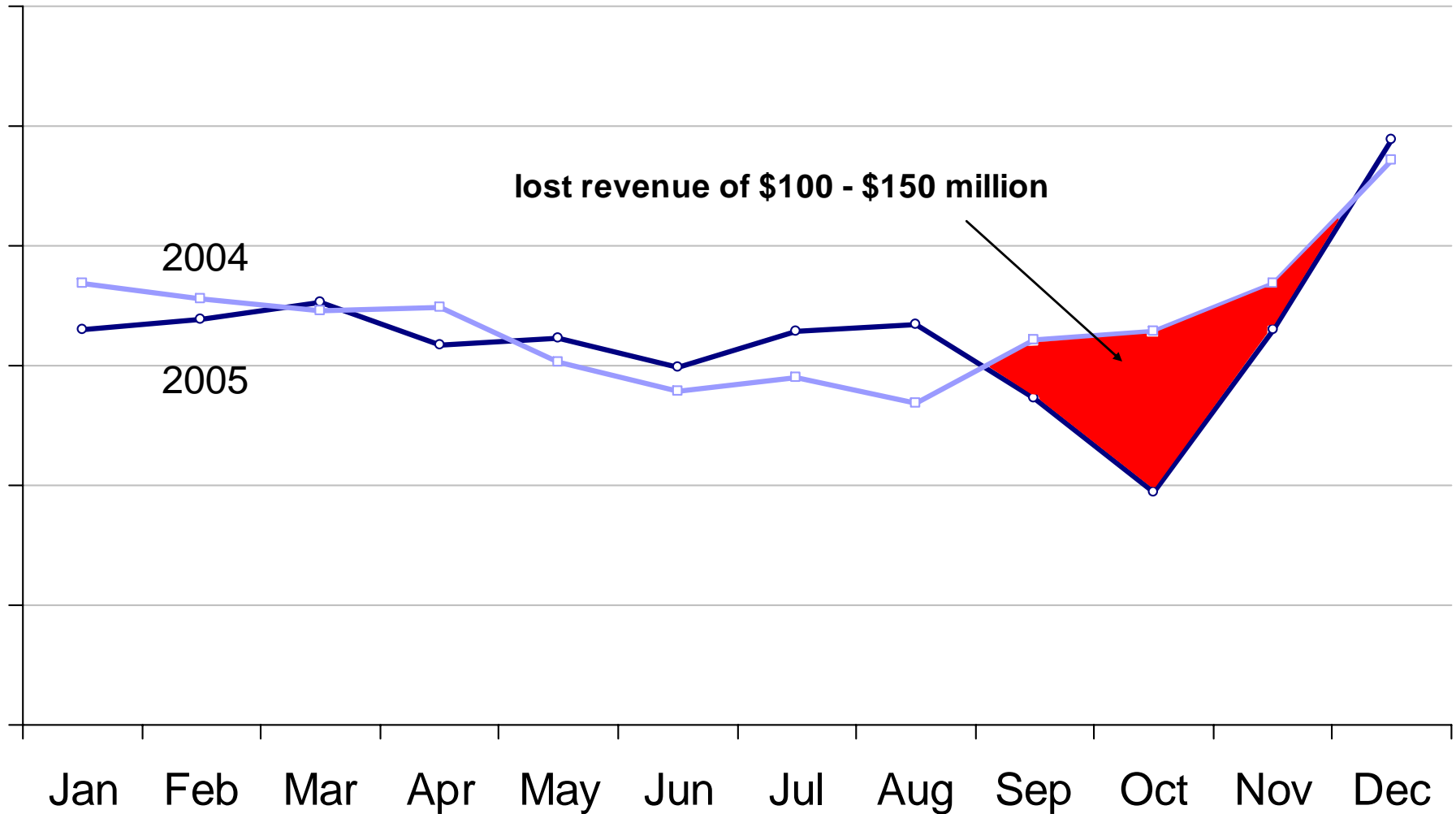
2004 vs 2005 Conversion*

January - October

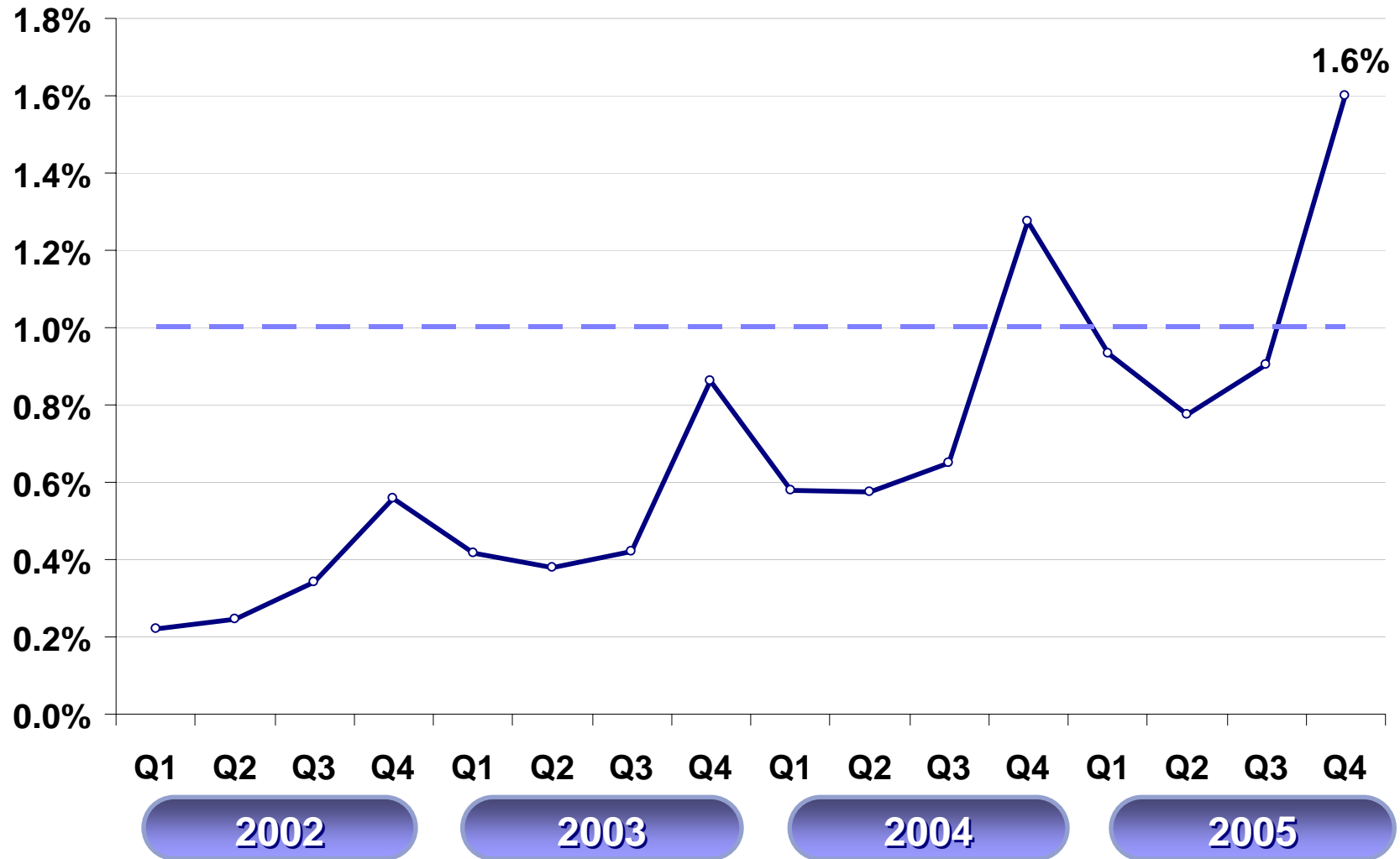


