

tZERO CEO Saum Noursalehi Provides Recap of 2019 & Preview of the Year Ahead

January 30, 2020

NEW YORK--(BUSINESS WIRE)--Jan. 30, 2020-- [tZERO](#), the global leader in blockchain innovation for capital markets, released today the following letter to investors from CEO Saum Noursalehi.

Dear Investors,

With an exciting year upon us, I want to provide a recap of our progress over the last year and preview some of what is in store for tZERO in 2020, a year that we believe will be an inflection point for the company. Overall, industry adoption of digital securities continues to progress. Over the past year we saw increases in institutional involvement, as well as advancements in technology and regulatory engagement. We anticipate these trends to continue in 2020.

Much of our focus last year was on building. We allocated our capital, both human and financial, on acquiring the necessary regulatory approvals (which is on-going), developing our trading/digital securities technology, and building the leadership team necessary to advance our company vision. Over the course of 2019, we launched trading on the tZERO ATS (formerly known as PRO Securities ATS), traded our first digital securities, subscribed additional broker-dealers, launched the tZERO Crypto app, worked with management at the Boston Security Token Exchange (BSTX) to file a proposed rulebook, and received several patents, protecting our ecosystem. We believe our progress last year lays the groundwork for our continued success.

In addition to these achievements, we also built a world-class leadership team. In our view, we have the right mix of capital markets, regulatory and technology expertise to drive the adoption of our end-to-end ecosystem. I could not have done this without the help of Steve Hopkins, who over the last year helped me staff up and focus our organization. Having accomplished these objectives, Steve is moving on from the firm. I thank him for his dedicated service.

With the right leadership team and technology and regulatory framework in place, we are shifting our focus to growth and adoption. This includes two overarching priorities on the supply and demand side of our business: trading more digital securities, and enhancing liquidity on the tZERO ATS. Both are areas we have made meaningful progress.

More Digital Securities

I am pleased to report, we anticipate trading our third digital security on the tZERO ATS, in the coming weeks. I am encouraged by our recent progress and the robust pipeline that our team has developed over the past few months. While we set an ambitious objective of trading up to five new digital securities by the end of 2019, we and our partners, including the external broker-dealer participants, have to carefully work through legal and financial due diligence, regulatory matters and operations to ensure that only high-quality assets trade on the tZERO ATS. As our partners work through more of these new securities, we expect to see significant efficiencies of scale.

While digital securities are still in their early stages, we are seeing an increased level of interest and acceptance among both issuers and investors. It is important to keep in mind that many of the issuers intending to trade on the tZERO ATS are doing so in conjunction with a new capital raise. As a result, the timing for when these new securities trade depends on broader corporate strategies, the speed of the capital raise process and regulatory considerations. With that in mind, we continue to make progress filling the queue of digital securities intending to trade on the tZERO ATS. As you may recall, we recently signed an agreement with Alliance Investments to tokenize River Plaza, which commenced its capital raise process this quarter.

Furthermore, we are in late-stage discussions with several issuers that we expect to sign in the coming months. Lastly, our long-term pipeline of potential issuers now exceeds 200. These issuers are diverse in nature, spanning real estate, investment funds, technology, film and pharmaceutical companies. In the near term we expect real estate to be a leading asset class, followed by funds and other private companies.

Enhance Liquidity

The second priority is to continue to increase the pool of investors that trade on the tZERO ATS. In addition to Dinosaur Financial, tZERO ATS has signed agreements with five additional broker-dealers, and we are working on getting them live so their customers can begin trading on the tZERO ATS as soon as possible. Over the last year we have had discussions with over 100 broker-dealers, and we are currently in active discussions with several dozen broker-dealers.

We continue to make progress advancing our retail broker-dealer, tZERO Markets. This is an important initiative as it will allow us to integrate our web and mobile app experiences in the future, enabling investors to trade digital securities and cryptocurrencies on one platform. We are working closely with regulators and are targeting a launch of tZERO Markets in the first half of this year.

BSTX

We have been making progress advancing our BSTX joint venture with BOX Digital Markets. This exchange aims to serve mature companies looking for a more efficient and transparent way to trade and raise capital through leveraging distributed ledger and smart contract technology. The SEC recently announced an amendment to the BSTX rulebook and commenced a new comment period. We currently expect to receive a decision from the SEC in Q2 2020.

In closing, I would like to address our capital raising priorities. As Overstock management mentioned recently, it is committed to funding tZERO. As our business continues to develop in the first half of the year and we continue to hit milestones and prove out the business model further, it may become appropriate to approach external sources of capital in late 2020 or 2021. We would only do this, however, in a manner that enhances our business and stakeholder value.

tZERO has built the most robust and active digital security ecosystem in the marketplace to date. We believe the most effective way to increase value

for our stakeholders, including TZROP investors, is by focusing on growing the supply and demand side of our business. This will be achieved by trading more assets, enhancing liquidity and launching BSTX. I am more confident in the company's prospects than ever before, and I look forward to keeping you abreast of our progress in the year ahead.

