Research Highlights

Research Downgrade

eBay Inc. (EBAY-US) 2

We are downgrading EBAY from Buy to Neutral Rating. Net Sales grew 7% to $4.38 billion for the quarter on higher PayPal payments offsetting some weakness in its core marketplace business; however, this is the last quarter before EBAY spins off PayPal. PayPal was responsible for the bulk of EBAY's growth this quarter with net total payment volume increasing 20% to $66 billion and this split will remove this growth story out of the picture for EBAY. We do not recommend EBAY for purchase until operating metrics of their marketplace improve and positive momentum returns.

Research Updates

General Electric Company (GE-US) 3

We reiterate our Neutral rating on GE. Overall Business Performance remains weak as GE Capital continues to immobilize overall growth. However, the company's pivot to focus on the industrial segment is a bright spot with strength in Aviation and Power & Water in Q2. GE has issued concessions to the EU to ensure the completion of the proposed acquisition of Alstom's energy business, an addition we believe could be a positive driver of future shareholder returns.

International Business Machines Corporation (IBM-US) 4

We reiterate our Neutral rating on IBM. The company released Q2 results that highlighted ongoing weakness in both technology services and software, and challenges in emerging BRIC markets along with ongoing FX headwinds. On a positive note, the company's strategic imperatives grew 30% Y/Y; however, IBM's Performance Metrics continue to deteriorate and we remain cautious about the company's near and intermediate term prospects. We believe there is limited opportunity for the company to drive Economic Profit growth and shareholder value creation.

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Company Notes

eBay Inc. (EBAY-US)

Internet Software & Services

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Research Action:

Downgrade

Rating:	**Neutral**
Prior Rating:	**Buy**
Price 07/20/2015:	**$28.57**
52 Week High / Low:	**$29.35 $19.50**
Key Data: (TTM as of Jun-15)	
Excess Cash per Share:	**$11.68**
Annual Dividend:	**$0.00**
Dividend Yield:	**0.00%**
Ave. Volume (30 Day):	**13.6M**
Shares Outstanding:	**1,210.1M**
Float:	**1,111.5M**
Short Interest	**13.8M**
Equity MV:	**$34,571.1M**
Sales TTM:	**$18,047.0M**
Beta:	**0.98**
EBITDAR:	**$7,229.5M**
NOPAT:	**$3,144.1M**
Total Invested Capital:	**$28,058.2M**
Return on Capital:	**11.79%**
Cost of Capital:	**6.23%**
Economic Profit:	**$1,482.9M**
Market Value Added:	**$14,578.1M**
Current Operations Value:	**$51,866.2M**
Future Growth Value:	**-$9,229.9M**

- **We are downgrading our rating on EBAY from Buy to Neutral**. Net Sales grew 7% to $4.38 billion for the quarter on higher PayPal payments offsetting some weakness in its core marketplace business; however, this is the last quarter before EBAY spins off PayPal. PayPal was responsible for the bulk of EBAY's growth this quarter with net total payment volume increasing 20% to $66 billion and this split will remove this growth story out of the picture for EBAY. We cannot currently recommend EBAY for purchase until operating metrics of their marketplace improve and positive momentum returns.

- **Management has options**. With the split of PayPal and the sale of EBAY's Enterprise division for $925 million, management will be left with a core business unit in which to focus all their efforts on. EBAY's strong operating performance led by PayPal has led to large amounts of excess cash of $15.53 billion which will increase further as these strategic moves finalize. We see an opportunity to reinvest in the EBAY marketplace and return cash to shareholders but tangible performance momentum has yet to be demonstrated. Management also announced increasing their share buyback program by an additional $1.0 billion. While we view these strategic moves as positive for EBAY's operating performance, we do not see the turnaround efforts gaining traction in the short or immediate terms.

- **Core operating metrics are subdued.** EBAY is still experiencing currency headwinds in its main business unit that lead to a decline in revenue of 3% to $2.1 billion for Q2. Excluding FX impacts, revenues in their core business were up 5%. We anticipate further downside in the Euro to be limited and expect EBAY will be able to stabilize revenues in 2H15. However, the core business will now be exposed to much more scrutiny and needs to show concrete signs of improvement for investors to be rewarded in the future.

