

S&P Quality Ranking: **B-** Standard & Poor's Fair Value Rank : **2-**

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

Summary: This company provides Internet-based postage solutions. STMP has an approximate 0.07% weighting in the **S&P SmallCap**

Quantitative Evaluations

S&P Quality Ranking : B-



S&P Fair Value Rank: 2-



Fair Value Calc: \$21.50 (Overvalued)

S&P Investability Quotient Percentile



STMP scored lower than 69% of all companies for which an S&P Report is available.

Volatility: High



Technical Evaluation: BULLISH

Since June, 2011, the technical indicators for STMP have been BULLISH.

Relative Strength Rank: Strong



Investment Strategy

Key financial variables to consider in assessing the investment merits of an industrial company are the following:

Sales: What is the trend? Is future sales growth expected to be greater than the past 5-year and 9-year growth average? Accelerating sales growth ultimately provides the fuel behind earnings growth.

Net Margin: As a key measure of company profitability, a rising net margin assesses management capability to wring out more net income from incremental sales.

% LT Debt to Capitalization: A rising percentage implies greater financial risk, all else being equal. Rising debt leverage without a concomitant rise in Return on Equity should raise warning signals of potential cash flow problems. Percentages above 40%-50% should also be considered a warning.

% Return on Equity: A key performance measurement of capital efficiency assesses what investment returns management can earn on a company's existing capital base. A sustained percentage above 20% is considered above average.

Key Growth Rates and Averages

Past Growth Rate (%)	1 Year	3 Year	5 Year	9 Year
Sales	4.16	-0.43	4.43	23.13
Net Income	-10.52	-21.88	-16.14	NM

Ratio Analysis (Average)

Net Margin	6.46	8.65	11.57	NM
% Return on Equity	9.23	9.72	10.92	5.86

Revenues/Earnings Data Fiscal year ending Dec. 31

Revenues (Million \$)	2011	2010	2009	2008	2007	2006
	1Q	22.82	20.99	20.05	21.07	20.02
2Q	26.63	21.19	20.18	21.41	21.41	20.16
3Q	24.92	20.69	20.22	20.16	20.28	18.91
4Q	--	22.68	21.68	22.27	24.10	24.98
Year	--	85.54	82.12	84.91	85.81	84.59

Earnings per Share (\$)	2011	2010	2009	2008	2007	2006
	1Q	0.18	0.14	0.07	0.26	0.14
2Q	0.39	0.07	0.06	0.07	0.13	0.17
3Q	0.30	0.19	0.11	0.11	0.12	0.18
4Q	--	-0.02	0.14	0.09	0.12	0.20
Year	--	0.38	0.38	0.53	0.50	0.69

Next earnings report expected: Mid February

Historical GAAP earnings are as reported.

Key Stock Statistics

Average Daily Volume	0.619 mil.	Beta	0.77
Market Capitalization	\$0.381 Bil.	Trailing 12 Month EPS	\$0.87
Institutional Holdings (%)	70	12 Month P/E	29.2
Shareholders of Record	843	Current Yield (%)	Nil

Value of \$10,000 Invested five yrs Ago : **\$18,305**

Please read the required disclosures and Reg. AC certification on the last page of this report.

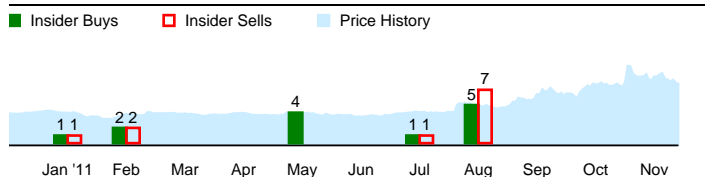
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Wall Street Opinions/Average (Mean) Opinion: Buy/Hold

	No. of Ratings	% of Total	1 Mo. Prior	3 Mo. Prior
Buy	1	50	2	2
Buy/Hold	0	0	0	0
Hold	1	50	0	0
Weak Hold	0	0	0	0
Sell	0	0	0	0
No Opinion	0	0	0	0
Total	2	100	2	2

Insider Moves



Dividend Data

No Dividend Data Available

Company Financials Fiscal year ending Dec. 31

Per Share Data & Valuation Ratios (\$)	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Tangible Book Value	2.99	4.79	4.51	4.62	4.89	4.61	4.01	7.64	8.12	8.30
Cash Flow	0.44	0.45	0.63	0.65	0.81	0.56	-0.07	-0.25	-0.02	-7.58
Earnings	0.38	0.38	0.53	0.50	0.69	0.44	-0.21	-0.42	-0.28	-8.28
Dividends	2.00	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Payout Ratio	NM	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Prices:High	16.45	10.43	15.82	17.60	39.24	24.60	17.75	13.20	10.44	8.13
Prices:Low	8.81	7.65	7.14	11.27	14.56	11.96	8.94	7.80	7.06	4.20
P/E Ratio:High	43	27	30	35	57	56	NM	NM	NM	NM
P/E Ratio:Low	23	20	13	23	21	27	NM	NM	NM	NM

