



**Overstock.com, Inc. Q3 2007
Financial Results Presentation**

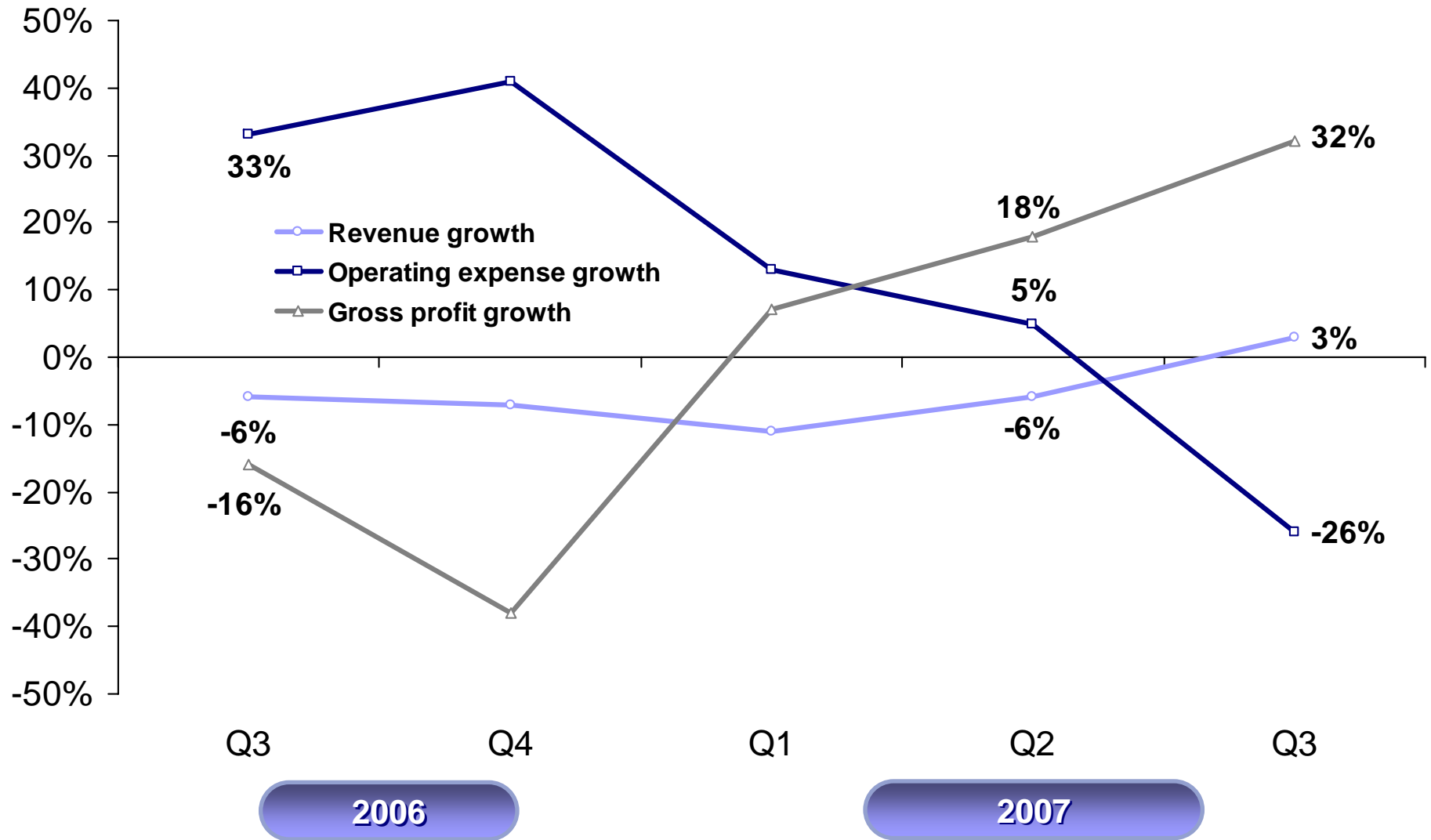
October 19, 2007

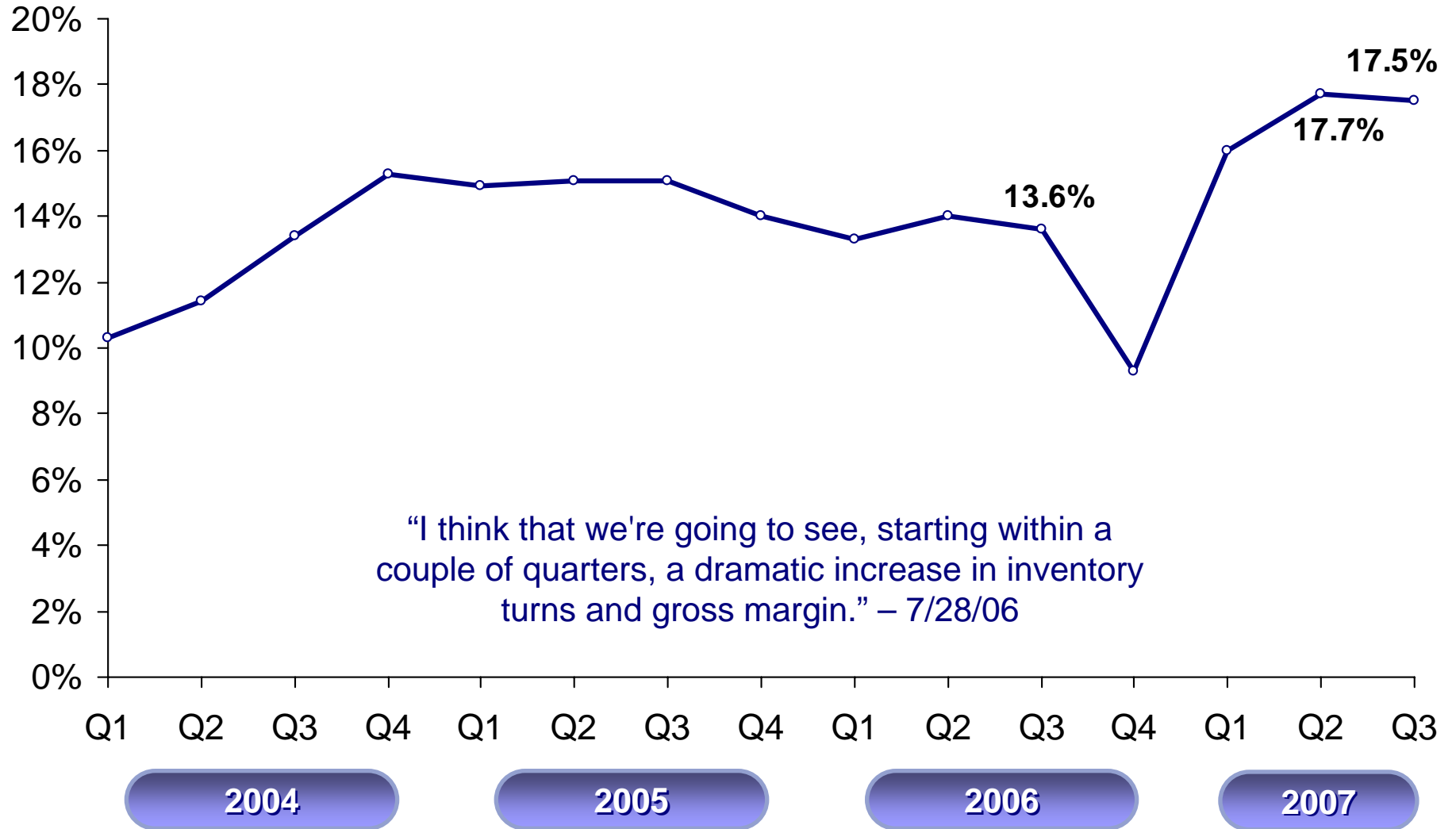


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- Returned to positive revenue growth (3.2% vs. -6.5%)
- Marketing expense halved (5.5% vs. 11.0%)
- Positive EBITDA (\$4.1M vs. -14.3M)
- Positive TTM operating cash flow (\$5.9M vs. -20.5M)