2004 vs 2005 Conversion*

January - December

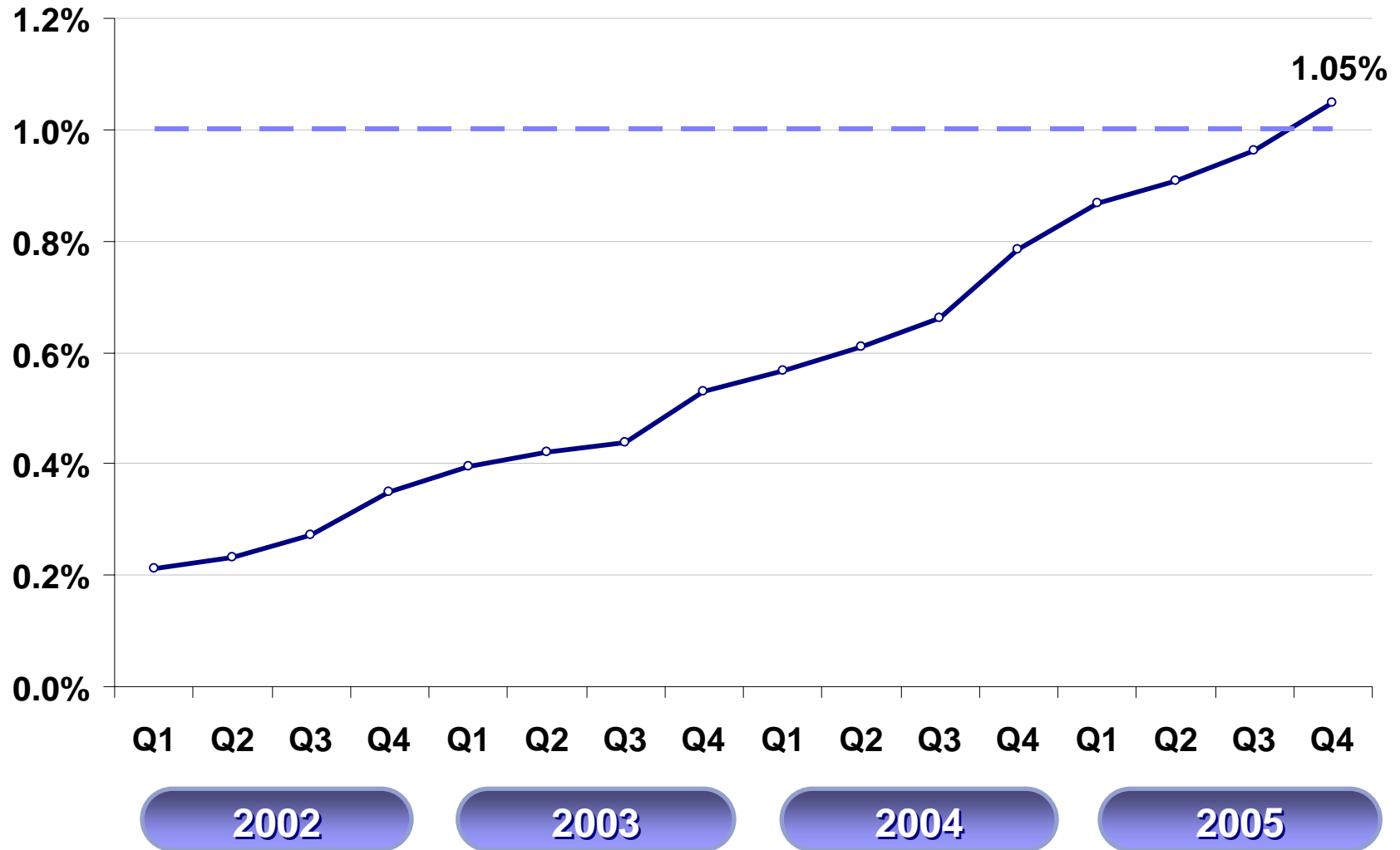


Overstock as % of US eCommerce



