



Q4 2012 and Full Year 2012 Financial Highlights

January 16, 2013

- This presentation contains non-GAAP measures relating to the company's performance. You can find the reconciliation of those measures to the nearest comparable GAAP measures in the appendix at the end of this presentation. All growth rates represent year-over-year comparisons, except as otherwise noted.
- This presentation contains forward-looking statements relating to our future performance that are based on our current expectations, forecasts and assumptions and involve risks and uncertainties. These statements include, but are not limited to, statements regarding expected financial results for the first quarter and full year 2013 and future growth in the Payments, Marketplaces and GSI businesses.
- Our actual results may differ materially from those included in this presentation for a variety of reasons, including, but not limited to; changes in political, business, and economic conditions; foreign exchange rate fluctuations; the impact and integration of recent and future acquisitions; our need to successfully react to the increasing importance of mobile payments and mobile commerce and the social aspect of commerce; an increasingly competitive environment for our businesses; the complexity of managing an increasingly large enterprise, with a broad range of businesses; our need to manage regulatory, tax and litigation risks (including risks specific to PayPal and Bill Me Later); and our need to timely upgrade and develop our systems, infrastructure, and customer service capabilities at reasonable cost while maintaining site stability and performance and adding new products and features.
- You can find more information about factors that could affect our operating results in our most recent annual report on Form 10-K and our subsequent quarterly reports on Form 10-Q (available at <http://investor.ebayinc.com>). You should not rely on any forward-looking statements, and we assume no obligation to update them. All information in this presentation is as of January 16, 2013, and we do not intend, and undertake no duty, to update this presentation.