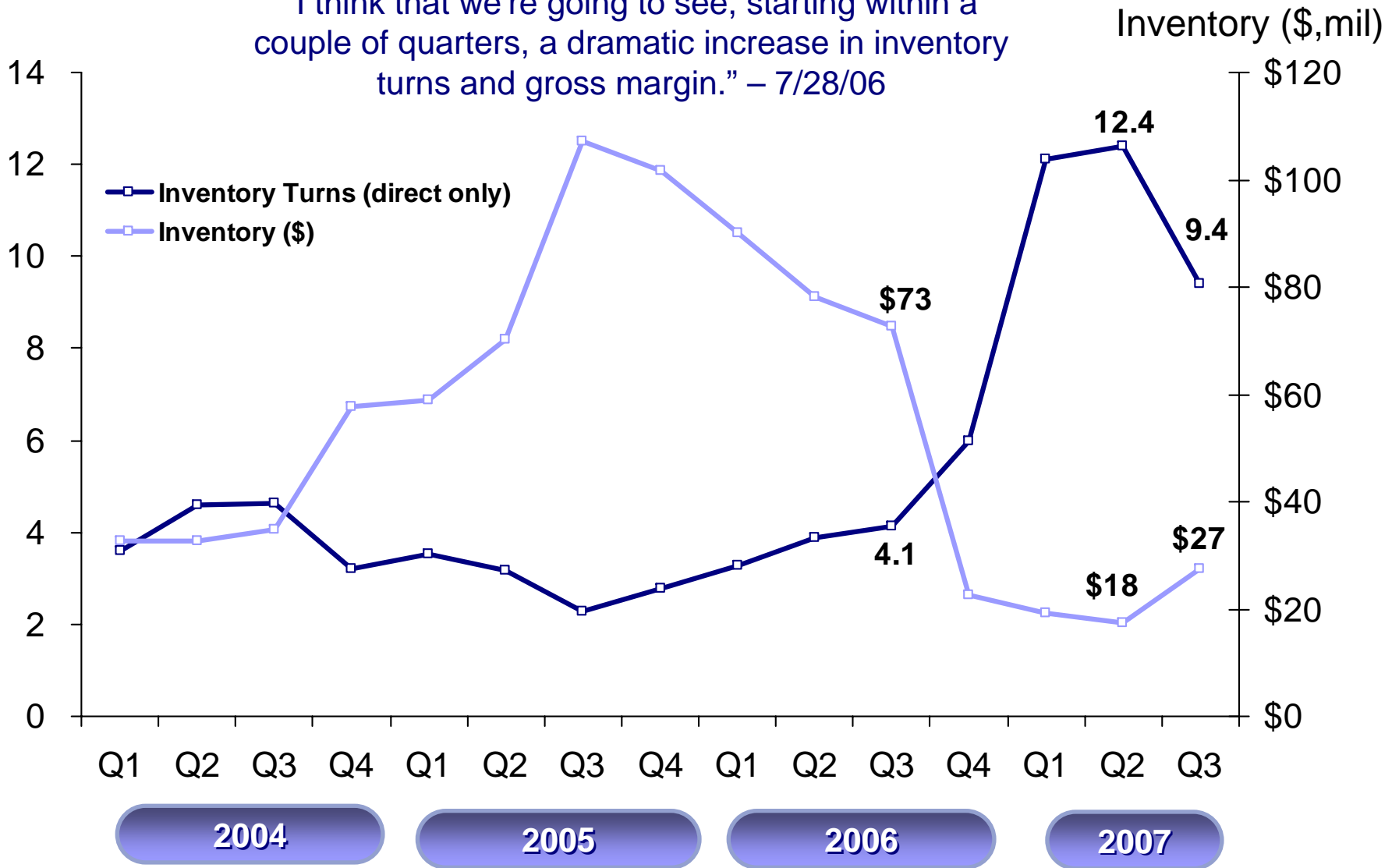
Revenue & Operating Expense Growth





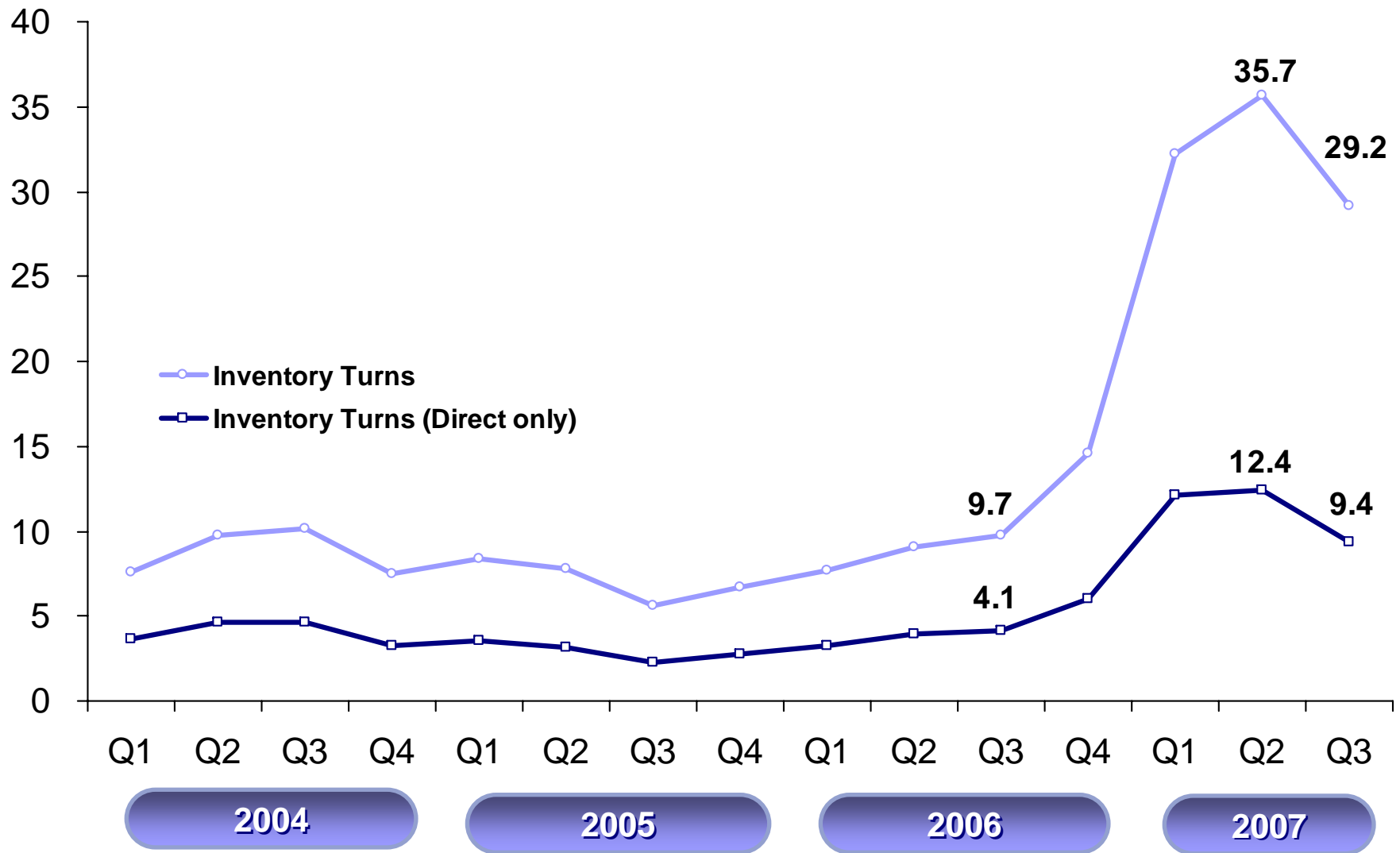