Income Statement Analysis (Million \$)

Revenue	85.5	82.1	84.9	85.8	84.6	61.9	38.1	21.2	16.3	19.4
Operating Income	7.56	7.03	7.39	9.64	14.5	11.4	-3.83	-8.88	-5.38	-26.1
Depreciation	0.89	1.22	1.93	3.05	2.94	2.94	3.15	3.76	6.38	17.7
Interest Expense	NA	NA	Nil	NA	Nil	Nil	Nil	Nil	0.01	0.04
Pretax Income	1.59	6.73	7.38	11.1	16.6	10.7	-4.73	-9.33	-6.85	-210
Effective Tax Rate	NA	8.23%	NM	3.50%	0.99%	2.30%	NM	NM	NM	NM
Net Income	5.53	6.18	10.2	10.7	16.5	10.4	-4.73	-9.33	-6.85	-210

Balance Sheet & Other Financial Data (Million \$)

Cash	35.3	71.8	74.1	65.8	11.7	20.8	11.2	24.5	68.6	108
Current Assets	44.2	55.4	78.0	72.5	38.7	44.8	32.5	78.3	102	191
Total Assets	57.4	89.3	93.3	105	122	118	100	178	189	223
Current Liabilities	13.2	13.7	14.9	12.5	11.0	8.51	5.54	3.78	2.62	5.33
Long Term Debt	NA	NA	Nil	NA	Nil	Nil	Nil	Nil	Nil	Nil
Common Equity	44.2	75.6	78.3	92.4	111	110	94.9	174	186	217
Total Capital	44.2	75.6	78.3	92.4	111	110	94.9	174	186	217
Capital Expenditures	1.51	0.22	0.86	0.67	2.43	2.86	2.30	0.78	0.28	4.13
Cash Flow	6.43	7.39	12.1	13.7	19.4	13.4	-1.58	-5.56	-0.47	-192
Current Ratio	3.4	5.8	5.2	5.8	3.5	5.3	5.9	20.7	39.0	35.9
% Long Term Debt of Capitalization	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
% Net Income of Revenue	6.5	7.5	12.0	12.4	19.5	16.8	NM	NM	NM	NM
% Return on Assets	7.5	6.8	10.3	9.4	13.7	9.5	NM	NM	NM	NM
% Return on Equity	9.2	8.0	11.9	10.5	14.9	10.2	NM	NM	NM	NM

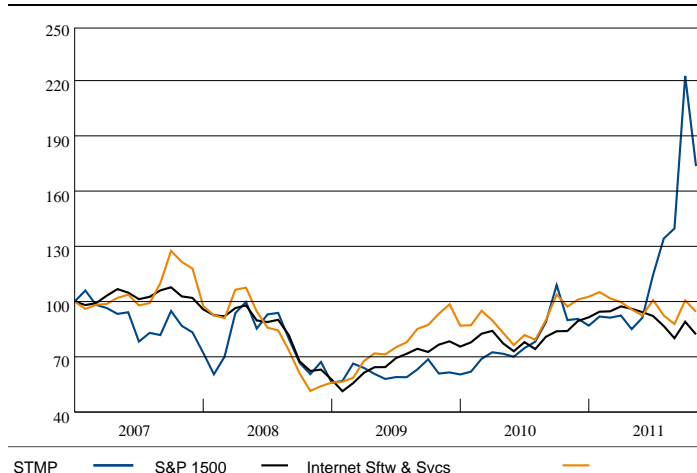
Data as orig. reptd; bef. results of disc opers/spec. items. Per share data adj. for stk. divs. as of ex-div date. NA-Not Available. NM-Not Meaningful. NR-Not Ranked.

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CFO & Chief Acctg Officer: K. Huebner
Dir: M. P. Ananda, G. Jones, K. McBride, L. I. Miller, III

Secy: S. Weisberg
Investor Contact: Jamie Harper(310-482-5830)
Founded: 1998
Domicile: Delaware
Employees: 220

Stock Performance



	Company(%)	Industry(%)	S&P 1500(%)
YTD Return	91.6	-6.6	-8.2
One Year Return	96.1	-8.2	-3.6
Three Year Return (% Annualized)	50.3	24.6	11.4
Five Year Return (% Annualized)	12.9	-1.3	-3.4
Value of \$10,000 Invested 5 Years Ago	\$18,305	\$9,382	\$8,433

Sub-Industry Outlook

Our fundamental outlook for the Internet Software & Services sub-industry is positive, reflecting what we viewed as a stabilized global economy that could contribute to more overall advertising spending, an increasing percentage of related budgets being committed to the Internet (as compared with so-called traditional media), and pricing for associated online offerings that has shown signs of improvement.

