



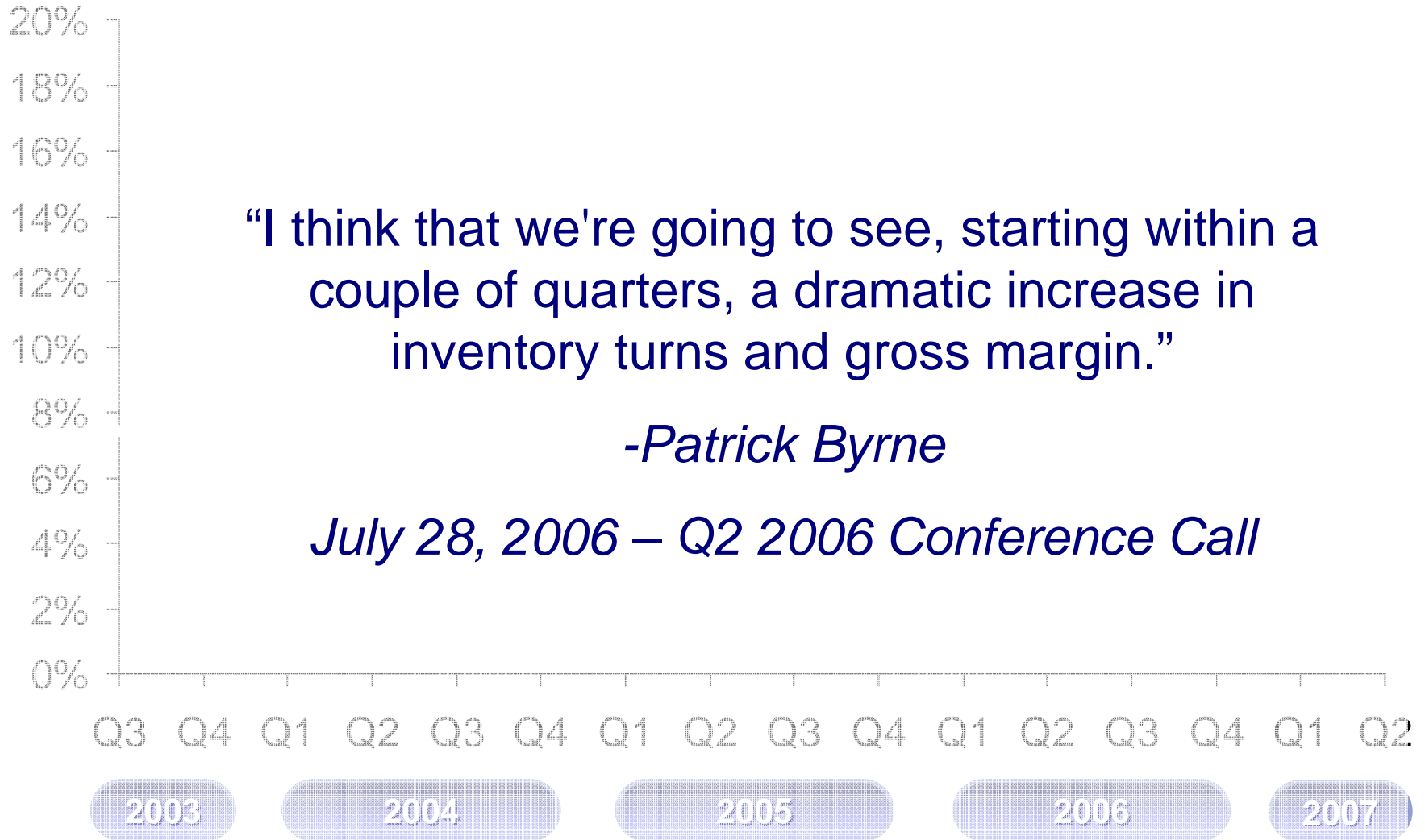
**Overstock.com, Inc. Q2 2007
Financial Results Presentation**

