

eBay Marketplaces Monthly, Jun.'09

Recommendation

BUY

Price
Target

\$16.34
\$23.00

Fiscal Year Ends: Dec	2008A	2009E	2010E	
Revenue (MM)	\$8,541	\$8,285	\$9,086	
PF Earnings per Share				
	Q1	\$0.42	\$0.39A	NA
	Q2	\$0.43	\$0.35	NA
	Q3	\$0.46	\$0.35	NA
	Q4	<u>\$0.41</u>	<u>\$0.38</u>	<u>NA</u>
Year	\$1.71	\$1.47	\$1.71	
P/E ProForma	9.6x	11.1x	9.6x	
Diluted Shares (MM)	1,312.7	1,290.8	1,300.8	

Key Data

52-Week Range	\$29.13-\$9.91
Shares Outstanding (MM)	1,286.6
Market Cap (MM)	\$21,023
Avg. Daily Volume (000)	18,471
Float (MM)	1,094.0
% Held Institutionally	88.0%
Long Term Growth Rate	4%
Total Debt (MM)	\$400.0
Cash Per Share	\$2.51

■ Summary

We believe that the changes eBay has been implementing to transform its Marketplaces business for the past 18 months are working now and beginning to bear fruit. In our view, the changes are helping eBay in listing conversion and GMV per listing going up. We also believe that addressing and correcting the structural problems in the Marketplaces business (e.g. legacy auction bias) is a key step towards unlocking value in the stock. This is our first in a series of monthly progress reports providing an update on the state of key eBay initiatives focused on transforming its Marketplaces business. For this monthly report, we are using the same proprietary sample survey methodology that we used last month at the time of our EBAY upgrade on June 3rd to compare the monthly progress in eBay core Marketplaces. In our view, eBay made progress in all the major categories that we are tracking to evaluate the overall progress of Marketplaces. We reiterate our Buy and our \$23 PT.

■ eBay Marketplaces Dashboard for June

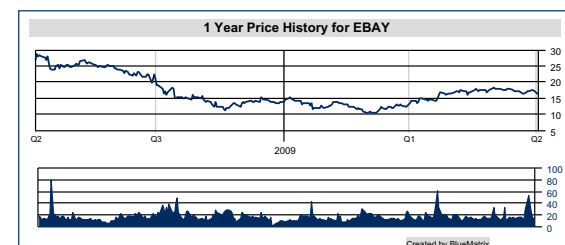
1. Free shipping – Marginal increase in penetration from 83% last month to 85% this month for items sorted under Best Match and slight decrease of penetration from 35% to 32% for items sorted by Time: Ending Soonest of auction is a positive sign.

2. Progress on search – Average DSR of 4.83 for Best Match and 4.80 for Time: Ending Soonest vs. 4.82 and 4.80, respectively, a month ago is also a positive sign and shows search algorithm favoring better merchants.

3. Progress on selection – Average number of listings per item in our 25 items sample survey went up by 23k to 262k for eBay and only by 3k to 179k for Amazon in last month showing directional improvement in wider selection for eBay.

4. Other changes – Auction-style fee change implemented in June simplifies the total fee calculation process and encourages casual users to come more often to eBay.com but is sometimes more expensive than the previous fee structure.

Stock Performance



	1m	3m	12m
Performance	-9.1%	14.2%	-39.0%

Source: Bloomberg

eBay was founded in 1995 and provides the Internet platforms of choice for global commerce, payments, and communications to hundreds of millions of people around the world. Since its inception, the company has expanded to include some of the strongest brands in the world, including eBay, PayPal, and Skype. Its online platforms allow millions of buyers and sellers worldwide to trade items through auction-style and fixed-price formats on localized sites in 25 markets in North America, Europe, and Asia-Pacific. The company employs approximately 15,000 employees and is headquartered in San Jose, CA.

Please see page 8 for price targets, valuation methods, and risks to achieving those targets.