For more information or a copy of our complete report, please contact us at (646)780-8880 or research@tigressfp.com

Company Notes

General Electric Company (GE-US)

Industrial Conglomerates

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Research Action:

Reiterate Rating	
Rating:	Neutral
Prior Rating:	Neutral
Price 07/20/2015:	$27.14
52 Week High / Low:	$28.68 / $23.41
Key Data: (TTM as of Jun-15)	
Excess Cash per Share:	$12.09
Annual Dividend:	$0.92
Dividend Yield:	3.39%
Ave. Volume (30 Day):	30.8M
Shares Outstanding:	10,075.9M
Float:	10,066.6M
Short Interest	95.2M
Equity MV:	$273,460.7M
Sales TTM:	$143,750.0M
Beta:	1.07
EBITDAR:	$39,720.3M
NOPAT:	$3,395.1M
Total Invested Capital:	$452,363.0M
Return on Capital:	0.72%
Cost of Capital:	3.45%
Economic Profit:	-$12,927.7M
Market Value Added:	$175,408.7M
Current Operations Value:	$78,134.4M
Future Growth Value:	$549,637.3M

- **We reiterate our Neutral rating on GE**. Overall Business Performance remains weak as GE Capital continues to immobilize overall growth. However, the company's pivot to focus on the industrial segment is a bright spot with strength in Aviation and Power & Water in Q2. GE has issued concessions to the EU to ensure the completion of the proposed acquisition of Alstom's energy business, an addition we believe could be a positive driver of future shareholder returns. While the share buyback program will balance the negativity of selling off GE Capital, we are encouraged by the company's improving Economic Profit performance.

- **Improving performance, but still relatively weak.** Return on Capital increased from 5.38% to 6.43% led by increasing NOPAT from $26.54 billion to $29.27 billion while slightly reducing capital charge. However, the company still ranks only in the 24th percentile of companies in the Capital Goods industry which is unimpressive given the company is more highly valued than 38% of the industry based on EV/EBITDAR.

- **GE is committed to finalizing the synergistic Alstom takeover.** Despite offering concessions to the EU to stave off concerns that the Alstom takeover would stifle competition, the deal would still preserve much of the estimated $1.2 billion over 5 years in cost savings. We still believe the final cost savings should increase GE's ROC and EP.

- **Strength in Industrials segment.** Core operations in Industrial segment saw 5% organic revenue growth. Industrial orders were up 8%, with power and water up 22%, driven by Power gen products and wind products. Aviation's orders rose 37%, due to $19 billion in commitments at the Paris air show, further cementing GE's aviation product strength. Sales for the Oil & Gas division declined by 15% pressured by oil prices. Continued improvements in system efficiency and technology in Oil & Gas should lead to increased market share.

- **GE Capital will continue to stymie GE growth in the near future.** Revenues for GE Capital declined 1% y/y to $6.2 billion. Year-to-date GE has divested $68 billion in GE Capital assets. Management expects $100 billion of deals divested in 2015 for GE Capital. GE's share repurchase program totaling $50 billion will be offset by the divestments, returning over $90 billion to shareholders through 2018.

For more information or a copy of our complete report, please contact us at (646)780-8880 or research@tigressfp.com

Company Notes

International Business Machines Corporation (IBM-US)

IT Services

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Research Action:

Reiterate Rating	
Rating:	**Neutral**
Prior Rating:	**Neutral**
Price 07/20/2015:	**$173.22**
52 Week High / Low:	**$196.40 $149.52**
Key Data: (TTM as of Jun-15)	
Excess Cash per Share:	**$9.78**
Annual Dividend:	**$5.20**
Dividend Yield:	**3.00%**
Ave. Volume (30 Day):	**4.0M**
Shares Outstanding:	**980.0M**
Float:	**979.2M**
Short Interest	**25.0M**
Equity MV:	**$169,755.6M**
Sales TTM:	**$86,913.0M**
Beta:	**0.68**
EBITDAR:	**$30,942.4M**
NOPAT:	**$15,501.2M**
Total Invested Capital:	**$79,004.2M**
Return on Capital:	**18.91%**
Cost of Capital:	**5.04%**
Economic Profit:	**$11,371.9M**
Market Value Added:	**$135,912.6M**
Current Operations Value:	**$304,700.8M**
Future Growth Value:	**-$89,784.0M**

