



Overstock.com, Inc.
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May 13, 2008

VIA EMAIL & U.S. MAIL

Dear Affiliate:

As many of you may be aware, the State of New York recently enacted legislation (Chapter 57 of the Laws of 2008) amending New York Tax Law in an attempt to force certain sellers to collect sales tax on all sales to residents of the State of New York. The recently enacted legislation tries to define any seller that enters into an agreement with a resident of New York to refer customers to the seller as a "vendor" under New York law and require the seller to collect sales tax as of June 1, 2008.

Overstock.com, Inc. ("Overstock") has no tax nexus in any state other than Utah, the home of our corporate headquarters. Unfortunately, due to the State of New York's new legislation, we now believe it prudent to discontinue, temporarily, our current relationships with our New York affiliates while the battle over the constitutionality of the New York legislation is contested in the courts.

Accordingly, pursuant to Section 5.2 of the Affiliate Form of Master Agreement, Overstock exercises its right to terminate your affiliate agreement as of May 20, 2008. Any money due to you based on your service to that point will be paid by May 30, 2008.

We regret that Overstock has been put in this position and look forward to renewing our relationship in the future should the situation be resolved.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Geoff Atkinson', written over a circular stamp or mark.

Geoff Atkinson
Vice President