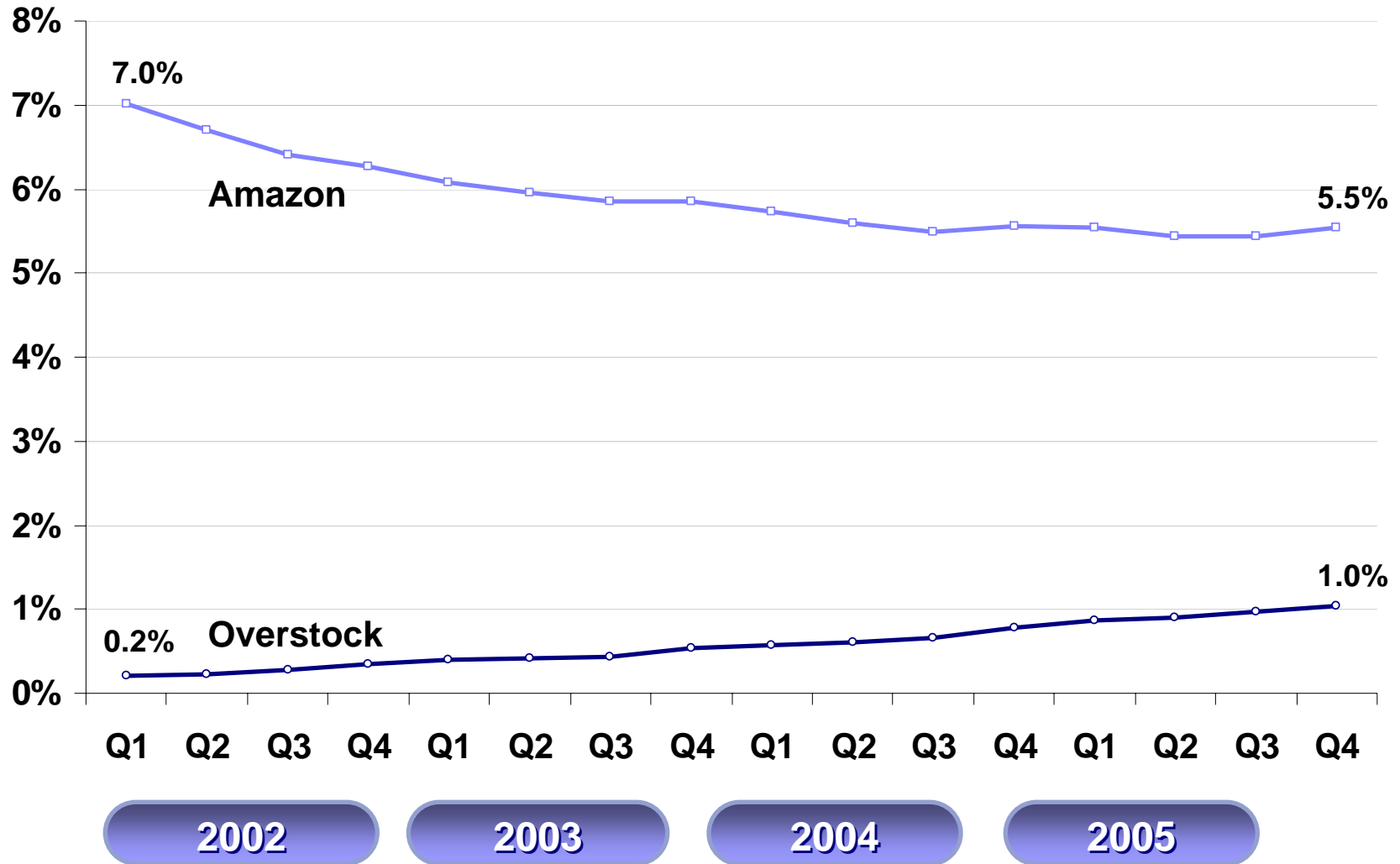
Source: US Census Bureau, Company Data. Q4'05 eCommerce value estimated at 20% Y/Y growth.

