



City of
Troy

Agenda

Employees' Retirement System Board Meeting

November 14, 2012 at 12:00 PM
Conference Room C

Troy City Hall
500 West Big Beaver
Troy, Michigan 48084
(248) 524-3330

Roll Call

Minutes from the October 10, 2012 Meeting

Retirement Requests

Name	Maryann Hays	Pamela Huffman
Pension Program	DC	DB
Retirement Date	01-09-13	12-1-12
Department	Building Operations	Assessing
Service Time	17 yrs, 7 mo	17 yrs, 10 mo

Other Business

Responses to RFI for Investment Consultant

Investments

Public Comment

Adjourn

A meeting of the Employees' Retirement System Board of Trustees was held on Wednesday October 10, 2012 at Troy City Hall, 500 W. Big Beaver Road, Troy, MI 48084.

The meeting was called to order at 12:01 p.m.

Trustees Present: Mark Calice
Thomas J. Gordon, II (left at 12:30pm)
Steve Pallotta
Michael Culpepper
Dave Henderson
Milton Stansbury
Thomas Darling, CPA
William R. Need (Ex-Officio)

Trustees Absent: None

Also Present: Justin Breyer
David T. Kaush, Gabriel Roeder Smith

Minutes

Resolution # ER – 2012-10-24

Moved by Pallotta
Seconded by Stansbury

RESOLVED, That the Minutes of the September 12, 2012 meeting be approved.

Yeas: All-7
Absent: None

Other Business- 12/31/11 ERS Actuarial Report

David Kausch of Gabriel Roeder Smith discussed the Actuarial Valuation of 12/31/11. The Board recommended the inclusion of footnotes to Mr. Kausch to clarify certain pages. The Draft Actuarial Valuation was noted and filed.

Other Business – Draft RFI for Investment Consultant

The Board reviewed the Draft RFI for an Investment Consultant as presented by Tom Darling.

Resolution # ER – 2012-10-25

Moved by Darling

Seconded by Stansbury

Resolved, That the Board hereby accepts and authorizes the Pension Administrator to issue the RFI for Investment Consultant as presented with modifications to section B.4. In addition, the Board authorizes the System Administrator to extend the due date of responses as appropriate.

Yeas: 6

Absent: Gordon II

Retirement Request

Resolution # ER – 2012-10-26

Moved by Pallotta

Seconded by Stansbury

RESOLVED, That the following retirement requests be approved:

Name	Jeffrey Biegler
Pension Program	DC
Retirement Date	11-03-12
Department	Recreation
Service Time	13 Years, 11 Mths

Yeas: 6

Absent: Gordon II

INVESTMENTS

Resolution # ER – 2012-10-27

Moved by Stansbury

Seconded by Pallotta

RESOLVED, That the board authorizes the Pension Administrator to execute the following:

Sell: 10,000 shares of Rio Tinto if the equity sells for \$30 or more per share.

Yeas: 6

Absent: Gordon II

Public Comment

None.

The next meeting is November 14, 2012 at 12:00 p.m. at Troy City Hall, Conference Room C, 500 W. Big Beaver Road, Troy, MI 48084.

The meeting adjourned at 2:23 p.m.

Mark Calice, Chairman

Tom Darling, Administrator

Portfolio

Value	Name	Ticker Symbol	Shares	Cost Basis	Quote/Price	Market Value	Gain/Loss	Gain/Los...	52-Week Ra...	P/E ratio
	Large Cap Stocks					73,160,972.02				
	3M COMPANY X	MMM	5,000	*	88.59	442,950.00	*	*	75.49-95.46	14.17
	ABBOTT LABORATORIES X	ABT	23,000	*	63.76	1,466,480.00	*	*	52.05-72.47	15.55
	ADT CORP COM	ADT	625	0.00	41.69	26,056.25	26,056.25	0.00	34.68-43.00	
	AFLAC INCORPORATED	AFL	25,000	*	50.15	1,253,750.00	*	*	38.13-52.46	8.32
	ALCOA INC X	AA	10,000	78,154.53*	8.42	84,200.00	*	*	7.97-10.92	N/E
	AMERICAN TOWER CORP REIT ...	AMT	5,000	318,090.87	75.20	376,000.00	57,909.13	18.21	55.03-76.22	42.49
	AMGEN INC X	AMGN	3,100	*	84.89	263,159.00	*	*	54.59-89.95	15.21
	APPLE INC X	AAPL	6,750	1,939,414.26	545.12	3,679,560.00	1,740,145.74	89.73	363.32-705.07	12.35
	AT&T INC X	T	20,000	*	33.575	671,500.00	*	*	27.41-38.58	44.18
	AUTOMATIC DATA PROCESSING I...	ADP	3,000	*	55.91	167,730.00	*	*	47.59-59.96	19.69
	BANK OF AMER CORP X	BAC	10,000	168,536.26	9.449	94,490.00	-74,046.26	-43.93	4.92-10.10	24.87
	BARD C R INC	BCR	5,000	*	94.91	474,550.00	*	*	81.86-108.31	16.01
	BED BATH & BEYOND INC	BBBY	2,500	134,595.33	58.49	146,225.00	11,629.67	8.64	56.72-75.84	13.67
	BOEING CO X	BA	5,000	*	70.94	354,700.00	*	*	62.12-77.83	12.25
	C S X CORP	CSX	26,000	*	20.19	524,940.00	*	*	19.87-23.71	11.28
	CATAMARAN CORP COM X	CTRX	6,606	*	47.944	316,718.06	*	*	24.27-53.13	
	CATERPILLAR INC X	CAT	5,000	359,277.67	84.05	420,250.00	60,972.33	16.97	78.25-116.95	8.60
	CELGENE CORP X	CELG	4,000	225,746.44	71.70	286,800.00	61,053.56	27.05	58.53-81.24	19.92
	CHESAPEAKE ENERGY CORP ...	CHK	12,000	64,336.59*	17.37	208,440.00	*	*	13.32-27.12	5.71
	CHEVRON CORP X	CVX	16,900	952,506.84	106.501	1,799,866.90	847,360.06	88.96	92.29-118.53	8.73
	CHEVRON CORP NEW X	CVX	8,000	*	106.501	852,008.00	*	*	92.29-118.53	8.73
	CISCO SYS INC X	CSCO	20,000	*	16.82	336,400.00	*	*	14.96-21.30	11.29
	CIT GROUP INC X	CIT	9,162	435,487.64	36.9599	338,626.60	-96,861.04	-22.24	29.98-43.35	N/E
	CIT GROUP INC NEW COM NEW ...	CIT	3,047	*	36.9599	112,616.82	*	*	29.98-43.35	N/E
	CLIFFS NAT RESOURCES INC	CLF	12,000	406,067.53	35.16	421,920.00	15,852.47	3.90	32.25-78.85	3.52
	COCA COLA CO X	KO	24,000	*	36.61	878,640.00	*	*	32.37-40.66	19.17
	COLGATE-PALMOLIVE CO X	CL	10,000	*	104.63	1,046,300.00	*	*	86.19-110.97	20.52
	CORNING INC	GLW	10,000	87,127.85*	11.4905	114,905.00	*	*	10.62-15.75	9.12
	COSTCO WHOLESALE CORP	COST	5,000	422,060.72	95.68	478,400.00	56,339.28	13.35	78.81-104.43	24.60
	CUMMINS INC	CMI	2,000	194,811.59	97.8972	195,794.40	982.81	0.50	82.20-129.51	10.23
	DANAHER CORP	DHR	12,000	203,308.72*	52	624,000.00	*	*	44.39-57.15	16.72
	DIRECTV X	DTV	4,920	0.00	49.53	243,687.60	243,687.60	0.00	41.45-55.17	12.83
	DIRECTV COM USD0.01 X	DTV	10,080	0.00	49.53	499,262.40	499,262.40	0.00	41.45-55.17	12.83
	DISCOVERY COMMUNICATIONS ...	DISCK	520	*	52.11	27,097.20	*	*	35.55-58.29	
	DISCOVERY COMMUNICATIONS 2...	DISCA	520	*	56.17	29,208.40	*	*	38.86-62.36	20.28
	DOMINION RES SR-A 8375 *64JN15	DRU	10,000	*	27.85	278,500.00	*	*	27.71-29.74	
	DOVER CORP	DOV	9,000	*	59.75	537,750.00	*	*	50.14-67.20	13.07

Portfolio

Value	Name	Ticker Symbol	Shares	Cost Basis	Quote/Price	Market Value	Gain/Loss	Gain/Los...	52-Week Ra...	Page 2 P/E ratio
	DOW CHEMICAL CO	X DOW	15,000	*	29.79	446,850.00	*	*	24.42-36.08	22.92
	DUKE ENERGY CORP NEW	X DUK	19,007	834,989.36*	63.28	1,202,762.96	*	*	58.74-71.13	18.83
	E M C CORP MASS	X EMC	2,000	*	24.41	48,820.00	*	*	21.25-30.00	20.01
	EBAY INC	X EBAY	5,000	*	48.36	241,800.00	*	*	28.15-50.94	16.51
	EMC CORP MASS	X EMC	17,000	209,532.02	24.41	414,970.00	205,437.98	98.05	21.25-30.00	20.01
	EMERSON ELECTRIC CO	X EMR	4,000	*	50.02	200,080.00	*	*	43.59-53.78	15.34
	EXPRESS SCRIPTS HLDG CO CO...	ESRX	4,050	*	54.93	222,466.50	*	*	41.45-66.06	27.19
	EXXON MOBIL CORP	X XOM	4,000	*	87.88	351,520.00	*	*	73.90-93.67	9.28
	FACEBOOK INC CL-A	X FB	150	5,700.00	20.39	3,058.50	-2,641.50	-46.34	17.55-45.00	47.42
	FACTSET RESEARCH SYSTEMS INC	FDS	1,500	*	89.50	134,250.00	*	*	85.38-109.20	21.72
	FACTSET RESH SYSTEMS INC	FDS	2,000	62,713.03	89.50	179,000.00	116,286.97	185.43	85.38-109.20	21.72
	FASTENAL CO	FAST	8,000	*	42.16	337,280.00	*	*	37.61-55.05	30.33
	FIDELITY NATIONAL INFORMATIO...	FIS	1,000	*	34.27	34,270.00	*	*	22.53-35.44	19.92
	FISERV INC	FISV	8,000	193,816.02*	73.70	589,600.00	*	*	53.91-76.25	17.42
	FLUOR CORP NEW	X FLR	5,000	*	51.83	259,150.00	*	*	44.99-64.67	14.36
	FORD MTR CO DEL COM	X F	10,000	*	11.0101	110,101.00	*	*	8.82-13.05	2.54
	FRANKLIN RES INC	BEN	3,000	*	129.01	387,030.00	*	*	91.22-133.91	14.41
	FREEPORT-MCMORAN COPPER ...	FCX	20,000	882,118.37	38.6905	773,810.00	-108,308.37	-12.28	31.08-48.96	12.56
	GENERAL DYNAMICS CRP	X GD	4,000	*	64.70	258,800.00	*	*	60.60-74.54	9.63
	GENERAL ELECTRIC CO	X GE	16,000	*	21.01	336,160.00	*	*	14.68-23.18	16.16
	GENERAL MOTORS CO	GM	2,037	228,544.97	25.08	51,087.96	-177,457.01	-77.65	18.72-27.68	9.39
	GENERAL MTRS CO	GM	6,997	*	25.08	175,484.76	*	*	18.72-27.68	9.39
	GENL ELECTRIC CO	X GE	10,000	357,402.80	21.01	210,100.00	-147,302.80	-41.21	14.68-23.18	16.16
	GENL MILLS INC	X GIS	5,000	190,632.65	39.50	197,500.00	6,867.35	3.60	36.75-41.06	15.43
	GENUINE PARTS CO	GPC	5,000	316,434.00	62.05	310,250.00	-6,184.00	-1.95	54.10-66.50	15.59
	GILEAD SCIENCE	GILD	10,000	*	64.27	642,700.00	*	*	34.45-70.39	19.96
	GOLDMAN SACHS 6125 *60NV01	GSF	10,000	*	26.656	266,560.00	*	*	24.30-27.02	
	GOOGLE INC CL A	X GOOG	3,000	479,740.99*	657.98	1,973,940.00	*	*	556.52-774.38	20.61
	HALLIBURTON CO HOLDING CO F...	HAL	10,000	*	30.82	308,200.00	*	*	26.28-40.43	9.88
	HARTFORD FIN SERS GRP INC	HIG	5,000	*	20.75	103,750.00	*	*	14.95-23.29	17.29
	HARTFORD FINCL SERVICES ...	HIG	5,000	337,662.20	20.75	103,750.00	-233,912.20	-69.27	14.95-23.29	17.29
	HARTFORD FINL SVC 7875 *42AP15	HGH	5,000	125,000.00	28.68	143,400.00	18,400.00	14.72	25.67-28.90	
	HEALTH CARE REIT INC	X HCN	7,000	*	59.15	414,050.00	*	*	47.08-62.80	92.42
	HESS CORP	X HES	2,000	112,204.73	52.50	105,000.00	-7,204.73	-6.42	39.67-67.86	14.19
	HONEYWELL INTL INC	X HON	14,172	54,956.25*	61.685	874,199.82	*	*	48.82-63.89	20.56
	INTEL CORP	X INTC	8,000	*	21.024	168,192.00	*	*	20.89-29.27	9.18
	INTUITIVE SURGICAL INC	ISRG	5,000	*	532.72	2,663,600.00	*	*	410.37-594.89	34.41
	JOHNSON CTLS INC	X JCI	6,000	*	25.80	154,800.00	*	*	23.37-35.95	14.49

Portfolio

Value	Name	Ticker Symbol	Shares	Cost Basis	Quote/Price	Market Value	Gain/Loss	Gain/Los...	52-Week Ra...	P/E ratio
	JPMORGAN CHASE & CO	X JPM	5,000	*	40.78	203,900.00	*	*	28.28-46.49	8.44
	KRAFT FOODS GROUP INC COM	... KRFT	1,666	*	44.27	73,753.82	*	*	42.00-48.00	
	LIBERTY MEDIA CORP	X LMCA	183	*	105.90	19,379.70	*	*	72.70-116.10	19.79
	LKQ CORP	LKQ	6,000	*	21.25	127,500.00	*	*	13.67-21.95	24.71
	MC DONALDS CORP	X MCD	13,000	*	85.485	1,111,305.00	*	*	84.97-102.22	16.10
	MCDONALDS CORP	X MCD	8,100	387,373.85	85.485	692,428.50	305,054.65	78.75	84.97-102.22	16.10
	MCKESSON CORP	MCK	5,000	393,168.79	93.14	465,700.00	72,531.21	18.45	74.89-97.23	15.42
	MERCK & CO INC NEW COM	... MRK	16,147	*	44.20	713,697.40	*	*	33.13-48.00	20.18
	METTLER-TOLEDO INTL	MTD	5,000	*	175.88	879,400.00	*	*	142.82-190.02	20.15
	MICROSOFT CORP	X MSFT	22,546	*	29.109	656,291.51	*	*	24.30-32.95	15.65
	MONDELEZ INTL INC COM	X MDLZ	5,000	*	26.141	130,705.00	*	*	25.76-42.54	12.88
	MORGAN STANLEY	X MS	8,340	*	16.66	138,944.40	*	*	12.26-21.19	N/E
	NORFOLK SOUTHERN CORP	... NSC	8,000	203,511.40*	59.87	478,960.00	*	*	59.61-78.50	10.91
	O REILLY AUTOMOTIVE INC NEW	... ORLY	4,000	*	89.28	357,120.00	*	*	73.90-107.13	20.57
	OMNICOM GROUP	X OMC	2,000	*	47.40	94,800.00	*	*	39.72-54.76	13.78
	OMNICOM GROUP INC	X OMC	8,000	274,205.25	47.40	379,200.00	104,994.75	38.29	39.72-54.76	13.78
	ONEOK INC NEW	OKE	30,000	403,242.36	45.09	1,352,700.00	949,457.64	235.46	37.63-49.79	27.33
	ORACLE CORP	X ORCL	10,000	131,772.17	30.631	306,310.00	174,537.83	132.45	24.91-33.76	15.24
	ORACLE CORPORATION	X ORCL	15,000	*	30.631	459,465.00	*	*	24.91-33.76	15.24
	PANERA BREAD COMPANY CL A	PNRA	10,000	371,426.14*	166.62	1,666,200.00	*	*	129.19-175.26	30.57
	PEABODY ENERGY CORP	BTU	5,000	*	26.20	131,000.00	*	*	18.78-44.18	8.97
	PENTAIR LTD COM USD0.16 3/4	PNR	299	0.00	44.99	13,452.01	13,452.01	0.00	32.50-48.77	93.73
	PEPSICO INC	PEP	30,000	776,106.79*	69.16	2,074,800.00	*	*	62.07-73.66	18.44
	PEPSICO INCORPORATED	PEP	5,000	*	69.16	345,800.00	*	*	62.07-73.66	18.44
	PERRIGO CO	X PRGO	8,000	*	105.608	844,864.00	*	*	88.54-120.78	25.27
	PERRIGO COMPANY	X PRGO	5,000	497,217.21	105.608	528,040.00	30,822.79	6.20	88.54-120.78	25.27
	PFIZER INC	X PFE	7,000	63,480.04	24.28	169,960.00	106,479.96	167.74	18.15-26.09	19.12
	PRAXAIR INC	PX	6,000	249,987.48	108.52	651,120.00	401,132.52	160.46	93.46-116.93	19.34
	PROCTER & GAMBLE CO	X PG	22,625	224,489.81*	67.4801	1,526,737.27	*	*	59.07-70.83	21.63
	PVH CORPORATION COM USD1.0...	PVH	5,000	*	110.65	553,250.00	*	*	62.81-115.82	21.65
	RAYMOND JAMES FIN 6900 *42MH...	RJD	1,200	30,000.00	28.0499	33,659.88	3,659.88	12.20	25.20-28.28	
	REINSURANCE GROUP OF AMERI...	RGA	5,000	*	51.79	258,950.00	*	*	48.33-60.69	6.74
	REPUBLIC SERVICES INC CL A	... RSG	5,000	*	26.94	134,700.00	*	*	25.15-31.32	15.75
	RESMED INC	RMD	5,000	*	40.77	203,850.00	*	*	23.37-42.30	21.69
	ROPER IND INC	ROP	14,000	*	108.47	1,518,580.00	*	*	78.95-111.75	23.63
	SCANA CORP NEW	X SCG	5,000	174,228.40	47.04	235,200.00	60,971.60	35.00	40.51-50.34	15.68
	SCHLUMBERGER LTD	SLB	24,000	*	68.50	1,644,000.00	*	*	59.12-80.78	
	SIGMA ALDRICH CORP	SIAL	8,000	93,909.76	69.72	557,760.00	463,850.24	493.93	58.60-74.94	18.84