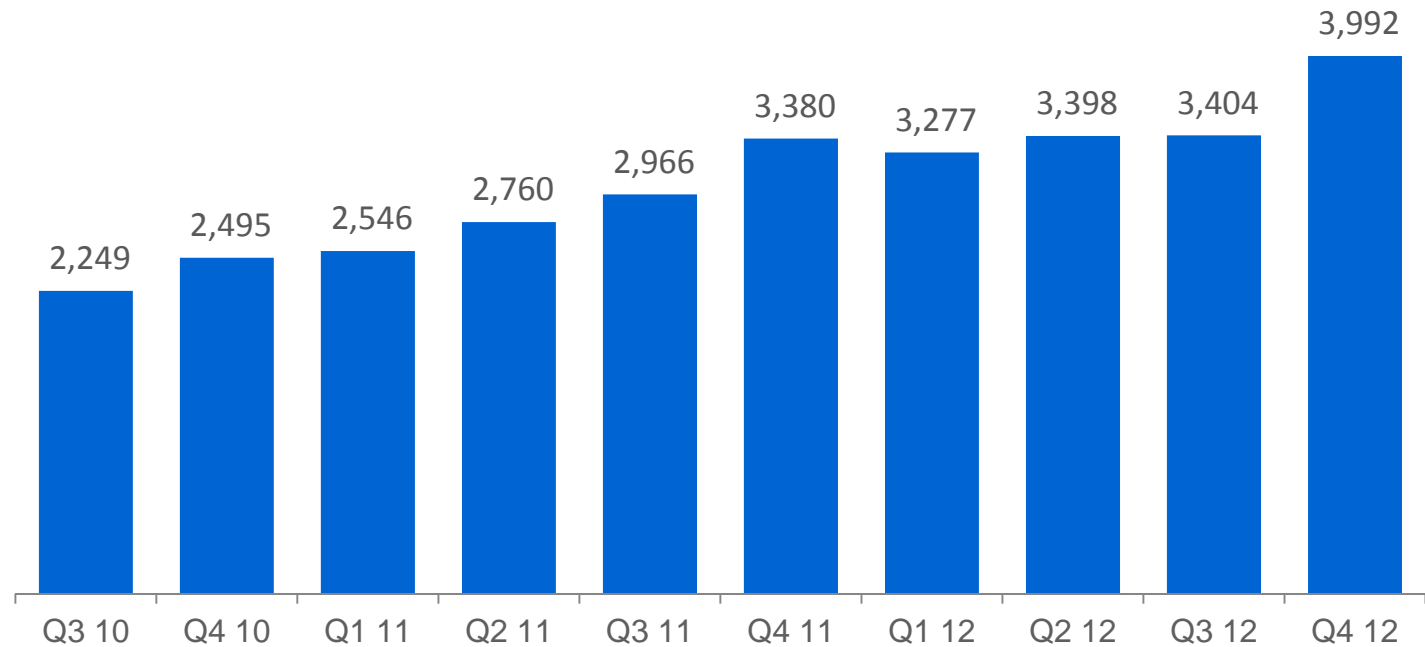
eBay Inc. 2012 Financial Highlights

- **Strong close to the year in Q4**
 - Top and bottom line exceeded our expectations
 - Accelerated user growth for both PayPal and Marketplaces
 - US non-vehicles GMV accelerated 3 points, up 19%
- **Excellent 2012**
 - Grew top line by 21% and Non-GAAP EPS by 16%
 - Generated \$2.6B of free cash flow
 - Mobile exceeded expectations...payment volume of \$14B and commerce volume of \$13B
- **On pace to exceed our 3 year plan, 2011-13**

Q4-12 Summary... Revenue

(\$ millions)