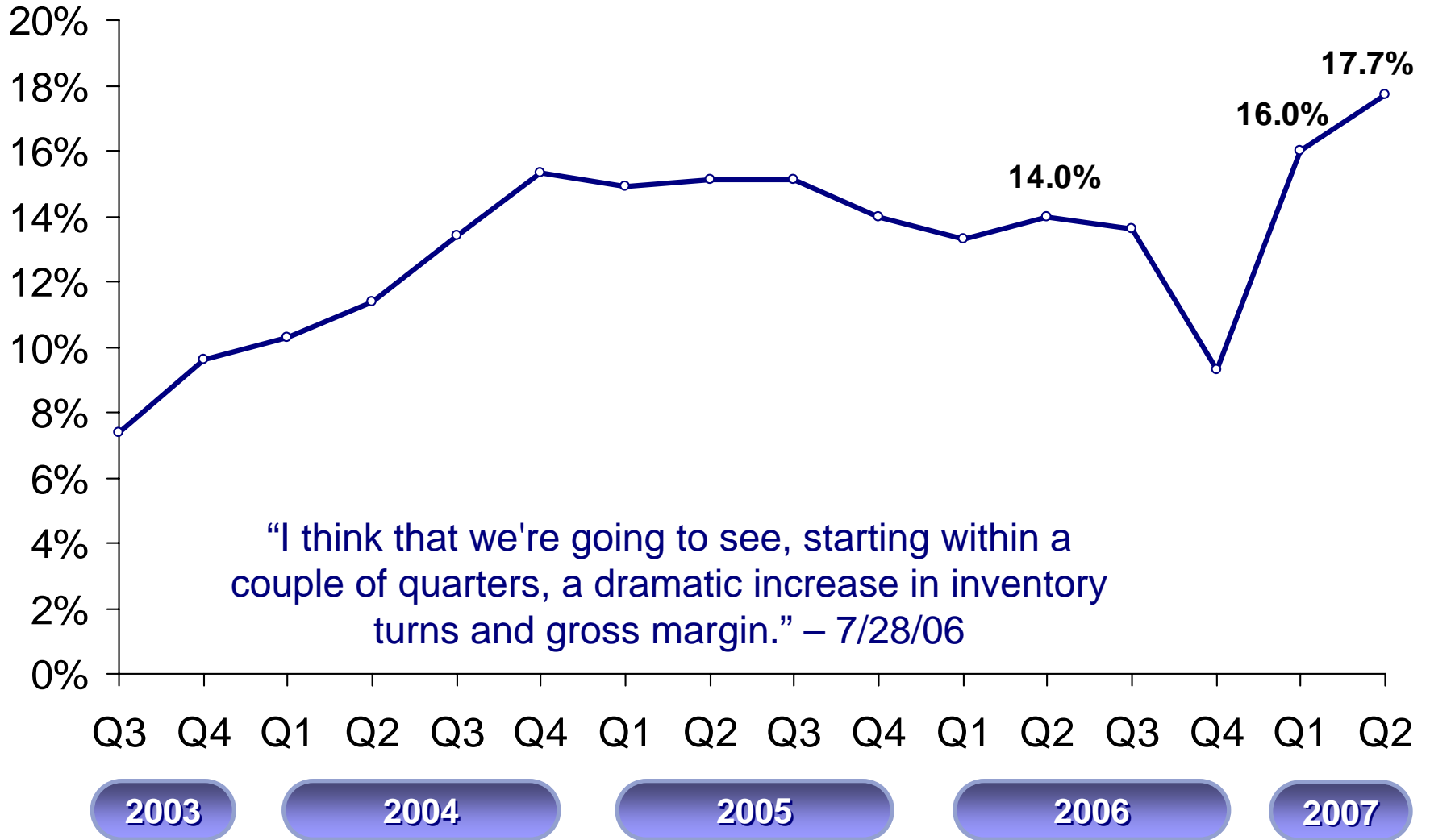
July 31, 2007

Overstock.com®

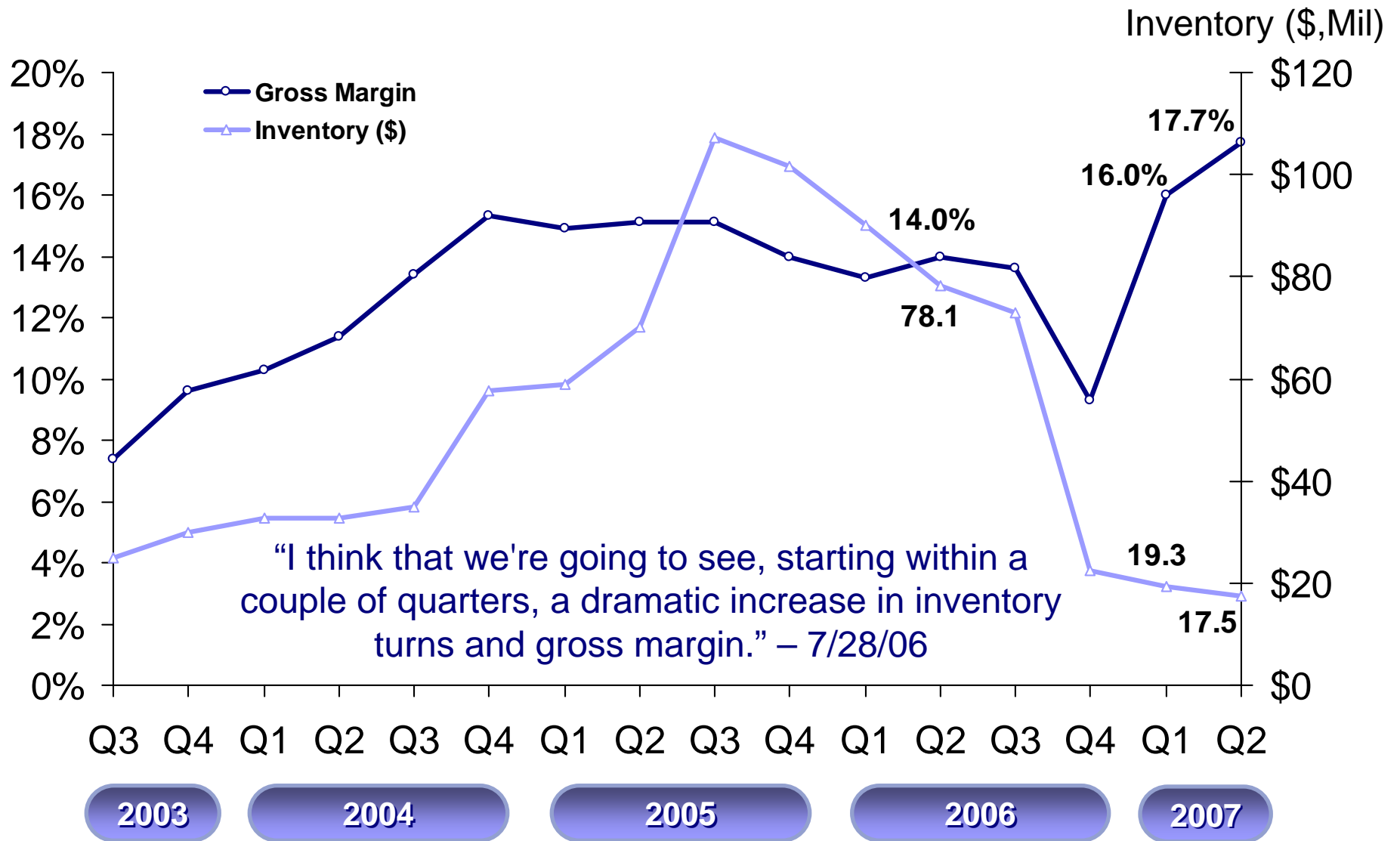
The following information contains, or may be deemed to contain, “forward-looking statements” (as defined in the U.S. Private Securities Litigation Reform Act of 1995). By their nature, forward-looking statements involve risk and uncertainties because they relate to events and depend on circumstances 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, 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 and 8-K. The Company undertakes no obligation to update or revise any forward-looking statements. This webcast may contain certain non-GAAP financial measures. The company’s website, located at <http://investors.overstock.com>, includes a presentation of the most directly comparable financial measures calculated and presented in accordance with GAAP. It also includes a reconciliation of the differences between the non-GAAP financial measures with the most comparable financial measures presented in accordance with GAAP.

- Gross margins at record highs
- Marketing is more efficient
- G&A/Technology expense structure rationalized
- Company is operating on 1/5 of the inventory