Portfolio

Value	Name	Ticker Symbol	Shares	Cost Basis	Quote/Price	Market Value	Gain/Loss	Gain/Los...	52-Week Ra...	Page 4 P/E ratio
	SMUCKER J M CO NEW	SJM	4,000	241,085.93	84.18	336,720.00	95,634.07	39.67	70.50-87.81	20.58
	SPECTRA ENERGY CORP	SE	5,200	104,737.84	27.76	144,352.00	39,614.16	37.82	27.36-32.27	18.03
	SPECTRA ENERGY CORP COM	SE	13,800	*	27.76	383,088.00	*	*	27.36-32.27	18.03
	ST JUDE MEDICAL INC X	STJ	5,000	*	36.96	184,800.00	*	*	32.13-44.80	15.40
	STAPLES INC X	SPLS	5,000	*	11.3575	56,787.50	*	*	10.57-16.93	8.54
	STARBUCKS CORP X	SBUX	5,000	278,067.04	51.08	255,400.00	-22,667.04	-8.15	40.75-62.00	28.54
	STRYKER CORP	SYK	17,000	*	52.75	896,750.00	*	*	45.45-57.15	14.18
	SYSCO CORP	SY	20,000	*	30.04	600,800.00	*	*	26.87-31.90	15.81
	T ROWE PRICE GROUP INC	TROW	5,000	*	64.14	320,700.00	*	*	49.35-66.66	20.04
	TAIWAN SEMICONDUCTOR MANU...	TSM	5,000	*	16.18	80,900.00	*	*	12.00-16.31	
	TARGET CORP X	TGT	5,000	*	62.25	311,250.00	*	*	47.25-65.80	14.28
	TEVA PHARMACEUTICALS ADR ...	TEVA	2,000	*	40.4248	80,849.60	*	*	36.88-46.65	14.54
	TEVA PHARMACEUTICALS IND ...	TEVA	9,000	275,754.65	40.4248	363,823.20	88,068.55	31.94	36.88-46.65	14.54
	TEXTRON INC X	TXT	8,000	*	23.93	191,440.00	*	*	16.86-29.18	16.73
	TOTAL S A SPON ADR	TOT	5,000	*	48.11	240,550.00	*	*	41.75-57.06	
	TRACTOR SUPPLY COMPANY	TSCO	4,000	81,375.30	91.20	364,800.00	283,424.70	348.29	67.60-103.74	24.99
	TRANSOCEAN LTD	RIG	20,050	*	46.49	932,124.50	*	*	38.21-59.03	
	UNION PACIFIC CORP X	UNP	5,000	*	121.63	608,150.00	*	*	95.15-129.27	15.09
	UNITED PARCEL SERVICE INC CL-B	UPS	10,000	345,017.28*	72.98	729,800.00	*	*	66.46-81.79	21.03
	UNITED TECHNOLOGIES CORP ...	UTX	17,000	*	76.72	1,304,240.00	*	*	70.41-87.50	13.65
	URBAN OUTFITTERS INC	URBN	5,000	*	35.23	176,150.00	*	*	23.42-40.65	27.96
	VARIAN MEDICAL SYS INC X	VAR	5,000	*	69.47	347,350.00	*	*	52.90-71.95	19.09
	VERIZON COMMUNICATIONS ...	VZ	15,420	*	42.73	658,896.60	*	*	35.32-48.77	39.56
	VISA INC CL A	V	9,000	377,027.06*	142.60	1,283,400.00	*	*	88.78-146.41	64.23
	WALGREEN CO X	WAG	5,000	196,513.07	33.17	165,850.00	-30,663.07	-15.60	28.53-37.34	13.71
	WALMART STORES INC X	WMT	10,000	*	73.04	730,400.00	*	*	56.26-77.60	15.38
	WALT DISNEY CO HLDG CO ...	DIS	10,000	*	50.57	505,700.00	*	*	33.28-53.40	16.69
	WASTE MANAGEMENT INC X	WM	10,000	*	31.92	319,200.00	*	*	29.77-36.35	17.16
	WATERS CORP X	WAT	10,000	383,988.78*	83.77	837,700.00	*	*	70.88-94.47	17.82
	WATSCO INC X	WSO	5,000	306,014.09	69.80	349,000.00	42,985.91	14.05	57.72-80.34	23.50
	WEATHERFORD INTERNATIONAL ...	WFT	5,000	*	10.77	53,850.00	*	*	10.71-18.33	
	WELLS FARGO & CO NEW X	WFC	5,000	54,576.32	32.63	163,150.00	108,573.68	198.94	23.19-36.60	10.26
	YUM! BRANDS INC X	YUM	27,800	555,471.42	71.14	1,977,692.00	1,422,220.58	256.04	52.54-74.44	20.92
	Small Cap Stocks			*		7,162,997.20	*	*		
	ALMOST FAMILY INC X	AFAM	5,000	*	19.50	97,500.00	*	*	12.50-26.87	9.29
	AMERICAN SCIENCE & ENG...	ASEI	3,000	259,595.93	62.51	187,530.00	-72,065.93	-27.76	46.30-78.99	28.29
	ARES CAPITAL CORP COM STK U...	ARCC	5,000	*	17.32	86,600.00	*	*	14.15-17.74	10.31

Portfolio

Value	Name	Ticker Symbol	Shares	Cost Basis	Quote/Price	Market Value	Gain/Loss	Gain/Los...	52-Week Ra...	P/E ratio
	BIO-REFERENCE LABS INC NEW	BRLI	5,000	*	27.20	136,000.00	*	*	11.41-32.86	19.29
	BRADY CL A	BRC	4,000	*	31.35	125,400.00	*	*	24.72-34.94	N/E
	BRUKER CORP X	BRKR	5,000	78,022.84	14.045	70,225.00	-7,797.84	-9.99	9.91-17.10	28.09
	CLEAN ENERGY FUELS CORP ...	CLNE	5,000	101,643.37	11.0136	55,068.00	-46,575.37	-45.82	10.90-24.75	N/E
	COGNEX CORP	CGNX	5,000	169,104.43	35.03	175,150.00	6,045.57	3.58	29.24-44.80	21.49
	COPANO ENERGY LLC COM ...	CPNO	10,000	298,179.02	30.32	303,200.00	5,020.98	1.68	24.24-38.03	N/E
	DARLING INTL INC X	DAR	10,000	66,595.12	15.23	152,300.00	85,704.88	128.70	12.07-18.82	13.24
	DECKERS OUTDOOR CORP	DECK	12,000	452,213.61	31.13	373,560.00	-78,653.61	-17.39	28.53-113.84	7.01
	DIAMOND FOODS INC	DMND	5,000	391,490.70	18.06	90,300.00	-301,190.70	-76.93	16.15-41.47	8.14
	DIEBOLD INC	DBD	5,000	*	29.97	149,850.00	*	*	28.06-42.93	9.96
	FLOWERS FOODS INC	FLO	7,500	127,229.34	19.37	145,275.00	18,045.66	14.18	18.39-24.20	21.76
	GAMESTOP CORP CL A NEW ...	GME	5,000	*	22.27	111,350.00	*	*	15.32-25.86	9.52
	GAMESTOP CORP NEW (H...	GME	1,000	24,452.66	22.27	22,270.00	-2,182.66	-8.93	15.32-25.86	9.52
	GFI GROUP INC	GFIG	5,000	*	2.73	13,650.00	*	*	2.20-4.93	N/E
	GLOBAL PAYMENTS INC	GPN	8,000	154,667.78*	41.5899	332,719.20	*	*	39.37-53.93	19.17
	GREEN MTN COFFEE ROA...	GMCR	13,000	391,824.65	24.43	317,590.00	-74,234.65	-18.95	17.11-72.27	11.21
	HILLENBRAND INC	HI	5,000	97,745.28	19.82	99,100.00	1,354.72	1.39	16.75-24.18	11.94
	IDEX CORP	IEX	10,500	215,255.25	42.71	448,455.00	233,199.75	108.34	32.77-44.21	17.50
	IDEX CORPORATION DELAWARE	IEX	2,250	*	42.71	96,097.50	*	*	32.77-44.21	17.50
	INTERNATIONAL GAME TECH ...	IGT	20,000	*	12.70	254,000.00	*	*	10.92-18.17	17.16
	JOS A BANK CLOTHIERS INC	JOSB	10,000	160,409.66*	46.61	466,100.00	*	*	39.54-56.43	13.39
	LENDER PROCESSING SVCS INC ...	LPS	500	*	23.46	11,730.00	*	*	14.09-30.88	24.96
	LENNOX INTL INC X	LII	5,000	210,437.94	50.93	254,650.00	44,212.06	21.01	29.10-52.63	23.05
	MANITOWOC INC X	MTW	10,000	*	13.31	133,100.00	*	*	8.30-16.97	21.13
	MEDNAX INC X	MD	5,000	361,070.85	76.18	380,900.00	19,829.15	5.49	59.24-77.25	16.17
	NEUSTAR INC CL A X	NSR	5,000	*	37.12	185,600.00	*	*	30.08-41.31	20.17
	PENGROWTH ENERGY CORP COM	PGH	10,000	*	5.53	55,300.00	*	*	5.35-11.17	
	PERKINELMER INC	PKI	5,000	*	30.94	154,700.00	*	*	17.45-31.84	1,031.33
	PORTFOLIO RECOVERY ASSOC ...	PRAA	4,000	192,314.39	97.87	391,480.00	199,165.61	103.56	60.12-106.85	14.31
	QUALITY SYST X	QSII	5,000	*	17.35	86,750.00	*	*	15.04-45.00	15.35
	SODASTREAM INTERNATIONAL L...	SODA	5,000	359,589.59	34.92	174,600.00	-184,989.59	-51.44	27.60-48.13	
	SOUTH JERSEY IND INC	SJI	5,000	187,934.87	49.55	247,750.00	59,815.13	31.83	46.52-57.99	15.48
	SYNNEX CORP X	SNX	5,000	*	31.60	158,000.00	*	*	27.39-44.25	7.51
	SYNTEL INC	SYNT	5,000	*	61.77	308,850.00	*	*	42.62-65.19	14.37
	TESORO LOGISTICS LP	TLLP	100	2,100.00	45.475	4,547.50	2,447.50	116.55	25.10-47.24	27.73
	THORATEC CORP NEW	THOR	5,000	148,140.05	34.87	174,350.00	26,209.95	17.69	27.84-38.12	24.22
	TRUE RELIGION APPAREL INC ...	TRLG	5,000	*	26.28	131,400.00	*	*	20.22-37.82	14.13

Portfolio

Value	Name	Ticker Symbol	Shares	Cost Basis	Quote/Price	Market Value	Gain/Loss	Gain/Los...	52-Week Ra...	P/E ratio
International Stocks						2,250,380.00				
	BAIDU INC SPONS ADS REPR 0.10...	BIDU	5,000	*	104.12	520,600.00	*	*	99.71-154.15	105.17
	BANK OF NOVA SCOTIA CA...	BNS	5,000	267,163.70	53.48	267,400.00	236.30	0.09	45.79-57.57	15.28
	BP PLC ADS	BP	5,000	*	41.388	206,940.00	*	*	36.25-48.34	6.17
	DIAGEO PLC NEW GB SPON A...	DEO	2,000	128,034.73	114.07	228,140.00	100,105.27	78.19	79.45-118.44	
	GENPACT LTD X	G	5,000	*	16.13	80,650.00	*	*	14.11-19.52	
	RIO TINTO PLC SPON ADR	RIO	10,000	429,598.42	49.14	491,400.00	61,801.58	14.39	41.59-63.18	
	SHIRE PLC ADR	SHPG	5,000	*	84.09	420,450.00	*	*	80.09-108.79	N/E
	TYCO INTERNATIONAL LTD(SWIT...	TYC	1,250	*	27.84	34,800.00	*	*	26.43-58.12	12.32
Cash				3,556,128.19		3,556,128.19	0.00	0.0		
	Cash			3,556,128.19		3,556,128.19				
Other						779,771.80				
	ENERGY MISS INC 6200 *40AP15	EFM	10,000	*	27.42	274,200.00	*	*	26.43-30.00	
	ENERGY TEXAS INC 7875 *39JN01	EDT	10,000	*	28.5436	285,436.00	*	*	27.63-30.95	
	MOTORS LIQ CO GUC TR UBI	MTLQU	1,012	0.00	19.65	19,885.80	19,885.80	0.00	10.00-20.20	
	QWEST CORP 7000 *52AP01	CTX	7,500	187,500.00	26.70	200,250.00	12,750.00	6.80	24.81-27.35	
Unclassified						19,032,931.83				
Asset Mixture						22,895,225.63				
	AMER FUNDS CAPITAL WO...	CWGIX	20,059.934	707,332.42	35.87	719,549.83	12,217.41	1.73	30.24-36.88	
	BLACKROCK ALL CP ENERGY RE...	BACAX	47,921.441	*	12.79 e	612,915.23	*	*	10.92-15.32	
	CLEARBRIDGE ENERGY MLP OPP...	EMO	10,721.266	213,603.04*	20.528	220,086.15	*	*	17.67-23.93	
	COLUMBIA SELIGMAN CO...	SLMCX	57,895.635	1,725,626.68	43.36	2,510,354.73	784,728.05	45.47	40.21-50.45	
	EATON VANCE FLOATING R...	EVBLX	113,727.204	1,067,969.36	9.41	1,070,172.99	2,203.63	0.21	9.07-9.41	
	INVESCO EUROPEAN GRO...	AEDAX	25,760.924	979,857.77	32.49	836,972.42	-142,885.35	-14.58	27.00-33.45	
	LEGG MASON WA INST CSH INST O	CARXX	5,321,631.94	2,924,797.71*	1 e	5,321,631.94	*	*	1.00-1.00	
	LORD ABBETT FLOATING RA...	LFRA	349,087.118	3,272,461.32	9.38	3,274,437.17	1,975.85	0.06	8.96-9.40	
	MAINSTAY CONVERTIBLE CLASS A	MCOAX	79,742.662	5,722.07*	14.82	1,181,786.25	*	*	13.68-15.51	
	MFS DIVERSIFIED INCOME FU...	DIFAX	144,218.806	1,567,844.13	11.48	1,655,631.89	87,787.76	5.60	10.10-11.66	
	PIMCO TOTAL RETURN FUND ...	PTTAX	202,655.837	2,178,107.68	11.60	2,350,807.71	172,700.03	7.93	10.73-11.61	
	PIMCO UNCONSTRAINED BOND ...	PUBAX	185,282.478	2,063,809.14	11.69	2,165,952.17	102,143.03	4.95	10.86-11.69	
	THORNBURG INTERNATIONAL ...	TGVAX	37,225.168	1,020,446.78	26.19	974,927.15	-45,519.63	-4.46	22.85-27.22	
Totals:			A=avg cost	50,845,998....		128,838,406.67	77,992,408....	153.39*		

Portfolio

Value	Name	Ticker Symbol	Shares	Cost Basis	Quote/Price	Market Value	Gain/Loss	Gain/Los...	52-Week Ra...	P/E ratio
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11/8/2012
File: Aggregate Accounts3

Old Mission Investment Company
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Robert W. Stubbs, CPA, CFP
Kurt A. Schuler
Christopher M. Lamb, CIMA, CTFA
Jeffrey A. Johnson
Daniel O. McNamara, CFP, CTFA

November 6, 2012

Thomas Darling, CPA
Director of Financial Services
City of Troy Retirement Plan Board
500 W Big Beaver Rd
Troy, MI 48084

Dear Tom,

We are currently recommending two purchases:

<u>Purchase</u>	<u>Price</u>	<u>Dividend</u>	<u>Yield</u>
eBay (EBAY)	\$49.63	\$ -	0.00%
Pfizer Inc. (PFE)	\$24.58	\$.88	3.60%

Please find the attached summary of our rationale for the above recommendations. Feel free to call if you have any questions or would like additional information.

