



BIDZ.com, Inc.
Buy

BIDZ - \$10.79
Price Target: \$20.00

BIDZ: 4Q EBIT Up 7x, Guides Up A Hair; Raise '08E And '09E Slightly; Buy

THINK ACTION:

4Q07 sales soared 68%, *much* better than might have been guessed from the hint of "beating up-52% guidance." EBIT rose by 7x, better than guidance of "only" 5x. While leaving previous 2008 sales guidance in place (now a smaller increase on a larger base), profit guidance was raised slightly. **We are raising our 2008E (taxed) EPS by \$0.02 to \$0.56**, \$0.03 above upward-revised, though, "because of the uncertain environment," admittedly "conservative" guidance. **We are raising 2009E** from \$0.65-0.70 to \$0.70-0.75. **We continue to rate BIDZ shares Buy and our 12-month price target remains \$20.**

KEY POINTS:

Calibrating "new" seasonality as growth slows to a mere 28% would be challenge enough (we raised 2008E revenues to \$240M though guidance remains \$225-230M), but "comparing" the profitability of a business producing "a better balance of growth and profitability" against 2007's profitability surprises is even more of a challenge, especially for the second half, where 2007's 31%-plus gross margin is two full points above "guided-to" 2008 margin. **Though the company says that it plans to buy back stock as soon as possible, "guidance" assumes NO share repurchase.**

More consistent availability of in-demand styles continues to improve conversion and satisfaction: average value per unit rose 24%, average units per order rose 11%, and the number orders rose 18%. **Plainly, the company's ability to buy and stock what's most salable—rather than what happens to be available from vendors who will give the company credit—has done wonders for demand and may well keep top-line momentum high...** and even more above guidance than we are currently willing to forecast.

Management plans to balance growth and margin better and plainly has more "margin" to work with, too. BIDZ' program of buying larger quantities of goods than would "naturally" be salable *provided* that the vendor contributes to "coop" advertising has supported a level of marketing that has delivered traffic that has, in turn, supported **both higher sales and MUCH richer margin** than management (and the vendors) might have expected.

BIDZ' program to produce goods to order, stuff that is consistently salable but not always available, has been put on hold. **With retail jewelry chains reducing commitments and reducing inventories, BIDZ buyers confront an embarrassment of riches.** (One chain has announced a plan to reduce inventory by \$100 million and others may be taking similar action, but more quietly.)

Nothing is in our model (yet) for the company's fixed-price site, BUYZ.com, set to launch in May. If it contributes something on its own and a bit of incremental traffic to BIDZ.com, BUYZ.com could be meaningful in 2009 and beyond.

We continue to rate BIDZ shares Buy, and our 12-month price target remains \$20.

Reason for Report:
Estimate Revision

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Changes	Current	Previous
Rating	Buy	--
Price Target	\$20.00	--
FY07A REV(mil)	\$187.1A	\$182.1E
FY08E REV(mil)	\$239.7E	\$235.1E
FY07A EPS	\$0.71A	\$0.58E
FY08E EPS	\$0.56E	\$0.54E
FY07A EPS	\$0.49A	\$0.43E
FY08E EPS	\$0.56E	\$0.54E

52 Week High:	\$22.50
52 Week Low:	\$4.90
Shr.O/S-Diluted (mil):	23.8
Mkt Cap (mil):	\$256.8
Avg Daily Vol:	987,392
Short Interest:	NA
Debt/Total Cap.:	0.0%
Net Cash per Share:	\$0.05
P/E (12-mo. Fwd):	19.8x
Est. LT EPS Growth:	30.0%
P/E/G:	66%
Fiscal Year End:	Dec

REV(mil)	2006A	2007A	2008E
Mar	\$34.7A	\$44.7A	\$60.7E
Jun	\$32.4A	\$39.1A	\$49.6E
Sep	\$27.1A	\$40.1A	\$52.4E
Dec	<u>\$37.6A</u>	<u>\$63.2A</u>	<u>\$77.0E</u>
FY	\$131.8A	\$187.1A	\$239.7E
CY	NA	NA	NA