Inventory & Annualized Turns—Direct

“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

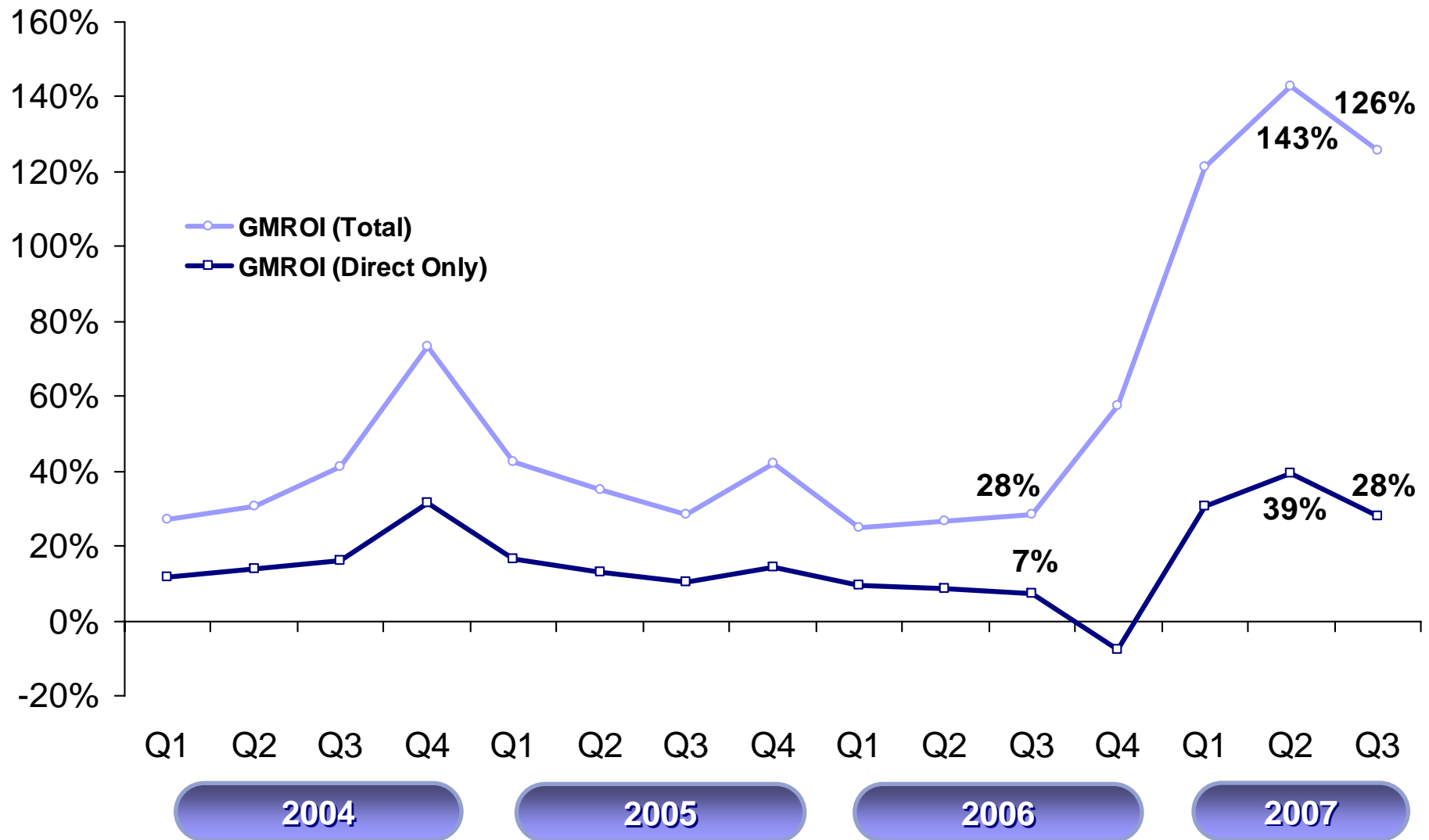