Thank you for the opportunity to provide you with our financial services.

Sincerely,



Christopher M. Lamb, CIMA, CTFA
Chief Executive Officer and Principal

Encls. (2)

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November 6, 2012

Investment Recommendation

Purchase

Pfizer Inc. (PFE)

Price \$24.58

Annual Dividend \$.88

Yield 3.60%

Pfizer, Inc. is a research-based, global biopharmaceutical company headquartered in New York City. The company's diversified healthcare portfolio includes human and animal biologic and small molecule medicines and vaccines, as well as nutritional products. It develops and markets products that prevent and treat cardiovascular and metabolic diseases, central nervous system disorders, arthritis and pain, infectious and respiratory diseases, urogenital conditions, cancer, eye disease and endocrine disorders, among others. Revenues in 2011 were \$67.4 billion and Pfizer employs over 110,000 people worldwide.

Pfizer is almost past the largest patent expiration ever seen in the drug industry. We see several positive factors that are helping to mitigate the loss in revenue attributable the Lipitor patent expiration. Pfizer has seen positive growth from current product portfolio, specifically Lyrica, Celebrex and Viagra. The company is experiencing explosive operational growth this year in China +31%, Russia +42% and India +10%. The sale of its nutrition business to Nestle for \$11.9 billion will close in the next few months. In the first half of 2013 Pfizer also plans an initial public offering of its animal health business. C.E.O. Ian Read also announced that through 2012 the company will have returned over \$12 billion to shareholders through dividends and share repurchases.

Pfizer recently reported 3rd quarter earnings of \$0.53 per share a 70% increase over the same period last year. The consensus earnings estimate for 2012 is \$2.17 per share, a 95% increase over 2011. The earning per share improvement has primarily been driven by higher operating margins and aggressive cost reduction. However, 3rd quarter revenue of \$13.98 was an 18% decline over the same period last year and the consensus revenue estimate for 2012 is \$59 billion, a 12% decline over 2011.

Despite the loss of Lipitor, Pfizer remains the largest pharmaceutical in the world with an enviable product portfolio and pipeline. We feel confident in the leadership of Ian Read and believe that the company is making the right decisions to strengthen itself for a successful post Lipitor era. Trading at just over 10 times next year's consensus earnings estimate, we think the shares are a good value.

Pfizer Inc

S&P Recommendation BUY ★★☆☆

Price
\$24.55 (as of Nov 1, 2012)

12-Mo. Target Price
\$28.00

Investment Style
Large-Cap Blend

UPDATE: PLEASE SEE THE ANALYST'S LATEST RESEARCH NOTE IN THE COMPANY NEWS SECTION

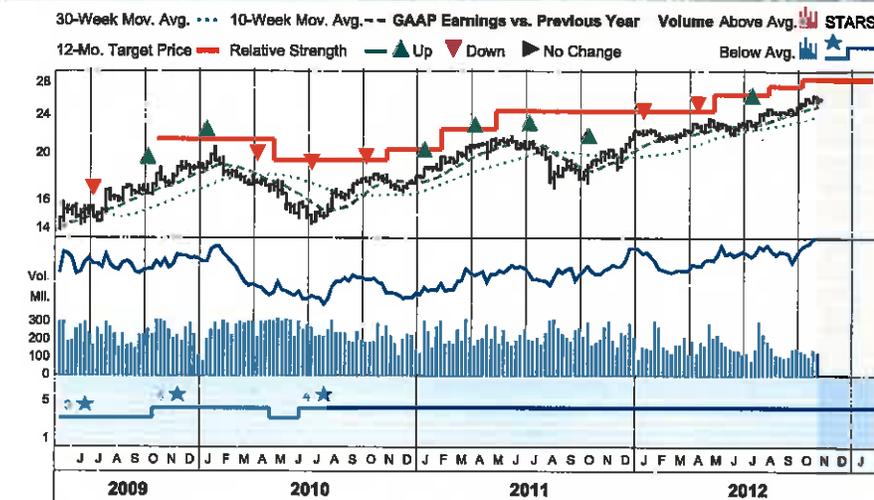
GICS Sector Health Care
Sub-Industry Pharmaceuticals

Summary The world's largest pharmaceutical company, Pfizer produces a wide range of drugs across a broad therapeutic spectrum.

Key Stock Statistics (Source: S&P, Vickers, company reports)

52-Wk Range	\$26.09– 18.15	S&P Oper. EPS 2012E	2.17	Market Capitalization (B)	\$183.376	Beta	0.70
Trailing 12-Month EPS	\$1.33	S&P Oper. EPS 2013E	2.35	Yield (%)	3.58	S&P 3-Yr. Proj. EPS CAGR(%)	3
Trailing 12-Month P/E	18.5	P/E on S&P Oper. EPS 2012E	11.3	Dividend Rate/Share	\$0.88	S&P Credit Rating	AA
\$10K Invested 5 Yrs Ago	\$12,865	Common Shares Outstg. (M)	7,469.5	Institutional Ownership (%)	66		

Price Performance



Options: ASE, CBOE, P, Ph

Analysis prepared by Equity Analyst **Herman Saftlas** on Sep 24, 2012, when the stock traded at \$24.71.

Highlights

- ▶ We forecast a sales decline of about 11% in 2012, largely reflecting generic erosion in the Lipitor cholesterol franchise (sales were \$9.6 billion in 2011), whose U.S. marketing exclusivity ended in November 2011, as well as the classification of the nutrition unit (sales of \$2.1 billion) as a discontinued operation from the second quarter of 2012. PFE has agreed to sell the latter business to Nestle. Sales are also expected to be hurt by negative forex and lower sales of a number of other off-patent drugs. On the plus side, we see sales gains for Lyrica and animal health products.
- ▶ We estimate adjusted gross margins of about 80%, down from 80.7% in 2011, largely reflecting a less profitable sales mix with Lipitor off patent, and ongoing pricing headwinds in the U.S. and Europe. However, we expect pretax margins to benefit from cost streamlining measures, including an indicated 20% reduction in R&D spending.
- ▶ After a projected adjusted effective tax rate modestly lower than 2011's 29.5%, we see 2012 operating EPS declining to \$2.24, from \$2.31 in 2011. However, we project an EPS rebound to \$2.40 in 2013.

Investment Rationale/Risk

- ▶ PFE plans an IPO offering of up to 20% of its animal health business (Zoetis). Pfizer also agreed to sell its nutrition unit to Nestle SA for \$11.8 billion in cash. Both the IPO and nutrition business sale are expected to be completed during the first half of 2013, subject to customary approvals. Proceeds from the sale of the nutritional business are expected to be used for share buybacks and business development. We see PFE resuming EPS growth in 2013, helped by growth in emerging markets, cost restructurings and stock buybacks. We also like the R&D pipeline, with three major drugs likely over the near term.
- ▶ Risks to our recommendation and target price include an inability to achieve planned merger synergies, and possible pipeline setbacks.
- ▶ Our 12-month target price of \$28 applies a peer P/E of 11.7X to our 2013 EPS estimate. Our target price is also close to our calculation of intrinsic value, derived from our DCF model, which assumes slowing cash flow growth over the next few years, a WACC of 9.3%, and terminal growth of 1%. The dividend recently yielded 3.6%.

Qualitative Risk Assessment

LOW MEDIUM HIGH

Our risk assessment reflects PFE's leading position in the global pharmaceutical market, which we believe affords important competitive operating and financial advantages. While PFE's 2009 acquisition of Wyeth bolstered sales and operating margins ahead of major patent expirations, we remain uncertain whether PFE will be able to realize all of its key strategic objectives from that deal.

Quantitative Evaluations

S&P Quality Ranking B+

D C B- B B+ A- A A+

Relative Strength Rank MODERATE

42
LOWEST = 1 HIGHEST = 99

Revenue/Earnings Data

Revenue (Million U.S. \$)

	1Q	2Q	3Q	4Q	Year
2012	15,405	15,057	--	--	--
2011	16,502	16,984	17,193	16,746	67,425
2010	16,750	17,327	16,171	17,561	67,809
2009	10,867	10,984	11,621	16,537	50,009
2008	11,848	12,129	11,973	12,346	48,296
2007	12,474	11,084	11,990	12,870	48,418

Earnings Per Share (U.S. \$)

	2012	2011	2010	2009	2008	2007
Q1	0.24	0.28	0.25	0.40	0.41	0.48
Q2	0.42	0.33	0.31	0.33	0.41	0.19
Q3	E0.53	0.31	0.11	0.43	0.33	0.12
Q4	E0.45	0.19	0.36	0.10	0.03	0.40
Year	E2.17	1.11	1.02	1.23	1.19	1.18

Fiscal year ended Dec. 31. Next earnings report expected: Early November. EPS Estimates based on S&P Operating Earnings; historical GAAP earnings are as reported.

Dividend Data (Dates: mm/dd Payment Date: mm/dd/yy)

Amount (\$)	Date Decl.	Ex-Div. Date	Stk. of Record	Payment Date
0.220	12/12	02/01	02/03	03/06/12
0.220	04/26	05/09	05/11	06/05/12
0.220	06/28	08/01	08/03	09/05/12
0.220	10/25	11/07	11/09	12/04/12

Dividends have been paid since 1901. Source: Company reports.

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Pfizer Inc



Business Summary September 24, 2012

CORPORATE OVERVIEW. Pfizer stands out above its peers in the \$780 billion global pharmaceutical sector, in our opinion. Growth over the past 10 years was largely augmented by two major acquisitions -- Warner-Lambert Co. in 2000 and Pharmacia Corp. in 2003 -- as well as by in-licensed products. The business was significantly further expanded with the acquisition of Wyeth in October 2009.

Pfizer's drug portfolio is unmatched in terms of breadth and depth in the global drug market, by our analysis. Lipitor cholesterol-lowering agent had been PFE's largest-selling drug (sales of \$9.6 billion in 2011). However, we expect Lipitor sales to drop sharply in 2012, given the expiration of U.S. marketing exclusivity in November 2011. Other cardiovasculars include Norvasc (\$1.4 billion), and Caduet (\$538 million), a combination of Lipitor and Norvasc. Key central nervous system medicines include Lyrica, a treatment for nerve pain and epileptic seizures (\$3.7 billion); Geodon, an antipsychotic (\$1.0 billion); and Zyxos, an anti-infective (\$1.3 billion). Foreign sales accounted for 60% of total revenues in 2011.

Other key drugs sold include Prevnar/Prevnar 13 vaccines (sales of \$3.7 billion); Enbrel treatment for psoriasis and rheumatoid arthritis (\$3.7 billion); Celebrex COX-2 inhibitor for arthritis and pain (\$2.5 billion); Viagra for male erectile dysfunction (\$2.0 billion); Xalatan/Xalcom for glaucoma (\$1.3 billion); Detrol and LA/Detrol, treatments for incontinence (\$883 million); Sutent (\$1.2 billion) for kidney and other cancers; Premarin female hormone replacement treatments (\$1.0 billion); and Genotropin (\$889 million), a human growth hormone.

The animal health division (\$4.2 billion) offers one of the largest-selling and broadest product lines in the field. Principal products include feed additives, vaccines, antibiotics, anthelmintics, and other veterinary products. Consumer healthcare products (\$3.1 billion) include OTC medicines, dietary supplements and other items. Nutrition products (\$2.1 billion) consist of infant formulas and gelatin capsules.

MARKET PROFILE. The dollar value of the global drug market is projected to grow at a CAGR (compound annual growth rate) of 3%-6% over the 2012-2016 period, according to forecasts made by IMS Health. Global sales were \$956 billion in 2011. The key driver should be emerging markets, whose aggregate sales (17 countries) should advance at a CAGR of 12%-15% over the same period. Growth in developing markets is being spurred by rising standards of living and growing government spending on health care. However, IMS forecasts declining trends in Europe (impacted by austerity pricing), with combined drug spending for five major European markets projected to decline at a CAGR of 1%-2% over 2012-2016. On the other hand, spending in the U.S. was forecast to grow at a CAGR of 1%-4% over the same period.

PRIMARY BUSINESS DYNAMICS. PFE's adjusted R&D spending totaled \$8.4 billion in 2011 (equal to 12.5% of revenues, down from \$9.3 billion (13.8%) in 2010). As of mid-May 2012, PFE's pipeline consisted of some 87 compounds, including 64 new molecular entities (NMEs), 22 supplemental indications, and one biosimilar. Of the total, 31 were in late-stage Phase 3 or in registration. Compounds include new treatments for a wide range of conditions, including cancer, AIDS, obesity, arthritis, heart disease, diabetes, schizophrenia and pain. While PFE's R&D capabilities are much greater than the industry average, in our opinion, we believe PFE's recent R&D productivity has trailed other big pharma competitors on a relative basis.

IMPACT OF MAJOR DEVELOPMENTS. In mid-October 2009, PFE acquired rival drugmaker Wyeth for about \$68 billion in cash and stock. Pfizer financed the transaction with some \$22.5 billion in cash, \$22.5 billion in debt, and about \$23 billion in PFE common stock. We believe this acquisition significantly expanded Pfizer's exposure to biologics, vaccines and new pharmaceutical markets. We believe PFE will realize an estimated \$4 billion in annual synergies from the Wyeth integration. In February 2011, PFE acquired King Pharmaceuticals for some \$3.6 billion in cash. King brought to Pfizer a growing portfolio of novel pain treatments, as well as large animal health products business.

FINANCIAL TRENDS. In late July 2012, PFE reaffirmed 2012 guidance for revenues of \$58 billion to \$60 billion; adjusted cost of goods as a percentage of revenues of 19.5%-20.5%; adjusted SG&A expenses of between \$16.3 billion and \$17.3 billion; and adjusted R&D spending of \$6.5 billion to \$7.0 billion. The company also reiterated 2012 non-GAAP EPS guidance of \$2.14-\$2.24. Operating cash flow for 2012 was projected at about \$19 billion.

