Research Updates

Apple Inc. (AAPL-US) 2

We reiterate our Strong Buy rating on AAPL. AAPL reported mixed results with a bottom-line beat but a top-line miss that was driven by weaker than consensus iPhones shipments However, AAPL generated record Economic Profit and improved upon many Business Performance metrics over the last year and despite near term headwinds we believe AAPL will generate greater Economic Profit growth over the next year. Additionally, we find AAPL attractively valued at current levels and believe the recent decline in shares represents a buying opportunity.

Amazon.com, Inc. (AMZN-US) 3

We reiterate our Buy rating on AMZN. Shares of the leading internet retailer have been pressured post earnings. AMZN reported Q4 results that were in line with expectations on the top and bottom but gave weaker than expected forward guidance. Amazon continues to deliver strong results, despite coming up against tough comps, while consistently expanding margins and aggressively re-investing in new ventures. While valuation is slightly elevated relative to its long-term averages we believe the recent decline in the share price has created a quality entry point in shares of AMZN.

eBay Inc. (EBAY-US) 4

We reiterate our Neutral rating on EBAY. Q4 results were in-line with expectations; but shares came under pressure post earnings due to weak guidance for Q1 and FY16. We believe Q4's in-line results underscore stabilization at the internet software company; however GMV of $21.86B in LTM was flat Y/Y and we see few growth drivers for the company on the horizon. While we are encouraged by EBAY's operating margin expansion, we do not expect significant Economic Profit growth on the horizon given current conditions and are maintaining our neutral rating accordingly.

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Company Notes

Apple Inc. (AAPL-US)

Technology Hardware, Storage &

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Research Action:

Reiterate Rating	
Rating:	**Strong Buy**
Prior Rating:	**Strong Buy**
Price 02/05/2016:	**$94.02**
52 Week High / Low:	**$134.54 / $92.00**
Key Data: (TTM as of Dec-15)	
Excess Cash per Share:	**$36.71**
Annual Dividend:	**$2.08**
Dividend Yield:	**2.21%**
Ave. Volume (30 Day):	**61.8M**
Shares Outstanding:	**5,544.6M**
Float:	**5,541.6M**
Equity MV:	**$521,301.4M**
Sales TTM:	**$233,273.0M**
Beta:	**1.24**
EBITDAR:	**$92,346.2M**
NOPAT:	**$52,746.4M**
Total Invested Capital:	**$217,875.7M**
Return on Capital:	**26.19%**
Cost of Capital:	**6.90%**
Economic Profit:	**$38,856.6M**
Market Value Added:	**$371,968.4M**
Current Operations Value:	**$781,214.6M**
Future Growth Value:	**-$191,370.5M**

- **We reiterate our Strong Buy rating on AAPL.** AAPL reported mixed results with a bottom-line beat but a top-line miss that was driven by weaker than consensus iPhones shipments. However, AAPL generated record Economic Profit and improved upon many Business Performance metrics over the last year and despite near term headwinds we believe AAPL will generate greater Economic Profit growth over the next year. Additionally, we find AAPL attractively valued at current levels and believe the recent decline in shares represents a buying opportunity.
- **China and Android conversions remain substantial growth drivers.** AAPL reported significant outperformance in China during Q1, up 14% relative to the 4% growth in the APAC region as a whole. We anticipate China will continue to be a source of strength for AAPL and believe that China represents an important long-term opportunity for the company as China's middle class expands. Furthermore, Android users continue to make the jump to iPhones; AAPL saw the largest conversion of Android users to iPhones during their most recent quarter. We believe this is a sustainable trend and see this as an important driver for AAPL as Android users will begin to consume more of AAPL's mobile services.
- **Concerns regarding near-term headwinds have created a buying opportunity.** Management provided tepid guidance for Q2 while painting a less than rosy picture about the overall macro environment, rightly managing expectations given last year's blowout results. However, given the aforementioned trends in China and Android user conversions, the company is poised to benefit in the long-run and we would use the recent weakness as a buying opportunity, especially with valuation near historically low levels. AAPL is currently trading at 5.05x EV/EBITDAR below their 5 year average of 5.87x and its trading at 12.00x EV/EP also below its five year average of 13.10x.