Inventory Turns: TTM COGS / Q3 2007 Average Inventory

Annualized Inventory Turns

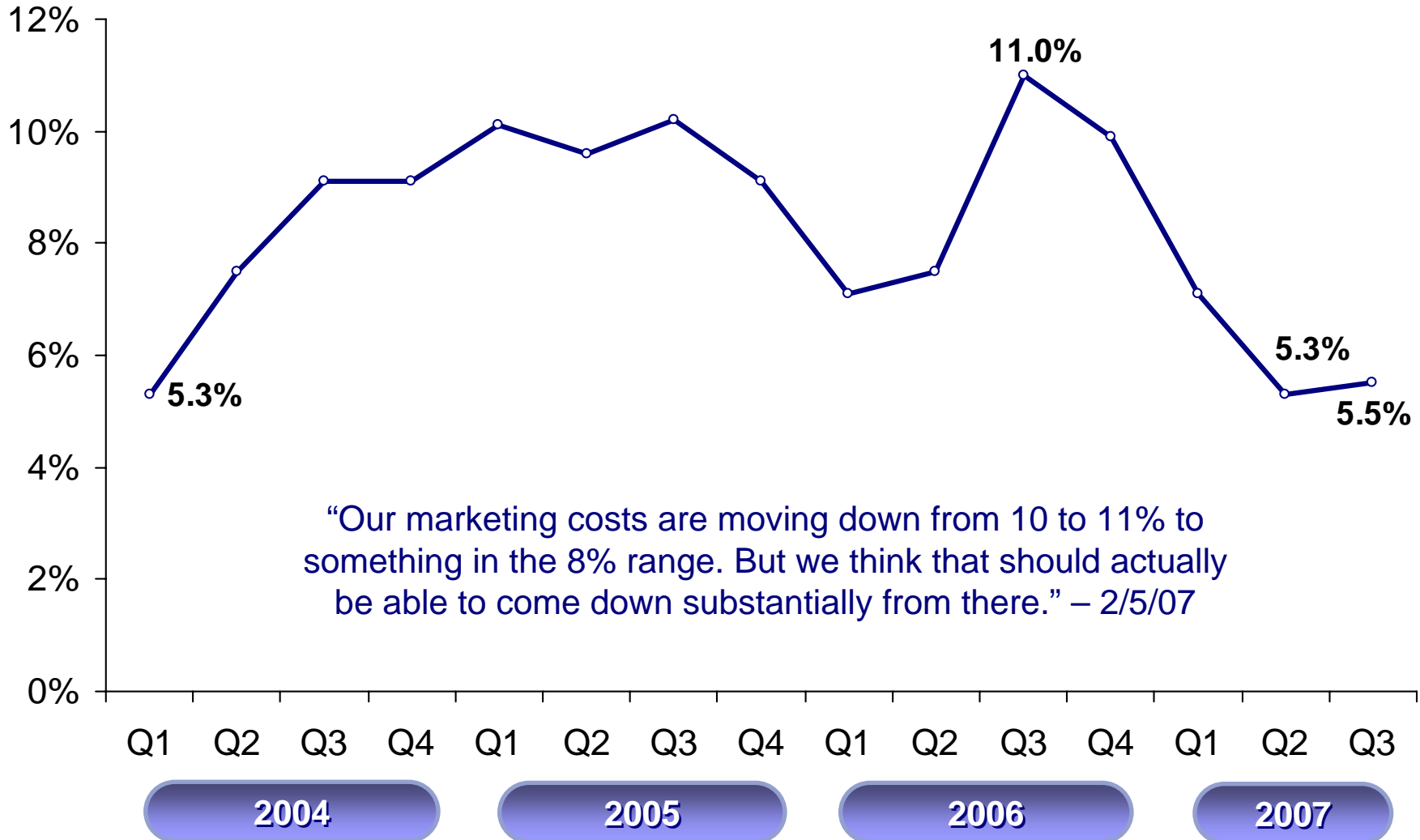