FY P/S	1.9x	1.4x	1.1x
CY P/S	1.9x	1.4x	1.1x

EPS	2006A	2007A	2008E
Mar	\$0.14A	\$0.14A	\$0.15E
Jun	\$0.01A	\$0.12A	\$0.10E
Sep	\$0.04A	\$0.14A	\$0.11E
Dec	<u>\$0.04A</u>	<u>\$0.29A</u>	<u>\$0.18E</u>
FY	\$0.23A	\$0.71A	\$0.56E
CY	NA	NA	NA
FY P/E	46.9x	15.2x	19.3x
CY P/E	46.9x	15.2x	19.3x

At normalized tax rate:

EPS	2006A	2007A	2008E
Mar	\$0.09A	\$0.09A	\$0.15E
Jun	\$0.03A	\$0.09A	\$0.10E
Sep	\$0.03A	\$0.12A	\$0.11E
Dec	<u>\$0.03A</u>	<u>\$0.17A</u>	<u>\$0.18E</u>
FY	\$0.17A	\$0.49A	\$0.56E
CY	NA	NA	NA
FY P/E	63.5x	22.0x	19.3x
CY P/E	63.5x	22.0x	19.3x

Please see analyst certification (Reg. AC) and other important disclosures on pages 8-9 of this report.



Hitting on lots of cylinders... and some just starting, too...

"More of the Same," Second Chance," and "Viewer's Choice" programs continue to deliver improved sales along with improved gross margins, but the acceleration—with richer margin still—plainly comes from offering **more of the right stuff** and having vendors support **higher marketing**... and the higher marketing has delivered **higher traffic** and traffic increased more than availability so that **sales and margin exceeded expectations**.

With funds from the vendor coop ad program, **sales and marketing rose sharply in the quarter**, from an admittedly low number last year, and the cost of acquiring a new customer rose sharply in the quarter, though only slightly for the year; marketing cost per average order rose sharply for the quarter, but modestly for the year...

		2004	2005	2006	2007	2008E	2009E
Sales and Marketing per (gross) ORDER	1Q	\$4.17	\$4.26	\$9.12	\$8.61	\$11.11	\$11.22
	2Q	5.07	4.09	11.01	7.83	10.42	10.63
	3Q	5.10	5.43	10.75	9.80	11.07	11.29
	4Q	4.34	8.75	7.38	13.73	13.73	14.01
	Y	\$4.63	\$5.90	\$9.37	\$10.40	\$11.81	\$12.03
Sales and Marketing per NEW BUYER	1Q	\$29.23	\$34.07	\$37.84	\$44.78	\$59.19	\$59.78
	2Q	31.23	31.52	49.34	37.64	51.32	53.21
	3Q	35.07	27.13	51.22	43.41	49.45	51.28
	4Q	31.04	34.02	35.83	50.53	48.90	51.95
	Y	\$31.63	\$31.82	\$42.74	\$45.40	\$51.61	\$53.70

Source: Company reports and ThinkEquity Partners LLC estimates.

Partly because some of that vendor coop becomes an offset to inventory cost (and a reduction in the cost of sales), **gross profit per average order more than doubled in the quarter and rose 59% for the year**. Some momentum from this source should continue into and maybe through the first half, too. Beyond that, we have taken a cautious view of the company's ability to replicate so much incremental success.

		2004	2005	2006	2007	2008E	2009E
Gross Profit per Average Order	1Q	\$23.49	\$17.76	\$34.77	\$36.87	\$46.01	\$47.12
	2Q	21.13	20.45	29.84	42.19	45.50	46.61
	3Q	23.59	20.06	28.30	51.69	49.89	50.91
	4Q	18.32	28.35	22.41	48.85	46.41	47.05
	Y	\$21.27	\$22.15	\$28.38	\$45.02	\$46.83	\$47.76
Pct Change	1Q		-24%	96%	6%	25%	2%
Gross Profit per Average Order	2Q		-3%	46%	41%	8%	2%
	3Q		-15%	41%	83%	-3%	2%
	4Q		55%	-21%	118%	-5%	1%
	Y	47%	4%	28%	59%	4%	2%

Source: Company reports and ThinkEquity Partners LLC estimates.

It was a VERY good trade-off...