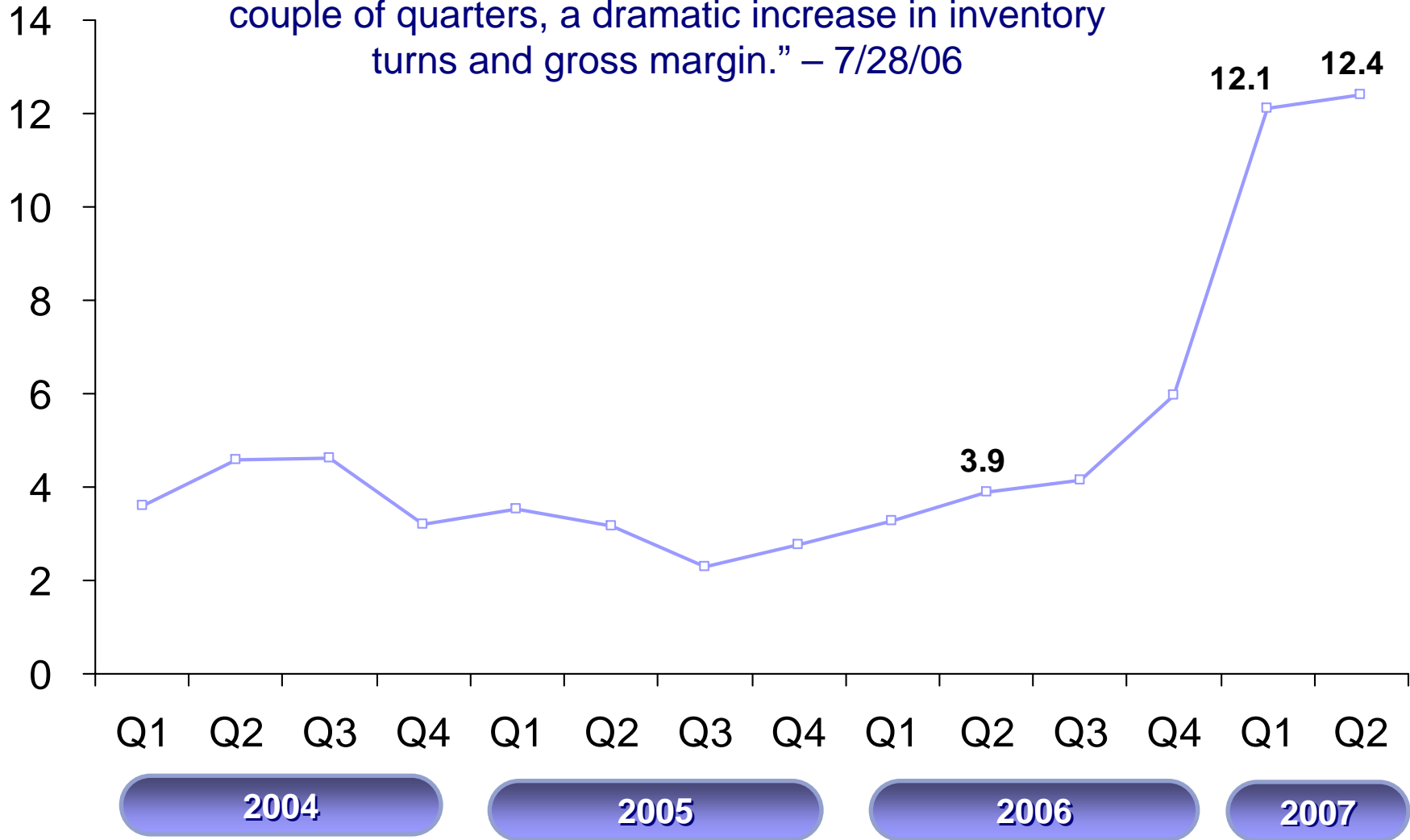


Gross Margin and Inventory



Annualized Inventory Turns – Direct

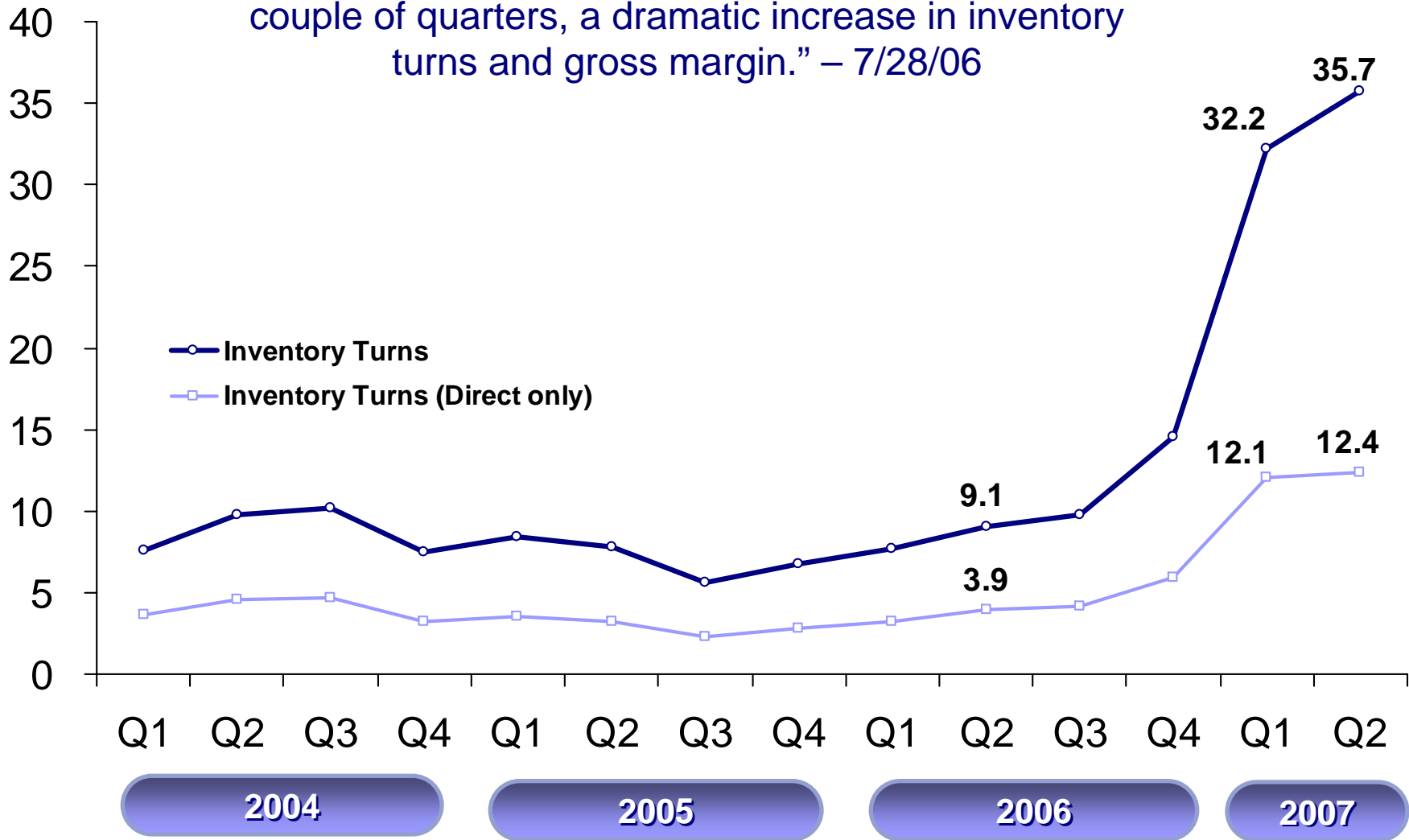
“I think that we're going to see, starting within a couple of quarters, a dramatic increase in inventory turns and gross margin.” – 7/28/06



TTM COGS / Q1 2007 Average Inventory

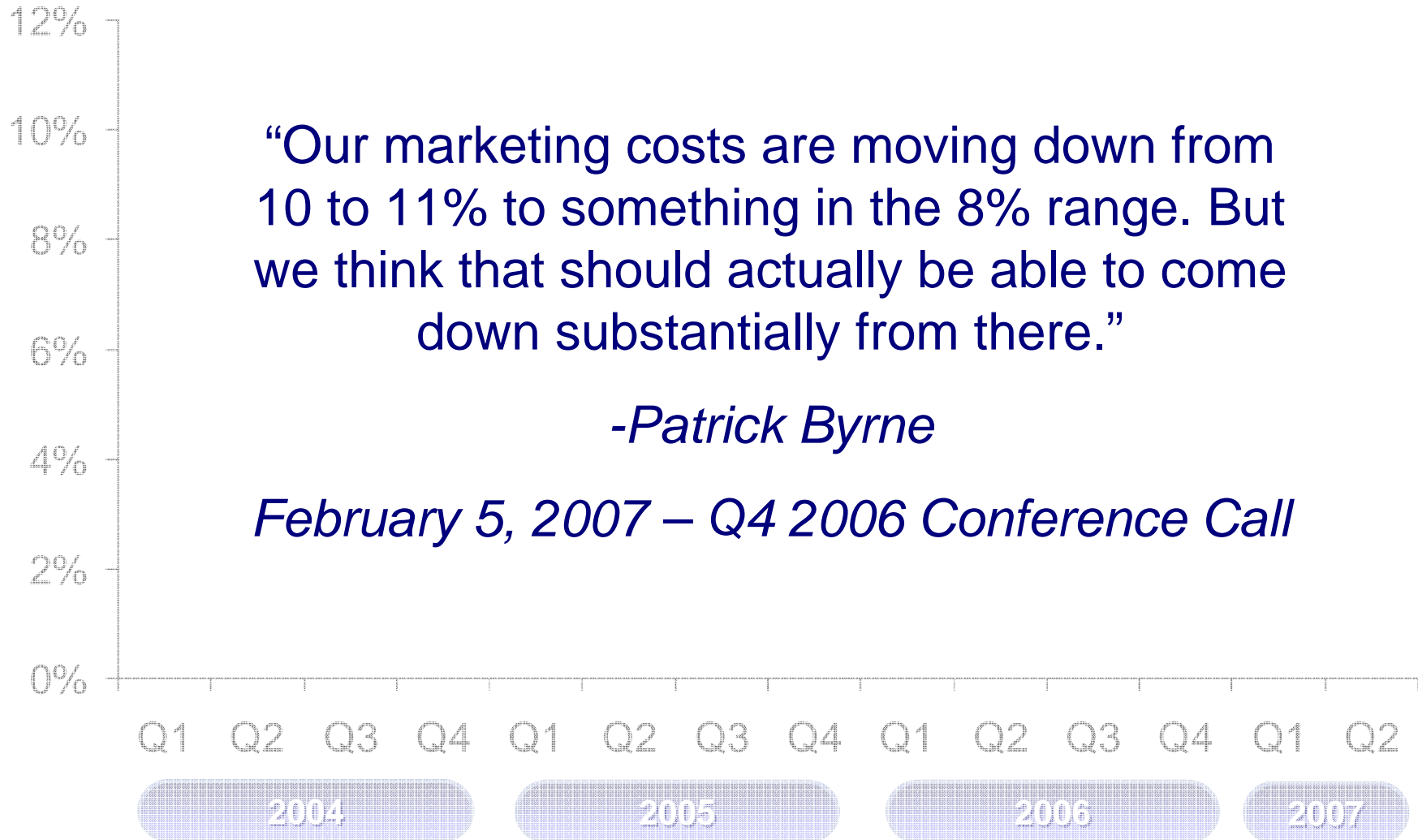
Annualized Inventory Turns

“I think that we're going to see, starting within a couple of quarters, a dramatic increase in inventory turns and gross margin.” – 7/28/06