Corporate Information

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SVP, Chief Acctg Officer & Cntrl
L.V. Cangialosi

COO & CFO
F.A. D'Amelio
CSO
M. Ehlers

EVP & General Counsel
A.W. Schulman

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S. M. Johnson	J. M. Kilts
G. A. Lorch	J. P. Mascotte
I. C. Read	S. W. Sanger
M. Tessier-Lavigne	

Domicile
Delaware

Founded
1849

Employees
103,700

Stockholders
223,038

Pfizer Inc

Quantitative Evaluations						
S&P Fair Value Rank	2+	1	2	3	4	5
		LOWEST				HIGHEST
		Based on S&P's proprietary quantitative model, stocks are ranked from most overvalued (1) to most undervalued (5).				
Fair Value Calculation	\$23.90	Analysis of the stock's current worth, based on S&P's proprietary quantitative model suggests that PFE is slightly overvalued by \$0.65 or 2.6%.				
Investability Quotient Percentile		74				
		LOWEST = 1				HIGHEST = 100
		PFE scored higher than 74% of all companies for which an S&P Report is available.				
Volatility		LOW	AVERAGE	HIGH		
Technical Evaluation	BULLISH	Since September, 2012, the technical indicators for PFE have been BULLISH.				
Insider Activity		UNFAVORABLE	NEUTRAL	FAVORABLE		

Expanded Ratio Analysis				
	2011	2010	2009	2008
Price/Sales	2.53	2.08	2.56	2.48
Price/EBITDA	6.19	5.29	6.03	5.45
Price/Pretax Income	13.34	15.00	11.84	12.33
P/E Ratio	19.58	17.10	14.86	14.89
Avg. Diluted Shares Outstg (M)	7,870.0	8,074.0	7,045.0	6,750.0

Figures based on calendar year-end price

Key Growth Rates and Averages				
Past Growth Rate (%)	1 Year	3 Years	5 Years	9 Years
Sales	-0.57	13.95	8.04	5.62
Net Income	5.21	2.01	-3.08	5.70
Ratio Analysis (Annual Avg.)				
Net Margin (%)	12.90	14.11	15.18	15.52
% LT Debt to Capitalization	29.72	30.48	22.51	15.76
Return on Equity (%)	10.20	NA	NA	NA

Company Financials Fiscal Year Ended Dec. 31										
Per Share Data (U.S. \$)	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Tangible Book Value	NM	NM	NM	2.71	4.93	3.65	1.91	1.48	0.85	3.04
Cash Flow	2.09	1.98	1.90	1.94	1.93	2.24	1.84	2.16	0.78	1.64
Earnings	1.11	1.02	1.23	1.19	1.18	1.52	1.09	1.49	0.22	1.47
S&P Core Earnings	1.21	1.18	1.35	1.42	1.14	1.53	1.02	1.45	0.29	1.35
Dividends	0.80	0.54	0.80	1.28	1.16	0.96	0.76	0.68	0.60	0.52
Payout Ratio	72%	53%	65%	108%	98%	63%	70%	46%	273%	35%
Prices:High	21.90	20.36	18.99	24.24	27.73	28.60	29.21	38.89	36.92	42.46
Prices:Low	16.63	14.00	11.62	14.26	22.24	22.16	20.27	21.99	27.90	25.13
P/E Ratio:High	20	20	15	20	23	19	27	26	NM	29
P/E Ratio:Low	15	14	9	12	19	15	19	15	NM	17

Income Statement Analysis (Million U.S. \$)										
Revenue	67,425	67,809	50,009	48,296	48,418	48,371	51,298	52,516	45,188	32,373
Operating Income	27,502	26,742	21,268	21,925	19,983	19,575	20,501	22,117	17,061	13,436
Depreciation	7,787	7,700	4,757	5,090	5,200	5,293	5,576	5,093	4,078	1,036
Interest Expense	1,681	1,799	1,233	562	440	488	488	359	290	279
Pretax Income	12,762	9,422	10,827	9,694	9,278	13,028	11,534	14,007	3,263	11,796
Effective Tax Rate	31.5%	11.9%	20.3%	17.0%	11.0%	15.3%	29.7%	19.0%	49.7%	22.1%
Net Income	8,697	8,266	8,621	8,026	8,213	11,024	8,094	11,332	1,639	9,181
S&P Core Earnings	9,490	9,501	9,377	9,538	7,963	11,048	7,588	11,030	2,147	8,441

Balance Sheet & Other Financial Data (Million U.S. \$)										
Cash	26,758	28,012	25,969	23,731	25,475	1,827	2,247	1,808	1,520	1,878
Current Assets	57,728	60,468	61,670	43,076	46,849	46,949	41,896	39,694	29,741	24,781
Total Assets	188,002	195,014	212,949	111,148	115,268	114,837	117,565	123,684	116,775	46,356
Current Liabilities	28,069	28,609	37,225	27,009	21,835	21,389	28,448	26,458	23,657	18,555
Long Term Debt	34,945	38,411	43,218	7,963	7,314	5,546	6,347	7,279	5,755	3,140
Common Equity	82,145	87,761	89,953	57,483	64,917	71,217	65,458	68,085	65,158	19,950
Total Capital	117,572	130,630	133,691	66,640	80,134	84,919	82,214	88,189	84,370	23,454
Capital Expenditures	1,660	1,513	1,205	1,701	1,880	2,050	2,106	2,601	2,641	1,758
Cash Flow	16,440	15,996	13,376	13,113	13,409	16,317	13,661	16,417	5,710	10,217
Current Ratio	2.1	2.1	1.7	1.6	2.2	2.2	1.5	1.5	1.3	1.3
% Long Term Debt of Capitalization	Nil	29.4	Nil	11.6	9.1	6.5	7.7	8.3	6.8	13.4
% Net Income of Revenue	12.9	12.2	17.2	16.6	17.0	22.8	15.8	21.6	3.6	28.4
% Return on Assets	4.5	NA	NA	7.1	7.1	9.5	6.7	9.4	2.0	21.5
% Return on Equity	10.2	NA	NA	13.1	12.1	16.1	12.1	17.0	3.8	48.0

Data as orig reptd.; bef. results of disc opera/spac. items. Per share data adj. for stk. divs.; EPS diluted. E-Estimated. NA-Not Available. NM-Not Meaningful. NR-Not Ranked. UR-Under Review.

Pfizer Inc

Sub-Industry Outlook

Our fundamental outlook for the pharmaceuticals sub-industry for the next 12 months is neutral. Although the sector continues to face top-line pressure from patent expirations on many top-selling drugs, as well as from negative foreign exchange, we believe overall industry profits should hold up relatively well, helped by expanding sales of new innovative drug therapies and margin improvements accruing from cost restructurings and merger synergies. EPS comparisons should also benefit from common share buybacks.

While we see new health care reform legislation (recently upheld by the Supreme Court) continuing to negatively affect industry profitability, we see benefits accruing from significant expansion of the market stemming from new coverage provided to up to 32 million currently uninsured Americans starting in 2014. We favor the shares of firms with well defined growth prospects and generous dividend yields, as we believe they should perform relatively well over the coming quarters.

Despite near-term patent expirations and regulatory pressures on drug pricing, we still think long-term prospects for the sector remain favorable. Pharmaceuticals remains one of the widest-margin U.S. industries, with prospects enhanced by demographic growth in the elderly (which account for about 33% of industry sales) and new drugs stemming from discoveries in genomics and biotechnology. We expect FDA approvals of new molecular entities in 2012 to approximate the 30 approved in 2011, which was well above the 21 cleared in 2010.

Year to date through October 19, the S&P Pharmaceuticals Index was up 15.1%, versus a 13.7% advance in the S&P 1500 Composite Index. We expect prospects for the generic/specialty drug

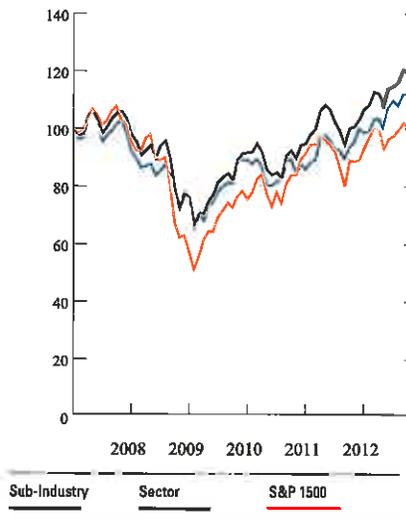
sector to remain favorable. We see a large number of major drugs losing patent protection over the next few years, providing significant opportunities for this group. We favor companies with rich generic pipelines, especially those with first-to-file generics with the potential for 180 days of marketing exclusivity, and competence in litigating complex patent issues.

--Herman B. Saftlas

Stock Performance

**GICS Sector: Health Care
Sub-Industry: Pharmaceuticals**

Based on S&P 1500 Indexes
Month-end Price Performance as of 10/31/12



NOTE: All Sector & Sub-Industry information is based on the Global Industry Classification Standard (GICS)

Sub-Industry : Pharmaceuticals Peer Group*: Ethical Pharmaceuticals - Major

Peer Group	Stock Symbol	Stk.Mkt. Cap. (Mil. \$)	Recent Stock Price(\$)	52 Week High/Low(\$)	Beta	Yield (%)	P/E Ratio	Fair Value Calc.(\$)	Quality Ranking	S&P IQ %ile	Return on Revenue (%)	LTD to Cap (%)
Pfizer, Inc	PFE	183,376	24.55	26.09/18.15	0.70	3.6	18	23.90	B+	74	13.0	NA
AstraZeneca ADS	AZN	58,191	46.74	49.00/39.72	0.65	6.1	10	NA	NR	95	29.8	22.4
Forest Labs	FRX	9,127	34.35	37.70/28.47	0.64	Nil	17	30.40	B	94	21.4	NA
GlaxoSmithKline plc ADS	GSK	110,131	44.86	47.70/41.50	0.63	5.5	14	42.70	NR	90	19.9	49.9
Lilly (Eii)	LLY	56,978	49.10	53.99/35.46	0.67	4.0	13	NA	B	99	17.9	NA
Merck & Co	MRK	139,916	45.94	48.00/33.13	0.84	3.7	21	43.40	B	98	13.3	NA
Novartis AG ADS	NVS	147,081	60.83	64.07/51.20	0.53	3.5	17	57.50	NR	92	15.6	17.2
Novo-Nordisk A/S ADS	NVO	86,857	158.18	170.27/105.86	0.56	1.2	28	155.40	NR	96	25.8	1.3
Sanofi ADS	SNY	118,229	44.86	45.72/31.61	0.91	3.2	15	52.80	NR	30	16.9	17.5

NA-Not Available NM-Not Meaningful NR-Not Rated. *For Peer Groups with more than 15 companies or stocks, selection of issues is based on market capitalization.

S&P Analyst Research Notes and other Company News

November 1, 2012

DOWN 0.33 to 24.54... PFE posts \$0.43 vs. \$0.48 Q3 EPS (reported) on 16% lower revenue. Notes intl revenue fell 18% primarily due to the losses of exclusivity of Lipitor in Europe during Q2 and unfavorable forex. Sets \$10 billion stock buyback.

November 1, 2012

12:05 pm ET ... S&P REITERATES BUY OPINION ON SHARES OF PFIZER (PFE 24.53****): We are lowering our 2012 adjusted EPS estimate by \$0.07, to \$2.17, following lower than expected Q3 results and continued weakness seen for Q4. However, we expect new product launches, ongoing cost restructurings and stock repurchases (including \$10B in repurchases announced today) to drive creditable EPS growth in 2013 and ensuing years. Our 12-month target price remains unchanged at \$28. Reflecting worse than expected 16% top line attrition (impacted by patent losses and negative forex), Q3 adjusted EPS fell 12% to \$0.53, \$0.01 below our estimate. The dividend yields 3.6%. /H. Saftlas

September 21, 2012

05:03 am ET ... S&P REITERATES BUY OPINION ON PFIZER SHARES (PFE 24.41****): We are raising our 12-month target price by \$1, to \$28, based on our revised evaluation of PFE's impressive R&D pipeline and expected shareholder value enhancements from planned asset divestitures. We see potential proceeds valued at over \$20B from divestitures of nutritional and animal health businesses, with proceeds invested in higher-margin core drug operations and in share repurchases. Among PFE's pipeline assets, we see especially promising potential for Eliquis novel anti-clotting agent, tofacitinib arthritis drug, and novel oncology agents. /H. Saftlas

September 5, 2012

PFE says FDA approved Boslif (bosutinib), an Abl and Src kinase inhibitor, to treat adult patients with chronic, accelerated, or blast phase Philadelphia chromosome-positive (Ph+) chronic myelogenous leukemia with resistance, or intolerance to prior therapy. Separately, says EU Commission granted marketing authorization for Inlyta (axitinib) to treat adult patients with advanced renal cell carcinoma, after failure of prior treatment with sunitinib or a cytokine.

August 7, 2012

PFE says co-primary clinical endpoints, change in cognitive and functional performance compared to placebo, were not met in Janssen Alzheimer Immunotherapy R&D LLC (Janssen AI)-led Ph. 3 trial of intravenous (IV) bapineuzumab in patients with mild-to-moderate Alzheimer's disease who do not carry the ApoE4 (apolipoprotein E epsilon 4) genotype (Study 301). PFE and Janssen AI (a subsidiary of JOHNSON & JOHNSON) are partners in Alzheimer's Immunotherapy Program (AIP).

August 7, 2012

11:53 am ET ... S&P REITERATES BUY OPINION ON SHARES OF PFIZER (PFE 23.86****): We keep our \$27 target price, despite today's announcement from PFE and partner Johnson & Johnson (JNJ 68.4, Buy) that they were discontinuing development of bapineuzumab Alzheimer's drug after a second phase III trial failed to meet primary endpoints. Given past setbacks, we were not surprised by this outcome, and we had not included this drug in our models. However, PFE still remains one of our favorites in the drug space, in view of an otherwise attractive R&D pipeline, benefits from business realignments, aggressive share buybacks and its dividend (now yields 3.7%). /H. Saftlas

August 7, 2012

11:30 am ET ... S&P REITERATES BUY OPINION ON SHARES OF JOHNSON & JOHNSON (JNJ 68.39****): We keep our \$75 target price, despite today's announcement from JNJ and its partner Pfizer (PFE 23.7, Buy) that they were discontinuing a second Phase 3 study on bapineuzumab Alzheimer's drug after the trial failed to meet primary endpoints, even in patient groups with different genetic makeups. Given past setbacks, we were not surprised by this outcome, and we had not included this drug in our models. However, we still see several positives to the JNJ story, including an otherwise promising R&D pipeline, and expected better results in medical devices and consumer products. /H. Saftlas

July 31, 2012

PFE posts \$0.62 vs. \$0.59 Q2 adj. EPS despite 9% revenue decline. Capital IQ consensus forecast was \$0.54. Sees \$2.14-\$2.24 '12 EPS on reported revenue of

\$58B-\$60B. Continues to expect to repurchase approximately \$5B of its common stock, \$3B repurchased through July 30.