Revenue



Reported Y/Y Growth

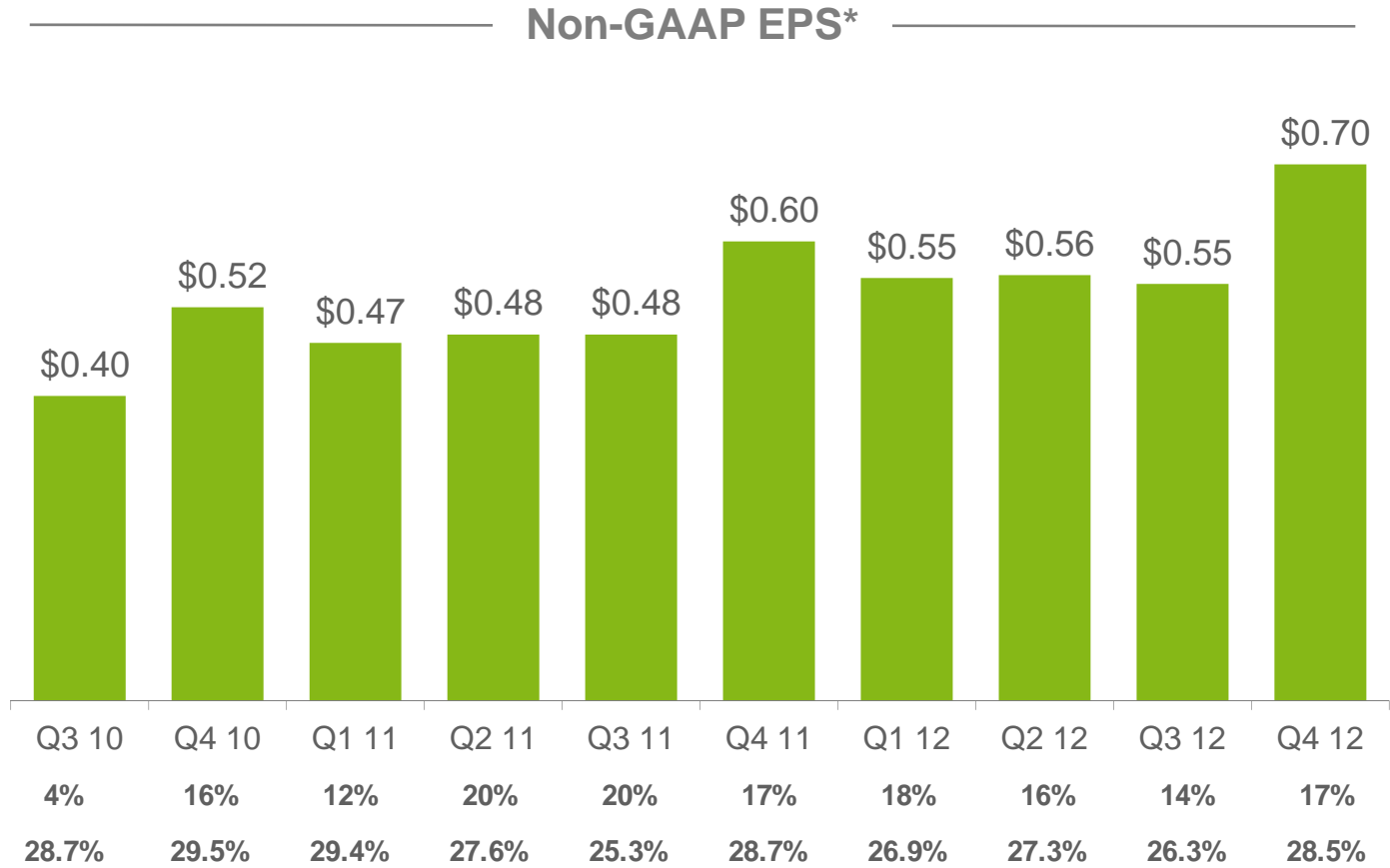
1% 5% 16% 25% 32% 35% 29% 23% 15% 18%

Organic Y/Y Growth*

12% 12% 14% 18% 18% 19% 18% 18% 18% 19%

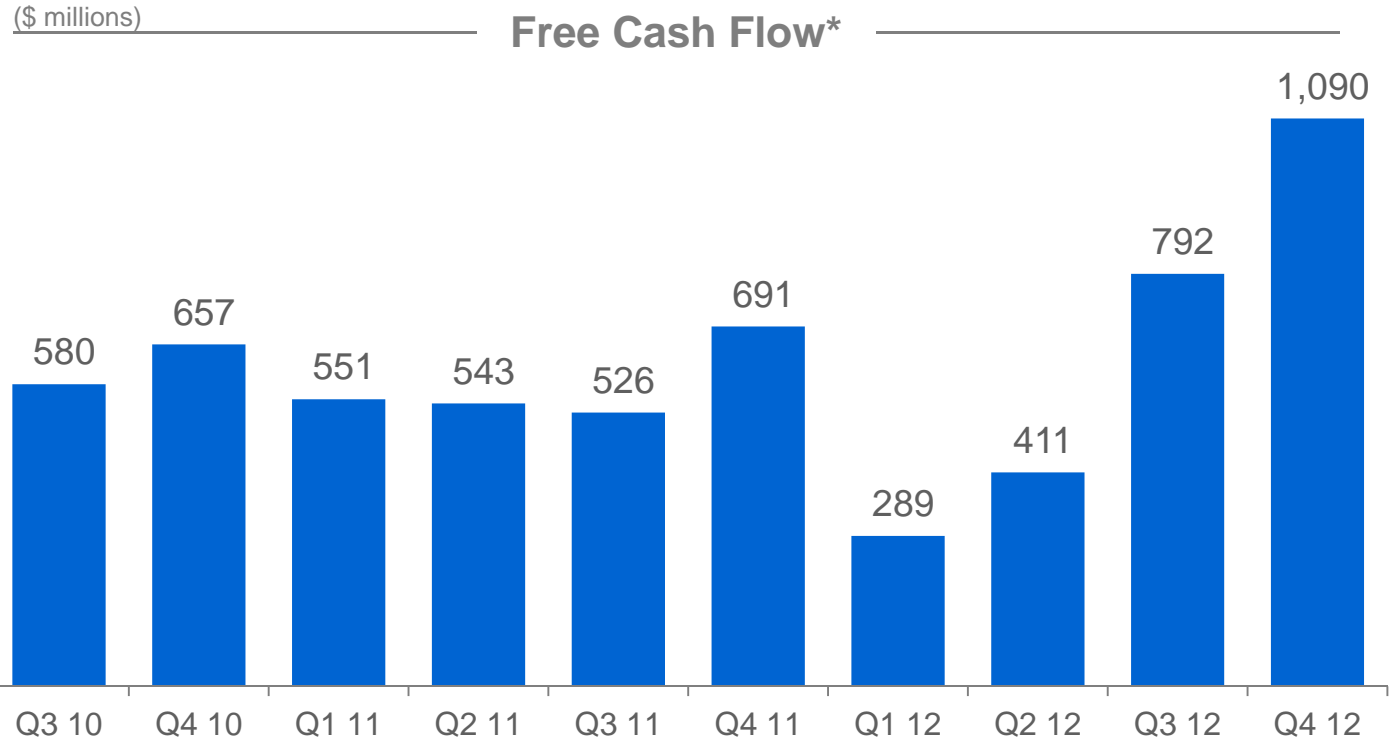
**Calculation of Organic Y/Y Growth is included in the Appendix of this presentation*