Sales and Marketing fell nicely, relative to gross profit dollars:

		2004	2005	2006	2007	2008E	2009E
Sales and Marketing, %	1Q	17.7%	24.0%	26.2%	23.4%	24.2%	23.8%
	2Q	24.0%	20.0%	36.9%	18.6%	22.9%	22.8%
Gross Profit Dollars	3Q	21.6%	27.1%	38.0%	19.0%	22.2%	22.2%
	4Q	23.7%	30.9%	32.9%	28.1%	29.6%	29.8%
	Y	21.8%	26.7%	33.0%	23.1%	25.2%	25.2%

Source: Company Reports and ThinkEquity Partners LLC estimates



A blow-out quarter: Sales better, margins better, EPS better

\$ millions, exc per share	4Q06A	4Q07E	4Q07A	Variance / Shr, TAXED
Total Revenues	\$37.6	\$58.2	\$63.2	\$ 0.01
Pct Change	22.6%	54.6%	68.0%	
Recent Guidance WAS			\$56-\$58	
Gross Profit	\$7.7	\$15.6	\$19.8	\$ 0.09
Gross Profit RATE	20.4%	26.8%	31.3%	\$ 0.06
Sales & Marketing	\$2.5	\$3.7	\$5.6	\$ (0.04)
Percent of Sales	6.7%	6.4%	8.8%	
General and Administrative	4.0	5.8	5.7	\$ 0.00
Percent of Sales	10.6%	9.9%	9.0%	
Operating Inc (EBIT)	\$1.1	\$5.9	\$8.4	\$ 0.06
Pct Change	-42%	461%	694%	
Operating Margin	2.8%	10.2%	13.2%	
Recent Guidance EBIT WAS			\$5.6-\$6.0	
Tax Rate ("Reported")	-0.1%	20.8%	0.4%	
EPS, TAXED Pro forma, X Unus	\$0.03	\$0.13	\$0.17	\$ 0.05
Net Inc, Reported	\$0.04	\$0.17	\$0.29	\$ 0.12
Shares Outstanding, FD	23.83	27.90	28.50	

Discrepancies due to rounding.

Source: Company Reports and ThinkEquity Partners LLC estimates.

Valuation... for a company that earns very high returns... and could put more capital to work

Our return-on-investment-based valuation approach analyzes market value relative to the company's *investment*, rather than to earnings (or proxies thereof, such as EBITDA or cash flow), conditioning that valuation according to prospective (operating) returns on that investment. **Simply put, higher return assets are worth more.** (For a complete description of our returns-driven approach to valuation and other wrinkles of our methodology, including discussions of valuation histories of companies in the computer, software, consumer products, pharmaceutical, financial services and energy sectors, see our report, *Forecasting Stock Prices*, v. 3.01, dated August 17, 2006, available at http://www.thinkequity.com/research/research_library.html.)

BIDZ.com earns very attractive returns on net operating assets, mainly because, unlike most "jewelry retailers," where inventory can turn twice a year (relative to sales) or only once a year (relative to cost of sales), **BIDZ turns inventory very rapidly.**

		2004	2005	2006	2007	2008E	2009E
Average Inventory Turnover (X) to Mdse SALES	1Q	2.3X	2.0X	2.1X	1.4X	1.3X	1.4X
	2Q	2.4X	2.1X	1.9X	1.4X	1.5X	1.5X
	3Q	2.0X	2.1X	1.4X	1.1X	1.2X	1.2X
	4Q	1.9X	2.1X	1.3X	1.2X	1.3X	1.3X
	Y	8.4X	8.3X	6.5X	5.0X	5.2X	5.5X
Average Inventory Turnover (X) to COST of SALES	1Q	1.9X	1.6X	1.5X	1.0X	0.9X	1.0X
	2Q	2.0X	1.7X	1.4X	1.0X	1.0X	1.1X
	3Q	1.6X	1.7X	1.1X	0.8X	0.9X	0.9X
	4Q	1.6X	1.6X	1.1X	0.8X	0.9X	1.0X
	Y	6.9X	6.6X	5.0X	3.6X	3.7X	3.9X

Source: Corporate reports and ThinkEquity Partners LLC estimates.