July 31, 2012

10:55 am ET ... S&P REITERATES BUY OPINION ON SHARES OF PFIZER (PFE 24.135****): We are raising our target price by \$1 to \$27, applying a peer parity P/E of 11.2X to our '13 EPS estimate of \$2.40, raised from \$2.33. We keep our '12 estimate at \$2.24. Q2 non-GAAP EPS of \$0.62, vs. \$0.59, surpassed our forecast by \$0.06. Despite Lipitor erosion and negative forex, Q2 benefited from strong growth in emerging markets, cost controls and stock buybacks. PFE repurchased \$3B of stock in H1 '12, with another \$2B planned for H2. PFE also plans to spin off 20% of its animal health unit in H1 '13. We like PFE's expanding R&D pipeline. The dividend yields 3.6%. /H. Saftlas

July 24, 2012

02:14 pm ET ... S&P MAINTAINS BUY OPINION ON SHARES OF PFIZER (PFE 23.08****): PFE announced disappointing results from a Phase 3 study on bapineuzumab, an Alzheimer's Disease treatment that Pfizer is developing in conjunction with Johnson & Johnson (JNJ 67.19, Buy) and Elan (ELN 10.50, Hold). We were not surprised by this outcome given prior unfavorable data. While we think results from other ongoing studies, particularly those targeting patients with different genetic make-ups, may show better results, we are not modeling this drug in our forecasts. We keep our \$26 target price on PFE. The dividend yields 3.8%. /H. Saftlas

July 3, 2012

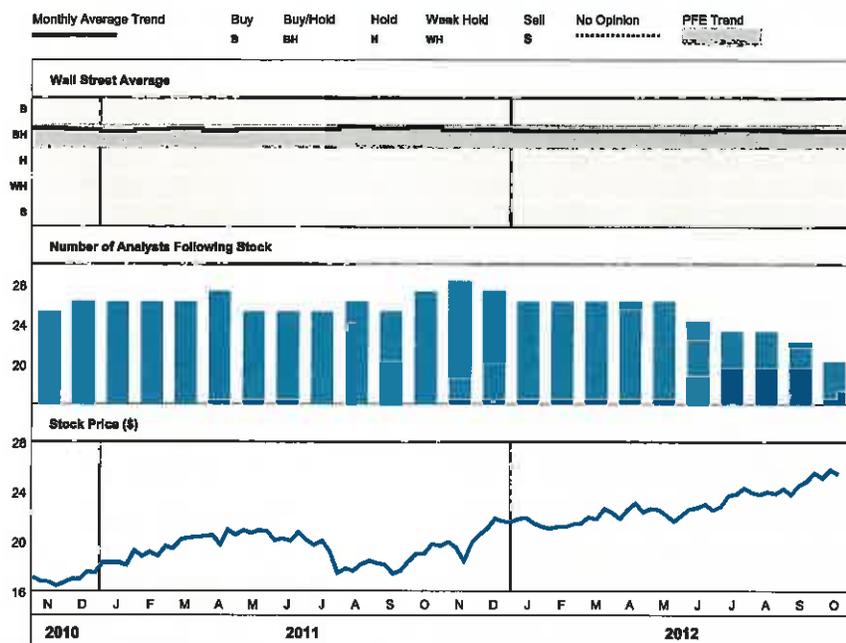
01:03 am ET ... S&P INITIATES ANALYTICAL COVERAGE ON SHARES OF PAREXEL WITH BUY OPINION (PRXL 28.75****): Our \$34 target price reflects a 1.0X PEG ratio, slightly below peers due to execution risks we see. We think PRXL is well positioned within the contract research organization industry, and expect its sales growth over the next several years to be well above the industry average. We believe PRXL is gaining market share, aided by several high profile strategic partnerships such as Pfizer (PFE 23****) and Eli Lilly (LLY 43****). These partnerships are driving bookings, accounting for about 60% of new business signings, and led to a robust 1.84X book-to-bill over the last 12 months. /Jeffrey Loo, CFA

June 28, 2012

11:24 am ET ... S&P REITERATES NEUTRAL FUNDAMENTAL OUTLOOK FOR PHARMACEUTICAL SUB-INDUSTRY (PFE 22.36****): We view today's Supreme Court decision upholding the Affordable Care Act (ACA) as positive for the U.S. drug industry, as its planned extension of healthcare coverage for over 30 million presently uninsured Americans should expand the market for drugs and other medical products and services. According to the Centers for Medicare and Medicaid Services (CMS), drug spending is projected to rise 8.8% in 2014 with ACA, versus a gain of only 4.1% without ACA. However, our enthusiasm for the sector is tempered by challenges from patent expirations and austerity pricing in Europe. /H. Saftlas

Pfizer Inc

Analysts' Recommendations



Wall Street Consensus Opinion

BUY/HOLD

Companies Offering Coverage

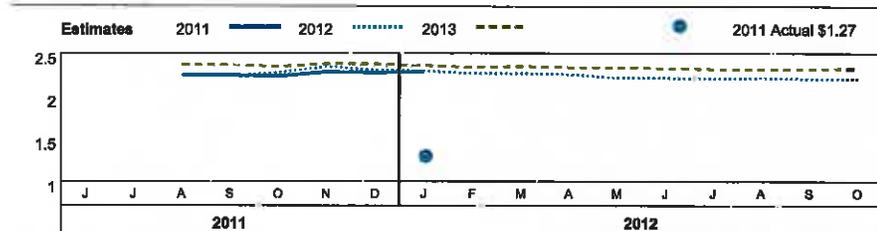
Over 30 firms follow this stock; not all firms are displayed.

- Argus Research Company
- Atlantic Equities LLP
- BMO Capital Markets, U.S. Equity Research
- Barclays
- Bativala & Karani Securities India Pvt. Ltd.
- BofA Merrill Lynch
- CLSA Asia-Pacific Markets
- Calvert D. Crary, Litigation Notes
- Citigroup Inc
- Cowen and Company, LLC
- Credit Agricole Securities (USA) Inc.
- Credit Suisse
- Daiwa Capital Markets America Inc.
- Daiwa Securities Capital Markets Co. Ltd.
- Day By Day
- Deutsche Bank
- First Global Stockbroking (P) Ltd.
- Goldman Sachs
- Hamburger Sparkasse AG
- Hilliard Lyons
- JP Morgan
- Jefferies & Company, Inc.
- Jyske Bank A/S
- Løerink Swann LLC
- MERIT Securities S.A.
- MKM Partners LLC
- McAdams Wright Regen
- Miller Tabak & Co., LLC
- Morgan Stanley
- Morningstar Inc.

Of the total 38 companies following PFE, 21 analysts currently publish recommendations.

	No. of Ratings	% of Total	1 Mo. Prior	3 Mos. Prior
Buy	11	52	12	13
Buy/Hold	4	19	5	5
Hold	4	19	4	4
Weak Hold	0	0	0	0
Sell	1	5	1	1
No Opinion	1	5	1	0
Total	21	100	23	23

Wall Street Consensus Estimates



Fiscal Years	Avg Est.	High Est.	Low Est.	# of Est.	Est. P/E
2013	2.33	2.51	2.19	20	10.5
2012	2.21	2.26	2.18	20	11.1
2013 vs. 2012	▲ 5%	▲ 11%	▲ 0.5%	0%	▼ -5%
Q3 '13	0.60	0.64	0.57	4	40.9
Q3 '12	0.52	0.57	0.49	14	47.2
Q3 '13 vs. Q3 '12	▲ 15%	▲ 12%	▲ 16%	▼ -71%	▼ -13%

A company's earnings outlook plays a major part in any investment decision. Standard & Poor's organizes the earnings estimates of over 2,300 Wall Street analysts, and provides their consensus of earnings over the next two years. This graph shows the trend in analyst estimates over the past 15 months.

Wall Street Consensus vs. Performance

For fiscal year 2012, analysts estimate that PFE will earn \$2.21. For the 2nd quarter of fiscal year 2012, PFE announced earnings per share of \$0.43, representing 19% of the total annual estimate. For fiscal year 2013, analysts estimate that PFE's earnings per share will grow by 5% to \$2.33.

Pfizer Inc

Glossary

S&P STARS

Since January 1, 1987, Standard and Poor's Equity Research Services has ranked a universe of common stocks based on a given stock's potential for future performance. Under proprietary STARS (Stock Appreciation Ranking System), S&P equity analysts rank stocks according to their individual forecast of a stock's future total return potential versus the expected total return of a relevant benchmark (e.g., a regional index (S&P Asia 50 Index, S&P Europe 350 Index or S&P 500 Index)), based on a 12-month time horizon. STARS was designed to meet the needs of investors looking to put their investment decisions in perspective. Data used to assist in determining the STARS ranking may be the result of the analyst's own models as well as internal proprietary models resulting from dynamic data inputs.

S&P 12-Month Target Price

The S&P equity analyst's projection of the market price a given security will command 12 months hence, based on a combination of intrinsic, relative, and private market valuation metrics, including S&P Fair Value.

Investment Style Classification

Characterizes the stock as Growth or Value, and indicates its capitalization level. Growth is evaluated along three dimensions (earnings, sales and internal growth), while Value is evaluated along four dimensions (book-to-price, cash flow-to-price, dividend yield and sale-to-price). Growth stocks score higher than the market average on growth dimensions and lower on value dimensions. The reverse is true for Value stocks. Certain stocks are classified as Blend, indicating a mixture of growth and value characteristics and cannot be classified as purely growth or value.

S&P EPS Estimates

Standard & Poor's earnings per share (EPS) estimates reflect analyst projections of future EPS from continuing operations, and generally exclude various items that are viewed as special, non-recurring, or extraordinary. Also, S&P EPS estimates reflect either forecasts of S&P analysts; or, the consensus (average) EPS estimate, which are independently compiled by Capital IQ, a data provider to Standard & Poor's Equity Research. Among the items typically excluded from EPS estimates are asset sale gains; impairment, restructuring or merger-related charges; legal and insurance settlements; in process research and development expenses; gains or losses on the extinguishment of debt; the cumulative effect of accounting changes; and earnings related to operations that have been classified by the company as discontinued. The inclusion of some items, such as stock option expense and recurring types of other charges, may vary, and depend on such factors as industry practice, analyst judgment, and the extent to which some types of data is disclosed by companies.

S&P Core Earnings

Standard & Poor's Core Earnings is a uniform methodology for adjusting operating earnings by focusing on a company's after-tax earnings generated from its principal businesses. Included in the Standard & Poor's definition are employee stock option grant expenses, pension costs, restructuring charges from ongoing operations, write-downs of depreciable or amortizable operating assets, purchased research and development, M&A related expenses and unrealized gains/losses from hedging activities. Excluded from the definition are pension gains, impairment of goodwill charges, gains or losses from asset sales, reversal of prior-year charges and provision from litigation or insurance settlements.

Qualitative Risk Assessment

The S&P equity analyst's view of a given company's operational risk, or the risk of a firm's ability to continue as an ongoing concern. The Qualitative Risk Assessment

is a relative ranking to the S&P U.S. STARS universe, and should be reflective of risk factors related to a company's operations, as opposed to risk and volatility measures associated with share prices.

Quantitative Evaluations

In contrast to our qualitative STARS recommendations, which are assigned by S&P analysts, the quantitative evaluations described below are derived from proprietary arithmetic models. These computer-driven evaluations may at times contradict an analyst's qualitative assessment of a stock. One primary reason for this is that different measures are used to determine each. For instance, when designating STARS, S&P analysts assess many factors that cannot be reflected in a model, such as risks and opportunities, management changes, recent competitive shifts, patent expiration, litigation risk, etc.

S&P Quality Ranking

Growth and stability of earnings and dividends are deemed key elements in establishing S&P's Quality Rankings for common stocks, which are designed to capitalize the nature of this record in a single symbol. It should be noted, however, that the process also takes into consideration certain adjustments and modifications deemed desirable in establishing such rankings. The final score for each stock is measured against a scoring matrix determined by analysis of the scores of a large and representative sample of stocks. The range of scores in the array of this sample has been aligned with the following ladder of rankings:

A+ Highest	B Below Average
A High	B- Lower
A- Above Average	C Lowest
B+ Average	D In Reorganization
NR Not Ranked	

S&P Fair Value Rank

Using S&P's exclusive proprietary quantitative model, stocks are ranked in one of five groups, ranging from Group 5, listing the most undervalued stocks, to Group 1, the most overvalued issues. Group 5 stocks are expected to generally outperform all others. A positive (+) or negative (-) Timing Index is placed next to the Fair Value ranking to further aid the selection process. A stock with a (+) added to the Fair Value Rank simply means that this stock has a somewhat better chance to outperform other stocks with the same Fair Value Rank. A stock with a (-) has a somewhat lesser chance to outperform other stocks with the same Fair Value Rank. The Fair Value rankings imply the following: 5-Stock is significantly undervalued; 4-Stock is moderately undervalued; 3-Stock is fairly valued; 2-Stock is modestly overvalued; 1-Stock is significantly overvalued.

S&P Fair Value Calculation

The price at which a stock should trade at, according to S&P's proprietary quantitative model that incorporates both actual and estimated variables (as opposed to only actual variables in the case of S&P Quality Ranking). Relying heavily on a company's actual return on equity, the S&P Fair Value model places a value on a security based on placing a formula-derived price-to-book multiple on a company's consensus earnings per share estimate.

Insider Activity

Gives an insight as to insider sentiment by showing whether directors, officers and key employees who have proprietary information not available to the general public, are buying or selling the company's stock during the most recent six months.

Funds From Operations FFO

FFO is Funds from Operations and equal to a REIT's net income, excluding gains or losses from sales of property, plus real estate depreciation.

Investability Quotient (IQ)

The IQ is a measure of investment desirability. It serves

as an indicator of potential medium-to-long term return and as a caution against downside risk. The measure takes into account variables such as technical indicators, earnings estimates, liquidity, financial ratios and selected S&P proprietary measures.

S&P's IQ Rationale:

Pfizer, Inc	Raw Score	Max Value
Proprietary S&P Measures	41	115
Technical Indicators	30	40
Liquidity/Volatility Measures	14	20
Quantitative Measures	13	75
IQ Total	98	250

Volatility

Rates the volatility of the stock's price over the past year.

Technical Evaluation

In researching the past market history of prices and trading volume for each company, S&P's computer models apply special technical methods and formulas to identify and project price trends for the stock.

Relative Strength Rank

Shows, on a scale of 1 to 99, how the stock has performed versus all other companies in S&P's universe on a rolling 13-week basis.

Global Industry Classification Standard (GICS)

An industry classification standard, developed by Standard & Poor's in collaboration with Morgan Stanley Capital International (MSCI). GICS is currently comprised of 10 Sectors, 24 Industry Groups, 68 Industries, and 154 Sub-Industries.

S&P Issuer Credit Rating

A Standard & Poor's Issuer Credit Rating is a current opinion of an obligor's overall financial capacity (its creditworthiness) to pay its financial obligations. This opinion focuses on the obligor's capacity and willingness to meet its financial commitments as they come due. It does not apply to any specific financial obligation, as it does not take into account the nature of and provisions of the obligation, its standing in bankruptcy or liquidation, statutory preferences, or the legality and enforceability of the obligation. In addition, it does not take into account the creditworthiness of the guarantors, insurers, or other forms of credit enhancement on the obligation. The Issuer Credit Rating is not a recommendation to purchase, sell, or hold a financial obligation issued by an obligor, as it does not comment on market price or suitability for a particular investor. Issuer Credit Ratings are based on current information furnished by obligors or obtained by Standard & Poor's from other sources it considers reliable. Standard & Poor's does not perform an audit in connection with any Issuer Credit Rating and may, on occasion, rely on unaudited financial information. Issuer Credit Ratings may be changed, suspended, or withdrawn as a result of changes in, or unavailability of, such information, or based on other circumstances.

Exchange Type

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Dividends on American Depository Receipts (ADRs) and American Depository Shares (ADSs) are not of taxes (paid in the country of origin).

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Globally: As of September 28, 2012, research analysts at Standard & Poor's Equity Research Services globally recommended 37.0% of issuers with buy recommendations, 54.8% with hold recommendations and 8.2% with sell recommendations.

★★★★★ **5-STARS (Strong Buy):** Total return is expected to outperform the total return of a relevant benchmark, by a wide margin over the coming 12 months, with shares rising in price on an absolute basis.

★★★★ **4-STARS (Buy):** Total return is expected to outperform the total return of a relevant benchmark over the coming 12 months, with shares rising in price on an absolute basis.

★★★ **3-STARS (Hold):** Total return is expected to closely approximate the total return of a relevant benchmark over the coming 12 months, with shares generally rising in price on an absolute basis.

★★ **2-STARS (Sell):** Total return is expected to

underperform the total return of a relevant benchmark over the coming 12 months, and the share price not anticipated to show a gain.

★ **1-STARS (Strong Sell):** Total return is expected to underperform the total return of a relevant benchmark by a wide margin over the coming 12 months, with shares falling in price on an absolute basis.

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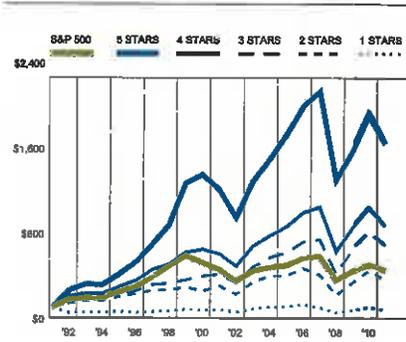
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U.S. STARS Cumulative Model Performance Hypothetical Growth Due to Price Appreciation of \$100 For the Period 12/31/1986 through 09/30/2012



The performance above represents only the results of Standard & Poor's model portfolios. Model performance has inherent limitations. Standard & Poor's maintains the models and calculates the model performance shown, but does not manage actual assets. The U.S. STARS model performance chart is only an illustration of Standard & Poor's (S&P) research; it shows how U.S. common stocks, ADRs (American Depositary Receipts) and ADSs (American Depositary Shares), collectively "equities", that received particular STARS rankings performed. STARS categories are models only; they are not collective investment funds. The STARS performance does not show how any actual portfolio has performed. STARS model performance does not represent the results of actual trading of investor assets. Thus, the model performance shown does not reflect the impact that material economic and market factors might have had on decision-making if actual investor money had been managed. Performance is calculated using a time-weighted rate of return. While model performance for some or all STARS categories performed better than the S&P 500 for the period shown, the performance during any shorter period may not have, and there is no assurance that they will perform better than the S&P 500 in the future. STARS does not take into account any particular investment objective, financial situation or need and is not intended as an investment recommendation or strategy. Investments based on the STARS methodology may lose money. High returns are

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For model performance calculation purposes, the equities within each STARS category at December 31, 1986 were equally weighted. Thereafter, additions to the composition of the equities in each STARS category are made at the average value of the STARS category at the preceding month end with no rebalancing. Deletions are made at the closing price of the day that the deletion is made. Performance was calculated from inception through March 31, 2003 on a monthly basis. Thereafter, performance is calculated daily. Equities in each STARS category will change over time, and some or all of the equities that received STARS rankings during the time period shown may not have maintained their STARS ranking during the entire period.