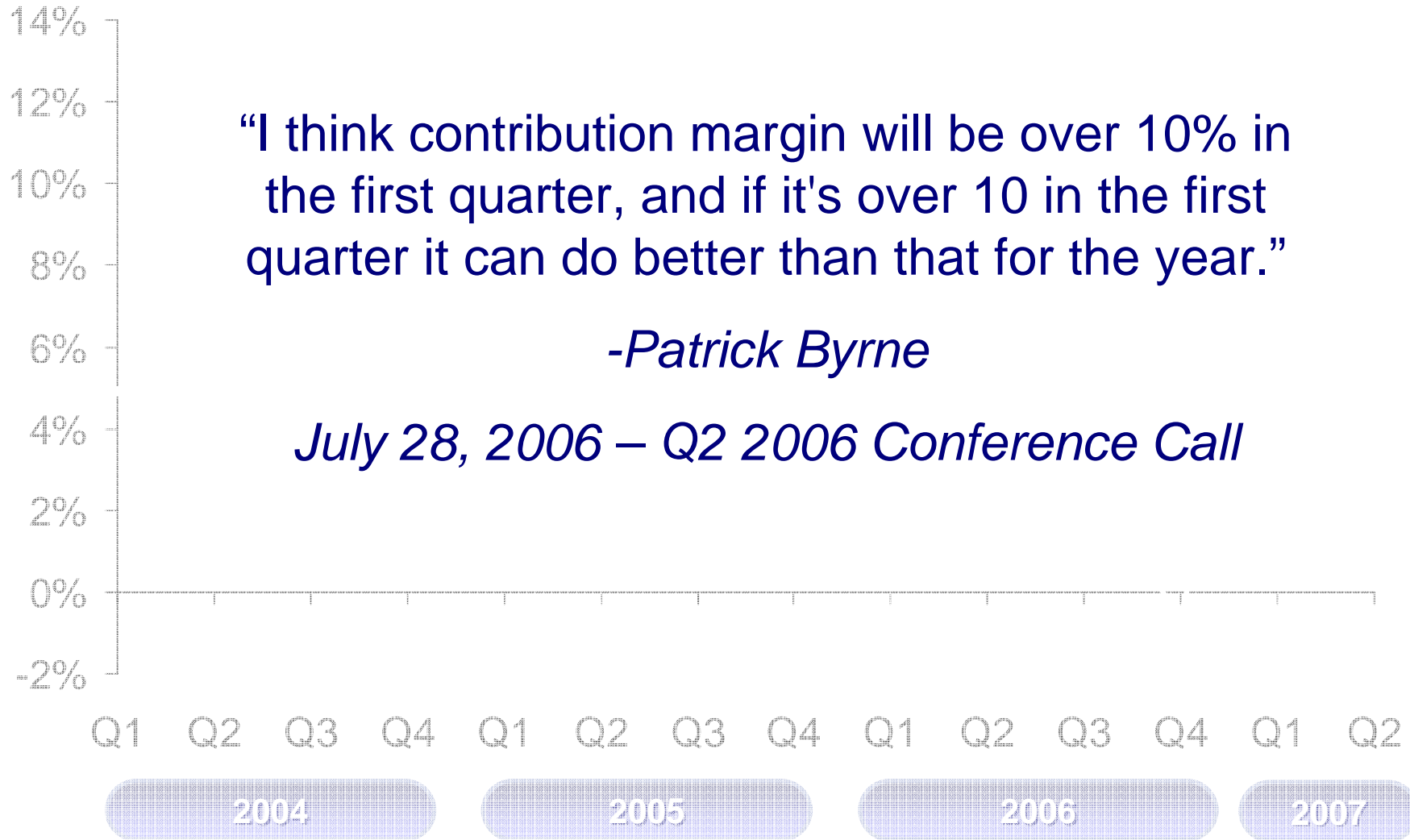
TTM COGS / Q1 2007 Average Inventory

Sales & Marketing Expense



Sales & Marketing Expense

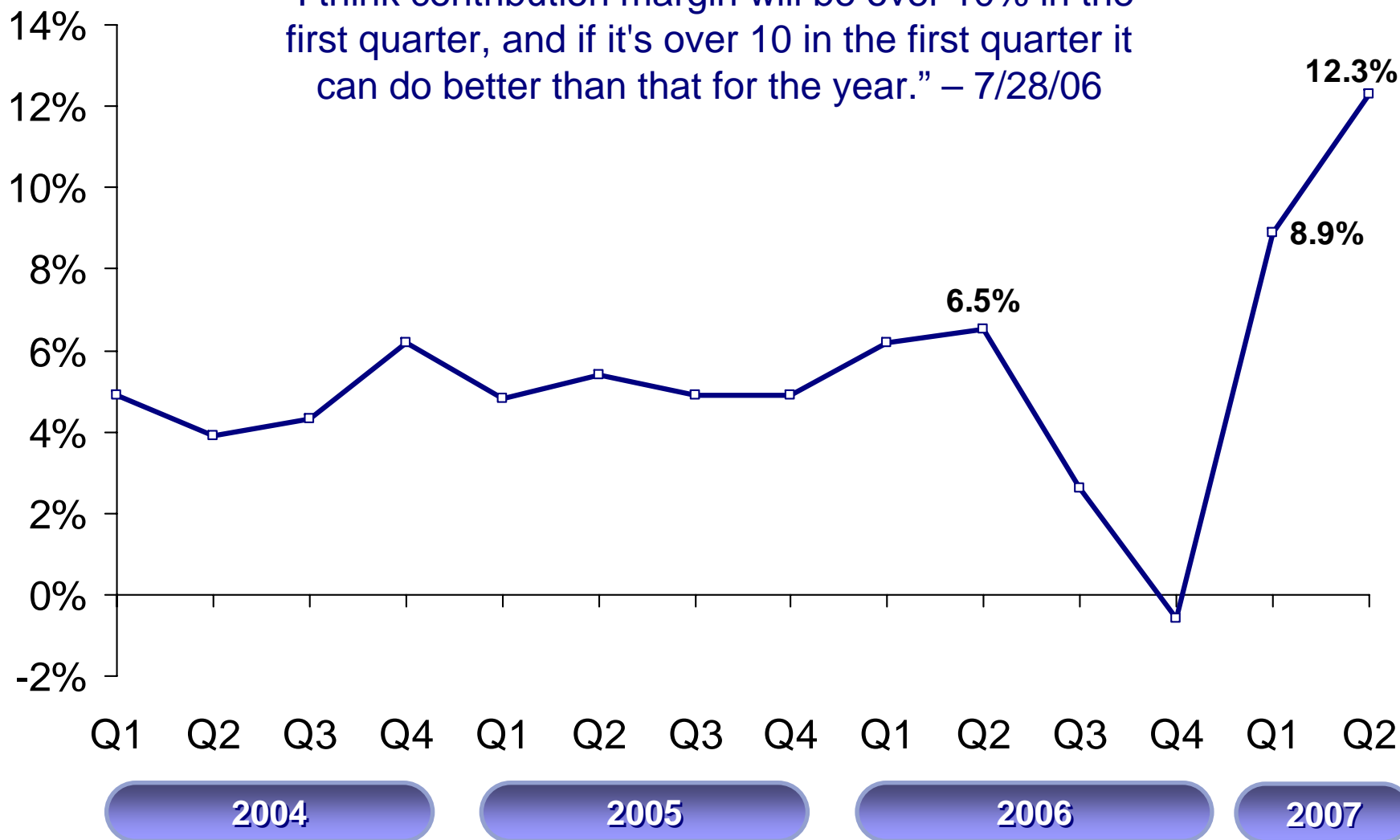




Contribution Margin: Gross Margin less Sales & Marketing%

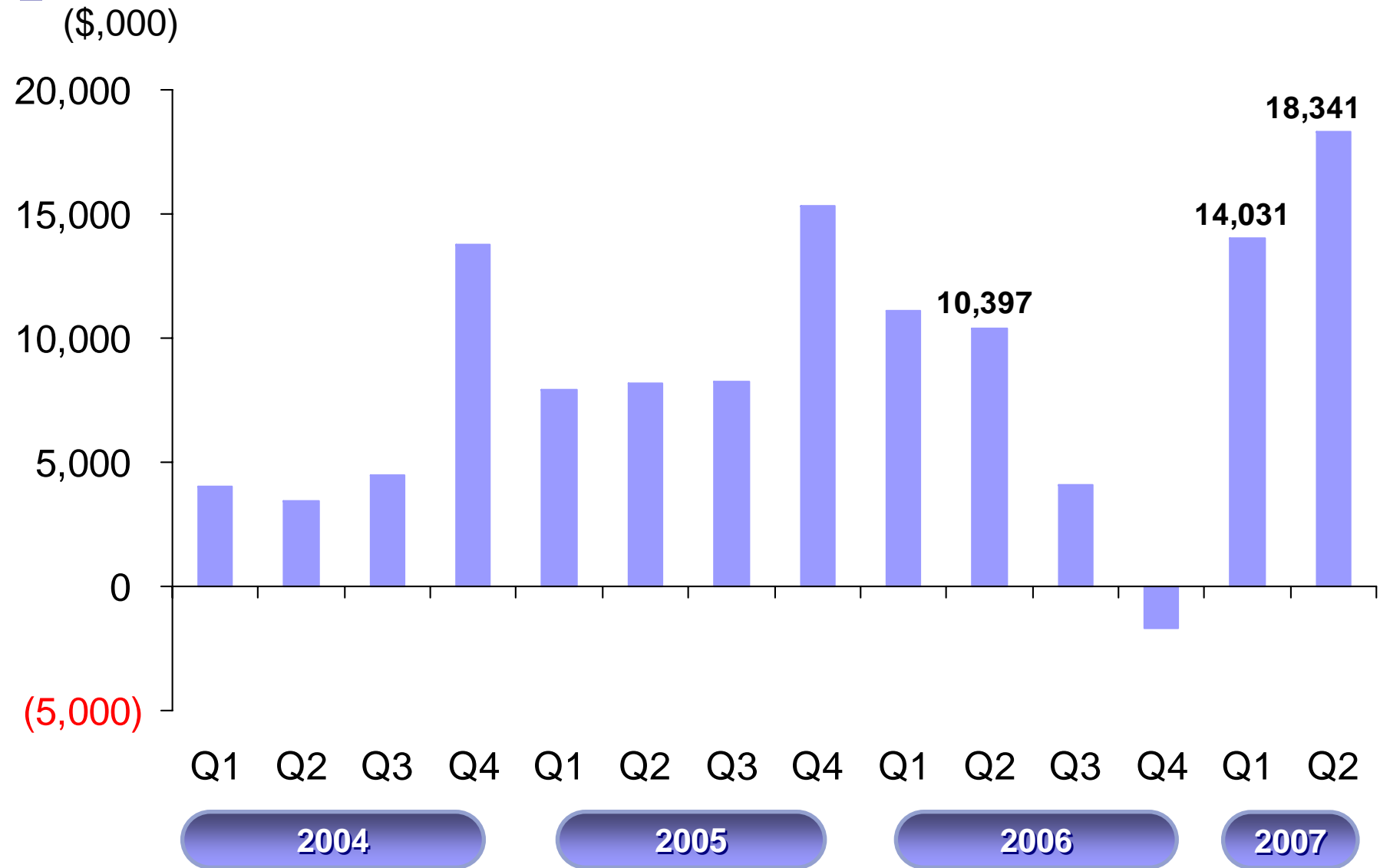
Contribution Margin

"I think contribution margin will be over 10% in the first quarter, and if it's over 10 in the first quarter it can do better than that for the year." – 7/28/06