- **We reiterate our Neutral rating on IBM.** The company released Q2 results that highlighted the company's transition with ongoing weakness in both technology services and software, which were down 3% Y/Y and 10.1% Y/Y respectively. IBM also noted challenges in emerging BRIC markets along with ongoing FX headwinds. On a positive note, the company's strategic imperatives grew 30% Y/Y; however, IBM's Performance Metrics continue to deteriorate and we remain cautious about the company's near and intermediate term prospects. We believe there is limited opportunity for the company to drive Economic Profit growth and shareholder value creation.

- **Performance metrics remain under pressure.** LTM sales declined 11.55% to $86.9 billion driven by weakness in its core software and technology services business. IBM's ROC also declined in the LTM from 21.4% to 20.3%, which contributed to a 5.7% decline in Economic Profit to $12.6 billion. We expect these trends to continue and anticipate sales declining 5.00% and Economic Profit declining by 7.6% over the NTM.

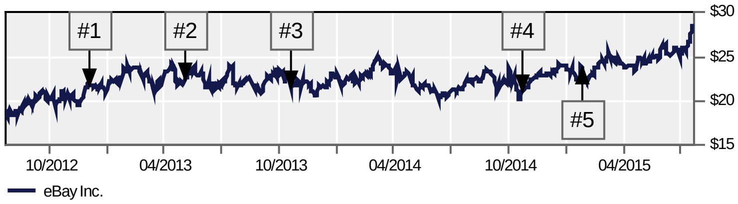
- **Secular challenges remain as IBM transitions to higher growth segments**. We have long held the belief that IBM's transformation to higher growth, next-generation business lines focused on the cloud, the Internet of Things and leveraging nascent opportunities like Watson, would be a slow moving affair. The company's Q2 results continue to underline the fact that, while these business opportunities are growing at a steady rate, they have yet to make up for IBM's challenges in its core businesses. With added pressure from forex and now weakness out of emerging markets, we continue to hold on to the belief that IBM's transition is a multi-year story and an inflection point is at a minimum a few quarters away.

For more information or a copy of our complete report, please contact us at (646)780-8880 or research@tigressfp.com

Ratings History

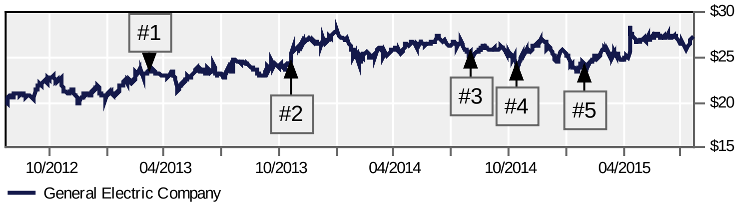
eBay Inc. (EBAY-US)

Item #	Date	Research Action	Rating	Price
#5	01/23/2015	Reiterate Rating	Buy	$23.89
#4	10/22/2014	Reiterate Rating	Buy	$21.10
#3	10/17/2013	Reiterate Rating	Buy	$21.62
#2	05/02/2013	Reiterate Rating	Buy	$22.54
#1	12/03/2012	Initiation of Coverage	Buy	$21.90



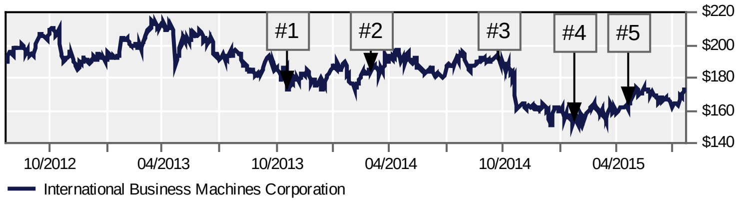
General Electric Company (GE-US)