TTM COGS / Q1 2007 Average Inventory



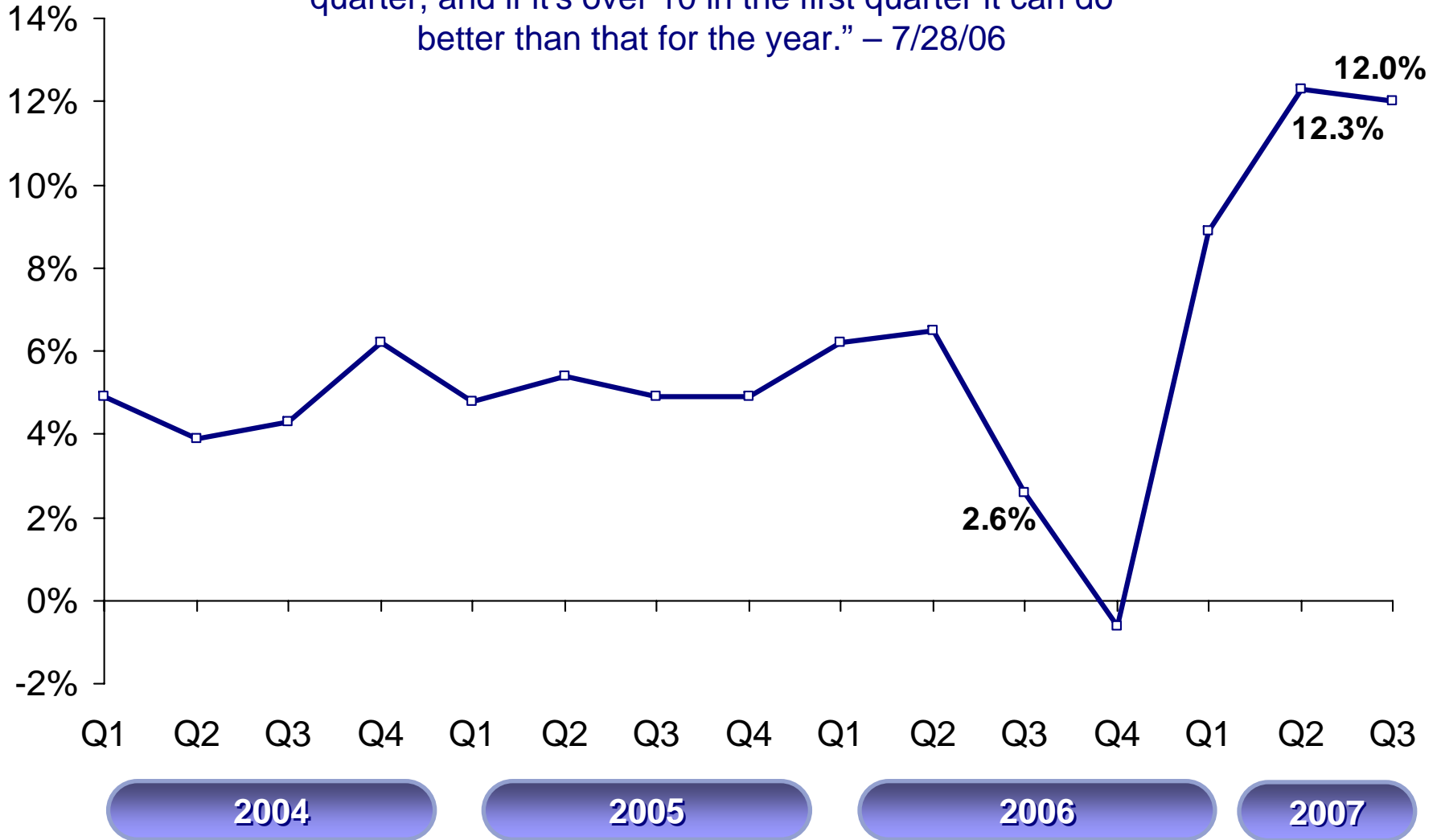
GMROI: $GM\% \times (\text{Revenue} / \text{Average Inventory})$