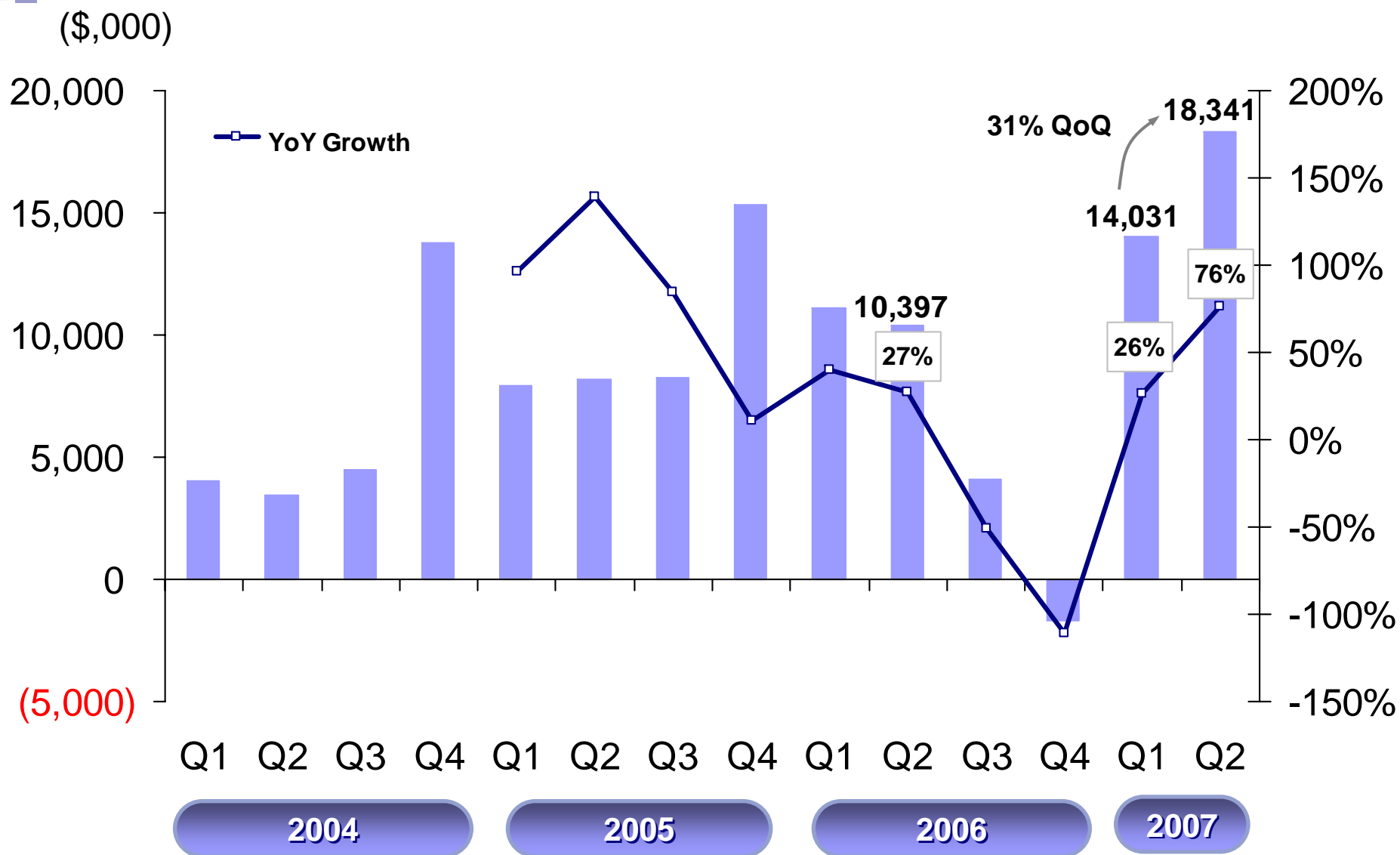
Contribution Margin: Gross Margin less Sales & Marketing%

Contribution Dollars



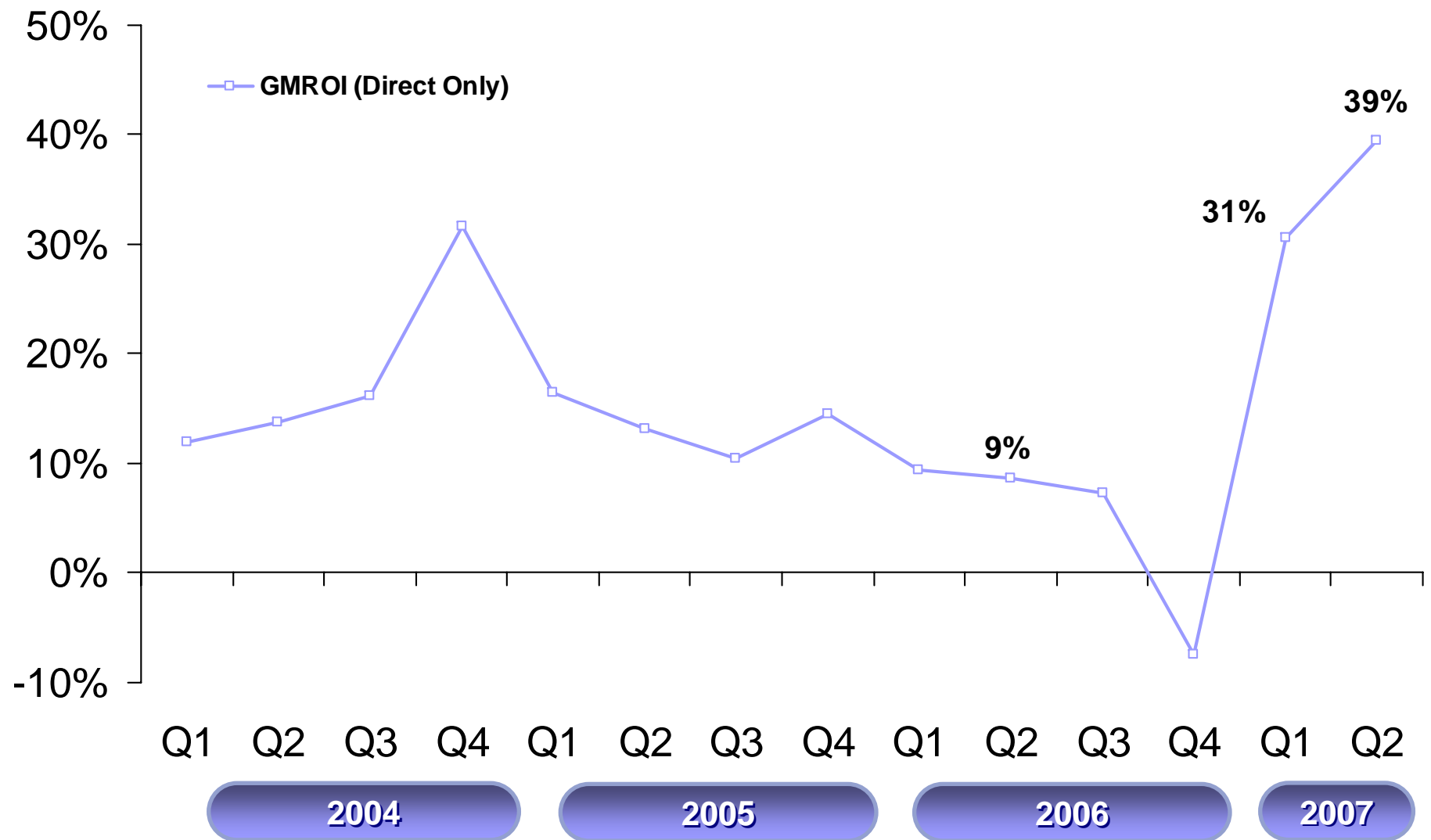
Contribution: Gross profit less Sales & Marketing expense