For more information or a copy of our complete report, please contact us at (212)430-8730 or research@tigressfp.com

Company Notes

Amazon.com, Inc. (AMZN-US)

Internet & Catalog Retail

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Research Action:

Reiterate Rating	
Rating:	**Buy**
Prior Rating:	**Buy**
Price 02/05/2016:	**$502.13**
52 Week High / Low:	**$696.44 / $365.65**
Key Data: (TTM as of Dec-15)	
Excess Cash per Share:	**$32.25**
Annual Dividend:	**$0.00**
Dividend Yield:	**0.00%**
Ave. Volume (30 Day):	**6.9M**
Shares Outstanding:	**470.8M**
Float:	**386.3M**
Equity MV:	**$236,423.9M**
Sales TTM:	**$107,007.0M**
Beta:	**1.37**
EBITDAR:	**$21,950.4M**
NOPAT:	**$926.1M**
Total Invested Capital:	**$36,740.7M**
Return on Capital:	**4.73%**
Cost of Capital:	**7.42%**
Economic Profit:	**-$1,615.2M**
Market Value Added:	**$223,380.9M**
Current Operations Value:	**$14,959.6M**
Future Growth Value:	**$245,162.0M**

- **We reiterate our Buy rating on AMZN.** Shares of the leading internet retailer have been pressured post earnings. AMZN reported Q4 results that were in line with expectations on the top and bottom but gave weaker than expected forward guidance. Amazon continues to deliver strong results, despite coming up against tough comps, while consistently expanding margins and aggressively re-investing in new ventures. While valuation is slightly elevated relative to its long-term averages we believe the recent decline in the share price has created a quality entry point in shares of AMZN.
- **AMZN will continue to reap benefits of secular changes in shopping trends.** AMZN saw third-party ecommerce growth of 50% in 2015 as a result of company's expanded product offerings. Third-party ecommerce was a key driver of Y/Y sales growth, up 20.25%, and we anticipate AMZN will continue to benefit as more consumers gain trust in online shopping and move away from traditional brick-and-mortar retail stores. Further, the company is reportedly developing 300 to 400 physical stores, which we believe will help solidify brand awareness and perception of the retail giant with consumers who prefer traditional retail stores, thus helping to drive increasing business performance and economic profit growth in the future.
- **Valuation remains elevated but Business Performance remains strong.** AMZN has experienced five years of +15% sales growth and in LTM the company managed to expand Operating margins (EBITDAR) from 17.07% to 20.57% and Return on Capital grew from 2.32% to 4.73% Y/Y, both above long term averages. AMZN trades at an EV/EBITDAR of 14.77x, slightly elevated to the three and five year averages, 13.59x and 13.73x respectively. But we believe that AMZN's strong business performance metrics justify the company's elevated valuation multiple.

For more information or a copy of our complete report, please contact us at (212)430-8730 or research@tigressfp.com

Company Notes

eBay Inc. (EBAY-US)

Internet Software & Services

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Research Action:

Reiterate Rating	
Rating:	**Neutral**
Prior Rating:	**Neutral**
Price 02/05/2016:	**$23.20**
52 Week High / Low:	**$66.73 / $22.40**
Key Data: (TTM as of Dec-15)	
Excess Cash per Share:	**$7.44**
Annual Dividend:	**$0.00**
Dividend Yield:	**0.00%**
Ave. Volume (30 Day):	**16.9M**
Shares Outstanding:	**1,178.7M**
Float:	**1,080.2M**
Equity MV:	**$27,346.1M**
Sales TTM:	**$13,136.0M**
Beta:	**1.29**
EBITDAR:	**$5,211.4M**
NOPAT:	**$2,982.1M**
Total Invested Capital:	**$15,876.8M**
Return on Capital:	**12.69%**
Cost of Capital:	**6.76%**
Economic Profit:	**$1,488.2M**
Market Value Added:	**$18,451.1M**
Current Operations Value:	**$37,894.3M**
Future Growth Value:	**-$3,566.4M**