Now that BIDZ is better financed, the company can buy more consistently salable inventory rather than what happens to be available from those vendors who would provide credit. What's more, a diversity of sources should facilitate more picking and choosing. Thus, **more salable inventory has plainly contributed to improved and more-consistently managed gross profit margin, and the downside of declining turnover seems to have been modest and looks to be mostly recoverable... even as the investment AND the business are much bigger.**

		2004	2005	2006	2007	2008E	2009E
Gross Mgn Return	1Q	47%	36%	55%	34%	38%	40%
Avg Inv Investment	2Q	41%	42%	45%	39%	42%	45%
	3Q	40%	43%	35%	36%	35%	37%
	4Q	34%	53%	27%	38%	38%	40%
	Y	159%	178%	154%	147%	151%	160%

Source: Corporate reports and ThinkEquity Partners LLC estimates.

Our forecast of overall returns (i.e., following year operating profit relative to the company's year-end net operating assets) assumes that deteriorating investment turnover **will offset some of the effects of improved margins over the next year or two and that BIDZ.com will continue to earn extremely attractive returns on investment.**

RONOA Derivation, Prospective						
BIDZ, FYE December	2004	2005	2006	2007	2008E	2009E
Net Optg Assets T/O, FWD 12-mos)	16.72x	18.58x	18.15x	7.10x	7.84x	7.69x
Optg Pft Mgn (FWD 12-mos)	3.5%	5.1%	11.2%	10.9%	11.3%	11.6%
Prospective RONO	58%	95%	203%	77%	89%	89%

Source: Company reports and ThinkEquity Partners LLC estimates.

Our return-on-investment based valuation analysis suggests that a stock price in the \$20 range is possible by year end 2008. That valuation analysis and forecast is as follows:

BIDZ: FYE DECEMBER	Valuation Analysis# and Forecast					
Bidz.com, FYE December	2004	2005	2006	2007	2008E	2009E
RONOA Following 12 mos	58%	95%	203%	77%	89%	89%
"As if" return @ stated CRE	80%	85%	90%	80%	84%	88%
Multiplier (RONOA ÷ TRP)	18.82x	14.66x	16.67x	16.00x	17.14x	17.60x
X Net Optg Assets, \$ Millions	\$5.4	\$7.1	\$10.3	\$33.8	\$38.3	\$48.1
= Pred'd Tot Value, EXCL Cash	\$102	\$104	\$172	\$540	\$657	\$846
Plus: CASH	0.0	0.0	0.4	4.8	9.5	11.6
Less: DEBT (incl Cvt)	6.5	5.3	3.9	5.9	5.2	4.3
= Pred'd Equity Mkt Val, \$ Millions	\$95	\$99	\$168	\$539	\$661	\$853
Predicted Stock Price	\$3	\$4	\$7	\$19	\$23	\$30
EPS, "as if taxed"	\$0.02	\$0.08	\$0.17	\$0.49	\$0.56	\$0.72
Pred P/coming yr E	45x	24x	14x	34x	32x	33x
Pred P (EX CASH) / Coming Yr E			14x	34x	32x	33x
EBITDA/ Share		\$0.14	\$0.30	\$0.75	\$0.94	\$1.22
Predicted Price/coming Yr EBITDA			9.4x	20.2x	18.9x	19.7x
Pred P (EX CASH) / Com Yr EBITDA			9.4x	20.0x	18.7x	19.4x

Source: Company reports and ThinkEquity Partners LLC estimates.

BIDZ.com shares are rated Buy. Our 12-month price target remains \$20.