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Introduction to Our eBay Marketplaces Monthly Report

As highlighted in our upgrade note on eBay from June 3, 2009, we believe the changes EBAY has been implementing to transform its Marketplaces business for the past 18 months are working now and beginning to bear fruit. We also believe that addressing and correcting the structural problems in the Marketplaces business was a key step towards unlocking value in the stock. This is our first in a series of monthly progress reports providing an update on the state of eBay's Marketplaces business. We plan to track the progress of key eBay initiatives in four categories:

1. Progress on trust and safety,
2. Progress on search,
3. Progress on selection,
4. Other changes.

Section # 1: Progress on Trust and Safety

Shipping charges are among the structural problems which in the past damaged trust of eBay users and buyers alike. The company started paying more attention to them a few quarters back as buyers began showing their increasing dissatisfaction with the very high rates and the inconsistency among different sellers. In the last two quarters we have seen eBay getting more aggressive in pushing free shipping by encouraging and incentivizing merchants to offer it for more listings. To test if the new incentives and fee changes are working, we conduct a detailed proprietary sample study that analyzes penetration of free shipping on eBay.

Methodology: We selected 25 items in the most popular categories on eBay and run a search, recording the number of free shipping offers for each keyword. We looked at the number and percentage of listings that offered free shipping among the top 50 results for each keyword (taking out the featured items) under five scenarios. First, we looked at the results sorted by Best Match, after that sorted by Time to end of auction, then sorted by Total Price (including shipping charges if any) from lowest to highest and vice versa, and finally, sorted by availability of PayPal as a payment option accepted by the merchant.

Findings: On average, 85% of the items sorted under Best Match offered free shipping compared to 83% at the beginning of June. For items sorted by Time left to expiration of auction, 32% offered free shipping vs. 35% a month ago. The respective results for the other three scenarios are as follows: for items with the lowest Total Price – 83% vs. 82%; for items with the highest Total Price – 60% vs. 58%; and for items with PayPal payment option – 36% vs. 34%. Although marginal, the increase of free shipping penetration is very positive sign for eBay. Overall, we believe, based on the results of our study, penetration of free shipping is at least in the mid 30%, though more likely mid 50% (esp. for listings actually converting well).

We believe the high percentage of the “lowest Total Price” scenario is a bit misleading as the items ranking on the top are generally those just listed (i.e. where the bid is \$0.01 or close) and by selection have the lowest shipping cost possible. For categories such as antiques and pottery the penetration is low but we don't find this surprising as the items in these categories are hard to ship safely and many buyers likely use their personally-preferred mode of shipping.

Free Shipping Penetration on eBay Under 5 Scenarios (Top 50 Results)

#	Keyword	Category	Total Listings	Best Match		Time: Ending Soonest		Price+Shipping: Lowest		Price+Shipping: Highest		Payment: PayPal First	
				#	%	#	%	#	%	#	%	#	%
1	antique lamp	Antiques	1,190	12	24%	1	2%	3	6%	7	14%	1	2%
2	books	Books	4,088,169	50	100%	1	2%	50	100%	39	78%	2	4%
3	digital camera	Cameras & Photo	47,860	49	98%	10	20%	50	100%	26	52%	30	60%
4	iPhone	Cell Phones & PDAs	88,101	48	96%	36	72%	50	100%	24	48%	42	84%
5	handbag	Clothing, Shoes & Accessories	196,199	43	86%	12	24%	50	100%	28	56%	12	24%
6	shoes	Clothing, Shoes & Accessories	352,323	46	92%	3	6%	50	100%	30	60%	19	38%
7	laptop computer	Computers & Networking	37,404	50	100%	22	44%	50	100%	27	54%	18	36%
8	Netbook	Computers & Networking	5,125	45	90%	35	70%	46	92%	33	66%	34	68%
9	dolls	Dolls & Bears	138,615	43	86%	4	8%	48	96%	16	32%	7	14%
10	Blu-ray DVD player	Electronics	512	41	82%	37	74%	32	64%	48	96%	37	74%
11	mp3 player	Electronics	29,289	48	96%	34	68%	50	100%	40	80%	35	70%
12	plasma TV	Electronics	5,486	49	98%	34	68%	49	98%	34	68%	31	62%
13	fragrances	Health & Beauty	148,508	47	94%	11	22%	50	100%	14	28%	8	16%
14	blender	Home & Garden	1,511	22	44%	8	16%	13	26%	40	80%	8	16%
15	coffee maker	Home & Garden	2,551	26	52%	7	14%	12	24%	45	90%	8	16%
16	rugs	Home & Garden	42,689	45	90%	32	64%	48	96%	44	88%	33	66%
17	wristwatch	Jewelry & Watches	21,177	49	98%	14	28%	50	100%	43	86%	14	28%
18	electric guitar	Musical Instruments	16,513	46	92%	18	36%	27	54%	27	54%	21	42%
19	pottery	Pottery & Glass	17,114	19	38%	0	0%	14	28%	9	18%	0	0%
20	golf	Sporting Goods	118,028	45	90%	17	34%	50	100%	7	14%	12	24%
21	toys	Toys & Hobbies	758,502	45	90%	6	12%	50	100%	33	66%	6	12%
22	Nintendo Wii	Video Games	55,375	49	98%	14	28%	50	100%	42	84%	23	46%
23	Playstation 3	Video Games	36,924	47	94%	19	38%	49	98%	32	64%	15	30%
24	Xbox 360	Video Games	48,517	49	98%	15	30%	50	100%	31	62%	24	48%
25	video game	Video Games	306,653	46	92%	15	30%	46	92%	30	60%	9	18%
Average - Jun '09			262,573	42.4	85%	16.2	32%	41.5	83%	30.0	60%	18.0	36%
Average - May '09			240,278	41.6	83%	17.6	35%	41.1	82%	28.9	58%	16.9	34%

