

October 13, 2008

Gradient issues this Statement concerning research reports previously published by it regarding Overstock.com, Inc. Having reviewed all SEC filings, relevant accounting literature, and all other information available to it, Gradient now believes that, to the best of its knowledge, Overstock's stated accounting policies did in fact conform with Generally Accepted Accounting Principles (GAAP) and regrets any prior statements to the contrary.

Some of Gradient's prior reports asserted that certain Overstock directors—i.e., Allison Abraham, John Fisher and Gordon Macklin--were not independent directors according to Gradient's criteria for evaluating independence. However, under NASD Rules, those directors were independent. Gradient extends its apology to the Macklin family for any remarks or observations concerning the suitability or independence of Mr. Gordon Macklin, who served with distinction as a past President of the NASD, was widely regarded as a pioneer in the financial industry, and, due to his expertise, was asked to serve on many corporate boards.

Gradient has examined and improved its internal policies concerning how it communicates with clients, including hedge funds, and the media. Gradient acknowledges that former Executive Vice President of Research Matthew Kliber, a named defendant in this litigation, was not responsible for any of Gradient's research on Overstock.

Gradient regrets that the parties have been embroiled in litigation over its reports and looks forward to both sides' moving forward with their respective businesses.