Quarterly Earnings Analysis (\$M, exc/share)							
BIDZ: FYE DECEMBER		2004	2005	2006	2007	2008E	2009E
Net Revenue	1Q	\$14.90	\$20.72	\$34.69	\$44.72	\$60.72	\$75.59
	2Q	15.94	18.05	32.43	39.12	49.60	62.28
	3Q	15.34	21.10	27.06	40.05	52.43	65.18
	4Q	19.15	30.71	37.63	63.23	76.99	97.27
	Y	\$65.324	\$90.579	\$131.82	\$187.13	\$239.74	\$300.33
Gross Profit	1Q	\$2.98	\$3.75	\$9.18	\$11.13	\$17.38	\$21.75
	2Q	2.71	3.62	7.69	10.87	14.45	18.25
	3Q	3.11	4.34	6.66	12.70	15.23	19.16
	4Q	3.44	7.62	7.66	19.75	22.57	28.68
	Y	\$12.252	\$19.322	\$31.190	\$54.45	\$69.63	\$87.85
General and Administrative	1Q	\$1.94	\$2.59	\$3.35	\$4.84	\$6.03	\$7.12
	2Q	2.05	2.50	3.44	4.98	6.18	7.32
	3Q	2.21	2.43	3.05	4.95	6.22	7.62
	4Q	2.60	3.42	4.01	5.68	6.92	8.72
	Y	\$8.800	\$10.938	\$13.85	\$20.46	\$25.37	\$30.80
Sales & Marketing	1Q	\$0.50	\$0.88	\$2.41	\$2.60	\$4.19	\$5.17
	2Q	0.61	0.71	2.84	2.02	3.30	4.14
	3Q	0.65	1.16	2.53	2.41	3.37	4.23
	4Q	0.80	2.33	2.52	5.55	6.66	8.49
	Y	\$2.542	\$5.078	\$10.30	\$12.58	\$17.53	\$22.03
Depreciation & Amort.	1Q	\$0.03	\$0.04	\$0.05	\$0.07	\$0.16	\$0.20
	2Q	0.03	0.04	0.07	0.11	0.17	0.22
	3Q	0.04	0.04	0.07	0.16	0.18	0.24
	4Q	0.04	0.04	0.08	0.15	0.19	0.26
	Y	\$0.139	\$0.157	\$0.273	\$0.50	\$0.69	\$0.94
Operating Income	1Q	\$0.52	\$0.24	\$3.37	\$3.61	\$6.99	\$9.26
	2Q	0.03	0.37	1.34	3.76	4.80	6.56
	3Q	0.21	0.70	1.01	5.18	5.46	7.06
	4Q	0.01	1.83	1.05	8.36	8.80	11.20
	Y	\$0.77	\$3.15	\$6.76	\$21.15	\$26.39	\$34.49
Net Interest Expense (Income)	1Q	\$0.00	\$0.00	(\$0.02)	\$0.08	\$0.05	\$0.03
	2Q	0.00	0.00	(0.04)	0.08	0.02	0.04
	3Q	0.00	(0.00)	(0.02)	(0.03)	0.02	0.05
	4Q	0.00	(0.01)	0.05	0.12	0.02	0.06
	Y	\$0.00	(\$0.01)	(\$0.03)	\$0.26	\$0.12	\$0.18
Pre-Tax Inc	1Q	\$0.52	\$0.24	\$3.38	\$3.53	\$6.94	\$9.23
	2Q	0.03	0.37	1.38	3.68	4.78	6.52
	3Q	0.21	0.71	1.02	5.21	5.43	7.01
	4Q	0.01	1.84	1.01	8.24	8.78	11.14
	Y	\$0.77	\$3.16	\$6.80	\$20.90	\$26.28	\$34.31
Net Income Reported	1Q	\$0.52	\$0.24	\$3.29	\$3.44	\$4.16	\$5.54
	2Q	0.03	0.22	1.38	2.92	2.87	3.91
	3Q	0.21	0.42	1.00	3.56	3.26	4.21
	4Q	0.01	2.20	1.01	8.21	5.27	6.68
	Y	\$0.77	\$3.08	\$6.68	\$18.36	\$15.90	\$20.75
Net Income TAXED	1Q	\$0.31	\$0.15	\$2.03	\$2.12	\$4.16	\$5.54
	2Q	0.02	0.22	0.83	2.21	2.87	3.91
	3Q	0.13	0.42	0.61	3.13	3.26	4.21
	4Q	0.01	1.11	0.60	4.94	5.27	6.68
	Y	\$0.46	\$1.90	\$4.08	\$12.63	\$15.9	\$20.7
EPS, Reported FD B4 unusual items	1Q	\$0.02	\$0.01	\$0.14	\$0.14	\$0.15	\$0.19
	2Q	0.00	0.01	0.01	0.12	0.10	0.14
	3Q	0.01	(0.00)	0.04	0.14	0.11	0.15
	4Q	0.00	0.09	0.04	0.29	0.18	0.23
	Y	\$0.03	\$0.11	\$0.23	\$0.71	\$0.56	\$0.72
EPS, FD, X Unus "Tax Normalized"	1Q	\$0.01	\$0.01	\$0.09	\$0.09	\$0.15	\$0.19
	2Q	0.00	0.01	0.03	0.09	0.10	0.14
	3Q	0.00	0.02	0.03	0.12	0.11	0.15
	4Q	0.00	0.05	0.03	0.17	0.18	0.23
	Y	\$0.02	\$0.08	\$0.17	\$0.49	\$0.56	\$0.72
Avg Shs, FD, Y	Y	28.0	24.86	23.79	25.7	28.6	28.6