Source: Company website; Collins Stewart LLC

We believe that free shipping is a very powerful change for EBAY not only to improve actual business metrics (higher listing conversion) but also to win against competitors. We also believe that free shipping will result into shifting economic value currently hidden under excessive shipping fees to actual listing price, helping EBAY to experience GMV growth higher than the listing growth, and higher dollar value per listing.

Section # 2: Progress on Search

Improving its search algorithm has become eBay management's top priority over the past few quarters. The company even hired Hugh Williams in June as VP of Search to help bring search to the level both buyers and sellers demand. Hugh Williams was a Partner Development Manager at MSFT and key member of the Bing team.

Methodology: To assess the effectiveness of changes made to date, we looked at the various search options on the web site and tried to evaluate the effectiveness of Best Match in ranking top merchants. We used our 25-item list and compiled the DSR for the first merchants ranked under "Best Match" and "Time: Ending Soonest".

Findings: At the end of June, we found average DSR of 4.83 for Best Match and 4.80 for Time: Ending Soonest. This compares to 4.82 for Best Match and 4.80 for Time: Ending Soonest a month ago. Although the average DSR difference between these two categories is not big today, in our view, it was more material in the past. Management confirmed at eBay analyst day that 49% of all sellers in Q4-08 had DSR score of 4.8+ compared to just 24% a year earlier. We have observed this DSR difference for only two consecutive months now but we believe it will show up again in

subsequent months because we believe that Best Match now consistently favors merchants with higher DSR score.

