

Summary of differences between PayPal carve out financials/metrics in the Form 10 filing and those previously provided for eBay Inc.'s Payments segment

The process of separating PayPal Holdings Inc. from eBay Inc. has resulted in differences between PayPal historical combined ("carve out") financials/metrics in the Form 10 and those that have been previously provided for eBay Inc.'s Payments segment. For example:

- Revenue: Carve out includes certain intercompany transactions with eBay that are eliminated in eBay Inc.'s results.
- Operating Margin: Carve out includes allocations of corporate costs and other charges/credits not previously allocated to the Payments segment.
- Free cash flow: We previously stated 2014 pro forma FCF for PayPal was \$1.4B. This figure attributed approximately \$300M of PayPal cash use to operating activities, which we are now placing in cash use to investing activities in the Form 10. PayPal's updated 2014 FCF is \$1.7B.

The table below summarizes the differences as of February 25, 2015.

Note: The historical results of "New eBay" (i.e. the remaining operations of eBay, Inc. post the separation of PayPal) may not be derived by subtracting PayPal's results as presented in the Form 10 from those presented in eBay Inc.'s 10-K. This is due to a number of factors, including anticipated changes in costs resulting from the separation, potential differences between historical allocations, and the impact of the transfer of certain assets and liabilities to PayPal from eBay.

(In millions, unless otherwise noted)	PayPal Carve Out			Previously Provided		
	2014	2013	2012	2014	2013	2012
METRICS						
Number of payment transactions	3,964	3,261	2,663	3,636	2,958	2,401
YoY Growth %	22%	22%		23%	23%	29%
TPV	\$234,635	\$185,606	\$150,066	\$227,924	\$179,663	\$144,937
YoY Growth %	26%	24%		27%	24%	22%
% international	48%	48%	46%	49%	48%	47%
% Cross Border Trade (CBT)	24%	24%	24%	~25%	~25%	~25%
GAAP P&L						
Transaction revenue	\$7,107	\$5,992	\$5,028	\$7,218	\$6,096	\$5,146
YoY Growth %	19%	19%		18%	18%	25%
Other value-added services revenue	\$918	\$735	\$634			
YoY Growth %	25%	16%				
Marketing services & other revenue				\$686	\$532	\$428
YoY Growth %				29%	24%	48%
Total net revenue	\$8,025	\$6,727	\$5,662	\$7,904	\$6,628	\$5,574
YoY Growth %	19%	19%		19%	19%	26%
Free cash flow	\$1,728	\$1,602	\$1,054	\$1,400		
BALANCE SHEET						
Cash balances*	\$2,230	\$1,975				
NON-GAAP ITEMS						
Non-GAAP Operating Margin	21%	21%	21%			
Payments Segment Margin				23%	24%	24%
OTHER METRICS						
Transaction expense rate	0.92%	0.99%	1.01%	0.95%	1.03%	1.06%
Transaction and loan loss rate	0.28%	0.27%	0.24%	0.30%	0.31%	0.28%

* We expect ~\$5B cash balances at separation