Contribution Dollar Growth



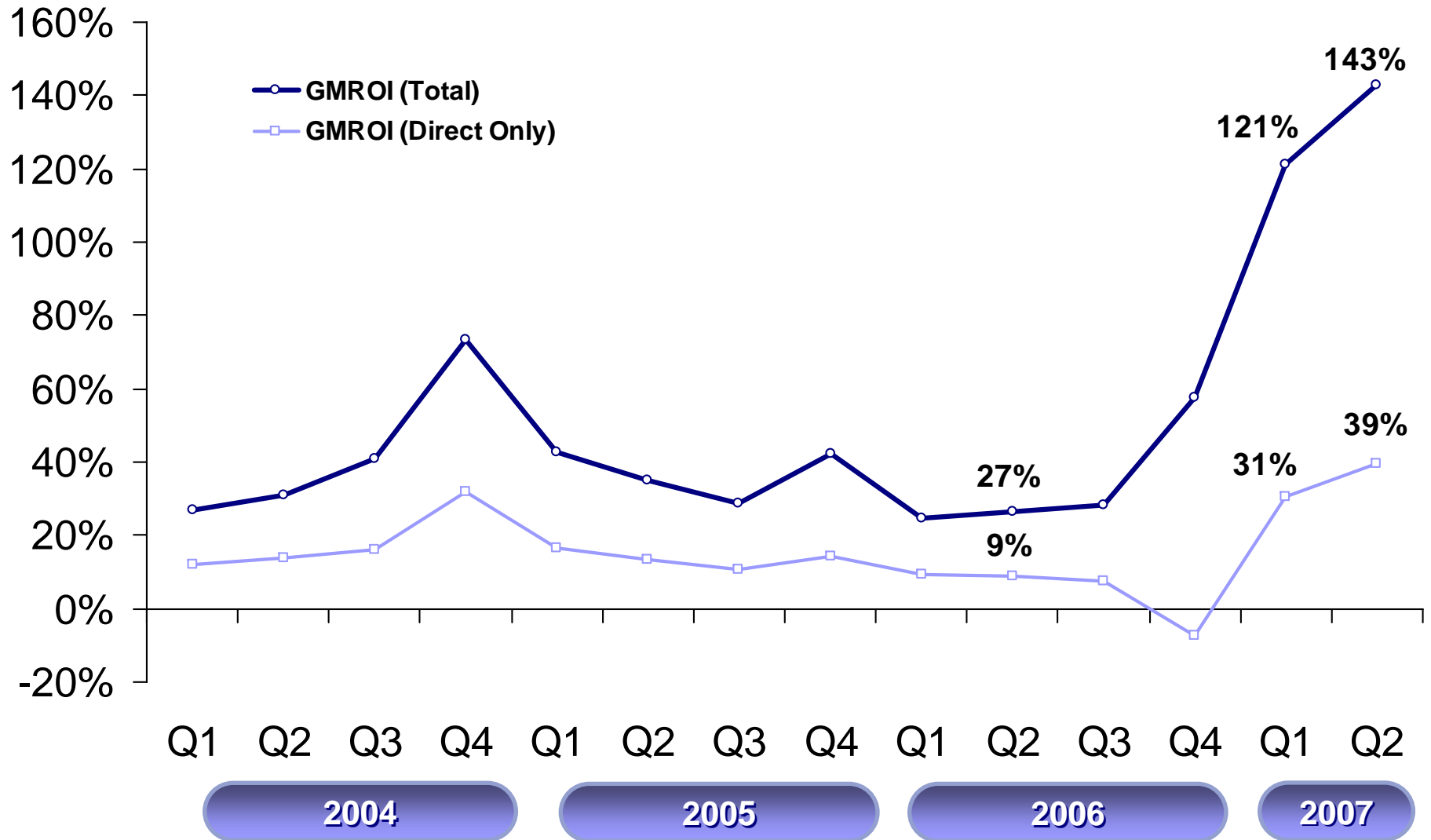
Contribution: Gross profit less Sales & Marketing expense

Gross Margin Return on Investment



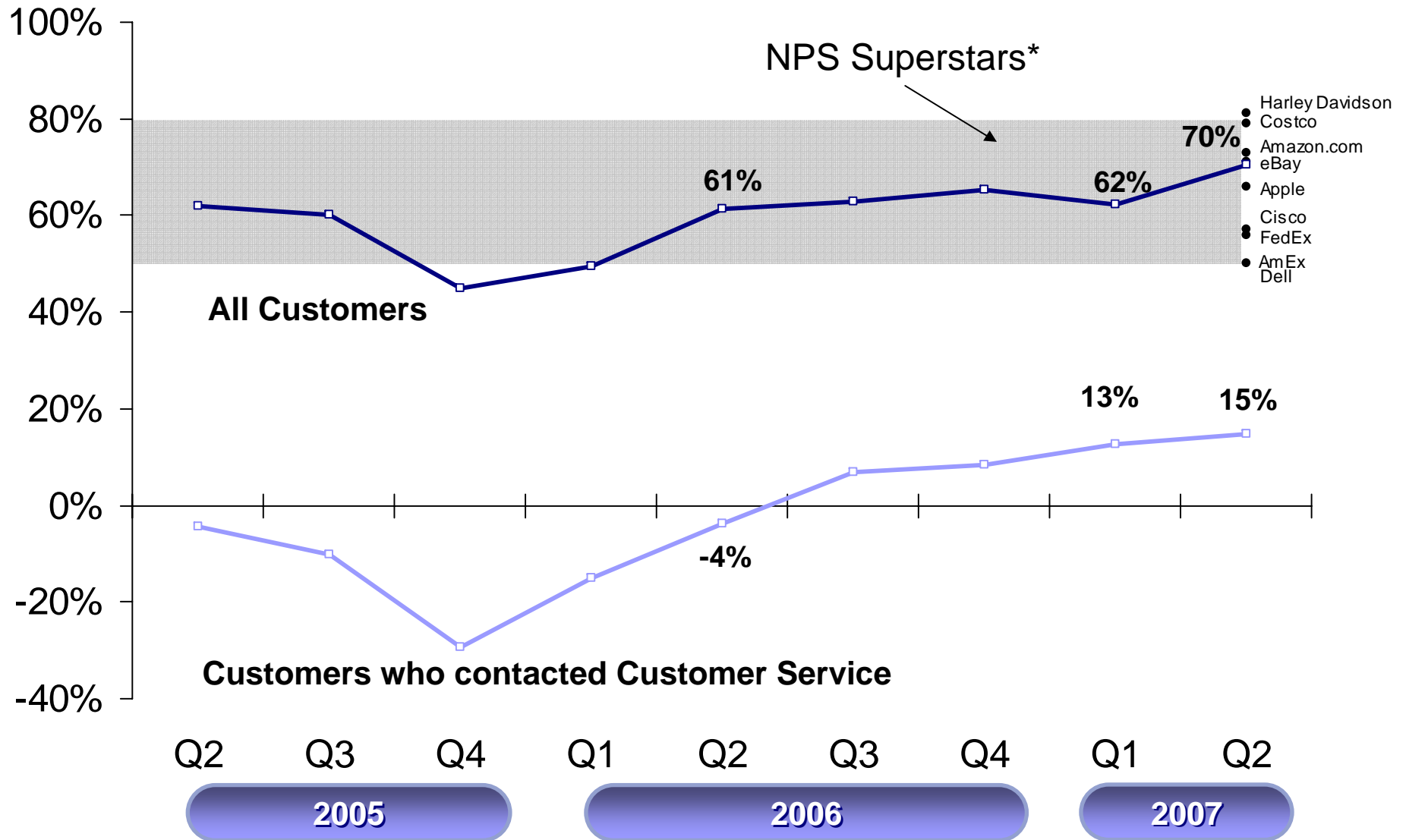
GMROI: $GM\% * (Revenue / Average Inventory)$