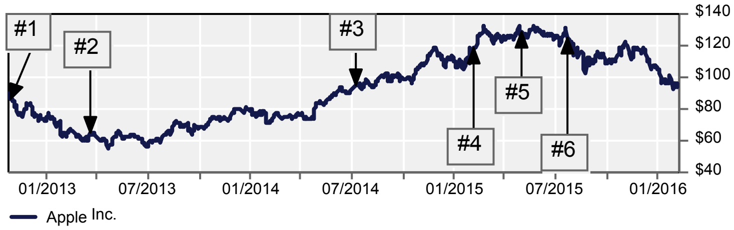
- **We reiterate our Neutral rating on EBAY.** Q4 results were in-line with expectations; but shares came under pressure post earnings due to weak guidance for Q1 and FY16. We believe Q4's in-line results underscore stabilization at the internet software company; however GMV of $21.86B in LTM was flat Y/Y and we see few growth drivers for the company on the horizon. While we are encouraged by EBAY's operating margin expansion, we do not expect significant Economic Profit growth on the horizon given current conditions and are maintaining our neutral rating accordingly.
- **Business Performance remains mixed.** Operating margins have expanded above three and five year averages, with EBITDAR margin of 42.37% the highest of the last five years. Return on Capital rose to 12.69%, driven by a reduction in Operating Expenses in large part due to the company transitioning to a structured data format. However, topline growth is expected to be muted over the next year and we expect Economic Profit to contract over the NTM.
- **Little opportunity at current levels.** EBAY is trading at a very low EV/EP multiple of 19.82x, less than half of its long term averages. However, we feel the market is properly valuing the company given its lack of GMV growth, a key indicator of future Economic Profit growth for the company. While fixed price growth rose 12% Y/Y, total auctions declined 22% in FY15 and this decline will remain a headwind for the NTM and is further evidence of EBAY's mixed Business Performance.

For more information or a copy of our complete report, please contact us at (212)430-8730 or research@tigressfp.com

Ratings History

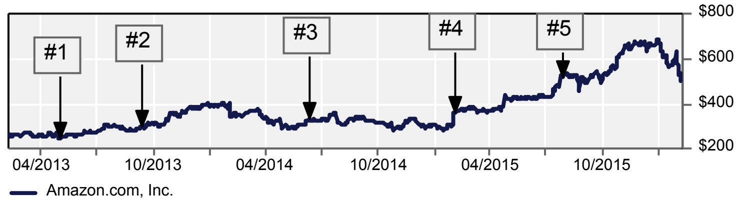
Apple Inc. (AAPL-US)

Item #	Date	Research Action	Rating	Price
#6	07/22/2015	Reiterate Rating	Strong Buy	$125.22
#5	05/01/2015	Reiterate Rating	Strong Buy	$128.95
#4	02/04/2015	Reiterate Rating	Strong Buy	$119.56
#3	07/07/2014	Reiterate Rating	Strong Buy	$95.97
#2	03/18/2013	Reiterate Rating	Strong Buy	$65.10
#1	10/25/2012	Initiation of Coverage	Strong Buy	$87.08



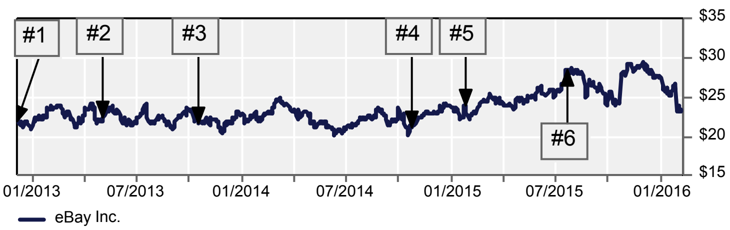
Amazon.com, Inc. (AMZN-US)

Item #	Date	Research Action	Rating	Price
#5	07/28/2015	Reiterate Rating	Buy	$526.03
#4	02/04/2015	Reiterate Rating	Buy	$364.75
#3	06/10/2014	Reiterate Rating	Buy	$332.41
#2	09/10/2013	Reiterate Rating	Buy	$300.36
#1	05/02/2013	Initiation of Coverage	Buy	$252.55



eBay Inc. (EBAY-US)

Item #	Date	Research Action	Rating	Price
#6	07/21/2015	Downgrade	Neutral	$28.60
#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



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 (02/05/2016)

		Companies Under Coverage		Relationship Companies Under Coverage*	
Rating:	**Meaning:**	**#**	**%**	**#**	**%**
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.	54	41%	4	67%
Neutral:	Expect little or no outperformance opportunity over the next 12 months.	50	37%	2	33%
Underperform:	Expect underperformance for the price of the stock relative to its industry peer group and general market over the next 12 months.	7	5%	0	0
Sell:	Expect price decline or significant relative market and industry underperformance over the next 12 months.	0	0%	0	0
	Total	133	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:
Apple Inc. (AAPL-US)	14

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