DSR Score Comparison											
#	Keyword	Best Match				Time: Ending Soonest					
		Item as described	Communi- cation	Shipping time	S&H Charges	Avg.	Item as described	Communi- cation	Shipping time	S&H Charges	Avg.
1	antique lamp	5.0	5.0	4.9	5.0	4.98	4.8	4.8	4.8	4.8	4.80
2	books	4.9	4.9	4.9	4.9	4.90	4.8	4.8	4.7	4.8	4.78
3	digital camera	4.9	4.7	4.5	4.9	4.75	4.8	4.8	4.7	4.6	4.73
4	iPhone	4.9	4.8	4.7	4.9	4.83	4.8	4.8	4.6	4.8	4.75
5	handbag	4.9	4.8	4.7	4.7	4.78	4.9	4.9	4.9	4.9	4.90
6	shoes	4.9	4.9	4.8	4.7	4.83	4.9	4.9	4.8	4.6	4.80
7	laptop computer	4.9	4.9	4.9	4.9	4.90	4.6	4.7	4.7	4.7	4.68
8	Netbook	4.9	4.8	4.8	4.9	4.85	4.8	4.7	4.6	4.8	4.73
9	dolls	4.8	4.8	4.8	4.8	4.80	4.9	4.9	4.9	4.9	4.90
10	Blu-ray DVD player	4.9	4.8	4.8	4.9	4.85	4.8	4.8	4.8	4.9	4.83
11	mp3 player	4.8	4.8	4.6	4.8	4.75	4.9	4.9	4.9	4.9	4.90
12	plasma TV	4.9	4.8	4.8	4.9	4.85	4.9	4.8	4.9	4.9	4.88
13	fragrances	4.9	4.8	4.8	4.8	4.83	4.8	4.8	4.8	4.7	4.78
14	blender	4.8	4.8	4.8	4.9	4.83	4.8	4.7	4.8	4.6	4.73
15	coffee maker	4.9	4.8	4.8	4.9	4.85	4.8	4.8	4.5	4.6	4.68
16	rugs	4.8	4.8	4.8	4.7	4.78	4.9	4.9	4.9	4.9	4.90
17	wristwatch	4.8	4.8	4.6	4.8	4.75	4.8	4.8	4.7	4.6	4.73
18	electric guitar	4.9	4.8	4.7	4.9	4.83	4.9	4.9	4.9	4.9	4.90
19	pottery	4.9	4.8	4.7	4.8	4.80	4.9	5.0	5.0	4.9	4.95
20	golf	4.9	4.8	4.8	4.7	4.80	4.9	4.9	4.9	4.7	4.85
21	toys	4.9	4.9	4.9	4.9	4.90	4.9	4.9	4.8	4.8	4.85
22	Nintendo Wii	4.9	4.9	4.9	4.9	4.90	4.9	4.8	4.8	4.7	4.80
23	Playstation 3	4.8	4.8	4.6	4.8	4.75	4.7	4.8	4.7	4.7	4.73
24	Xbox 360	4.9	4.8	4.6	4.9	4.80	4.8	4.8	4.6	4.5	4.68
25	video game	4.9	4.9	4.9	4.9	4.90	4.9	4.9	4.8	4.8	4.85
Average - Jun '09		4.88	4.83	4.76	4.85	4.83	4.84	4.83	4.78	4.76	4.80
Average - May '09		4.85	4.82	4.80	4.82	4.82	4.83	4.83	4.79	4.77	4.80

Source: Company website; Collins Stewart LLC

Ranking on the top of page results listings from merchants with high DSR means higher conversion and more satisfied customers. This should ultimately bring higher trust and more repeat buyers.

Section # 3: Progress on Selection

Improving selection on eBay.com is another top priority for company management. Over the past year, year and a half, eBay has implemented series of changes in its fee structure that encourage merchants to list more items on Marketplaces. Several of the most recent changes include alignment of listing fees to performance and allowing up to 5 free listings each 30 days under auction format and 1x insertion fees for multi-product and multi-SKU listings. In our view all these fee changes are designed basically to encourage merchants to list more items.

Methodology: To analyze the progress made by eBay in improving selection, we compared the total number of listings on eBay.com and Amazon.com for each of the 25 keywords we used in our prior analysis of free shipping penetration. Since the categories on each of the websites are not identical (for example fragrances fall into one category on eBay – Health & Beauty – but into two categories on Amazon – Beauty and Health & Personal Care), we used the one or in some cases the two most closely capturing the nature of the product in question. Because of this approach, the direct comparison of the results can be misleading though we believe it is a good proxy for the progress made by eBay.

Findings: At the end of June, we found again that for more than half of the 25 keywords the total number of listing on eBay exceeded that on Amazon.

As we stressed above this comparison should be taken with all its limitations but it still shows that changes on eBay are likely moving in the right direction. The average number of total search results per keyword increased by 22k for eBay but only by 2k for Amazon.