Sales & Marketing Expense



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

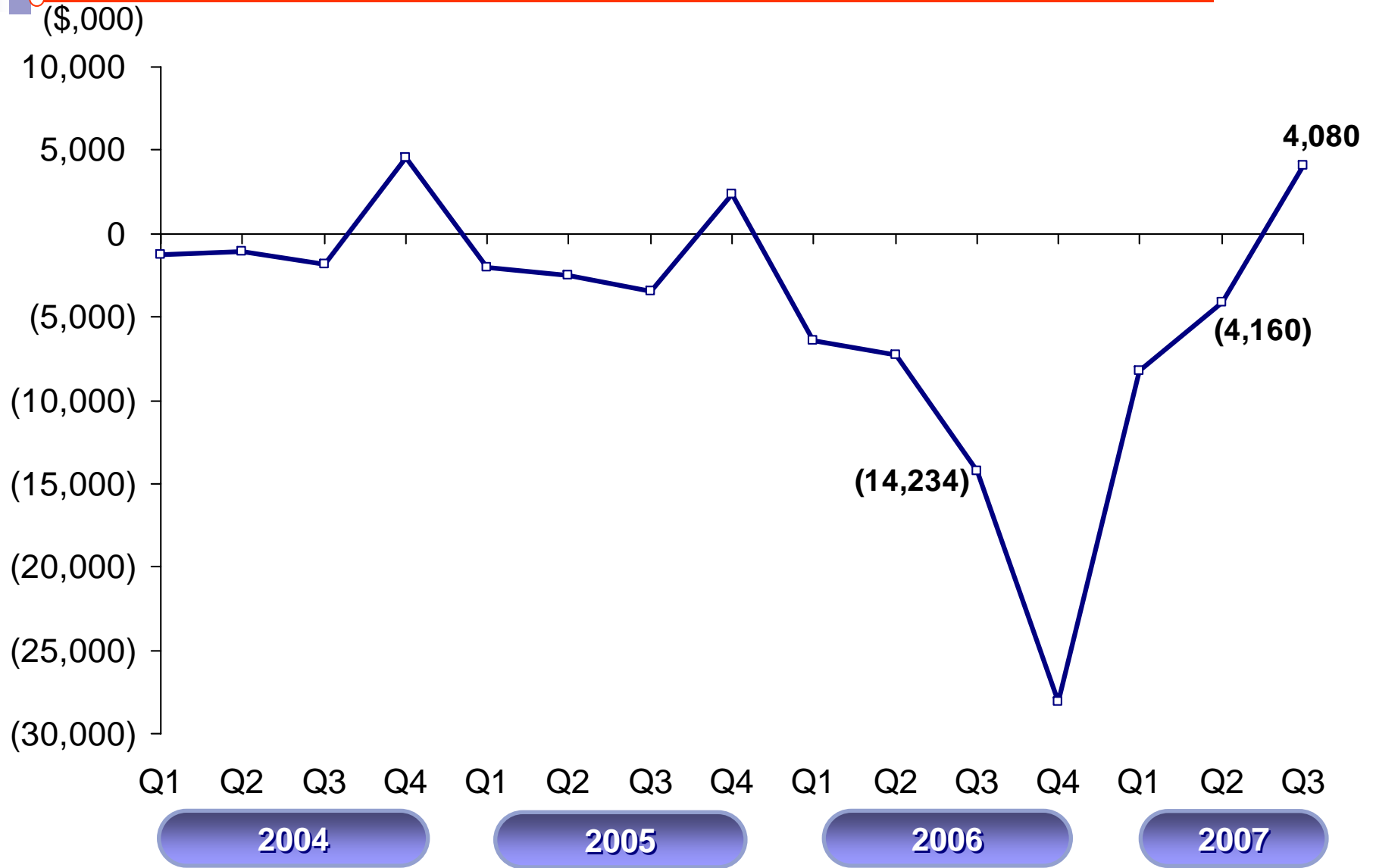


Contribution: Gross profit less Sales & Marketing expense

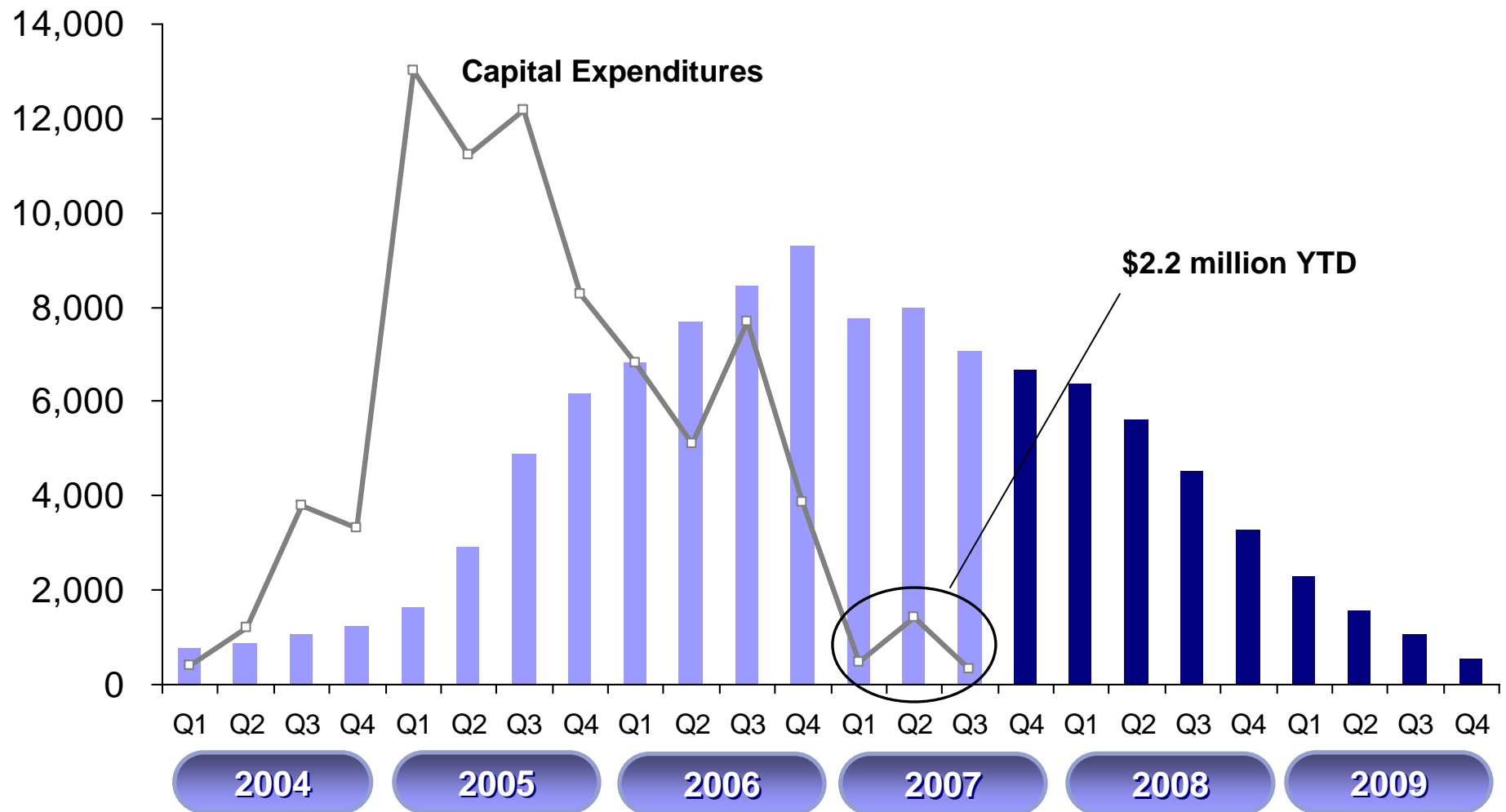
Gross Profit & Contribution Dollars



“I knew that we would get back [to growth] first at the contribution dollar level, then at the gross profit dollar level, and then lastly the very top line would be the last to begin its growth again.” – 7/31/07