The model performance does not consider taxes and brokerage commissions, nor does it reflect the deduction of any advisory or other fees charged by advisors or other parties that investors will incur when their accounts are managed in accordance with the models. The imposition of these fees and charges would cause actual performance to be lower than the performance shown. For example, if a model returned 10 percent on a \$100,000 investment for a 12-month period (or \$10,000) and an annual asset-based fee of 1.5 percent were imposed at the end of the period (or \$1,500), the net return would be 8.35 percent (or \$8,350) for the year. Over 3 years, an annual 1.5% fee taken at year end with an assumed 10% return per year would result in a cumulative gross return of 33.1%, a total fee of \$5,375 and a cumulative net return of 27.2% (or \$27,200). Fees deducted on a frequency other than annual would result in a different cumulative net return in the preceding example.

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November 6, 2012

Investment Recommendation

Purchase

eBay Inc. (EBAY)

Price: \$49.63

Annual Dividend: \$ -

Yield % -

eBay provides an internet-based auction service through which buyers and sellers are brought together in an online auction format to buy and sell items such as antiques, coins collectibles, computers, memorabilia, and other larger-dollar items such as equipment and automobiles. eBay has created the world's largest 'person to person' trading community on the internet based on the number of users and minutes used per month. eBay has created a high-quality user experience that has enabled the company to consistently grow revenues and profits during periods of economic weakness.

We view eBay as a 'market dominator', with few other companies able to compete for any significant portion of market share. With over 100 million users, total gross merchandise sales for fourth quarter 2011 topped \$18 billion. The company has also owned interests in other 'related' businesses such as Bill Me Later, Gmarket, PayPal, and now through a merger, GSI Commerce in efforts to facilitate global users and related payment systems. We believe investments within global systems and infrastructure will benefit eBay and their shareholders in the long-term. For 2012, many new initiatives are on the way including point of sale transactions, physical location transactions and the ability to accommodate a growing trend among mobile users.

We estimate that eBay will earn approximately \$2.15 for the fiscal year 2012. Net income growth for 2012, compared to 2011, is expected to be 20%, with 14% in revenue growth expected for 2013. Sales are expected to grow between 10 to 12% going forward, with additional revenue enhancements created as a result of a recent merger with GSI Commerce in 2011, as additional cross-selling benefits to existing customers begin to accrue to eBay's bottom line.

Given eBay's long-term history of growth, fairly valued stock price and strong brand presence within their market segment, we view shares of eBay as an attractive purchase for long-term portfolios.

eBay Inc

S&P Recommendation **HOLD** ★ ★ ★

Price
\$49.51 (as of Oct 26, 2012)

12-Mo. Target Price
\$53.00

Investment Style
Large-Cap Growth

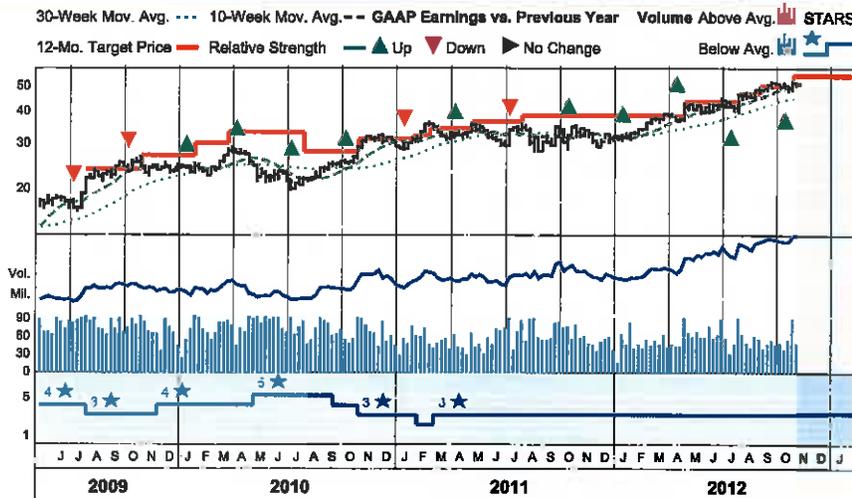
GICS Sector Information Technology
Sub-Industry Internet Software & Services

Summary EBAY owns one of the world's most popular e-commerce destinations, which bears its name, as well as PayPal (an online payments company) and other online business interests.

Key Stock Statistics (Source S&P, Vickers, company reports)

52-Wk Range	\$50.94– 28.15	S&P Oper. EPS 2012E	2.15	Market Capitalization(B)	\$64.065	Beta	1.49
Trailing 12-Month EPS	\$2.93	S&P Oper. EPS 2013E	2.55	Yield (%)	Nil	S&P 3-Yr. Proj. EPS CAGR(%)	17
Trailing 12-Month P/E	16.9	P/E on S&P Oper. EPS 2012E	23.0	Dividend Rate/Share	Nil	S&P Credit Rating	A
\$10K Invested 5 Yrs Ago	\$13,513	Common Shares Outstg. (M)	1,294.0	Institutional Ownership (%)	77		

Price Performance



Options: ASE, CBOE, P, Ph

Analysis prepared by Equity Analyst **Scott Kessler** on Oct 22, 2012, when the stock traded at **\$50.16**.

Highlights

- ▶ We project that net revenues will increase 20% in 2012 and 14% in 2013, aided by acquisitions, including GSI Commerce. We believe EBAY will report annual growth of 10% in its Marketplaces segment (including eBay.com and the mid-2009-acquired Gmarket) and 26% in the Payments business (PayPal) in 2012.
- ▶ We think EBAY's annual operating margins bottomed in 2009, reflecting economic difficulties, notable retooling of and investment in the core marketplaces businesses around the world, and a less favorable revenue mix. We foresee a negative impact from acquisitions in 2012 and notable overall improvement in 2013.
- ▶ In June 2011, EBAY acquired GSI Commerce in a transaction valued at \$2.4 billion. GSI provides e-commerce solutions and interactive marketing services to larger online vendors, and is operating as a subsidiary of EBAY. The company has already started to note cross-selling success following the GSI purchase. A \$2 billion stock buyback program was announced in October 2010.

Investment Rationale/Risk

- ▶ We see EBAY as a leader in online auctions, a mainstream Internet retail destination, a facilitator of large transactions involving cars and real estate, and having a growing international presence. We are optimistic about its payment segments and mobile opportunities, but we have concerns about the sustainability of growth in the Marketplaces segment and the possibility of increasing state taxes on Internet sales. Additionally, we see potential issues related to regulatory and legal matters (such as oversight of PayPal and a lawsuit involving craigslist).
- ▶ Risks to our opinion and target price include the potential for weakening consumer sentiment/spending, an increase in competition in the marketplaces and/or payments areas, and significant and sustained weakness in the euro versus the U.S. dollar.
- ▶ Our DCF model, with assumptions that include a WACC of 10.6%, average annual free cash flow growth of 15% from 2012 to 2016, and a terminal growth rate of 3%, yields an intrinsic value of \$53, which is our 12-month target price.

Qualitative Risk Assessment

LOW **MEDIUM** **HIGH**

Our risk assessment reflects our view that the company operates in fast-changing areas and faces notable competition. Over the past few years, we have viewed EBAY's quarterly results, financial outlook, strategic decisions and management changes as mixed at times. This is only partially offset by our view of EBAY as a well-established leader in the Internet segment, with a business model that we see as attractive, and a strong balance sheet.

Quantitative Evaluations

S&P Quality Ranking **B+**

D **C** **B-** **B** **B+** **A-** **A** **A+**

Relative Strength Rank **STRONG**

81

LOWEST = 1 HIGHEST = 99

Revenue/Earnings Data

Revenue (Million \$)	1Q	2Q	3Q	4Q	Year
2012	3,277	3,398	3,404	--	--
2011	2,546	2,760	2,966	3,380	11,652
2010	2,196	2,215	2,249	2,495	9,156
2009	2,021	2,098	2,238	2,371	8,727
2008	2,192	2,196	2,118	2,036	8,541
2007	1,768	1,418	1,889	2,181	7,672

Earnings Per Share (\$)	2012	2011	2010	2009	2008	2007
	0.44	0.52	0.45	0.61	0.25	0.25
	0.36	0.22	0.37	1.51	2.46	1.36
	0.30	0.31	0.33	0.42	1.83	1.36
	0.28	0.25	0.27	1.02	1.83	1.36
	0.34	0.35	0.38	0.29	1.36	0.25
	0.27	0.27	-0.69	0.39	0.25	0.25

Fiscal year ended Dec. 31. Next earnings report expected: Mid January. EPS Estimates based on S&P Operating Earnings; historical GAAP earnings are as reported.

Dividend Data

No cash dividends have been paid.

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eBay Inc

Business Summary October 22, 2012

CORPORATE OVERVIEW. eBay operates the world's largest online trading community. As of December 2011, the Marketplaces segment had 100.4 million active users (compared with 94.5 million a year earlier), who accounted for total gross merchandise volume (including vehicles) of \$18.4 billion (\$17.0 billion) in the fourth quarter of 2011. Following acquisitions in recent years, the company also owns Bill Me Later (online payments), Gmarket (Asia-focused e-commerce), GSI Commerce (enterprise commerce and marketing solutions), PayPal (online payments), Shopping.com (comparison shopping), and StubHub (online ticket sales). As of December 2011, PayPal had 106.3 million active registered accounts (\$4.4 million). In November 2009, EBAY sold 70% of Skype to a group of investors in a transaction valuing the business at \$2.75 billion. In October 2011, Skype was sold to Microsoft (MSFT 31, Strong Buy) for \$8.5 billion, and EBAY netted \$1.7 billion in pre-tax proceeds for its 30% stake.

EBAY and its affiliates have websites directed toward the following geographies: Argentina, Australia, Austria, Belgium, Brazil, Canada, China, France, Germany, Hong Kong, India, Ireland, Italy, Malaysia, Mexico, the Netherlands, New Zealand, the Philippines, Poland, Singapore, South Korea, Spain, Sweden, Switzerland, Taiwan, Thailand, Turkey, the U.K. and Vietnam. In December 2006, EBAY announced it would contribute its China operations to a joint venture with Internet portal and wireless services company TOM Online. EBAY owns a 49% stake in the venture, which was created in February 2007. In May 2010, EBAY and Gmarket's founder announced a joint venture to expand Gmarket's offerings in Japan and Singapore. In mid-2011, EBAY announced the acquisition of GittiGidiyor, a leading online marketplace in Turkey, for an undisclosed sum.

CORPORATE STRATEGY. EBAY's stated goal is to become the world's most efficient and abundant marketplace by expanding its community of users, delivering value to buyers and sellers, creating a global marketplace, and providing a faster, easier and safer trading experience. EBAY has increasingly employed acquisitions to fulfill the aforementioned goal, with a focus on international expansion and offering more choices and services to its buyers and sellers. In our view, PayPal was an extremely successful acquisition because it dramatically enhanced the user experience. Moreover, we think the combination accelerated the benefits the companies already derived from the "network effect" (whereby a product/service becomes more valuable to its users as its number of users increases).

We have observed the company's efforts to provide its vendors with tools and capabilities that enable them to sell goods away from the eBay platform. Bill Me Later, PayPal, Shopping.com and StubHub were acquisitions largely predicated on "off-eBay" growth. We are also encouraged that EBAY is refocusing the emphasis of its iconic marketplace business to secondary items that are used, out of season and/or antique or vintage.

We believe EBAY will continue to employ its financial resources to seize upon sizable opportunities in international markets generally, and with PayPal in particular. We also expect EBAY to seek acquisitions of strategically important companies and businesses.

Innovations announced and deployed in 2012 include payments solutions related to point-of-sale transactions, physical location transactions, and mobile transactions.

IMPACT OF MAJOR DEVELOPMENTS. In June 2011, EBAY acquired GSI Commerce in a transaction valued at \$2.4 billion, financed through cash on hand and a debt issuance. EBAY sold one GSI business and 70% of two other units, reducing its net cost. We think GSI will contribute nicely to EBAY's efforts to work with larger merchants and provide some notable cross-selling opportunities.

In November 2009, EBAY sold a 70% stake in Skype for \$1.9 billion and a \$125 million note. In October 2011, Skype and its investors (including EBAY) consummated the company's sale for \$8.5 billion.

FINANCIAL TRENDS. EBAY's size and business model enables the company to generate considerable profits, in our opinion. EBAY has maintained annual non-GAAP operating margins over 25% for the past few years, despite recent compression.

Corporate Information

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Officers

Chmn **SVP & CTO**
P.M. Omidyar M.T. Carges

Pres & CEO **SVP, Secy & General**
J.J. Donahoe **Counsel**
M.R. Jacobson

SVP & CFO
R.H. Swan

Board Members

F. D. Anderson	M. L. Andreassen
E. W. Barnholt	S. D. Cook
J. J. Donahoe	W. C. Ford, Jr.
D. G. Lepore	K. C. Mitic
D. M. Moffett	P. M. Omidyar
R. T. Schlosberg, III	T. J. Tierney

Domicile
Delaware

Founded
1995

Employees
27,770

Stockholders
4,922

eBay Inc

Quantitative Evaluations

S&P Fair Value Rank	4	1	2	3	4	5
		LOWEST				HIGHEST

Based on S&P's proprietary quantitative model, stocks are ranked from most overvalued (1) to most undervalued (5).

Fair Value Calculation **\$54.20** Analysis of the stock's current worth, based on S&P's proprietary quantitative model suggests that EBAY is slightly undervalued by \$4.69 or 9.5%.

Investability Quotient Percentile **99**
 LOWEST = 1 HIGHEST = 100
 EBAY scored higher than 99% of all companies for which an S&P Report is available.

Volatility **LOW** **AVERAGE** **HIGH**

Technical Evaluation **BULLISH** Since October, 2012, the technical indicators for EBAY have been BULLISH.

Insider Activity **UNFAVORABLE** **NEUTRAL** **FAVORABLE**

Expanded Ratio Analysis

	2011	2010	2009	2008
Price/Sales	3.42	4.03	3.52	2.15
Price/EBITDA	12.02	13.02	11.59	6.44
Price/Pretax Income	10.18	17.60	10.67	8.39
P/E Ratio	12.33	20.51	12.85	10.30
Avg. Diluted Shares Outstg (M)	1,313.0	1,327.4	1,305.0	1,312.6

Figures based on calendar year-end price

Key Growth Rates and Averages

Past Growth Rate (%)	1 Year	3 Years	5 Years	9 Years
Sales	27.25	10.29	11.77	25.51
Net Income	79.31	16.25	34.96	26.44

Ratio Analysis (Annual Avg.)