Q4-12 Summary... Non-GAAP EPS*



**Calculations of Non-GAAP EPS and Non-GAAP Op. Margin are included in the Appendix of this presentation*

Q4-12 Summary... Free Cash Flow* Generation



	Q3 10	Q4 10	Q1 11	Q2 11	Q3 11	Q4 11	Q1 12	Q2 12	Q3 12	Q4 12
Reported Y/Y Growth	3%	10%	107%	5%	-9%	5%	-48%	-24%	51%	58%
Capex % of Revenue	7%	8%	6%	9%	10%	9%	7%	10%	11%	7%
FCF* % of Revenue	26%	26%	22%	20%	18%	20%	9%	12%	23%	27%

*Calculation of Free Cash Flow is included in the Appendix of this presentation

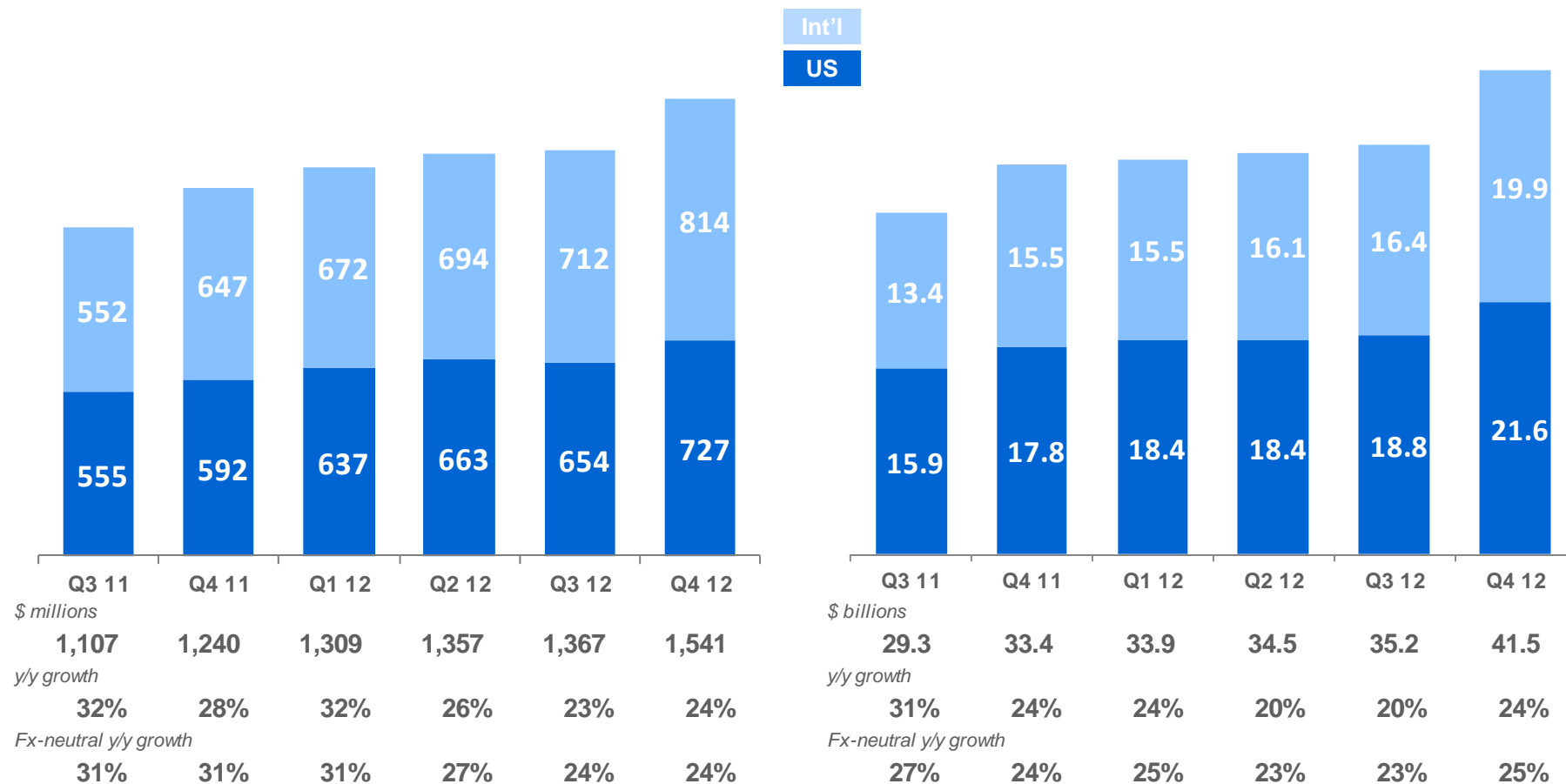
Business Update... Payments Revenue and Volume