Overstock as % of US eCommerce (TTM)

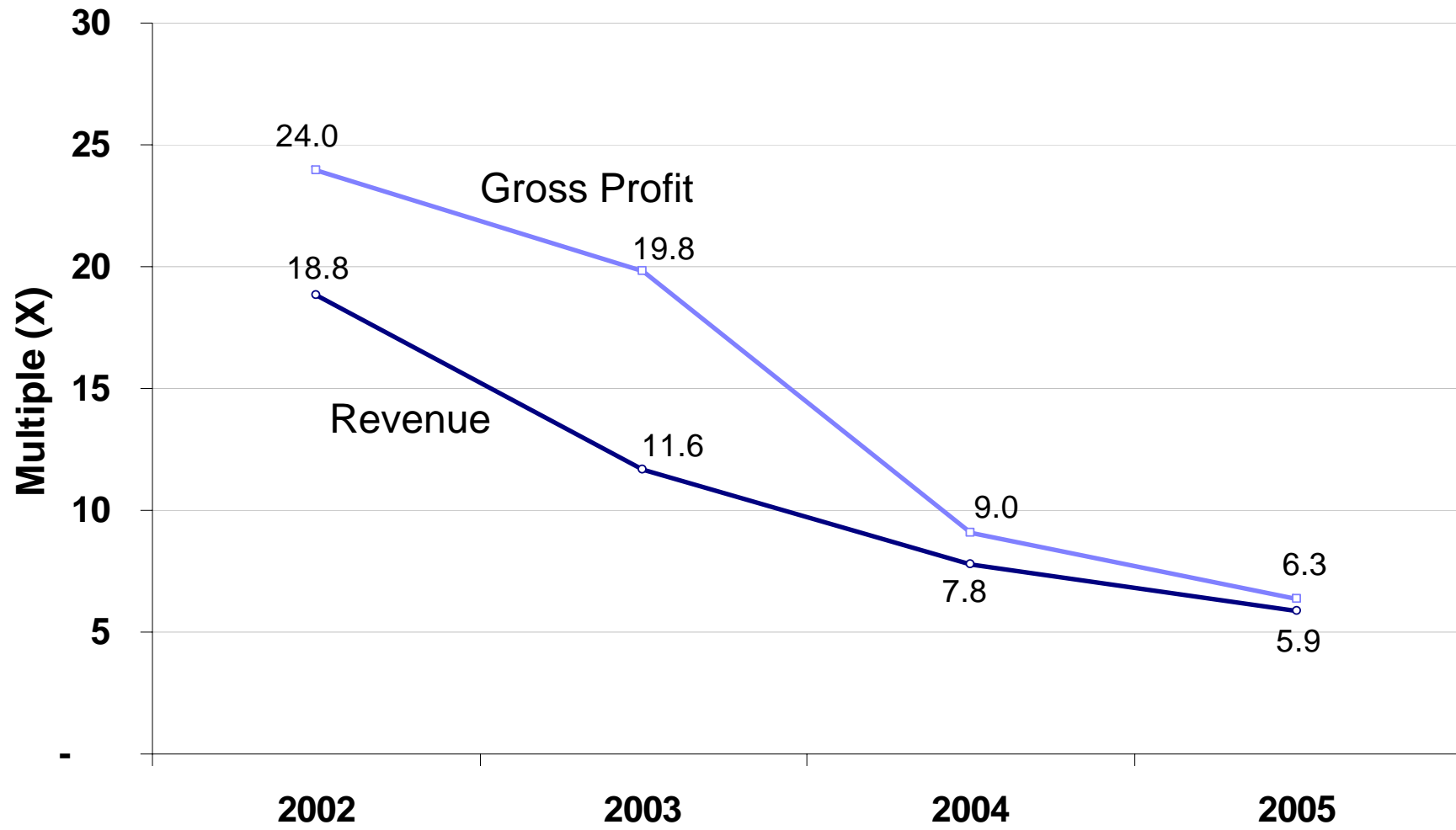


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