	2011	2010	2009	2008
Net Margin (%)	27.72	24.92	20.03	20.80
% LT Debt to Capitalization	7.84	NA	4.18	2.39
Return on Equity (%)	19.44	17.01	13.95	13.04

Company Financials Fiscal Year Ended Dec 31

Per Share Data (\$)	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Tangible Book Value	6.34	6.60	5.30	2.59	3.90	2.69	2.21	2.73	2.23	1.46
Cash Flow	3.18	1.93	2.45	1.90	0.69	1.17	1.05	0.75	0.46	0.28
Earnings	2.46	1.36	1.83	1.36	0.25	0.79	0.78	0.57	0.34	0.21
S&P Core Earnings	1.73	1.35	1.01	1.36	1.26	0.79	0.61	0.43	0.21	0.04
Dividends	Nil									
Payout Ratio	Nil									
Prices:High	35.35	31.64	25.80	33.53	40.73	47.86	58.89	59.21	32.40	17.71
Prices:Low	26.86	19.06	9.91	10.91	28.60	22.83	30.78	31.30	16.88	12.21
P/E Ratio:High	14	23	14	25	NM	61	75	NM	95	83
P/E Ratio:Low	11	14	5	8	NM	29	39	NM	50	57

Income Statement Analysis (Million \$)

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Revenue	11,652	9,156	8,727	8,541	7,672	5,970	4,552	3,271	2,165	1,214
Operating Income	3,313	2,837	2,649	2,845	2,606	1,968	1,820	1,313	828	431
Depreciation	940	762	811	711	602	545	378	254	159	76.6
Interest Expense	25.0	NA	NA	8.04	16.6	5.92	3.48	8.88	4.31	1.49
Pretax Income	3,910	2,098	2,879	2,184	751	1,547	1,549	1,128	662	398
Effective Tax Rate	17.4%	14.2%	17.0%	18.5%	53.6%	27.2%	30.2%	30.5%	31.3%	36.7%
Net Income	3,229	1,801	2,389	1,779	348	1,126	1,082	778	447	250
S&P Core Earnings	2,278	1,787	1,325	1,779	1,739	1,126	853	589	270	52.2

Balance Sheet & Other Financial Data (Million \$)

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Cash	5,929	6,623	4,944	3,353	5,984	2,663	1,314	1,330	1,382	1,109
Current Assets	12,661	11,065	8,460	6,287	7,123	4,971	3,183	2,911	2,146	1,468
Total Assets	27,320	22,004	18,408	15,592	15,366	13,494	11,789	7,991	5,820	4,124
Current Liabilities	6,734	4,517	3,642	3,705	3,100	2,518	1,485	1,085	647	386
Long Term Debt	1,525	1,494	NA	Nil	Nil	Nil	Nil	0.08	124	13.8
Common Equity	17,930	15,302	13,788	11,084	11,705	10,905	10,048	6,728	4,896	3,556
Total Capital	19,455	16,796	13,788	11,084	11,705	10,905	10,264	6,868	5,139	3,715
Capital Expenditures	964	724	567	566	454	515	338	293	365	139
Cash Flow	4,169	2,563	3,200	2,490	950	1,670	1,460	1,032	606	326
Current Ratio	1.9	2.5	2.3	1.7	2.3	2.0	2.1	2.7	3.3	3.8
% Long Term Debt of Capitalization	7.8	8.9	Nil	Nil	Nil	Nil	Nil	NM	2.4	0.4
% Net Income of Revenue	27.7	19.7	27.4	20.8	4.5	18.9	23.8	23.8	20.7	20.6
% Return on Assets	13.1	8.9	14.1	11.5	2.4	8.9	10.9	11.3	9.1	8.6
% Return on Equity	19.4	12.4	19.2	15.6	3.1	10.7	12.9	13.4	10.6	10.0

Data as orig reptd.; bef. results of disc opers/spec. items. Per share data adj. for stk. divs.; EPS diluted. E-Estimated. NA-Not Available. NM-Not Meaningful. NR-Not Ranked. UR-Under Review.

eBay Inc

Sub-Industry Outlook

Our fundamental outlook for the Internet Software & Services sub-industry for the next 12 months is positive, reflecting an increasing percentage of related budgets being committed to the Internet (versus so-called traditional media) and pricing for associated online offerings that has shown signs of improvement, offset somewhat by what we view as an uncertain global economy. We also have questions about pricing for mobile advertising.

U.S. online advertising revenues rose 3% in 2009, 15% in 2010 and 22% in 2011, and S&P Capital IQ sees an increase of 12% in 2012 and 10% in 2013. We believe the U.S. accounts for more than a third of this market. Corporations are committing larger percentages of advertising budgets to the Internet as people spend more time online, especially as compared with consumption of other media. Moreover, Internet marketing offers notable targeting and data-focused return-on-investment capabilities.

We also think the advent and growing adoption of technologies such as powerful Internet-enabled smartphones and tablets, and HTML5 (a powerful and flexible language for creating and interacting with dynamic website content and applications) are positives for interactive advertising. However, we think mobile advertising is generally priced at lower rates than online advertising.

U.S. online retail sales increased 11% in 2009 and 13% in 2010. We think there was growth of 11% in 2011, and we see a comparable gain in 2012. We believe users are attracted to Internet retail offerings in large part due to factors that include a generally substantial selection of products, 24/7/365 store access and associated convenience of home delivery, and a compelling value proposition. According to Forrester Research, an independent

technology and market research company, improving initiatives across multiple channels including physical and online stores, better merchandising, more customized offerings and increasingly sophisticated marketing efforts have helped drive considerable segment growth.

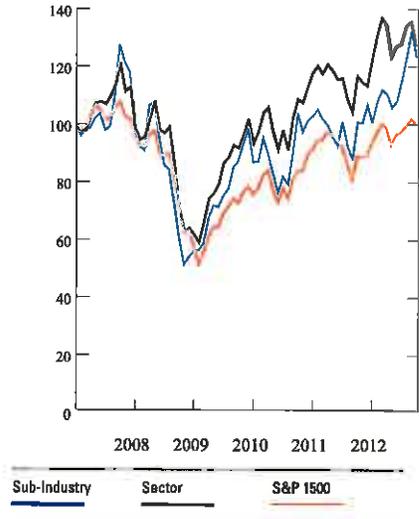
Year to date through October 19, the Internet Software & Services index rose 16.5%, compared with a 13.7% increase in the S&P 1500.

--Scott Kessler

Stock Performance

**GICS Sector: Information Technology
Sub-Industry: Internet Software & Services**

Based on S&P 1500 Indexes
Month-end Price Performance as of 09/28/12



NOTE: All Sector & Sub-Industry information is based on the Global Industry Classification Standard (GICS)

Sub-Industry : Internet Software & Services Peer Group*: E-Commerce Enablers (Transactions)

Peer Group	Stock Symbol	Stk.Mkt. Cap. (Mil. \$)	Recent Stock Price(\$)	52 Week High/Low(\$)	Beta	Yield (%)	P/E Ratio	Fair Value Calc.(\$)	Quality Ranking	S&P IQ %ile	Return on Revenue (%)	LTD to Cap (%)
eBay Inc	EBAY	64,065	49.51	50.94/28.15	1.49	Nil	17	54.20	B+	99	27.7	7.8
AOL Inc	AOL	3,268	34.48	37.94/13.14	0.89	Nil	3	36.10	NR	23	0.6	NA
Akamai Technologies	AKAM	6,826	38.39	40.32/25.73	0.87	Nil	36	42.60	B	93	17.3	NA
Baidu Inc ADS	BIDU	30,863	113.84	154.15/99.71	1.87	Nil	29	133.60	NR	86	45.6	12.2
Equinix Inc	EQIX	8,484	181.83	212.00/90.27	1.49	Nil	88	148.20	B-	28	6.1	49.4
Facebook Inc Cl'A'	FB	24,125	21.94	45.00/17.55	NA	Nil	NM	NA	NR	88	26.9	NA
IAC/InterActiveCorp	IACI	3,712	49.18	55.57/38.46	0.80	2.0	27	44.50	B-	36	8.5	4.3
LinkedIn Corp'A'	LNKD	10,708	104.55	125.50/55.98	NA	Nil	NM	NA	NR	96	2.3	NA
MercadoLibre Inc	MELI	3,690	83.60	104.50/61.26	1.92	0.5	40	NA	NR	82	25.7	NA
Net Element Int'	NETE	4,985	6.50	9.68/5.26	-2.76	Nil	NM	NA	NR	NA	NM	NA
Rackspace Hosting	RAX	8,527	63.09	69.81/38.98	1.47	Nil	96	49.30	NR	80	7.5	NA
Sina Corp	SINA	3,713	56.10	87.00/43.12	1.46	Nil	NM	38.10	NR	62	NA	NA
VeriSign Inc	VRSN	6,116	39.39	50.15/31.22	0.78	Nil	24	26.20	B-	30	17.9	114.6
Yahoo Inc	YHOO	19,890	16.79	16.82/14.35	0.89	Nil	5	20.70	B	90	21.3	NA
Yandex NV'A'	YNDX	7,482	23.07	28.80/16.60	NA	Nil	33	NA	NR	95	28.8	NA

NA-Not Available NM-Not Meaningful NR-Not Rated. *For Peer Groups with more than 15 companies or stocks, selection of issues is based on market capitalization.

S&P Analyst Research Notes and other Company News

October 24, 2012

On October 19, 2012, Dawn G. Lepore, a director of eBay Inc. notified the company that she would resign from the company's Board of Directors, effective immediately following the company's regularly scheduled board of directors meeting in January 2013.

October 18, 2012

EBAY posts \$0.55 vs. \$0.48 Q3 non-GAAP EPS on 15% revenue rise. Capital IQ consensus forecast was \$0.54. Sees Q4 revenues of \$3.85B-\$4.0B, non-GAAP EPS of \$0.66-\$0.69. Sees '12 revenues of \$13.95B-\$14.10B, non-GAAP EPS of \$2.32-\$2.35.

October 18, 2012

02:05 pm ET ... S&P REITERATES HOLD OPINION ON SHARES OF EBAY (EBAY 50.23***): We are raising our 12-month target price by \$5, to \$53, based on revised DCF analysis. We are keeping our '12 EPS estimate at \$2.15, raising our '13 forecast to \$2.60 from \$2.55, and setting a '14 estimate of \$2.85. We calculate that EBAY posted Q3 EPS excluding amortization of \$0.52, vs. \$0.44, in line with our forecast. Revenues rose 15%, reflecting what we view as continued strength from the Payments business and solid performance from Marketplaces operations. Active user growth within Marketplaces accelerated to 10%, which is the highest it has been in some five years. /S. Kessler

October 10, 2012

01:35 pm ET ... S&P REITERATES HOLD OPINION ON SHARES OF EBAY (EBAY 46.27***): Today EBAY introduced a redesigned website with an enhanced search experience. The site looks to us as stylistically cleaner with an emphasis on more and larger pictures. EBAY also officially introduced eBay Now, a same-day delivery service now available to mobile users in San Francisco, to buy products from merchants from Bloomingdale's to Target. EBAY also seems to have introduced a daily deals offering called Lifestyle Deals across more than a dozen designated metropolitan areas. We think these updates and innovations make sense as the holiday shopping season approaches. /S. Kessler

October 8, 2012

eBay Inc. announced the appointment of Christina Smedley as V-P of global comms. In the newly created position, Smedley will report to Alan Marks, senior vice-president of global comms at eBay. Smedley will focus on driving an integrated global comms strategy for PayPal as the firm continues to grow into new areas such as point-of-sale retail. She previously worked at Edelman from 1993 to 1996 in a number of roles, rejoining in 2005. Outside of Edelman, Smedley was director of worldwide comms at Amazon from 1999 to 2004.

August 22, 2012

05:24 pm ET ... S&P REITERATES HOLD OPINION ON SHARES OF EBAY (EBAY 47.90***): We are raising our 12-month target price to \$48 from \$45, based on revised DCF analysis. Today EBAY announced that PayPal was expanding its off-line payments strategy by working with Discover (DFS 38, Hold). DFS cards are accepted at more than 7 million U.S. merchant locations. By mid-2013, we think consumers will be able to use PayPal at many to most of these locations. We think this relationship will notably enhance PayPal's offline footprint and digital wallet initiative. PayPal will be issuing payment cards related to at least 50 million of its 113 million active accounts. /S. Kessler

August 22, 2012

UP 1.68 to 47.53... PayPal (an EBAY company) announces an extension of its offline strategy by teaming up with DISCOVER to bring PayPal to more than 7 million merchant locations across the U.S., and potentially to millions of intl merchant locations in the future. Says starting in 2013, DFS will work with PayPal to enable participating merchants to accept PayPal easily through their existing relationship with DFS.

August 22, 2012

01:01 pm ET ... EBAY INC. (EBAY 46.98) UP 1.13, EBAY (EBAY) TEAMS UP WITH DISCOVER (DFS). CARIS REITERATES ABOVE AVG, \$52 TGT... Analyst Scott Tilghman tells salesforce EBAY reached an agreement with DISCOVER that enables PayPal customers to complete transactions using their PayPal accounts at any merchant where Discover card is accepted. Given that Discover had FY 11 credit card volume of \$108B, and 95% penetration in U.S., believes agreement

highlights considerable upside the Payments segment has. Although roll-out is not scheduled until Q2 '13, believes the existence of 50M PayPal accounts in U.S. will drive upside to existing '13 expectations. Reiterates above average, \$52 target. S.Trombino

July 19, 2012

EBAY posts \$0.56 vs. \$0.48 Q2 non-GAAP EPS on 23% revenue rise. Capital IQ consensus forecast was \$0.55. Expects Q3 non-GAAP EPS of \$0.53-\$0.55 on revenue of \$3.3B-\$3.4B, \$2.30-\$2.35 '12 on revenue of \$13.8B-\$14.1B.

July 19, 2012

10:21 am ET ... S&P REITERATES HOLD OPINION ON SHARES OF EBAY (EBAY 43.97***): We are raising our 12-month target price to \$45 from \$42, reflecting revised DCF analysis. We maintain our EPS estimates of \$2.15 for '12 and \$2.60 for '13. We calculate that EBAY posts EPS of \$0.52, vs. \$0.42, \$0.02 above our estimate, paced by the Payments business. Revenues rose 23%, in line with our forecast. Payments revenues rose 26%, compared with our forecast of 24%. Payments transaction margins also continued to trend higher. However, GSI revenues were 10% below our forecast. Despite international headwinds, we think EBAY executed well in Q2. /S. Kessler

July 19, 2012

10:15 am ET ... EBAY INC. (EBAY 43.71) UP 3.25, EBAY (EBAY) Q2 NON-GAAP EPS TOPS CONSENSUS. THINKEQUITY UPS TARGET, KEEPS BUY... Analyst Ronald Josey tells salesforce EBAY posted strong Q2 across all core businesses, importantly maintained full-year guidance despite European macro pressures, FX headwinds. Says while Payments remains strong, Marketplaces delivered one of its best Qs. Believes momentum across Marketplaces, Payments should continue, particularly as we head into holidays. Notes EBAY remains his top-pick. Believes co. benefiting from strong execution across key growth vectors on Web; eCommerce, Payments, Mobile. Sees \$2.36 '12 EPS; ups \$2.74 '13 EPS to \$2.76, \$47 tgt to \$48. B.Egli

June 21, 2012

eBay Inc. has appointed Vladimir Dolgov, a former Google manager and once the chief executive of Ozon, to head its Russian marketplaces business as part of a plan to strengthen the San Jose company's foothold in Europe's big Internet market. Dolgov had been the Russia head of Google, behind Yandex, since 2005.

June 14, 2012

eBay Inc. has announced the appointment of Amanda Metcalfe as UK and Republic of Ireland Marketing Director. Metcalfe joined eBay in June 2011 as Director of Fashion Retail.

May 2, 2012

eBay Inc. appointed Brian J. Doerger as its Vice President, Chief Accounting Officer. Mr. Doerger will serve as eBay's principal accounting officer, effective from May 01, 2012. Phillip DePaul, who was most recently serving in this position has assumed new responsibilities within the company. Prior to joining eBay, Mr. Doerger most recently served as Executive Vice President, Corporate Finance and Controller of NBCUniversal Media, LLC and Comcast Corporation in 2011.

