



#### California Court of Appeals Denies Prime Brokers' Petition for Review

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Discovery Continues in Prime Broker Litigation

SALT LAKE CITY, Jan. 23 (PRNewswire-FirstCall) -- Overstock.com, Inc. (Nasdaq: OSTK) today announced that on December 27, 2007, the California First District Court of Appeal summarily denied an Application for a Writ of Mandate sought by defendant prime brokers in the case of Overstock.com, Inc., et al. v. Morgan Stanley & Co., Incorporated, et al., pending in the Superior Court of the State of California, City and County of San Francisco, Civil Action No. CGC-07-460147. Defendants had sought to end the case by arguing that the action should be dismissed because Plaintiffs' California state law securities claims are preempted by federal securities law. The trial court disagreed, denying Defendants' demurrer and allowing the case to proceed to discovery. The Court of Appeal has "summarily" denied Defendants' Application to review the trial court's decision. Discovery is proceeding in the case.

"This is another victory for us in a string of victories on these issues," stated Jonathan Johnson, Overstock senior vice president of corporate affairs and legal. "This decision clears wreckage off the legal tracks, and we are eager as ever to continue discovery."

The suit alleges that the defendants, who control over 80% of the prime brokerage market, participated in a massive, illegal stock market manipulation scheme by placing sell orders for the company's shares and that the defendants had no intention of covering such orders with borrowed stock, as they are required to do, causing what are referred to as "fails to deliver." Specifically named as defendants are, Morgan Stanley & Co. Incorporated, Goldman Sachs & Co., Bear Stearns Securities Corporation, Inc., Bank of America Securities LLC, Bank of New York, Citigroup Inc., Credit Suisse (USA) Inc., Deutsche Bank Securities, Inc., Merrill Lynch, Pierce, Fenner & Smith, Inc., Lehman Brothers, Inc., and UBS Financial Services, Inc.

The suit asserts that the defendants' actions caused dramatic distortions with regard to the nature and amount of trading in the company's stock, which have caused the share price of the company's stock to drop. The suit further contends that the amount of "fails to deliver" has, at times, exceeded the company's entire supply of outstanding shares, and a persistent large number of "fails to deliver" creates large downward pressure on the price of a company's stock. The company is seeking damages of \$3.48 billion.

Patrick Byrne, Overstock chairman and chief executive officer stated: "This is only the latest of many failed efforts by Wall Street to argue that it is above the law, existing in a cocoon of co-opted federal regulation and outlandish political treatment. Well, it turns out California has laws, too. Who knew?"

About Overstock.com

Overstock.com, Inc. is an online "clossout" retailer offering discount, brand-name merchandise for sale over the Internet. The company offers its customers an opportunity to shop for bargains conveniently, while offering its suppliers an alternative inventory liquidation distribution channel. Overstock.com, headquartered in Salt Lake City, is a publicly traded company listed on the NASDAQ Global Market System and can be found online at <http://www.overstock.com>.

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This press release contains certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Such forward-looking statements include, but are not limited to, statements regarding the effect of the decision clearing the way for the case to proceed without further hindrance, the chances of success of the case at trial, the failure or success of defendants in keeping the case from proceeding to trial or the success of the company in proving its case to a jury. Our Form 10-K for the year ended December 31, 2006, our subsequent quarterly reports on Form 10-Q, and our other subsequent filings with the Securities and Exchange Commission identify important factors that could cause our actual results to differ materially from those contained in our projections, estimates or forward-looking statements.

SOURCE: Overstock.com, Inc.

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