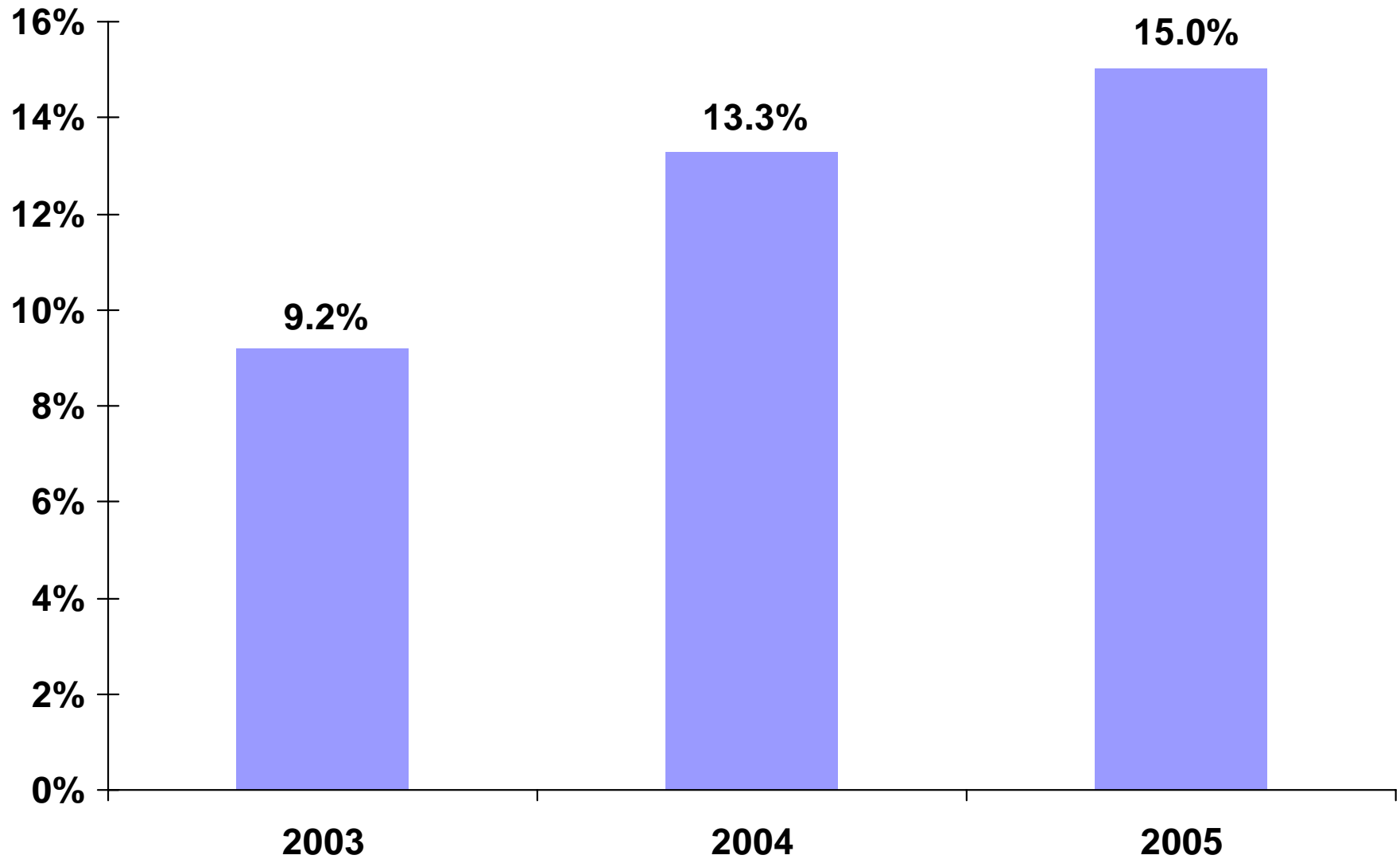
Overstock and Amazon as % of US eCommerce (TTM)