Comparison of Total Results per Keyword as Proxy for Selection				
#	Keyword	Category	EBAY Total	AMZN Total
1	antique lamp	Antiques	1,190	3,673
2	books	Books	4,088,169	2,578,989
3	digital camera	Cameras & Photo	47,860	105,303
4	iPhone	Cell Phones & PDAs	88,101	12,337
5	handbag	Clothing, Shoes & Accessories	196,199	38,284
6	shoes	Clothing, Shoes & Accessories	352,323	136,382
7	laptop computer	Computers & Networking	37,404	150,049
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15	coffee maker	Home & Garden	2,551	1,801
16	rugs	Home & Garden	42,689	274,416
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25	video game	Video Games	306,653	64,636
Average - Jun '09			262,573	178,584
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<i>Source: Company website; Collins Stewart LLC</i>				

We believe that higher selection enhances the overall value proposition for both buyers and sellers and will ultimately have a strong positive impact on eBay revenues.

Section # 4: Other Changes

On June 16, eBay implemented yet another change to its fee structure. This time the company allowed listing 5 auction-style items every 30 days for free and set the Final Value Fee for these 5 items at 8.75% of the sales price or \$20, whichever is lower. Additional items sold during the 30-day period will incur the usual Insertion and Final Value Fees. The change tries to simplify the listing process for casual users of eBay's auction feature and to encourage them to come more often to the site. Still, a more careful analysis of the proposed changes reveals that the new fees are definitely more simple but not necessarily more beneficial in terms of total cost to users. The exhibit below shows a sample calculation of total fees for users selling an item under the old and the new fee structures (columns "Before" and "After", respectively) with the lesser total fee in blue. For example, listing and successfully selling an item for less than \$44 (i.e. \$40) will cost

the user/merchant less under the new fee structure (assuming starting/reserve price between \$25 and \$50) while selling the same item for more than \$44 (i.e. \$47) will cost more. The next range of final values where the new fee structure is more beneficial than the old one is from \$50 to \$63 (with starting/reserve price between \$50 and \$200). Yet another range where the new fee structure works better for sellers is above \$448 where the \$20 maximum Final Value Fee kicks in.

Sample Total Fee Calculation: Auction					
Closing Price	Starting/ Reserve Price	Final Value Fee		Total Fee	
		Before	After	Before	After
\$40.00	\$25.00	\$2.72	\$3.50	\$3.72	\$3.50
\$47.00	\$25.00	\$2.96	\$4.11	\$3.96	\$4.11
\$60.00	\$40.00	\$3.42	\$5.25	\$4.42	\$5.25
\$60.00	\$50.00	\$3.42	\$5.25	\$5.42	\$5.25
\$70.00	\$45.00	\$3.77	\$6.13	\$4.77	\$6.13
\$200.00	\$140.00	\$8.32	\$17.50	\$10.32	\$17.50
\$400.00	\$250.00	\$15.32	\$35.00	\$18.32	\$20.00
\$500.00	\$350.00	\$18.82	\$43.75	\$21.82	\$20.00

Source: eBay; Collins Stewart LLC

Our analysis, though not comprehensive, shows that the new auction-style fees may make it easier to determine the total cost but don't make it necessarily less costly. There is more room for improvement and it seems sometimes users might have reasonable grounds for their negative reaction to changes.

Background information on EBAY's fee structure

Below we present full details on fee charged by EBAY from sellers for insertion and final value under both auction and fixed-price formats.

Latest eBay Fee Structure		
	Auction-Style	Fixed-Price
Insertion Fee	5 free listings every 30 days; each additional at \$0.10 to \$4.00 based on Starting/Reserve price and category	Flat rate of \$0.35 for a 30-day listing period with multiple quantities of the same item covered by single fee
Final Value Fee	First 5 listings at lower of 8.75% of sales price or \$20; additional listings at 8.75% declining to 1.50% of Closing Value	8.75% of Closing Value gradually declining to 1.50% based on range of Closing Price

Source: eBay; Collins Stewart LLC

Final Value Fee Calculation: Auction

Closing Price	Final Value Fee
Item not sold	No fee
\$0.01 - \$25.00	8.75% of Closing Price
\$25.00 - \$1,000.00	8.75% of the initial \$25.00 (\$2.19), plus 3.50% of the remaining closing value balance
Over \$1,000.00	8.75% of the initial \$25.00 (\$2.19), plus 3.50% of the initial \$25.01 - \$1,000.00 (\$34.12), plus 1.50% of the remaining closing value balance