Source: Company Reports and ThinkEquity Partners LLC estimates



		YOY Change					
BIDZ: FYE DECEMBER		2004	2005	2006	2007	2008E	2009E
CHANGE: Revenues	1Q		39.1%	67.4%	28.9%	35.8%	24.5%
	2Q		13.3%	79.7%	20.6%	26.8%	25.6%
	3Q		37.5%	28.3%	48.0%	30.9%	24.3%
	4Q		60.4%	22.6%	68.0%	21.8%	26.4%
	Y	37.0%	38.7%	45.5%	42.0%	28.1%	25.3%
CHANGE: Gross Profit	1Q		30.3%	151.2%	21.2%	56.0%	25.0%
	2Q		41.5%	115.5%	41.4%	32.6%	26.0%
	3Q		44.0%	55.0%	90.6%	19.7%	25.5%
	4Q		124.5%	1.7%	157.8%	14.0%	26.7%
	Y	113.0%	63.3%	63.7%	74.6%	27.6%	25.9%
Sales & Marketing	1Q		76.1%	175.1%	8.0%	61.3%	23.2%
	2Q		18.0%	297.5%	-28.9%	63.6%	25.5%
	3Q		80.3%	117.6%	-4.9%	40.1%	25.5%
	4Q		192.6%	8.5%	120.1%	20.0%	27.5%
	Y	29.7%	99.8%	102.8%	22.1%	39.4%	25.7%
Selling, General and Administrative	1Q		42.0%	66.0%	29.3%	38.2%	20.3%
	2Q		21.0%	95.1%	12.1%	35.7%	21.1%
	3Q		25.4%	55.7%	32.8%	30.1%	23.8%
	4Q		68.7%	14.2%	72.3%	20.9%	27.0%
	Y	1.8%	40.9%	51.0%	37.3%	30.0%	23.4%
Operating Inc (Pro Forma)	1Q		-53.0%	1285.2%	7.3%	93.7%	32.4%
	2Q		1380.0%	262.4%	180.2%	27.7%	36.7%
	3Q		227.9%	42.6%	415.8%	5.3%	29.4%
	4Q		12978.6%	-42.5%	694.2%	5.2%	27.3%
	Y	-113.3%	308.4%	114.8%	212.7%	24.8%	30.7%
Quarterly MARGIN Analysis							
BIDZ.com FYE DECEMBER		2004	2005	2006	2007	2008E	2009E
Gross Profit Margin Reported (Total Revs)	1Q	20.3%	18.2%	26.5%	24.9%	28.6%	28.8%
	2Q	17.2%	20.1%	23.7%	27.8%	29.2%	29.3%
	3Q	20.4%	20.6%	24.6%	31.8%	29.1%	29.4%
	4Q	18.1%	24.9%	20.4%	31.3%	29.3%	29.5%
	Y	18.9%	21.4%	23.7%	29.2%	29.1%	29.3%
General and Administrative	1Q	13.0%	12.5%	9.7%	10.8%	9.9%	9.4%
	2Q	12.9%	13.9%	10.6%	12.7%	12.5%	11.8%
	3Q	14.4%	11.5%	11.3%	12.3%	11.9%	11.7%
	4Q	13.6%	11.1%	10.6%	9.0%	9.0%	9.0%
	Y	13.5%	12.1%	10.5%	10.9%	10.6%	10.3%
Sales and Marketing	1Q	3.3%	4.2%	6.9%	5.8%	6.9%	6.8%
	2Q	3.8%	4.0%	8.8%	5.2%	6.7%	6.7%
	3Q	4.2%	5.5%	9.4%	6.0%	6.4%	6.5%
	4Q	4.2%	7.6%	6.7%	8.8%	8.7%	8.7%
	Y	3.9%	5.6%	7.8%	6.7%	7.3%	7.3%
Sales, General and Administration	1Q	16.6%	16.9%	16.8%	16.8%	17.1%	16.5%
	2Q	16.9%	18.0%	19.6%	18.2%	19.5%	18.8%
	3Q	18.9%	17.2%	20.9%	18.8%	18.6%	18.6%
	4Q	17.9%	18.8%	17.6%	18.0%	17.9%	18.0%
	Y	17.6%	17.9%	18.5%	17.9%	18.2%	17.9%
Operating Margin (EBIT)	1Q	3.5%	1.2%	9.7%	8.1%	11.5%	12.2%
	2Q	0.2%	2.0%	4.1%	9.6%	9.7%	10.5%
B4 unusual items	3Q	1.4%	3.3%	3.7%	12.9%	10.4%	10.8%
	4Q	0.1%	6.0%	2.8%	13.2%	11.4%	11.5%
	Y	1.2%	3.5%	5.1%	11.3%	11.0%	11.5%