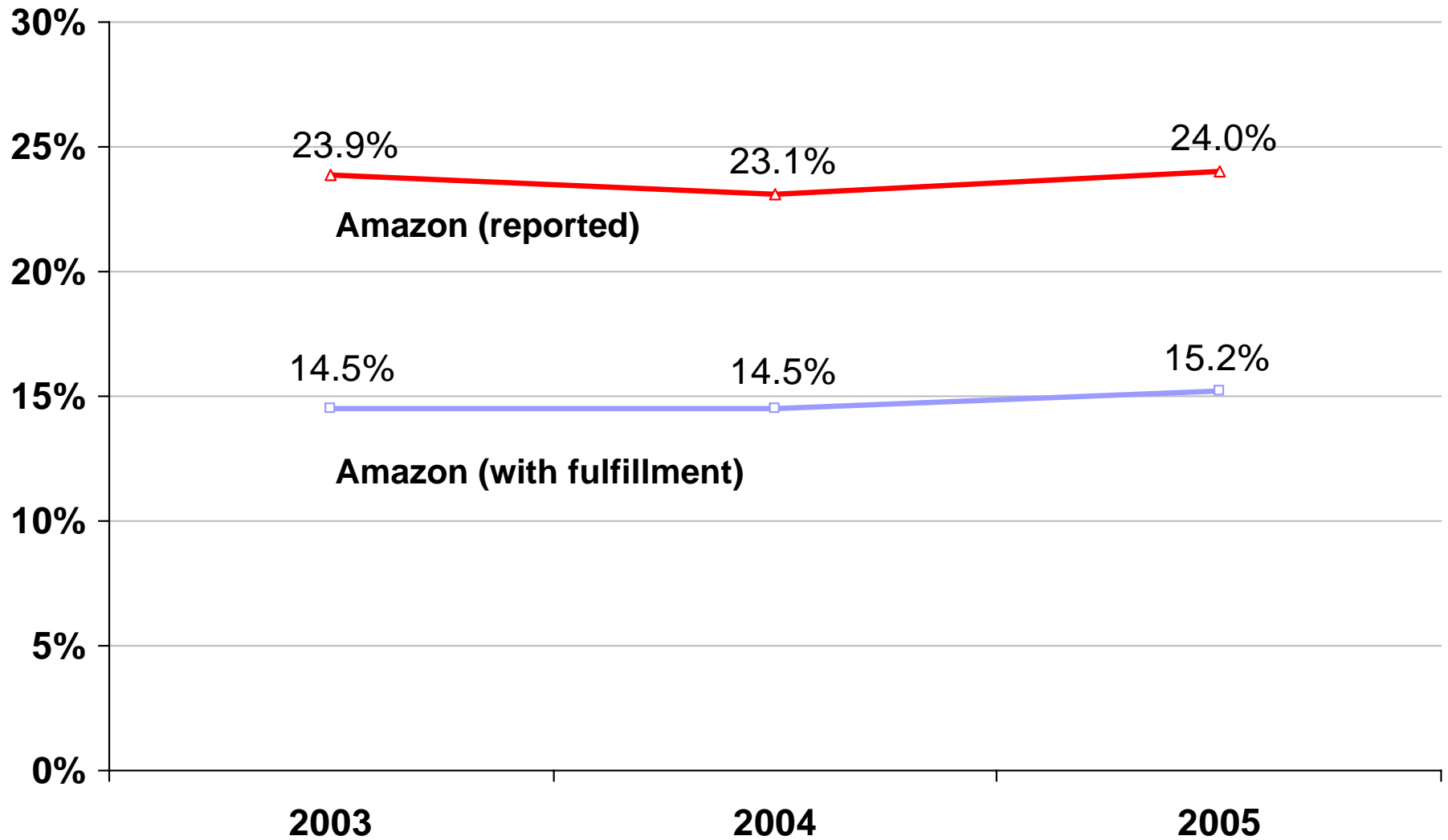


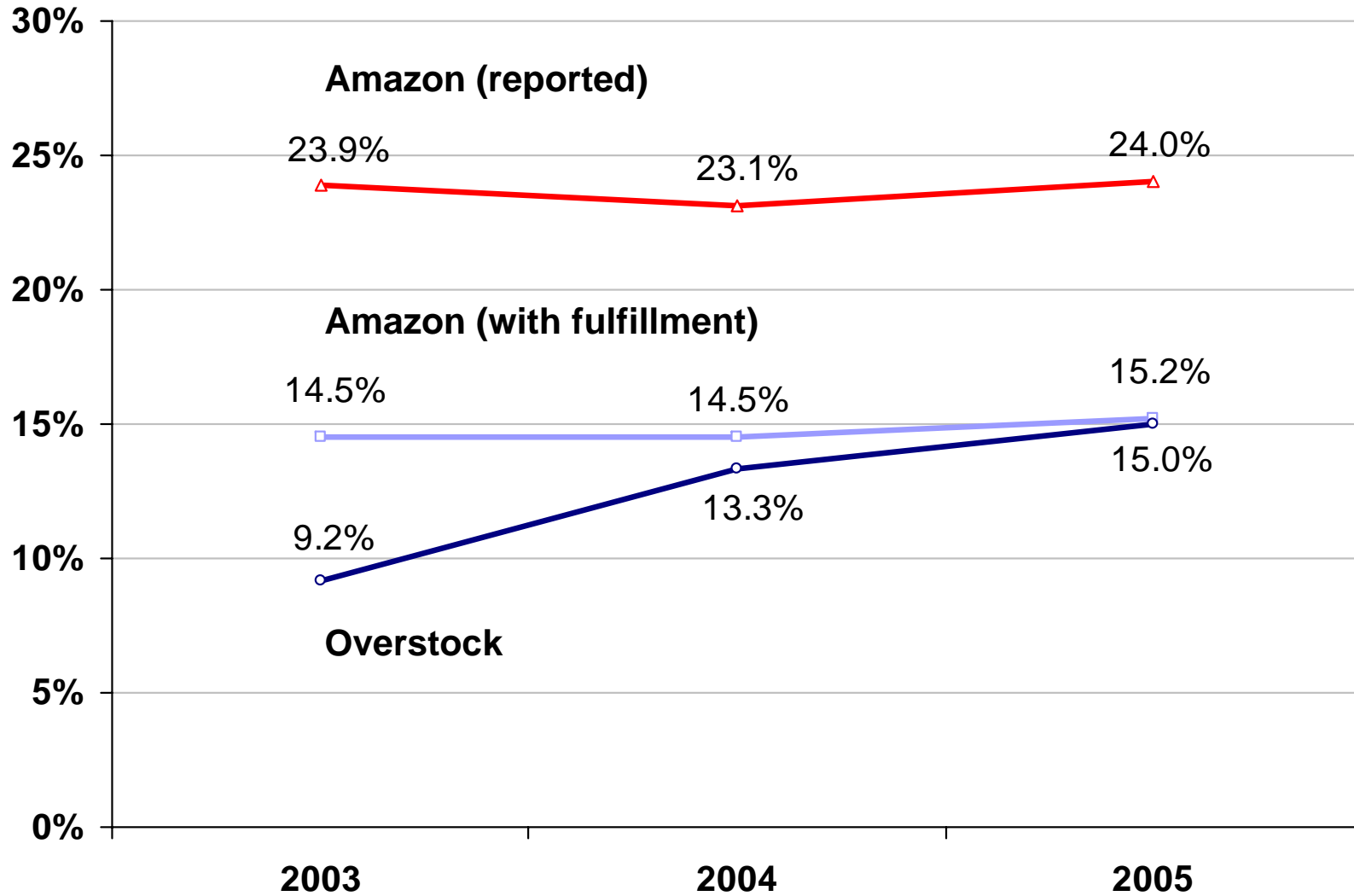
Amazon (North America) revenue and gross profit multiple to Overstock