Source: eBay; Collins Stewart LLC

Final Value Fee Calculation: Fixed-Price

Closing Price	Consumer Electronics, Video Game Systems, Cameras & Photo	Computers & Networking	Clothing, Shoes & Accessories	Books, Music, DVDs & Movies, Video Games	All other categories
Item not sold	No fee	No fee	No fee	No fee	No fee
\$0.01 - \$50.00	8.00% of Closing Price	6.00% of Closing Price	12.00% of Closing Price	15.00% of Closing Price	12.00% of Closing Price
\$50.00 - \$1,000.00	8.00% of the initial \$50.00 (\$4.00), plus 4.50% of the remaining closing value balance	6.00% of the initial \$50.00 (\$3.00), plus 3.75% of the remaining closing value balance	12.00% of the initial \$50.00 (\$6.00), plus 9.00% of the remaining closing value balance	15.00% of the initial \$50.00 (\$7.50), plus 5.00% of the remaining closing value balance	12.00% of the initial \$50.00 (\$6.00), plus 6.00% of the remaining closing value balance
Over \$1,000.00	8.00% of the initial \$50.00 (\$4.00), plus 4.50% of the initial \$50.01 - \$1,000.00 (\$42.75), plus 1.00% of the remaining closing value balance	6.00% of the initial \$50.00 (\$3.00), plus 3.75% of the initial \$50.01 - \$1,000.00 (\$35.63), plus 1.00% of the remaining closing value balance	12.00% of the initial \$50.00 (\$6.00), plus 9.00% of the initial \$50.01 - \$1,000.00 (\$85.50), plus 2.00% of the remaining closing value balance	15.00% of the initial \$50.00 (\$7.50), plus 5.00% of the initial \$50.01 - \$1,000.00 (\$47.50), plus 2.00% of the remaining closing value balance	12.00% of the initial \$50.00 (\$6.00), plus 6.00% of the initial \$50.01 - \$1,000.00 (\$57.00), plus 2.00% of the remaining closing value balance

Source: eBay; Collins Stewart LLC

Valuation

AMZN: We reach our \$95 PT by assigning a multiple of 18x to our '10 EBITDA per share of \$4.76 and adding \$9.18 in net cash per share and \$0.44 in NOLs per share.

EBAY: We reach our \$23 PT by using P/E and P/FCF multiples on our '10 estimates. We assign a multiple of 13.5x to our 2010 EPS of \$1.71 to reach \$23. We assign a 12.0x multiple to our 2010 FCF of \$1.96 to reach \$24.

MSFT: We arrive at our \$30 PT by using P/E and P/FCF multiples on our CY10 estimates. We assign a P/E multiple of 14.0x to our CY2010 GAAP EPS of \$2.05 to reach \$29. We assign a P/FCF multiple of 12.0x to our CY2010 FCF/share of \$2.62 to reach \$31.

Investment Risks

AMZN: 1) Competition with pure play/multi-channel retailers; 2) Economic weakness/depressed retail environment; 3) Low prices, free shipping and product mix affecting margins; 4) Material FX exposure; 5) Seasonality of the business; 6) Inventory risk; 7) Evolving regulation of E-Commerce; 8) Target contract renewal concerns.

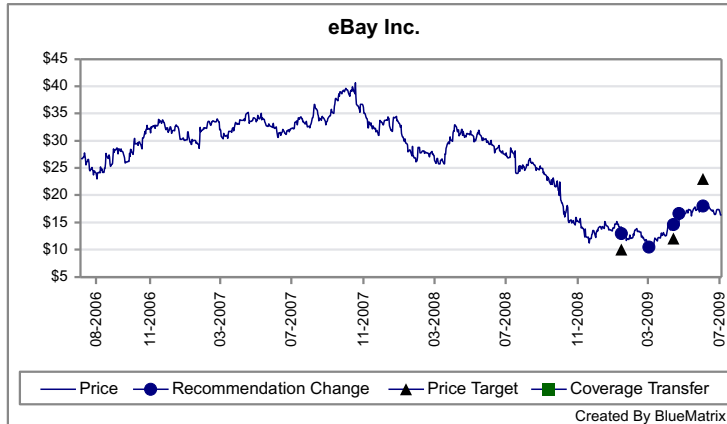
EBAY: 1) Rapidly growing competition; 2) Recession concerns; 3) Marketplaces still under transformation and long way to go; 4) Transitioning business model with long overdue sizeable investments and initiatives; 5) Legal lawsuits – counterfeit and patents; 6) Motors pressurizing GMV; 7) FX headwinds.