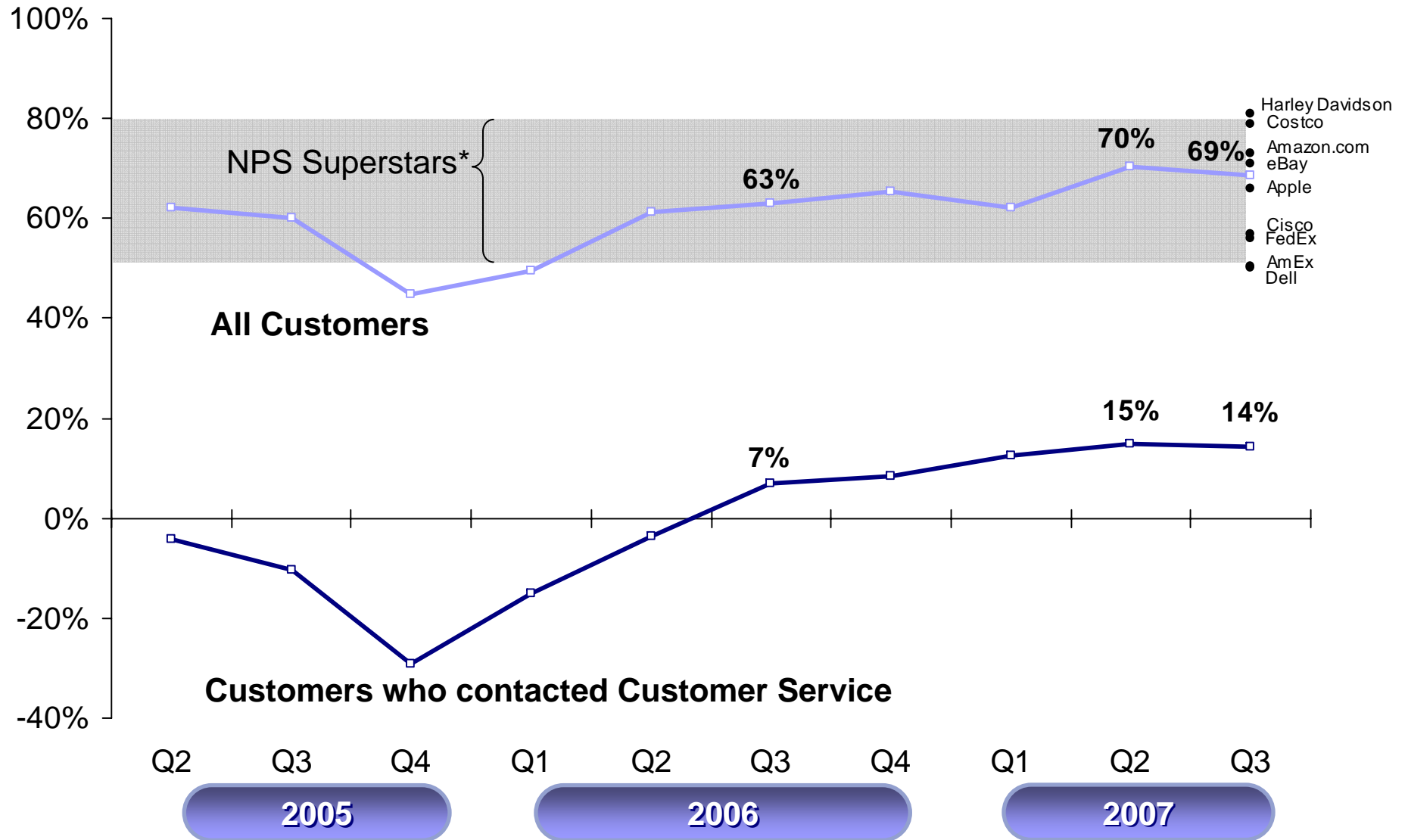


Depreciation of *currently owned assets*



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

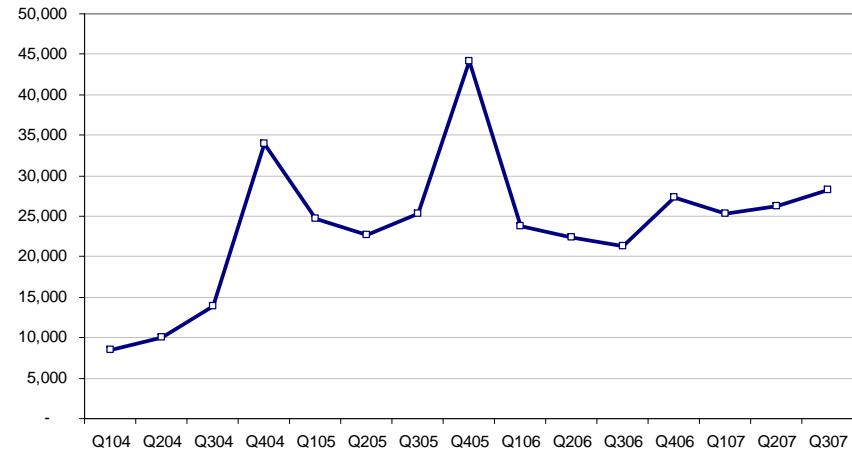
Net Promoter Score



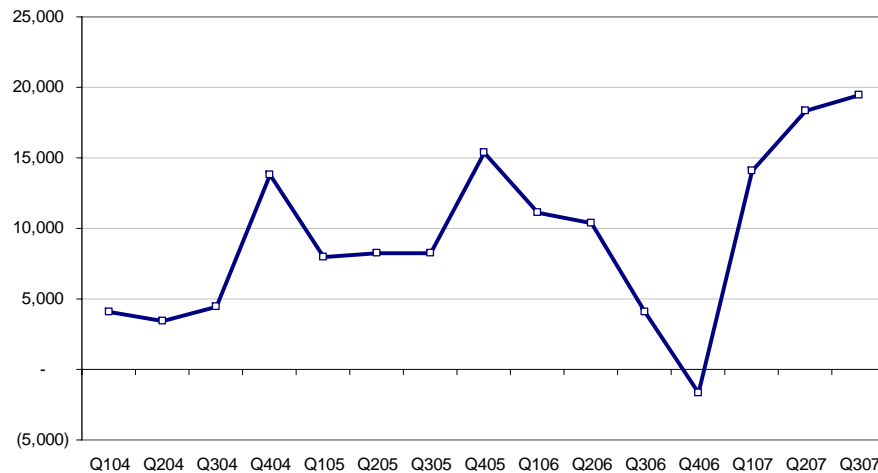
*As defined in The Ultimate Question, by Fred Reichheld, page 20. Published 2006