Gross Margin Return on Investment



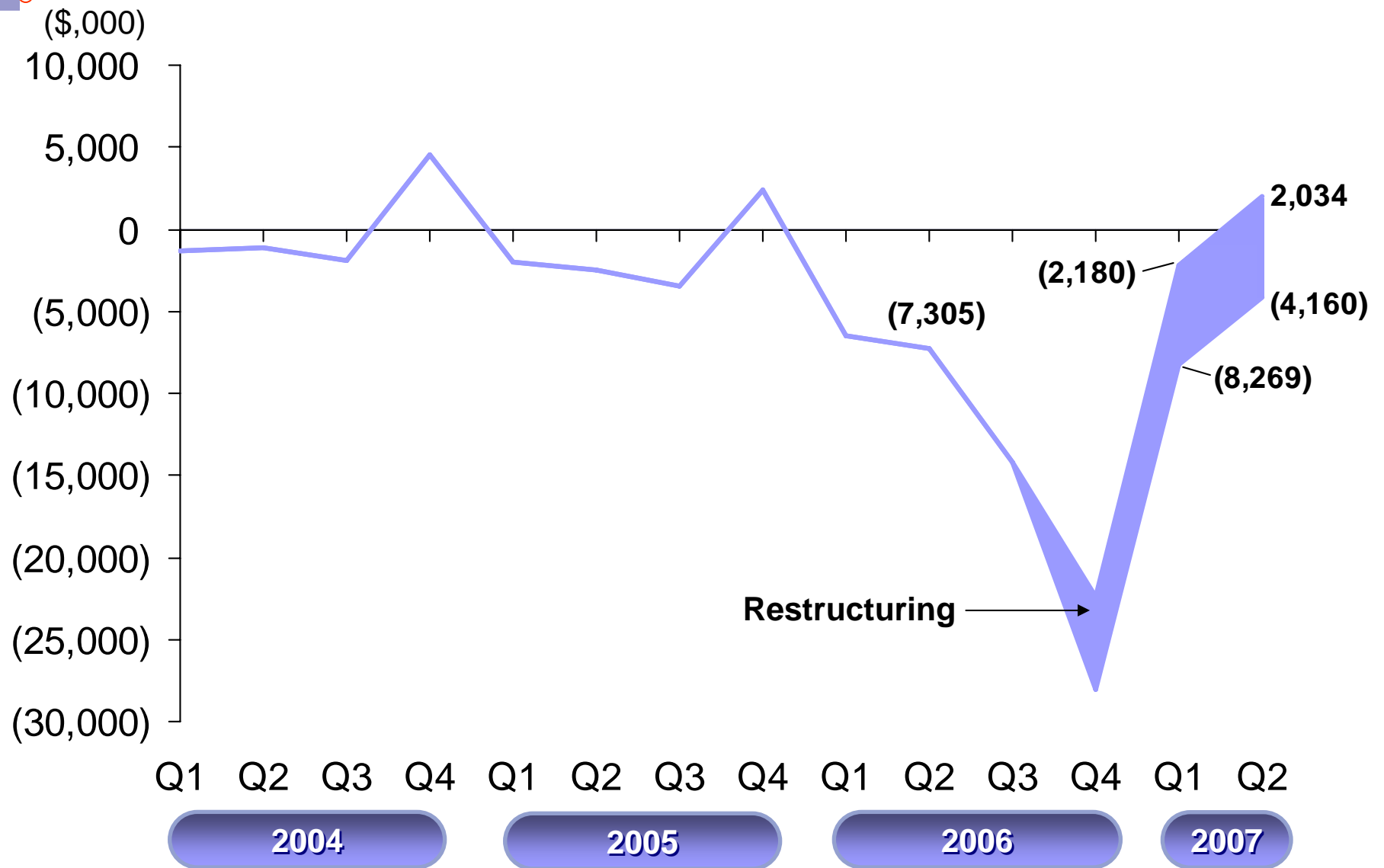
GMROI: $GM\% * (Revenue / Average Inventory)$

Net Promoter Score



*As defined in The Ultimate Question, by Fred Reichheld, page 20. Published 2006

- \$6.2 million in Q2
 - Primarily related to the consolidation of corporate office space. In addition, the company reached a final agreement in principle with OHL regarding closure of our Indiana warehouse.
 - Office rent expense will decrease by approximately \$400k per quarter from Q3 forward.
 - Warehouse rent expense will decrease from Q2 levels by \$200k in Q3 and \$500k from Q4 forward.

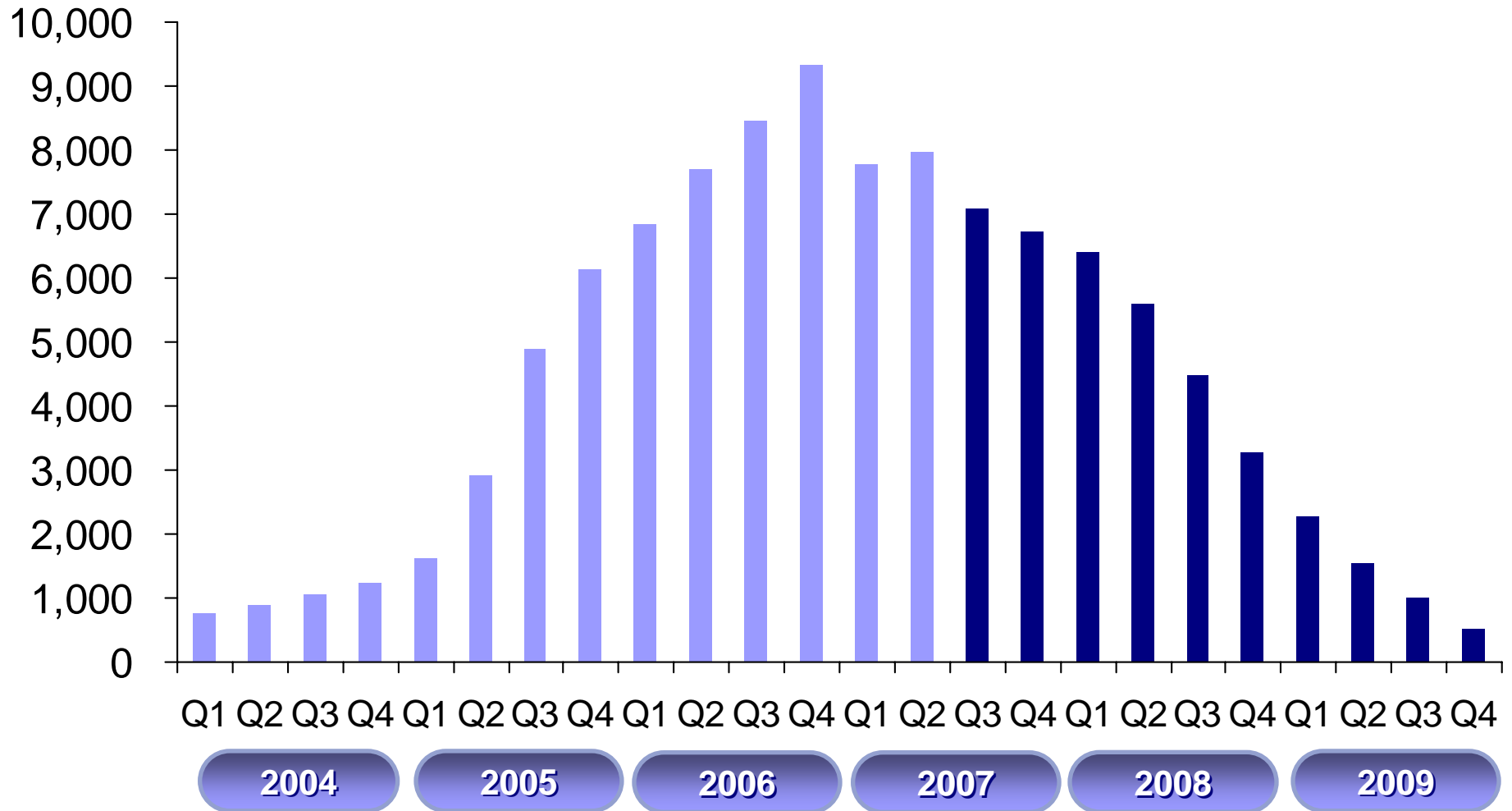


EBITDA Reconciliation

| EBITDA Reconciliation | Three months ended June 30, | | Six months ended June 30, | |
|--|--------------------------------|--------------|------------------------------|---------------|
| | 2006 | 2007 | 2006 | 2007 |
| 1. Operating loss | (15,550) | (13,519) | (29,742) | (31,239) |
| 2. Add: Depreciation and amortization | 6,876 | 7,974 | 13,026 | 15,745 |
| 3. Stock-based compensation expense | 1,088 | 1,137 | 2,046 | 2,210 |
| 4. Stock-based compensation to consultants for service | (9) | 135 | 34 | 140 |
| 5. Treasury stock issued to employees as compensation | <u>105</u> | <u>113</u> | <u>612</u> | <u>715</u> |
| 6. EBITDA | (7,490) | (4,160) | (14,024) | (12,429) |
| 7. Add: Restructuring | <u>-</u> | <u>6,194</u> | <u>-</u> | <u>12,283</u> |
| 8. EBITDA excluding restructuring | <u>(7,490)</u> | <u>2,034</u> | <u>(14,024)</u> | <u>(146)</u> |