U.S. online advertising revenues rose 3% in 2009 and 15% in 2010, and S&P Capital IQ estimates an increase of 10% in 2011. We believe the U.S. accounts for more than a third of this market. We are seeing corporations commit 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. In late 2009, we noted a pickup in display advertising demand and spending, especially on behalf of large companies, in part related to a stronger online holiday shopping season than many expected.

U.S. online retail sales increased 11% in 2009 and 13% in 2010. We think growth will be 11% in 2011. 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 multichannel initiatives, better merchandising, more customized offerings, and increasingly sophisticated marketing efforts should

help drive considerable segment growth.

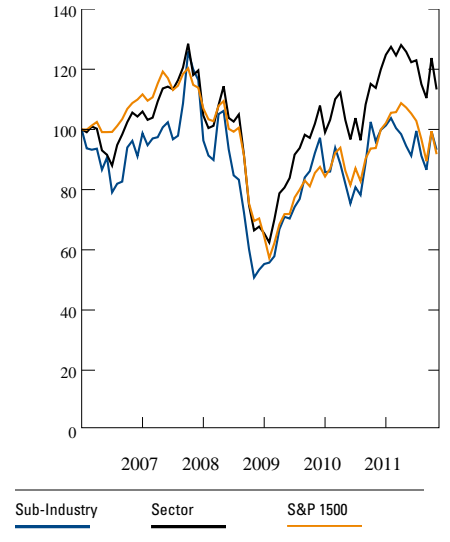
Year to date through October 21, the Internet Software & Services index fell 1.0%, compared with a 3.7% decrease in the S&P 1500. In 2010, the sub-industry index increased 2.7%, versus a 14.2% gain for the 1500.

--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 10/31/11



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

Sub-Industry : Internet Software & Services Peer Group*: Based on market capitalizations within GICS Sub-Industry

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 (%)
Stamps.com Inc	STMP	381	25.39	33.73/10.95	0.77	Nil	29	21.50	B-	31	6.5	NA
Carbonite Inc	CARB	288	11.47	21.10/10.62	NA	Nil	NM	NA	NR	NA	NA	NA
Dice Holdings	DHX	469	7.05	18.75/7.02	2.42	Nil	17	8.50	NR	44	14.7	16.9
Envestnet Inc	ENV	330	10.37	17.59/9.59	NA	Nil	49	NA	NR	82	NA	0.1
IntraLinks Holdings	IL	281	5.19	32.25/4.74	NA	Nil	NM	NA	NR	91	NA	30.5
KIT digital	KITD	411	8.90	17.32/7.38	1.01	Nil	NM	NA	C	7	NA	1.6
Limelight Networks	LLNW	272	2.51	8.58/1.95	1.11	Nil	NM	NA	NR	14	NA	NA
QuinStreet Inc	QNST	402	8.44	24.91/8.43	NA	Nil	17	NA	NR	78	6.8	20.8
Renren Inc ADS	RENN	485	3.71	24.00/3.60	NA	Nil	NM	NA	NR	86	NA	NA
Responsys Inc	MKTG	387	8.15	18.19/7.30	NA	Nil	43	NA	NR	88	9.1	NA
SPS Commerce	SPSC	258	21.39	23.11/11.59	NA	Nil	NM	NA	NR	95	6.5	NA
SciQuest Inc	SQI	288	13.04	18.45/11.35	NA	Nil	NM	NA	NR	83	4.1	NA
Velti Plc	VELT	449	7.29	20.00/6.11	NA	Nil	NM	NA	NR	19	NA	18.5
Vocus Inc	VOCS	400	20.01	33.70/15.61	1.40	Nil	NM	16.20	NR	75	NA	NA
Web.com Group	WWWV	250	9.06	16.01/6.47	1.21	Nil	NM	9.60	NR	10	NA	44.6

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 28, 2011**

UP 4.71 to 30.62... STMP posts \$0.37 vs. \$0.30 non-GAAP EPS Q3 on 20% sales rise. S&P Capital IQ consensus was \$0.29.