Respectfully,

Saum Noursalehi
CEO, tZERO

Investor Notices

Investors should note that trading digital securities could involve substantial risks, including no guarantee of returns, costs associated with selling and purchasing, no assurance of liquidity which could impact the price and ability to sell, and possible loss of principal invested. Further, an investment in single digital security could mean lack of diversification and, consequently, higher risk.

As of the date of this press release, tZERO has not authorized peer to peer transfers of tZERO's preferred equity token (TZROP). Other than in limited and customary circumstances that do not constitute "sales" for purposes of securities law, such as transfers due to a gift, death or divorce (and then only following compliance with Computershare Trust Company, N.A.'s (Computershare) or Electronic Transaction Clearing, Inc.'s (ETC) procedures, as applicable), TZROP holders may resell shares of TZROP only on the tZERO ATS, which is operated by tZERO ATS, LLC, a SEC-registered broker-dealer and member of FINRA and SIPC, only through a brokerage account established with Dinosaur Financial, LLC (Dino), a SEC-registered broker-dealer and member of FINRA and SIPC and a subscriber to the tZERO ATS, with clearing and custody provided by ETC a registered broker-dealer and member of FINRA and SIPC, and Computershare, as transfer agent. In order to comply with and manage our obligations under applicable laws and regulations and ensure the security and functionality of the digital courtesy carbon copy of Computershare's records, tZERO may, at any time, prohibit the holders of TZROP from transferring shares of TZROP from their brokerage account and holding them directly with Computershare. When such a prohibition is in effect, tZERO may permit such transfers only in extraordinary circumstances and subject to any and all conditions that tZERO may determine.

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This release is for informational purposes only and does not constitute an offer to sell, a solicitation to buy, or a recommendation for any security or token, nor does it constitute an offer to provide investment advisory or other services by the tZERO or any of its affiliates, subsidiaries, officers, directors or employees. No reference to any specific security or token constitutes a recommendation to buy, sell or hold that security or token or any other security or token. Nothing in this release shall be considered a solicitation or offer to buy or sell any security, token, future, option or other financial instrument or to offer or provide any investment advice or service to any person in any jurisdiction. Nothing contained in this release constitutes investment advice or offers any opinion with respect to the suitability of any security or token, and the views expressed in this release should not be taken as advice to buy, sell or hold any security or token. In preparing the information contained in this release, we have not taken into account the investment needs, objectives and financial circumstances of any particular investor. This information has no regard to the specific investment objectives, financial situation and particular needs of any specific recipient of this information and investments discussed may not be suitable for all investors. Any views expressed in this release by us were prepared based upon the information available to us at the time such views were written. Changed or additional information could cause such views to change. All information is subject to possible correction. Information may quickly become unreliable for various reasons, including changes in market conditions or economic circumstances.

About tZERO

[tZERO Group, Inc.](#) ("tZERO") is a majority owned subsidiary of Overstock.com, focusing on the development and commercialization of financial technology (FinTech) based on cryptographically-secured, decentralized ledgers – more commonly known as blockchain technologies. Since its inception, tZERO has pioneered the effort to bring greater efficiency and transparency to capital markets through the integration of blockchain technology. For more information on tZERO, please visit: <https://www.tzero.com/>.

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About tZERO ATS, LLC

tZERO ATS, LLC is a broker-dealer registered with the SEC and a member of FINRA and SIPC. More information about tZERO ATS may be found at www.finra.org.

About SpeedRoute LLC

SpeedRoute LLC is a broker-dealer registered with the SEC and a member of FINRA and SIPC. More information about tZERO ATS may be found at www.finra.org.

About tZERO Crypto

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About Overstock.com

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Series B Preferred (OTCQX:OSTBP) is an online retailer and technology company based in Salt Lake City, Utah. Its leading e-commerce website sells a broad range of new products at low prices, including furniture, décor, rugs, bedding, home improvement, and more. The online shopping site, which is visited by nearly 40 million customers a month, also features a marketplace providing customers access to millions of products from third-party sellers. Overstock was the first major retailer to accept cryptocurrency in 2014, and in the same year founded Medici Ventures, its wholly-owned subsidiary developing and accelerating blockchain technologies to democratize capital, eliminate middlemen, and re-humanize commerce. Overstock regularly posts information about the company and other related matters on the [Newsroom](#) and [Investor Relations](#) pages on its website, [Overstock.com](#).

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This press release contains certain forward-looking statements, including, but not limited to, statements related to tZERO's ability to raise capital, additional digital securities becoming available to be traded on the tZERO ATS, the ability of subscribed broker-dealers to the tZERO ATS becoming active subscribers, SEC approval of the BSTX rulebook, and launch of tZERO Markets, LLC, 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 all statements other than statements of historical fact. Additional information regarding factors that could materially affect results and the accuracy of the forward-looking statements contained herein may be found in Overstock's Form 10-Q for the quarter ended September 30, 2019, which was filed with the SEC on November 12, 2019, and any subsequent filings with the SEC.

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