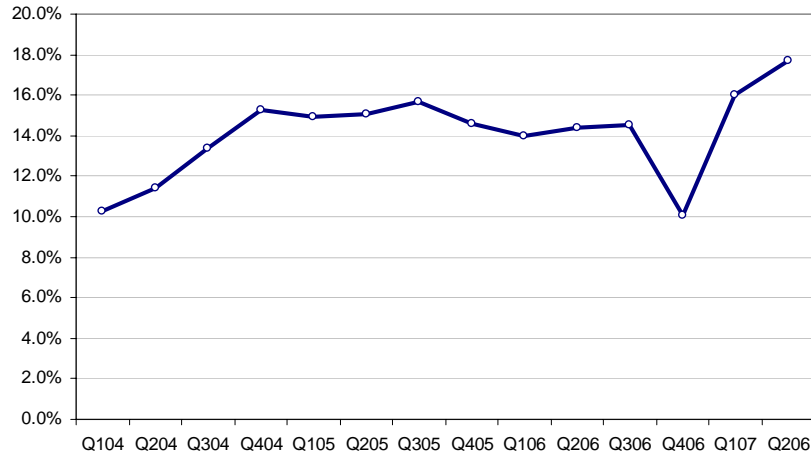
Depreciation & Amortization

Depreciation & Amortization of *currently* owned assets

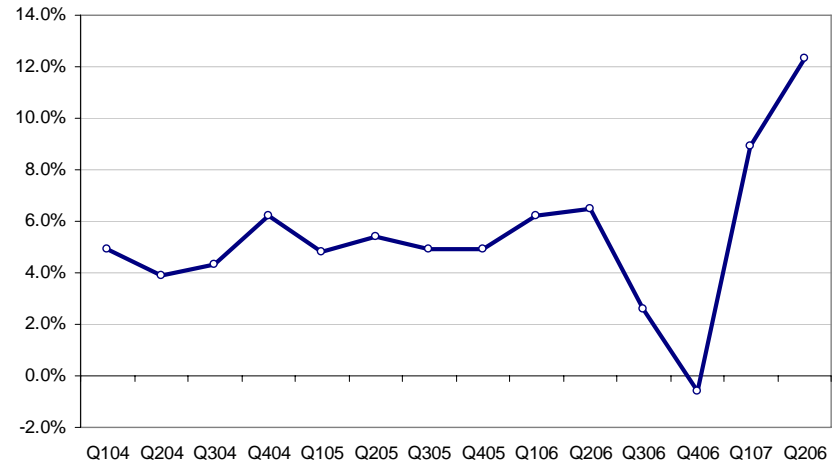


WARNING: WE DO INTEND TO HAVE CAPITAL EXPENDITURES IN FUTURE PERIODS

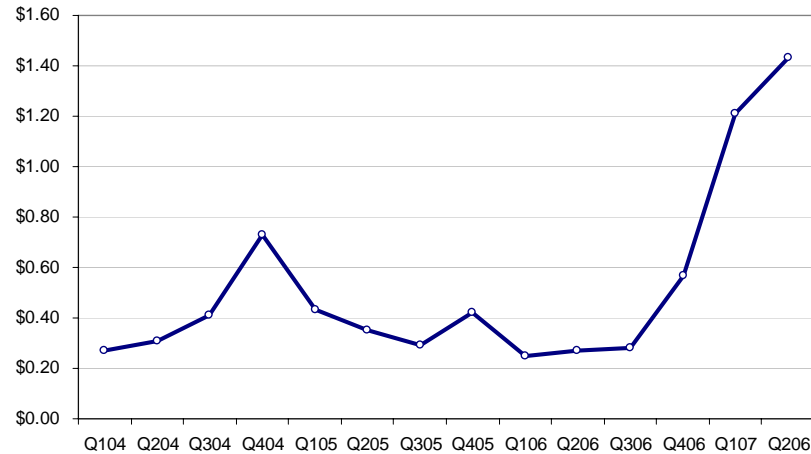
Gross Margin



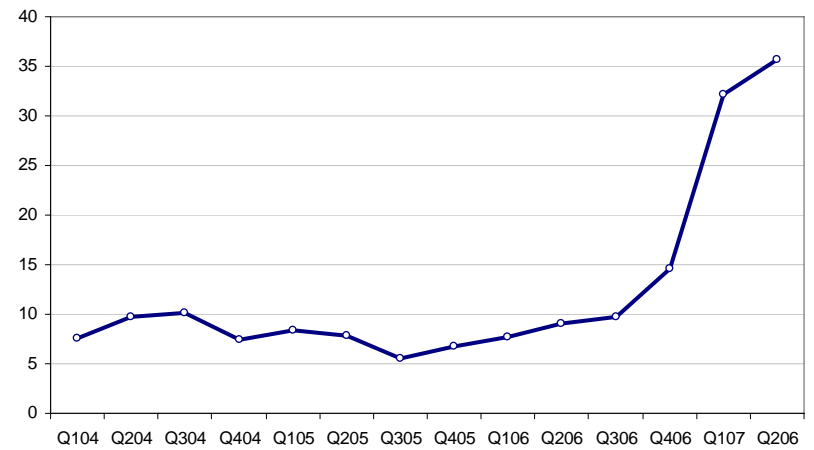
Contribution Margin



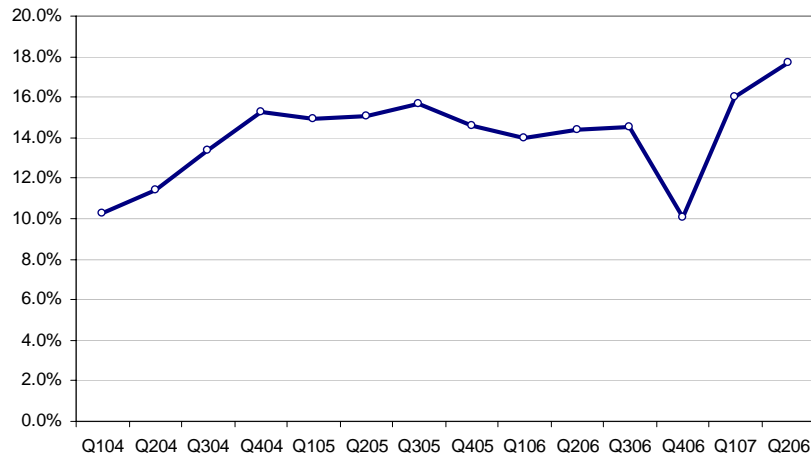
Inventory Turns



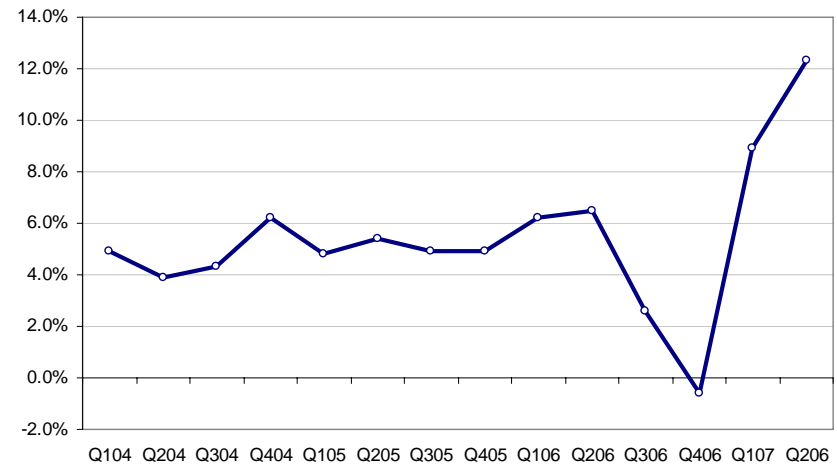
GMROI



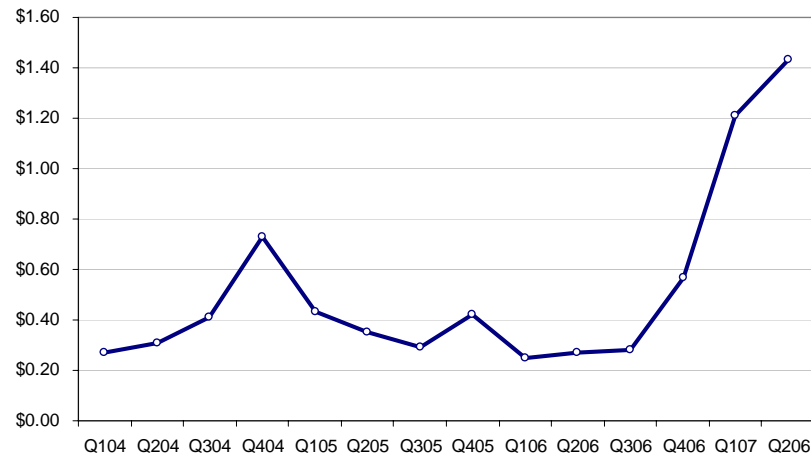
Gross Margin



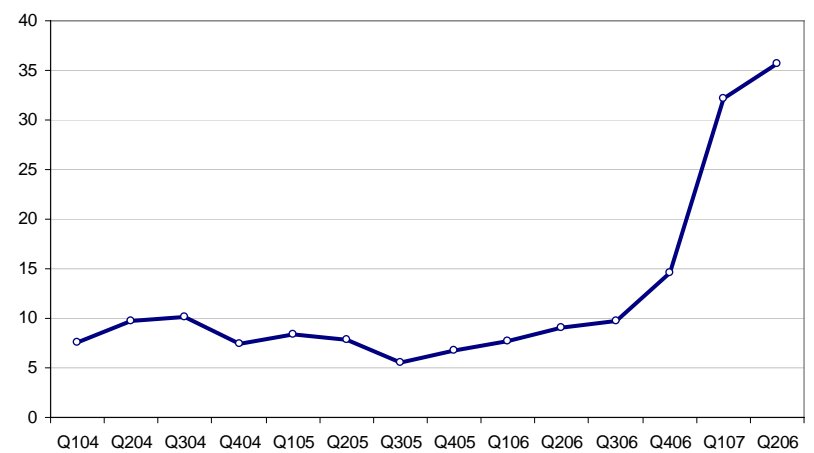
Contribution Margin



Inventory Turns



GMROI



QUESTIONS?