Item #	Date	Research Action	Rating	Price
#5	01/29/2015	Reiterate Rating	Neutral	$24.08
#4	10/10/2014	Reiterate Rating	Neutral	$24.27
#3	07/30/2014	Reiterate Rating	Neutral	$25.64
#2	10/17/2013	Reiterate Rating	Neutral	$24.68
#1	03/06/2013	Initiation of Coverage	Neutral	$23.67



International Business Machines Corporation (IBM-US)

Item #	Date	Research Action	Rating	Price
#5	04/21/2015	Reiterate Rating	Neutral	$164.26
#4	01/22/2015	Reiterate Rating	Neutral	$155.39
#3	09/23/2014	Reiterate Rating	Neutral	$191.62
#2	02/28/2014	Reiterate Rating	Neutral	$185.17
#1	10/17/2013	Reiterate Rating	Neutral	$174.83



Tigress Research Methodology Overview

We employ proprietary quantitative valuation models combined with dynamic fundamental analysis based on the principles of Economic Profit to formulate timely and insightful investment ratings, analysis, strategies and recommendations.

We make key adjustments to reported financial data eliminating GAAP-based accounting distortions and measuring all companies on a cash operating basis.

Our proprietary research framework is a multi-factor model that scores and ranks companies based on their risk-adjusted ability to create Economic Profit relative to their current market value focusing on three key components:

Business Performance: Measuring economic profitability, growth and operating efficiency.

Risk: Measuring business sustainability, volatility, strength and consistency.

Valuation: Linking business performance to market value. Measuring value created relative to capital employed and enterprise multiples of economic profit and cash flow.

We score and rank 24 key measurements of performance, risk and value into relative market and industry investment recommendations.

For more information on our research methodology, please review the Tigress Investment Research Guide to Company Valuation and Analysis.

Glossary of Key Terms and Measures

Excess Cash per Share:	Excess Cash per Share is the amount of excess cash divided by basic shares outstanding. Excess Cash consists of all cash and short-term securities less operating cash needed to run the business. Operating Cash is 5% of TTM net sales revenue.
EBITDAR:	Earnings Before Interest, Taxes, Depreciation, Amortization, and Restructuring and Rent Costs. This is especially important when comparing companies that use a significant amount of leased assets like restaurants and retailers.
NOPAT:	Net Operating Profit after Tax. Represents a company's after-tax cash operating profit excluding financing costs.
Total Invested Capital:	Total Invested Capital the total cash investment that shareholders and debt holders have made during the life of company.
Return on Capital:	Return on Capital equals NOPAT divided by Total Invested Capital. It is a key measure of operating efficiency. ROC quantifies how well a company generates cash flow relative to the capital invested in its business.
Cost of Capital:	Is the proportionately weighted cost of each category of capital – common equity, preferred equity and debt.
Economic Profit:	Economic Profit is the net operating income after tax less the opportunity cost of the total capital invested. It is the most important driver of shareholder value.
Current Operations Value:	Current Operations Value is the portion of market value based on the discounted present value of the current earnings stream assuming it remains constant forever.
Future Growth Value:	Future Growth Value is the portion of market value based on un-earned Economic Profit

For more information on the key terms and measures, please review the Tigress Investment Research Guide to Company Valuation and Analysis.

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Rating Distribution (07/20/2015)

Rating:	Meaning:	Companies Under Coverage #	Companies Under Coverage %	Relationship Companies Under Coverage* #	Relationship Companies Under Coverage* %
Strong Buy:	Expect significant price gains in the price of the stock relative to its industry peer group and general market over the next 12 months.	22	17%	0	0%
Buy:	Expect out-performance for the price of the stock relative to its industry peer group and general market over the next 12 months.	58	44%	3	50%
Neutral:	Expect little or no outperformance opportunity over the next 12 months.	44	33%	3	50%
Underperform:	Expect underperformance for the price of the stock relative to its industry peer group and general market over the next 12 months.	6	5%	0	0%
Sell:	Expect price decline or significant relative market and industry underperformance over the next 12 months.	2	2%	0	0%
	Total	132	100%	6	100%

*Relationship Companies under research coverage are companies in which Tigress Financial Partners LLC or one of its affiliates has received compensation for investment banking or non-investment banking services from the company, affiliated entities and / or its employees within the past twelve months or expects to do so within the next three months.

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Company:	Disclosure:

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