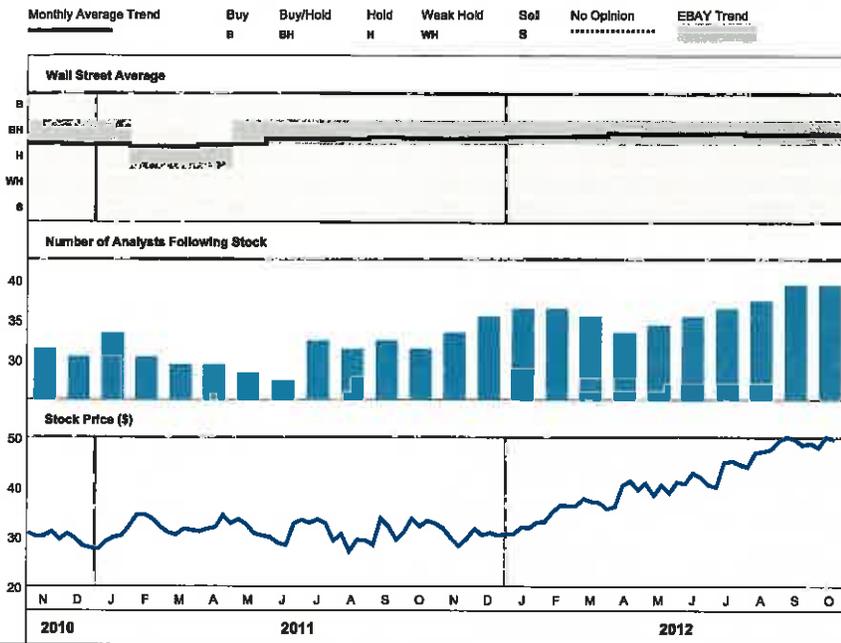
April 19, 2012

EBAY posts \$0.44 vs. \$0.36 Q1GAAP EPS on 29% revenue rise. Capital IQ consensus forecast was \$0.39.

eBay Inc



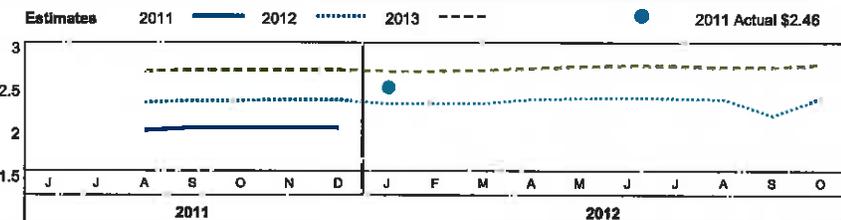
Analysts' Recommendations



Of the total 55 companies following EBAY, 40 analysts currently publish recommendations.

	No. of Ratings	% of Total	1 Mo. Prior	3 Mos. Prior
Buy	12	30	12	12
Buy/Hold	12	30	12	11
Hold	15	37	15	13
Weak Hold	0	0	0	0
Sell	0	0	0	0
No Opinion	1	2	1	1
Total	40	100	40	37

Wall Street Consensus Estimates



Fiscal Years	Avg Est.	High Est.	Low Est.	# of Est.	Est. P/E
2013	2.75	2.96	2.55	37	18.0
2012	2.35	2.42	2.15	37	21.1
2013 vs. 2012	▲ 17%	▲ 22%	▲ 19%	0%	▼ -15%
Q4'13	0.80	0.86	0.73	18	61.9
Q4'12	0.69	0.70	0.67	33	71.8
Q4'13 vs. Q4'12	▲ 16%	▲ 23%	▲ 9%	▼ -45%	▼ -14%

A company's earnings outlook plays a major part in any investment decision. Standard & Poor's organizes the earnings estimates of over 2,300 Wall Street analysts, and provides their consensus of earnings over the next two years. This graph shows the trend in analyst estimates over the past 15 months.

Wall Street Consensus Opinion

BUY/HOLD

Companies Offering Coverage

Over 30 firms follow this stock; not all firms are displayed.

- Argus Research Company
- Atlantic Equities LLP
- Barclays
- BofA Merrill Lynch
- CLSA Asia-Pacific Markets
- Canaccord Genuity
- Cantor Fitzgerald & Co.
- Caris & Company
- Citigroup Inc
- Collins Stewart LLC
- Cowen and Company, LLC
- Credit Agricole Securities (USA) Inc.
- Credit Suisse
- Daiwa Capital Markets America Inc.
- Daiwa Securities Capital Markets Co. Ltd.
- Deutsche Bank
- FBR Capital Markets & Co.
- First Global Stockbroking (P) Ltd.
- Gabelli & Company, Inc.
- Gleacher & Company, Inc.
- Goldman Sachs
- JMP Securities
- JP Morgan
- Janney Montgomery Scott LLC
- Jefferies & Company, Inc.
- KGI Securities Co. Ltd.
- Kaufman Bros., L.P.
- Keefe, Bruyette, & Woods, Inc.
- Lazard Capital Markets
- MKM Partners LLC

Wall Street Consensus vs. Performance

For fiscal year 2012, analysts estimate that EBAY will earn \$2.35. For the 3rd quarter of fiscal year 2012, EBAY announced earnings per share of \$0.45, representing 19% of the total annual estimate. For fiscal year 2013, analysts estimate that EBAY's earnings per share will grow by 17% to \$2.75.

eBay Inc

Glossary

S&P STARS

Since January 1, 1987, Standard and Poor's Equity Research Services has ranked a universe of common stocks based on a given stock's potential for future performance. Under proprietary STARS (Stock Appreciation Ranking System), S&P equity analysts rank stocks according to their individual forecast of a stock's future total return potential versus the expected total return of a relevant benchmark (e.g., a regional index (S&P Asia 50 Index, S&P Europe 350 Index or S&P 500 Index)), based on a 12-month time horizon. STARS was designed to meet the needs of investors looking to put their investment decisions in perspective. Data used to assist in determining the STARS ranking may be the result of the analyst's own models as well as internal proprietary models resulting from dynamic data inputs.

S&P 12-Month Target Price

The S&P equity analyst's projection of the market price a given security will command 12 months hence, based on a combination of intrinsic, relative, and private market valuation metrics, including S&P Fair Value.

Investment Style Classification

Characterizes the stock as Growth or Value, and indicates its capitalization level. Growth is evaluated along three dimensions (earnings, sales and internal growth), while Value is evaluated along four dimensions (book-to-price, cash flow-to-price, dividend yield and sale-to-price). Growth stocks score higher than the market average on growth dimensions and lower on value dimensions. The reverse is true for Value stocks. Certain stocks are classified as Blend, indicating a mixture of growth and value characteristics and cannot be classified as purely growth or value.

S&P EPS Estimates

Standard & Poor's earnings per share (EPS) estimates reflect analyst projections of future EPS from continuing operations, and generally exclude various items that are viewed as special, non-recurring, or extraordinary. Also, S&P EPS estimates reflect either forecasts of S&P equity analysts; or, the consensus (average) EPS estimate, which are independently compiled by Capital IQ, a data provider to Standard & Poor's Equity Research. Among the items typically excluded from EPS estimates are asset sale gains; impairment, restructuring or merger-related charges; legal and insurance settlements; in process research and development expenses; gains or losses on the extinguishment of debt; the cumulative effect of accounting changes; and earnings related to operations that have been classified by the company as discontinued. The inclusion of some items, such as stock option expense and recurring types of other charges, may vary, and depend on such factors as industry practice, analyst judgment, and the extent to which some types of data is disclosed by companies.

S&P Core Earnings

Standard & Poor's Core Earnings is a uniform methodology for adjusting operating earnings by focusing on a company's after-tax earnings generated from its principal businesses. Included in the Standard & Poor's definition are employee stock option grant expenses, pension costs, restructuring charges from ongoing operations, write-downs of depreciable or amortizable operating assets, purchased research and development, M&A related expenses and unrealized gains/losses from hedging activities. Excluded from the definition are pension gains, impairment of goodwill charges, gains or losses from asset sales, reversal of prior-year charges and provision from litigation or insurance settlements.

Qualitative Risk Assessment

The S&P equity analyst's view of a given company's operational risk, or the risk of a firm's ability to continue as an ongoing concern. The Qualitative Risk Assessment

is a relative ranking to the S&P U.S. STARS universe, and should be reflective of risk factors related to a company's operations, as opposed to risk and volatility measures associated with share prices.

Quantitative Evaluations

In contrast to our qualitative STARS recommendations, which are assigned by S&P analysts, the quantitative evaluations described below are derived from proprietary arithmetic models. These computer-driven evaluations may at times contradict an analyst's qualitative assessment of a stock. One primary reason for this is that different measures are used to determine each. For instance, when designating STARS, S&P analysts assess many factors that cannot be reflected in a model, such as risks and opportunities, management changes, recent competitive shifts, patent expiration, litigation risk, etc.

S&P Quality Ranking

Growth and stability of earnings and dividends are deemed key elements in establishing S&P's Quality Rankings for common stocks, which are designed to encapsulate the nature of this record in a single symbol. It should be noted, however, that the process also takes into consideration certain adjustments and modifications deemed desirable in establishing such rankings. The final score for each stock is measured against a scoring matrix determined by analysis of the scores of a large and representative sample of stocks. The range of scores in the array of this sample has been aligned with the following ladder of rankings:

A+ Highest	B Below Average
A High	B- Lower
A- Above Average	C Lowest
B+ Average	D In Reorganization
NR Not Ranked	

S&P Fair Value Rank

Using S&P's exclusive proprietary quantitative model, stocks are ranked in one of five groups, ranging from Group 5, listing the most undervalued stocks, to Group 1, the most overvalued issues. Group 5 stocks are expected to generally outperform all others. A positive (+) or negative (-) Timing Index is placed next to the Fair Value ranking to further aid the selection process. A stock with a (+) added to the Fair Value Rank simply means that this stock has a somewhat better chance to outperform other stocks with the same Fair Value Rank. A stock with a (-) has a somewhat lesser chance to outperform other stocks with the same Fair Value Rank. The Fair Value rankings imply the following: 5-Stock is significantly undervalued; 4-Stock is moderately undervalued; 3-Stock is fairly valued; 2-Stock is modestly overvalued; 1-Stock is significantly overvalued.

S&P Fair Value Calculation

The price at which a stock should trade at, according to S&P's proprietary quantitative model that incorporates both actual and estimated variables (as opposed to only actual variables in the case of S&P Quality Ranking). Relying heavily on a company's actual return on equity, the S&P Fair Value model places a value on a security based on placing a formula-derived price-to-book multiple on a company's consensus earnings per share estimate.

Insider Activity

Gives an insight as to insider sentiment by showing whether directors, officers and key employees who have proprietary information not available to the general public, are buying or selling the company's stock during the most recent six months.

Funds From Operations FFO

FFO is Funds from Operations and equal to a REIT's net income, excluding gains or losses from sales of property, plus real estate depreciation.

Investability Quotient (IQ)

The IQ is a measure of investment desirability. It serves

as an indicator of potential medium-to-long term return and as a caution against downside risk. The measure takes into account variables such as technical indicators, earnings estimates, liquidity, financial ratios and selected S&P proprietary measures.

S&P's IQ Rationale:

eBay Inc	Raw Score	Max Value
Proprietary S&P Measures	37	115
Technical Indicators	25	40
Liquidity/Volatility Measures	18	20
Quantitative Measures	66	75
IQ Total	146	250

Volatility

Rates the volatility of the stock's price over the past year.

Technical Evaluation

In researching the past market history of prices and trading volume for each company, S&P's computer models apply special technical methods and formulas to identify and project price trends for the stock.

Relative Strength Rank

Shows, on a scale of 1 to 99, how the stock has performed versus all other companies in S&P's universe on a rolling 13-week basis.

Global Industry Classification Standard (GICS)

An industry classification standard, developed by Standard & Poor's in collaboration with Morgan Stanley Capital International (MSCI). GICS is currently comprised of 10 Sectors, 24 Industry Groups, 68 Industries, and 154 Sub-Industries.

S&P Issuer Credit Rating

A Standard & Poor's Issuer Credit Rating is a current opinion of an obligor's overall financial capacity (its creditworthiness) to pay its financial obligations. This opinion focuses on the obligor's capacity and willingness to meet its financial commitments as they come due. It does not apply to any specific financial obligation, as it does not take into account the nature of and provisions of the obligation, its standing in bankruptcy or liquidation, statutory preferences, or the legality and enforceability of the obligation. In addition, it does not take into account the creditworthiness of the guarantors, insurers, or other forms of credit enhancement on the obligation. The Issuer Credit Rating is not a recommendation to purchase, sell, or hold a financial obligation issued by an obligor, as it does not comment on market price or suitability for a particular investor. Issuer Credit Ratings are based on current information furnished by obligors or obtained by Standard & Poor's from other sources it considers reliable. Standard & Poor's does not perform an audit in connection with any Issuer Credit Rating and may, on occasion, rely on unaudited financial information. Issuer Credit Ratings may be changed, suspended, or withdrawn as a result of changes in, or unavailability of, such information, or based on other circumstances.

Exchange Type

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eBay Inc



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Abbreviations Used in S&P Equity Research Reports
CAGR- Compound Annual Growth Rate; **CAPEX**- Capital Expenditures; **CY**- Calendar Year; **DCF**- Discounted Cash Flow; **EBIT**- Earnings Before Interest and Taxes; **EBITDA**- Earnings Before Interest, Taxes, Depreciation and Amortization; **EPS**- Earnings Per Share; **EV**- Enterprise Value; **FCF**- Free Cash Flow; **FFO**- Funds From Operations; **FY**- Fiscal Year; **P/E**- Price/Earnings; **PEG Ratio**- P/E-to-Growth Ratio; **PV**- Present Value; **R&D**- Research & Development; **ROE**- Return on Equity; **ROI**- Return on Investment; **ROIC**- Return on Invested Capital; **ROA**- Return on Assets; **SG&A**- Selling, General & Administrative Expenses; **WACC**- Weighted Average Cost of Capital

Dividends on American Depository Receipts (ADRs) and American Depository Shares (ADSs) are net of taxes (paid in the country of origin).

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In Europe: As of September 28, 2012, research analysts at Standard & Poor's Equity Research Services Europe recommended 31.8% of issuers with buy recommendations, 50.8% with hold recommendations and 17.4% with sell recommendations.

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Globally: As of September 28, 2012, research analysts at Standard & Poor's Equity Research Services globally recommended 37.0% of issuers with buy recommendations, 54.8% with hold recommendations and 8.2% with sell recommendations.

★★★★★ **5-STARS (Strong Buy):** Total return is expected to outperform the total return of a relevant benchmark, by a wide margin over the coming 12 months, with shares rising in price on an absolute basis.

★★★★ **4-STARS (Buy):** Total return is expected to outperform the total return of a relevant benchmark over the coming 12 months, with shares rising in price on an absolute basis.

★★★ **3-STARS (Hold):** Total return is expected to closely approximate the total return of a relevant benchmark over the coming 12 months, with shares generally rising in price on an absolute basis.

★★ **2-STARS (Sell):** Total return is expected to

underperform the total return of a relevant benchmark over the coming 12 months, and the share price not anticipated to show a gain.

★ **1-STARS (Strong Sell):** Total return is expected to underperform the total return of a relevant benchmark by a wide margin over the coming 12 months, with shares falling in price on an absolute basis.

Relevant benchmarks: In North America the relevant benchmark is the S&P 500 Index, in Europe and in Asia, the relevant benchmarks are generally the S&P Europe 350 Index and the S&P Asia 50 Index.

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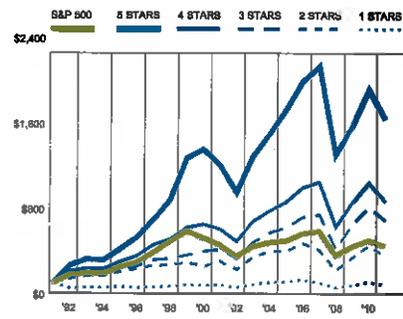
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U.S. STARS Cumulative Model Performance
Hypothetical Growth Due to Price Appreciation of \$100
For the Period 12/31/1986 through 09/30/2012



The performance above represents only the results of Standard & Poor's model portfolios. Model performance has inherent limitations. Standard & Poor's maintains the models and calculates the model performance shown, but does not manage actual assets. The U.S. STARS model performance chart is only an illustration of Standard & Poor's (S&P) research; it shows how U.S. common stocks, ADRs (American Depositary Receipts) and ADSs (American Depositary Shares), collectively "equities", that received particular STARS rankings performed. STARS categories are models only; they are not collective investment funds. The STARS performance does not show how any actual portfolio has performed. STARS model performance does not represent the results of actual trading of investor assets. Thus, the model performance shown does not reflect the impact that material economic and market factors might have had on decision-making if actual investor money had been managed. Performance is calculated using a time-weighted rate of return. While model performance for some or all STARS categories performed better than the S&P 500 for the period shown, the performance during any shorter period may not have, and there is no assurance that they will perform better than the S&P 500 in the future. STARS does not take into account any particular investment objective, financial situation or need and is not intended as an investment recommendation or strategy. Investments based on the STARS methodology may lose money. High returns are

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For model performance calculation purposes, the equities within each STARS category at December 31, 1986 were equally weighted. Thereafter, additions to the composition of the equities in each STARS category are made at the average value of the STARS category at the preceding month and with no rebalancing. Deletions are made at the closing price of the day that the deletion is made. Performance was calculated from inception through March 31, 2003 on a monthly basis. Thereafter, performance is calculated daily. Equities in each STARS category will change over time, and some or all of the equities that received STARS rankings during the time period shown may not have maintained their STARS ranking during the entire period.

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