Source: Company Reports and ThinkEquity Partners LLC estimates



BALANCE SHEET (\$MM)

<i>BIDZ: FYE DECEMBER</i>	2004	2005	2006	2007	2008E	2009E
Receivables, Prepaids & Other	\$0.67	\$1.04	\$3.1	\$9.3	\$10.8	\$15.0
Inventory	10.73	15.92	34.3	56.7	65.3	77.7
Cash, ST Investments	0.01	0.01	0.4	4.8	9.5	11.6
Total Current Assets	\$11.4	\$17.0	\$37.8	\$70.8	\$85.5	\$104.3
Total, Prop & Equip, Net	\$0.3	\$0.4	\$0.5	\$1.3	\$2.4	\$3.6
Other Intangibles	0.15	0.15	0.2	0.2	0.2	0.2
Deposits, Other Assets	0.6	0.2	0.1	0.1	1.6	3.1
Total Assets	\$12.5	\$17.75	\$38.5	\$72.4	\$89.7	\$111.2
Accounts Payable	\$4.9	\$7.3	\$22.0	\$26.4	\$33.0	\$40.9
Accrued Liabs., Def Rev, Other	2.2	3.4	5.9	7.4	8.9	10.7
Trade Current Liabs.	\$7.1	\$10.6	\$27.9	\$33.8	\$41.9	\$51.5
ST Debt, Curr Mats	\$6.5	\$5.3	\$3.9	\$5.9	\$5.2	\$4.3
Long Term Debt, Leases	0.0	0.0	0.0	0.0	0.0	0.0
Total Debt, Capt'zd Leases	\$6.5	\$5.3	\$3.9	\$5.9	\$5.2	\$4.3
Stockholders' Equity	(\$1.1)	\$1.8	\$6.7	\$32.7	\$42.6	\$55.3
Total Liabs. & Equity	\$12.5	\$17.7	\$38.5	\$72.4	\$89.7	\$111.2

Source: Company Reports and ThinkEquity Partners LLC estimates

MEMORANDA:

Trade Working Capital	\$4	\$6	\$10	\$37	\$44	\$53
Trade Work Cap Excl Cash	4.3	6.3	9.6	32.2	34.2	41.2
Equity/Total Capital	-19.9%	25.1%	63.1%	84.6%	89.1%	92.8%
Book Value per Share	(\$0.04)	\$0.07	\$0.28	\$1.15	\$1.49	\$1.93

FUNDS FLOW (\$MM)