MSFT: 1) Competition; 2) Slowing PC market growth; 3) Disappointing ramp-up of the online business so far; 4) Piracy; 5) Investment mode; 6) Cloud Computing/SaaS; 7) Virtualization; 8) Exposed to macro-economic headwinds.

Important Disclosure / Disclaimer Information

Other Public Companies Mentioned in this Report

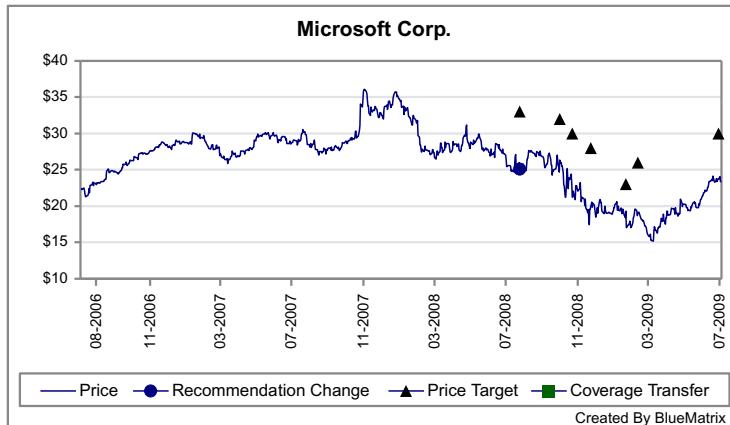
Company	Ticker	Price	Recommendation
Amazon.com Inc.	AMZN	\$79.32	BUY
Microsoft Corp.	MSFT	\$23.37	BUY



Ticker	Date	Action	Prior Rating	Current Rating	Price	Target Price
EBAY	2009-06-03	Raising Rating	HOLD	BUY	\$17.97	\$23.00
EBAY	2009-04-23	Raising Rating	SELL	HOLD	\$16.62	NA
EBAY	2009-04-13	Lowering Rating	HOLD	SELL	\$14.63	\$12.00
EBAY	2009-03-02	Raising Rating	SELL	HOLD	\$10.50	NA
EBAY	2009-01-14	Initiation of Coverage	NA	SELL	\$12.92	\$10.00



Ticker	Date	Action	Prior Rating	Current Rating	Price	Target Price
AMZN	2009-04-24	Raising Target Price	BUY	BUY	\$84.46	\$95.00
AMZN	2009-04-01	Raising Target Price	BUY	BUY	\$73.50	\$85.00
AMZN	2009-01-30	Raising Target Price	BUY	BUY	\$58.82	\$68.00
AMZN	2009-01-14	Initiation of Coverage	NA	BUY	\$48.49	\$65.00



Ticker	Date	Action	Prior Rating	Current Rating	Price	Target Price
MSFT	2009-06-29	Raising Target Price	BUY	BUY	\$23.86	\$30.00
MSFT	2009-02-12	Raising Target Price	BUY	BUY	\$19.13	\$26.00
MSFT	2009-01-23	Lowering Target Price	BUY	BUY	\$17.08	\$23.00
MSFT	2008-11-24	Lowering Target Price	BUY	BUY	\$20.55	\$28.00
MSFT	2008-10-24	Lowering Target Price	BUY	BUY	\$21.66	\$30.00
MSFT	2008-10-03	Lowering Target Price	BUY	BUY	\$25.96	\$32.00
MSFT	2008-07-28	Initiation of Coverage	NA	BUY	\$25.06	\$33.00

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Hold: 12 months, between 20% appreciation and 20% decline expected.

Sell: 12 months, estimated 20% or more decline.

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	% of CSTI Universe with this rating	% of rating tier for which CSTI provided IB services
Buy	41%	0%
Hold	52%	0%
Sell	6%	0%

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