(\$ millions)

Revenue*

(\$ billions)

TPV



* Starting Q1'12, includes inter-BU revenue, which is eliminated at the consolidated eBay Inc. level

Business Update... Payments Operating Metrics

(In millions, except %)

	Q3 11	Q4 11	Q1 12	Q2 12	Q3 12	Q4 12
Active Registered Accounts						
Global Active Accounts	103.0	106.3	109.8	113.2	117.4	122.7
Y/Y Growth	14%	13%	12%	13%	14%	15%
Net Number of Payments						
	459.2	548.1	555.7	564.8	589.2	691.7
Y/Y Growth	29%	30%	31%	31%	28%	26%
TPV						
On eBay	9,968	11,413	11,424	11,336	11,455	13,444
Y/Y Growth	22%	15%	17%	15%	15%	18%
Fx-Neutral Y/Y Growth	18%	16%	18%	18%	18%	18%
Merchant Services*	19,314	21,959	22,433	23,114	23,704	28,026
Y/Y Growth	36%	29%	28%	23%	23%	28%
Fx-Neutral Y/Y Growth	33%	29%	28%	26%	26%	28%
On eBay Penetration Rate						
Global	73.1%	74.4%	75.6%	75.6%	76.6%	76.6%
Take Rate	3.78%	3.71%	3.87%	3.94%	3.89%	3.72%
Transaction Expense	1.14%	1.04%	1.07%	1.07%	1.07%	1.03%
Loss Rate	0.31%	0.27%	0.26%	0.26%	0.30%	0.28%
Transaction Margin**	61.5%	64.8%	65.6%	66.3%	64.8%	64.7%
Payments Segment Margin	19.5%	24.7%	26.4%	25.8%	22.6%	23.0%

