



eBay Announces Bold Changes Aimed At Improving Overall Customer Experience

President and CEO-elect John Donahoe unveils fundamental changes to fee structure, seller standards and feedback at eBay's eCommerce Forum

Washington, D.C., Jan. 29, 2008 - eBay (Nasdaq: EBAY) announced today that it is lowering fees for listing items, raising minimum selling standards, and offering its best sellers incentives and discounts for the first time in its history. These sweeping changes - which will be rolled out in eBay marketplaces globally - are aimed at improving the overall experience for eBay customers.

"Consumers have more choices than ever, and they expect more when they shop online today," said John Donahoe, the President and CEO-elect of eBay, in his keynote address at eBay's third annual eCommerce Forum.

Addressing more than 200 top North American sellers, Donahoe said, "We're serious about making eBay easier and safer to shop."

To improve the buying experience, the company announced it is making changes in three major areas that influence seller behavior: fee structure, seller incentives and standards, and feedback.

The fee changes, which vary by country, are intended to encourage sellers to list more items and use more pictures in listings, both of which are good for buyers. Starting Feb. 20 in the U.S., eBay is reducing its fees to list items (called "Insertion" fees) by 25 to 50 percent. eBay is balancing that change by increasing the fees it charges when an item is sold (called "Final Value" fees). Sellers prefer this structure, as it lowers their risk if an item doesn't sell. Donahoe noted to the audience, "Put simply, we will make more of our money when sellers are successful."

The company is also eliminating fees in the U.S. for its Gallery option, which should spur sellers to include more photos of the item for sale, something buyers normally want when they shop.

Coupled with the fee changes, eBay is also making a significant shift in the way it works with sellers. To start, the company is making its minimum standards more stringent for anyone who sells on the site, primarily to discourage behavior that causes buyer dissatisfaction, such as charging excessive shipping fees or not describing items accurately.

To this end, eBay will begin decreasing search exposure for the listings of sellers who have high rates of customer dissatisfaction. Also, the company will begin requiring a safe payment option, such as PayPal or a major credit card, for sellers who have lower rates of customer satisfaction or who sell in categories that have a high number of buyer complaints.

eBay is also setting the bar higher for sellers who aspire to its PowerSeller program. Qualified PowerSellers will receive valuable fee discounts and better payment protection from PayPal.

Donahoe also announced that eBay will begin increasing search exposure for the listings of sellers with the best buyer satisfaction ratings.

"It is our intention to reward great sellers," Donahoe said to the audience. "Sellers that describe items accurately, ship on time, and ship at a fair price will enjoy preferential pricing and discounts on eBay. We think this will significantly improve the buyer experience overall."

Lastly, Donahoe revealed that eBay will update its feedback system to reinforce healthy, vibrant trading and keep bringing buyers back to eBay.

More details about today's announcement, as well as a replay of the eCommerce Forum keynote, can be found in eBay's online press room at news.ebay.com.

The impact of the changes announced today was factored in to the financial guidance the company issued in conjunction with its fourth quarter earnings release on Wednesday, Jan. 23, 2008.

About eBay

Founded in 1995, eBay Inc. connects hundreds of millions of people around the world every day, empowering them to explore new opportunities and innovate together. eBay Inc. does this by providing the Internet platforms of choice for global commerce, payments and communications. Since its inception, eBay Inc. has expanded to include some of the strongest brands in the world, including eBay, PayPal, Skype, Shopping.com and others. eBay Inc. is headquartered in San Jose, California.

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