<i>BIDZ: FYE DECEMBER</i>	2004	2005	2006	2007	2008E	2009E
Optg SOURCES: Net, after Extr Items	\$0.77	\$2.64	\$5.39	\$18.36	\$15.90	\$20.75
Depr. & Amort (Ex Financ)	0.14	0.16	0.27	0.50	0.69	0.94
TOTAL Optg Sources	\$0.91	\$2.80	\$5.66	\$18.86	\$17	\$22
Optg USES: Capex	\$0.16	\$0.20	\$0.37	\$1.34	\$1.7	\$2.1
Tde Work Cap Ex Chng Cash	3.29	1.99	3.24	22.63	2	7
Change Other Assets	-	(0)	(0)	(0)	2	2
TOTAL Operating USES	\$3.45	\$1.83	\$3.49	\$23.97	\$5	\$11
Net Funds REQUIRED:	\$2.54	(\$0.96)	(\$2.17)	\$5.11	(\$11.37)	(\$10.99)
EXT Sources: Net Ch LT Dbt	\$0	\$0	\$0	\$0	\$0	\$0
Change in ST Debt, Current Mats	\$2.31	(\$1.19)	(\$1.37)	\$1.98	(1)	(1)
Equity Transactions, Adjsts	\$0.23	\$0.22	(\$0.44)	\$7.58	(\$6)	(\$8)
TOTAL SOURCES	\$2.5	(\$1.0)	(\$1.8)	\$9.6	(\$6.7)	(\$8.9)
LESS: Change in Cash	(\$0.0)	\$0.0	\$0.4	\$4.5	\$4.7	\$2.1
= Total Funds SUPPLIED:	\$2.54	(\$0.97)	(\$2.17)	\$5.12	(\$11.37)	(\$10.99)

Source: Company Reports and ThinkEquity Partners LLC estimates

RISKS TO PRICE TARGET:

Potential risks to our price target include increases in the cost of precious metals and precious and semi-precious stones; disruption of supply due to heavy reliance on two suppliers; Web site performance, reliability, and ability to retain a high volume of visitor traffic; and fluctuation in general economic conditions.

COMPANY DESCRIPTION:

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Important Disclosures

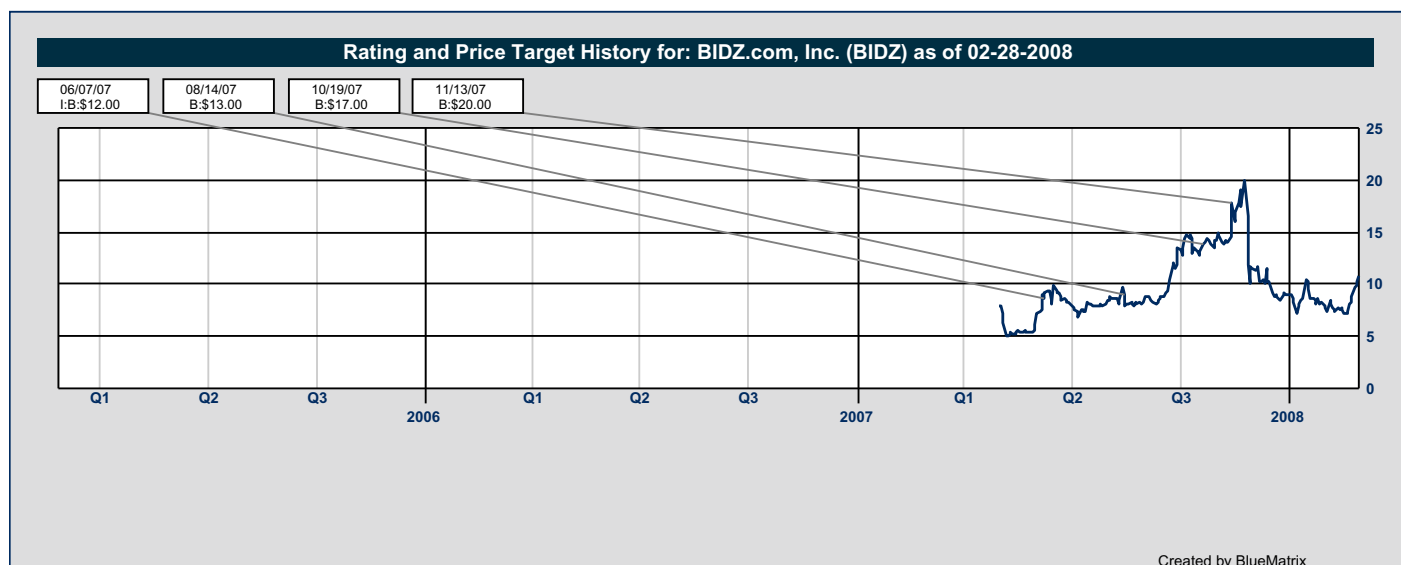
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ThinkEquity Partners

Rating	Count	Percent	IB Serv./Past 12 Mos.	
			Count	Percent
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HOLD [Acc]	49	23.44	7	14.29
SELL [S/SoF]	19	9.10	0	0.00

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