TPV growth driven by increased merchant coverage and share of checkout

Exceeded 2012 expectations for POS signing 23 merchants

2012 mobile payment volume of \$14B

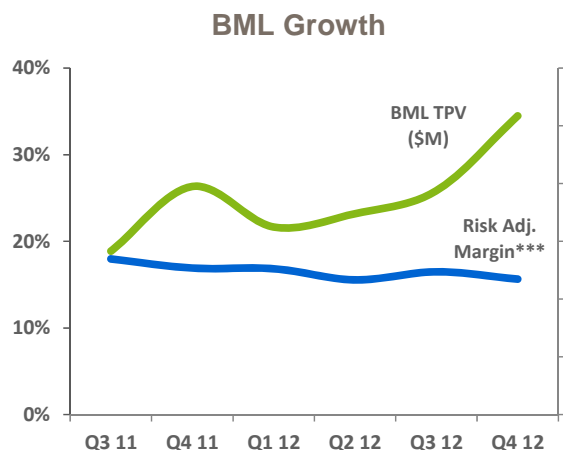
Segment margin declined primarily due to investments in consumer awareness, product initiatives and merchant ubiquity

* Merchant Services TPV includes TPV for Bill Me Later (whether used within or outside of the PayPal wallet) and Zong

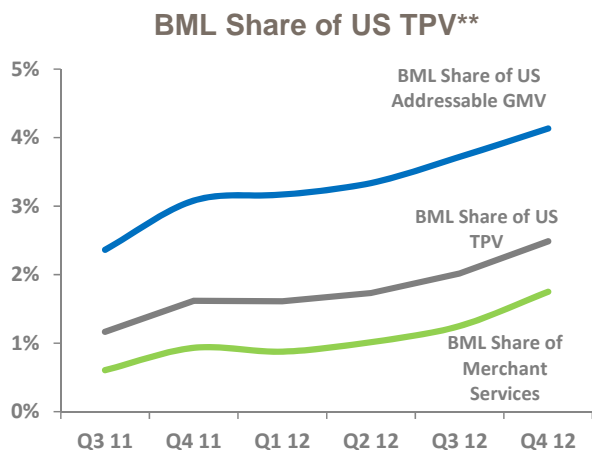
**Transaction Margin calculation has been adjusted to include total revenues (including revenue from credit and Zong), less transaction expense (including credit cost of funds), less transaction loss (including credit loan losses), divided by global take rate (based on global total revenues divided by total TPV)

Business Update... Credit Metrics

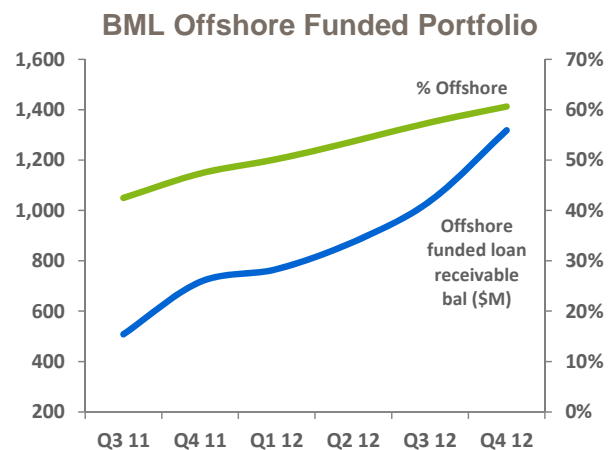
Portfolio Balance: \$2.3B*



Excellent growth...Good margins



Improved funding mix



Increasing returns on offshore cash

Credit Operating Metrics

	<u>Q3 11</u>	<u>Q4 11</u>	<u>Q1 12</u>	<u>Q2 12</u>	<u>Q3 12</u>	<u>Q4 12</u>
BML TPV (\$M)	566	790	650	696	775	1,034
BML TPV (Y-Y growth)	64%	44%	51%	39%	37%	31%
Portfolio Balance (\$M)	1,236	1,560	1,580	1,692	1,878	2,261
Risk Adjusted Margin***	18.0%	16.9%	16.8%	15.5%	16.5%	15.6%
Net Charge-offs	4.3%	4.4%	4.5%	4.6%	4.9%	5.3%

