

OVERSTOCK.COM, INC  
Form 10-Q  
May 09, 2007

## SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

### FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2007

Or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number: 000-49799

## OVERSTOCK.COM, INC.

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction of  
incorporation or organization)

**87-0634302**  
(I.R.S. Employer  
Identification Number)

**6350 South 3000 East**

**Salt Lake City, Utah 84121**

(Address, including zip code, of

Registrant's principal executive offices)

Registrant's telephone number, including area code: **(801) 947-3100**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), (2) has been subject to such filing requirements for the past 90 days. Yes  No

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Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer (as defined in Exchange Act Rule 12b-2 of the Exchange Act).

Large accelerated filer

Accelerated filer

Non-accelerated filer

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

There were 23,683,531 shares of the Registrant's common stock, par value \$0.0001, outstanding on May 8, 2007.

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## PART 1. FINANCIAL INFORMATION

## ITEM 1. FINANCIAL STATEMENTS

## Overstock.com, Inc.

## Consolidated Balance Sheets (unaudited)

(in thousands)

	December 31, 2006	March 31, 2007
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 126,965	\$ 68,080
Accounts receivable, net	11,638	7,811
Note receivable	6,702	2,761
Inventories, net	20,274	16,662
Prepaid inventory	2,241	2,601
Prepaid expense	7,473	9,435
Current assets of held for sale subsidiary	4,718	2,148
Total current assets	180,011	109,498
Property and equipment, net	56,198	48,909
Goodwill	2,784	2,784
Other long-term assets, net	578	483
Long-term assets of held for sale subsidiary	16,594	12,805
Total assets	\$ 256,165	\$ 174,479
<b>Liabilities and Stockholders Equity</b>		
Current liabilities:		
Accounts payable	\$ 66,039	\$ 27,936
Accrued liabilities	40,142	22,976
Capital lease obligations, current	5,074	3,810
Current liabilities of held for sale subsidiary	3,684	993
Total current liabilities	114,939	55,715
Capital lease obligations, non-current	3,983	
Convertible senior notes	75,279	75,365
Total liabilities	194,201	131,080
Commitments and contingencies (Notes 12 and 13)		
Stockholders equity:		
Preferred stock, \$0.0001 par value, 5,000 shares authorized, no shares issued and outstanding as of December 31, 2006 and March 31, 2007		
Common stock, \$0.0001 par value, 100,000 shares authorized, 25,069 and 25,258 shares issued as of December 31, 2006 and March 31, 2007, respectively	2	2
Additional paid-in capital	325,771	327,399
Accumulated deficit	(198,694)	(220,077)
Treasury stock, 1,654 and 1,620 shares at cost as of December 31, 2006 and March 31, 2007, respectively	(64,983)	(63,778)
Accumulated other comprehensive loss	(132)	(147)
Total stockholders equity	61,964	43,399
Total liabilities and stockholders equity	\$ 256,165	\$ 174,479

The accompanying notes are an integral part of these consolidated financial statements.

## Overstock.com, Inc.

## Consolidated Statements of Operations (unaudited)

(in thousands, except per share data)

	Three months ended	
	March 31,	2007
	2006	
Revenue		
Direct	\$ 79,710	\$ 45,701
Fulfillment partner	98,334	112,229
Total revenue	178,044	157,930
Cost of goods sold:		
Direct(1)	70,703	39,320
Fulfillment partner	83,587	93,295
Total cost of goods sold	154,290	132,615
Gross profit	23,754	25,315
Operating expenses:		
Sales and marketing(1)	12,659	11,284
Technology(1)	13,424	14,973
General and administrative(1)	11,850	10,689
Restructuring		6,089
Total operating expenses	37,933	43,035
Operating loss	(14,179 )	(17,720 )