October 28, 2011

Stamps.com Inc. announced consolidated earnings results for the third quarter and nine months ended September 30, 2011. For the quarter, the company's total revenue was \$24.9 million, up 20% compared to the third quarter of 2010. GAAP net income was \$4.5 million or \$0.30 per fully diluted share. Non-GAAP income from operations was \$5.4 million. Non-GAAP net income was \$5.5 million or \$0.37 per diluted share compared to third quarter 2010 non-GAAP net income of \$3.5 million or \$0.24 per diluted. Income from operations was \$4.434 million as compared to \$2.592 million for the same period last year. Income before income taxes was \$4.567 million as compared to \$2.811 million for the same period last year. Non-GAAP pre-tax income was \$5.57 million. For the nine months, the company reported total revenues were \$74.365 million as compared to \$62.867 million for the same period last year. Income from operations was \$12.645 million as compared to \$1.435 million for the same period last year. Income before income taxes was \$13.079 million as compared to \$2.055 million for the same period last year. Net income was \$12.880 million as compared to \$5.815 million for the same period last year. Diluted per share was \$0.88 as compared to \$0.39 for the same period last year. The company currently expects total 2011 revenue to be in a range of \$92.5 million to \$102.5 million. This compares to the previous expectation in July of 2011 for total 2011 revenue of \$90 to \$100 million and the original expectation in February of 2011 of \$82.5 million to \$92.5 million. GAAP net income per share for 2011 is expected to be in a range of \$1.30 to \$1.50. Non-GAAP 2011 net income per fully diluted share is expected to be in a range of \$1.20 to \$1.40. This compares to the previous expectation in July of 2011 for non-GAAP 2011 net income per fully diluted share of \$1.10 to \$1.30 and the original expectation in February of 2011 of \$0.85 to \$1.05.

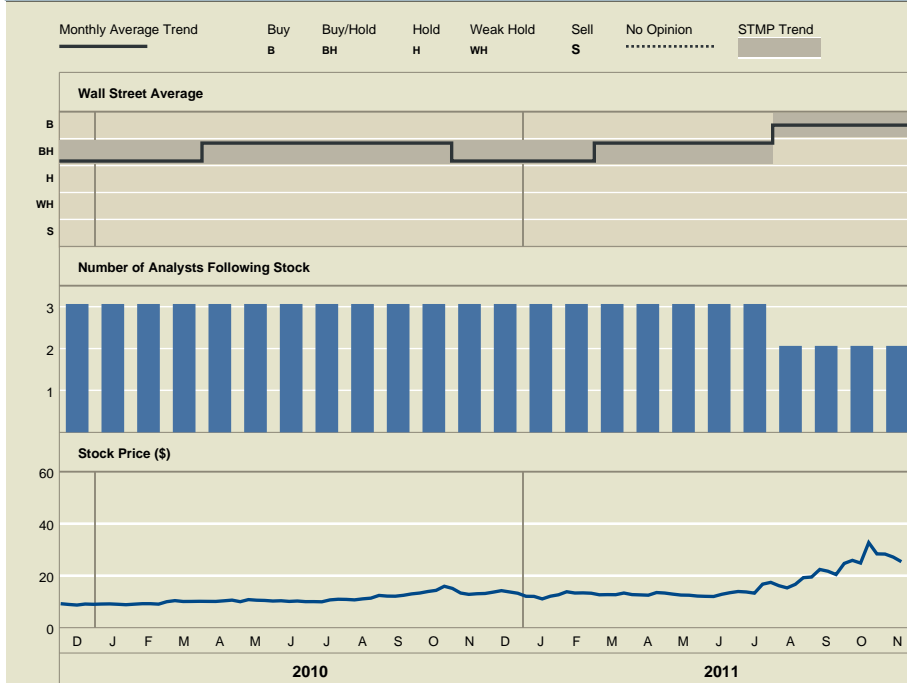
July 29, 2011

UP 2.62 to 16.30... STMP posts \$0.39 vs. \$0.07 Q2 EPS on 26% revenue rise. Posts \$0.45 Q2 non-GAAP EPS. Capital IQ consensus forecast was \$0.23. Raises \$85M-95M '11 revenue forecast to \$90M-\$100M. Raises \$0.90-\$1.10 '11 non-GAAP EPS to \$1.10-\$1.30.