“We knew it was going to get ugly, maybe not as ugly as it got, but we thought we would come out in the first quarter smelling like a rose”
– 4/25/07

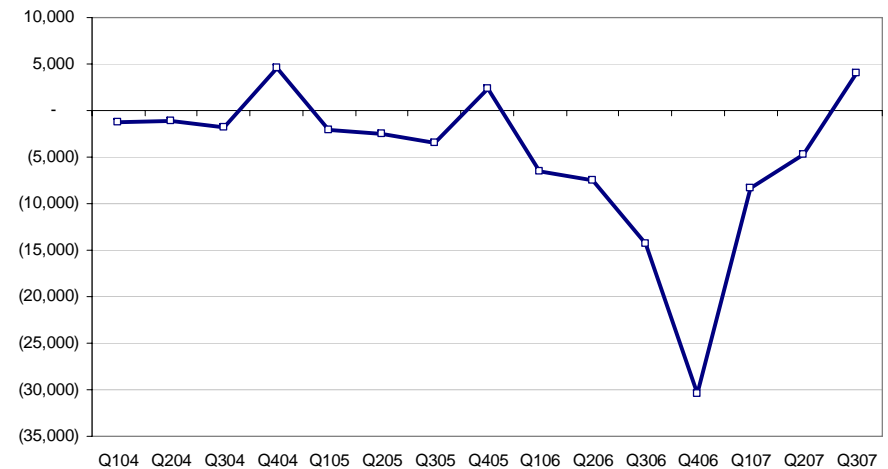
Gross Profit (\$,000)



Contribution



EBITDA



QUESTIONS?