

Part II Organizational Action *(continued)*

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ [Please see attachment.](#)

Blank lines for providing Internal Revenue Code section(s) and subsection(s).

18 Can any resulting loss be recognized? ▶ [Please see attachment.](#)

Blank lines for providing information regarding resulting loss recognition.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ [Please see attachment.](#)

Blank lines for providing other information necessary to implement the adjustment.

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here
Signature ▶  Date ▶ July 12, 2022

Paid Preparer Use Only	Print your name ▶ <u>E. Glen Nickle</u>	Preparer's signature	Title ▶ <u>Chief Legal Officer & Corporate Secretary</u>	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Firm's name ▶				Firm's EIN ▶	
	Firm's address ▶				Phone no.	

Overstock.com, Inc.

Overstock.com, Inc.
Attachment to IRS Form 8937
"Report of Organizational Actions Affecting Basis of Securities"

CONSULT YOUR TAX ADVISOR

The information contained herein provides a general summary regarding the application of certain provisions of the U.S. Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder relating to the tax basis of Common Stock received in exchange for Digital Voting Series A-1 Preferred Stock and Voting Series B Preferred Stock (the "Exchange"). The information contained herein does not constitute tax advice and does not purport to be complete or to describe the consequences that may apply to particular categories of stockholders. Overstock.com does not provide tax advice to its stockholders. You are urged to consult your own tax advisor regarding the particular consequences of the Exchange to you, including the applicability and effect of all U.S. federal, state, local and foreign tax laws.

Part I, Items 3-7
Contact Information

Non-registered ("street name") stockholders should contact their brokerage firm directly for inquiries pertaining to their account.

Registered stockholders should contact the Transfer Agent for Overstock.com for inquiries pertaining to their account.

Transfer Agent:
Computershare Trust Company, N.A.
P.O. Box 30170
College Station, TX 77842
Tel: (877) 373-6374
Website: <https://www-us.computershare.com/Investor/Contact>

All stockholders should contact Overstock.com for other inquiries.

Overstock.com Investor Relations
799 West Coliseum Way
Midvale, UT 84047
Tel: (801) 947-3100
Email: ir@overstock.com

Part I, Items 8-9
Date of Action, Classification and Description

Between June 10-14, 2022, Overstock exchanged the Digital Voting Series A-1 Preferred Stock and Voting Series B Preferred Stock for Common Stock.

Part I, Item 10
CUSIP Numbers

Common Stock: 690370101
Digital Voting Series A-1 Preferred Stock: 690370507
Voting Series B Preferred Stock: 690370309

**Part I, Item 12
Ticker Symbols**

Common Stock (NASDAQ:OSTK)
 Digital Voting Series A-1 Preferred Stock (tZERO ATS:OSTKO)
 Voting Series B Preferred Stock (OTCQX:OSTBP)

**Part II, Item 14
Description of organization action.**

On May 12, 2022, Overstock announced that shareholders voted to approve the conversion of (i) each share of its Digital Voting Series A-1 Preferred Stock into 0.90 of a share of its Common Stock and (ii) each share of its Voting Series B Preferred Stock into 0.90 of a share of its Common Stock. Overstock paid each holder of Digital Voting Series A-1 Preferred Stock or Voting Series B Preferred Stock who was otherwise entitled to receive a fractional share of Common Stock as a result of the Exchange (after aggregating all fractional shares such holder would be entitled to receive) an amount in cash (without interest) equal to the product of such fraction of a share and \$30.99, which was the closing sale price of a share of Common Stock on the Nasdaq Global Market on the trading day immediately preceding the effective date of the Exchange.

**Part II, Item 15
Description of the quantitative effect of the organizational action on the basis of the security in the hands of the U.S. taxpayer as an adjustment per share or as a percentage of old stock basis.**

The basis in Common Stock received by a holder of Digital Voting Series A-1 Preferred Stock or Voting Series B Preferred Stock, as applicable, upon the Exchange equals such holder's basis in such Digital Voting Series A-1 Preferred Stock or Voting Series B Preferred Stock under the rules applicable to recapitalizations, reduced by the portion of basis allocable to the cash the holder receives in lieu of a fractional share of Common Stock.

The basis allocable to the cash that a holder received in lieu of a fractional share of Common Stock is the same portion of the holder's basis that would be allocated to the fractional share if the holder received a fractional share. The following is an illustrative example of the manner in which a holder would allocate its basis among the shares of Common Stock received upon conversion:

	Voting Series B Preferred Stock	Hypothetical Shares of Common Stock	Actual (Whole) Shares of Common Stock	Fractional Share of Common Stock
Shares	105	94.5	94	0.5
Basis	\$105	\$105	$\$105 \times (94/94.5) =$ \$104.44	$\$105 \times (0.5/94.5) =$ \$0.55
Cash				$\$30.99 \times 0.5 =$ \$15.495

Assume that, prior to the conversion, a holder held 105 shares of Voting Series B Preferred Stock with an aggregate basis in those shares of \$105 (\$1 per share). Given a conversion rate of 0.9 shares of Common Stock per share of Voting Series B Preferred Stock, the holder's 105 shares of Voting Series B Preferred Stock would convert into 94.5 shares of Common Stock. The holder would therefore receive 94 shares of Common Stock and cash in lieu of its fractional share (here, in lieu of the remaining 0.5 share of Common Stock), or \$15.495 (the same fraction, 0.5, multiplied by the conversion rate of \$30.99 per share of Common Stock).

Overstock.com, Inc.

The holder would then allocate its original basis of \$105 as follows: each share of Common Stock received upon conversion would be allocated a basis of \$1.11 (the aggregate original basis divided by the number of shares of Common Stock due under the conversion ratio, here $\$105/94.5$), including, ratably, the fractional share in lieu of which the holder received cash. In this case, the holder would allocate its fractional share \$0.55 of basis (the new basis in each share, multiplied by the fraction of a share of Common Stock that the fractional share represented, or $\$1.11 \times 0.5$). The remaining basis would be allocated ratably among the shares of Common Stock actually received (an aggregate basis in its 94 shares of Common Stock of \$104.44, or \$1.11 in each of its 94 shares of Common Stock).

The above illustrative example is with respect to Voting Series B Preferred Stock, but it applies to Digital Voting Series A-1 Preferred Stock as well.

Holders with more than one tax basis in their shares of Digital Voting Series A-1 Preferred Stock or Voting Series B Preferred Stock should consult their own tax advisors regarding the allocation of their tax basis in the shares of Digital Voting Series A-1 Preferred Stock or Voting Series B Preferred Stock among the shares of Common Stock received in the Exchange.

Part II, Item 16

Description of the calculation of the change in basis and the data that supports the calculation.

See above, Line 15.

Part II, Item 17

List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based.

IRC §§ 302, 354(a), 358(a)-(b), 368(a), and 1001(a).

Part II, Item 18

Can any resulting loss be recognized?

Loss may be recognized in respect of cash received in lieu of fractional shares of Common Stock to the extent that the portion of a holder's basis allocated to the fractional share of Common Stock is greater than the amount of cash received in lieu of that fractional share.

Part II, Item 19

Provide any other information necessary to implement the adjustment.

For an Overstock.com stockholder whose taxable year is a calendar year, the reportable tax year is 2022.

None of the foregoing statements on this IRS Form 8937 is intended to be tax advice. Tax advice should be obtained for your independent tax advisors.