July 29, 2011

Stamps.com Inc. announced unaudited consolidated earnings results for the second quarter and six months ended June 30, 2011. For the quarter, the company reported total revenues of \$26.630 million against \$21.189 million a year ago. Income from operations was \$5.627 million against loss from operations of \$3.211 million a year ago. Income before income taxes was \$5.772 million against loss before income taxes of \$2.981 million a year ago. Net income was \$5.677 million or \$0.39 per diluted share against \$0.941 million or \$0.07 per diluted share a year ago. Excluding the stock-based compensation expense, second quarter 2011 non-GAAP net income was \$6.5 million or \$0.45 per fully diluted share based on fully diluted shares outstanding of 14.5 million. This compares to second quarter 2010 non-GAAP net income of \$2.9 million and non-GAAP net income per fully diluted share of \$0.20. For the six months, the company reported total revenues of \$49.447 million against \$42.178 million a year ago. Income from operations was \$8.211 million against loss from operations of \$1.157 million a year ago. Income before income taxes was \$8.512 million against loss before income taxes of \$0.756 million a year ago. Net income was \$8.352 million or \$0.57 per diluted share against \$3.086 million or \$0.21 per diluted share a year ago. The company currently expects total 2011 revenue to be in a range of \$90 to \$100 million. This compares to the previous expectation for total 2011 revenue of \$85 to \$95 million and the original expectation in February of 2011 of \$82.5 to \$92.5 million. GAAP net income per share for 2011 is expected to be in a range of \$0.87 to \$1.07, including approximately \$3.3 million of stock-based compensation expense. Excluding the stock-based compensation expense, non-GAAP 2011 net income per fully diluted share is expected to be in a range of \$1.10 to \$1.30. This compares to the previous expectation for non-GAAP 2011 net income per fully diluted share of \$0.90 to \$1.10 and the original expectation in February of 2011 of \$0.85 to \$1.05.

Analysts' Recommendations



Of the total 3 companies following STMP, 2 analysts currently publish recommendations.

	No. of Ratings	% of Total	1 Mo. Prior	3 Mos. Prior
Buy	1	50	2	2
Buy/Hold	0	0	0	0
Hold	1	50	0	0
Weak Hold	0	0	0	0
Sell	0	0	0	0
No Opinion	0	0	0	0
Total	2	100	2	2

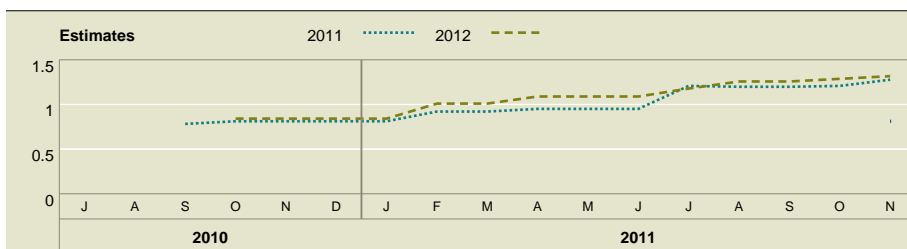
Wall Street Consensus Opinion

BUY/HOLD

Companies Offering Coverage

B. Riley & Co., LLC
Craig-Hallum Capital Group LLC
Needham & Company

Wall Street Consensus Estimates



Fiscal Years	Avg Est.	High Est.	Low Est.	# of Est.	Est. P/E
2012	1.33	1.34	1.32	2	19.1
2011	1.29	1.32	1.26	2	19.7
2012 vs. 2011	▲ 3%	▲ 2%	▲ 5%	0%	▼ -3%
Q4'12	0.30	0.31	0.29	2	84.6
Q4'11	0.25	0.27	0.22	2	NM
Q4'12 vs. Q4'11	▲ 20%	▲ 15%	▲ 32%	0%	NA

Wall Street Consensus vs. Performance

For fiscal year 2011, analysts estimate that STMP will earn \$1.29. For the 3rd quarter of fiscal year 2011, STMP announced earnings per share of \$0.30, representing 23% of the total annual estimate. For fiscal year 2012, analysts estimate that STMP's earnings per share will grow by 3% to \$1.33.

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.

Glossary

S&P Quality Ranking - Growth and stability of earnings and dividends are deemed key elements in establishing S&P's quality ranking for common stocks, which are designed to capsule the nature of this record in a single symbol. It should be noted that, 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	Lower
A	High	B-	Below Average
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 stock 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; 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.

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.

Fair Value Calculation - The current price at which a stock should sell today as calculated by S&P's computers using our quantitative model based on the company's earnings, growth potential, return on equity relative to the S&P 500 and its industry group, price to book ratio history, current yield relative to the S&P 500, and other factors.

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.

Standard & Poor's IQ Rationale:
Stamps.com Inc

	Raw Score	Max Value
Proprietary S&P Measures	10	115
Technical Indicators	28	40
Liquidity/Volatility Measures	12	20
Quantitative Measures	21	75
IQ Total	71	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, 67 Industries, and 147 Sub-Industries.

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

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