Note: Amazon (North America) gross profit adjusted to include estimated fulfillment expense



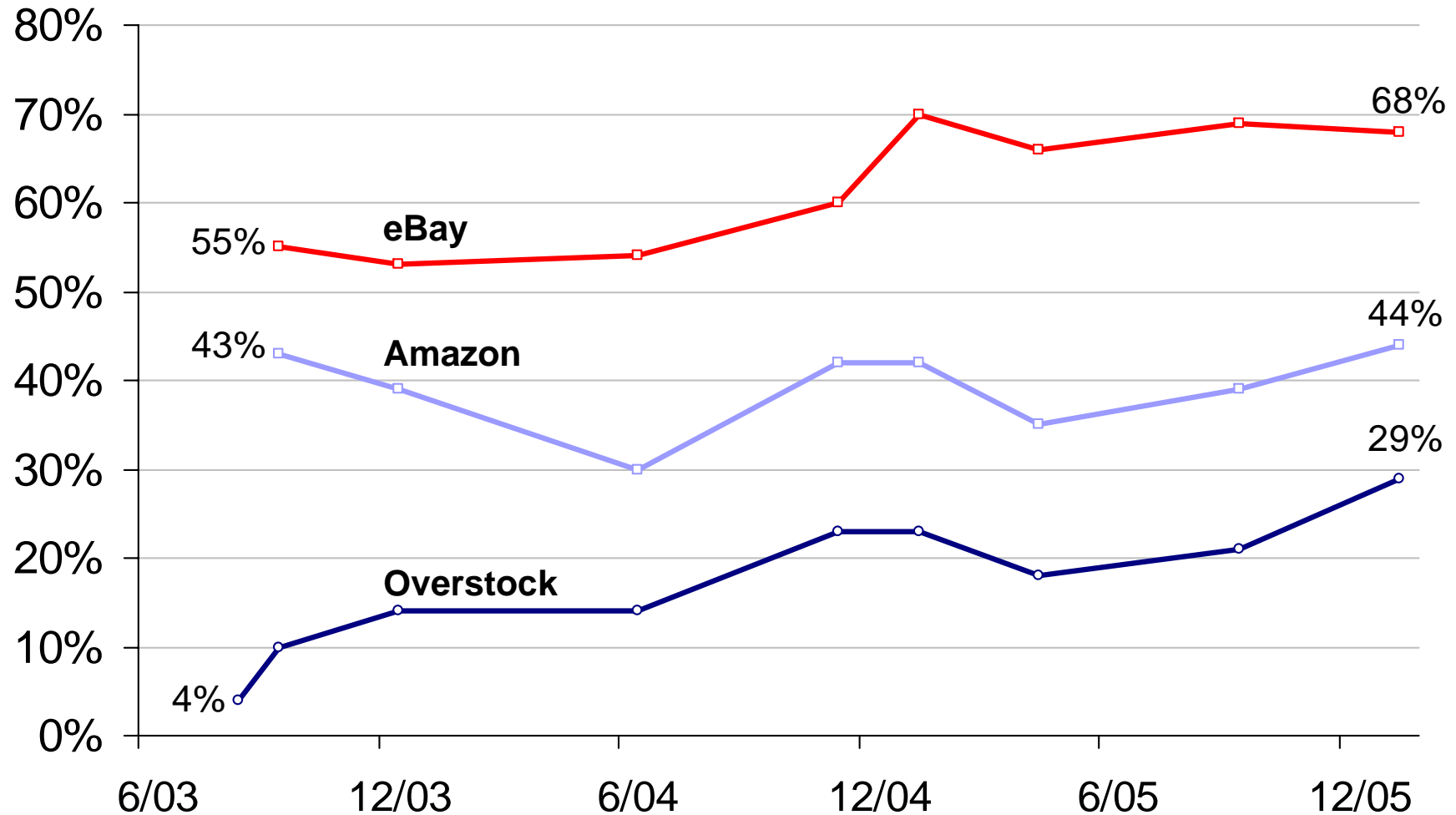




Note: 2003 gross margins adjusted to current accounting definitions

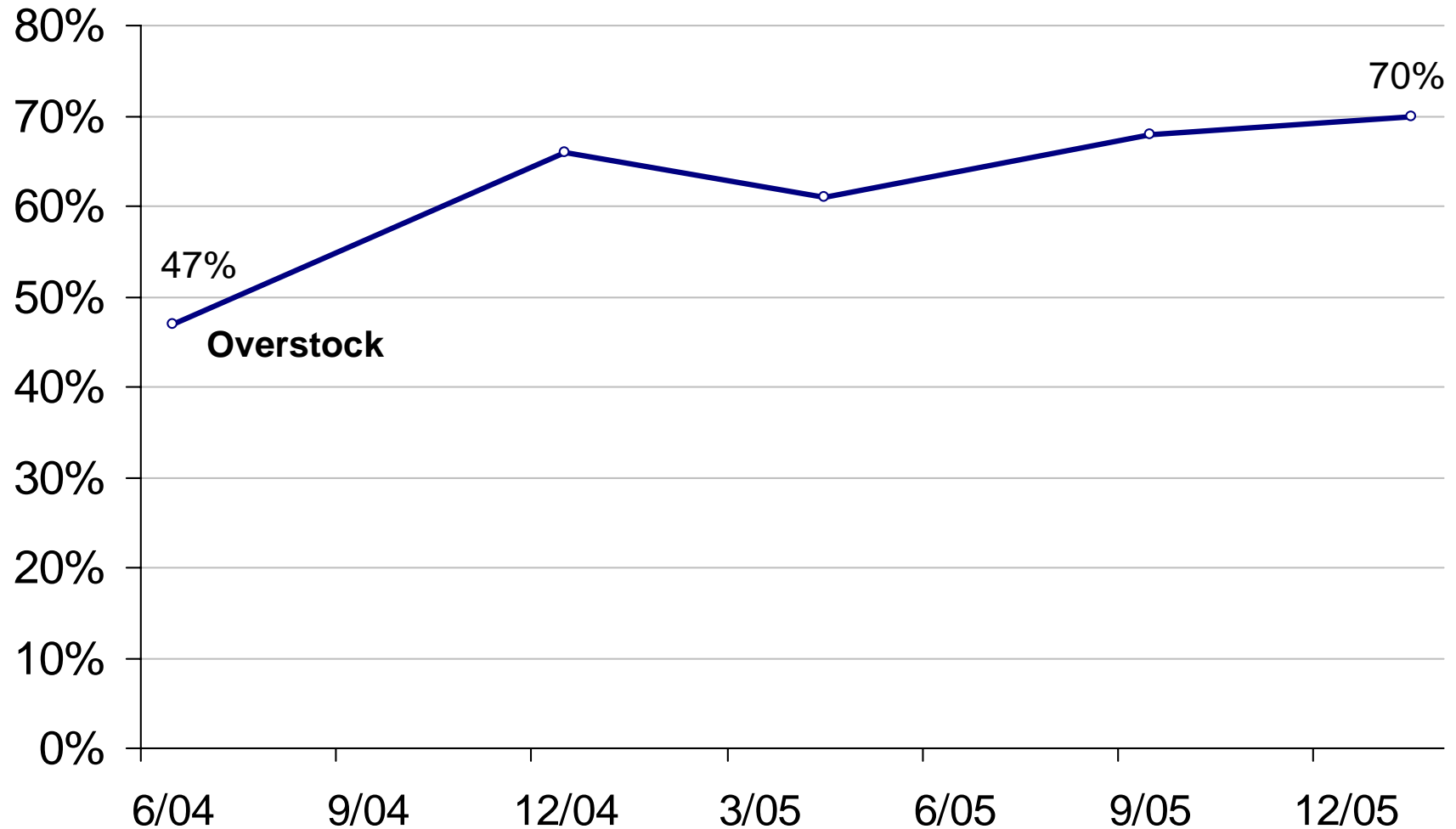
Brand Recognition

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



Source: Abacus Associates; Survey of all consumers

Prompted name recognition for Overstock by web shoppers



Source: Abacus Associates; Survey of web shoppers only

For the first 6-9 months of the year:

- Harden systems.
- Reduce sales & marketing spend.
- Grow at Industry rate.

For the first 6-9 months of the year:

- Losses will approximate depreciation and amortization expense.
- Reduction in inventory will offset capital expenditures.
- Inventory line of \$40-50 million is available to build inventory for Q4 if necessary.

Jihad (ji häd'), *n.* **1.** any vigorous
crusade for an idea or principle.

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Q & A

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