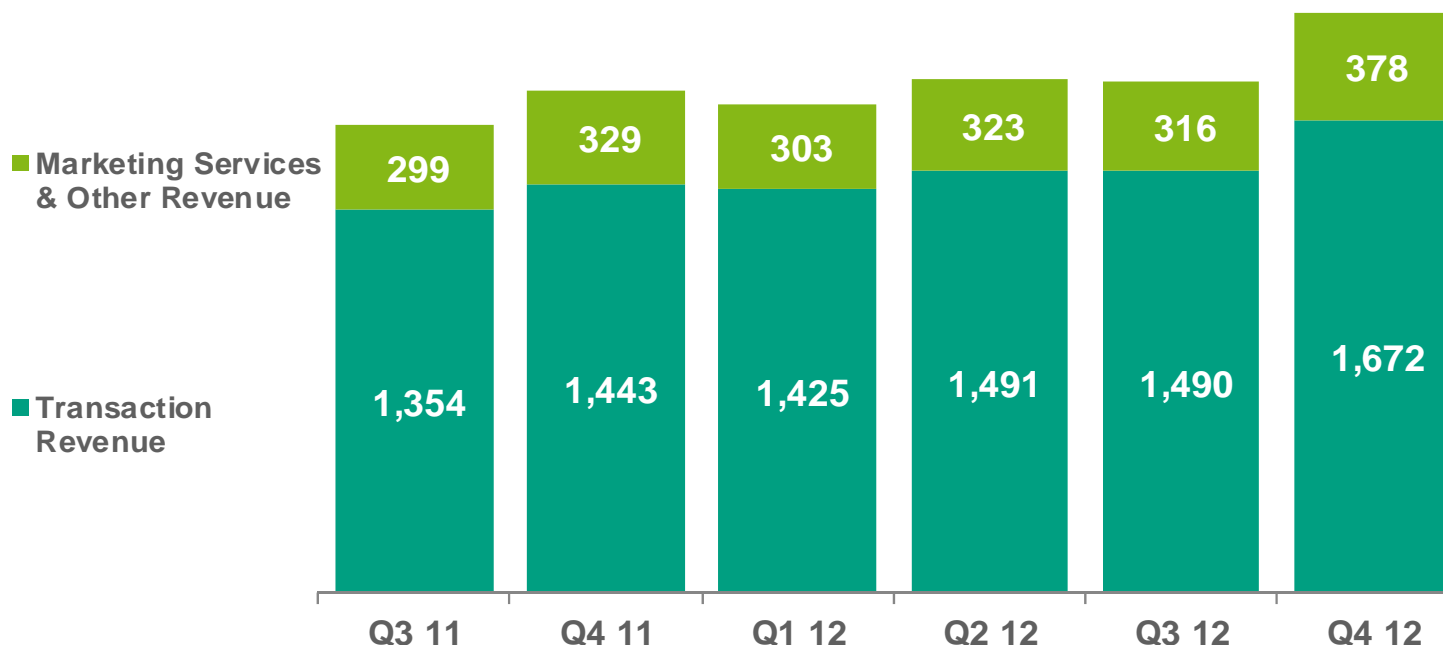
* Gross receivables balance as of 12/31/12

** % of US Marketplaces and Merchant Services TPV funded using Bill Me Later

*** Risk adjusted margin represents the annualized ratio of Bill Me Later revenue, excluding contra-revenue incentives to customers or merchants, less cost of funds less net credit and fraud losses relative to average loans receivable for the 3-month period

Business Update... Marketplaces Revenue

(\$ millions) Revenue*



	Q3 11	Q4 11	Q1 12	Q2 12	Q3 12	Q4 12
\$ millions	1,653	1,772	1,728	1,814	1,806	2,050
y/y growth	17%	16%	11%	9%	9%	16%
Fx-neutral y/y growth	12%	17%	13%	14%	13%	16%
% Int'l	59%	60%	59%	60%	58%	59%

* Starting Q1'12, includes inter-BU revenue, which is eliminated at the consolidated eBay Inc. level

Business Update... Marketplaces Operating Metrics

(In millions, except percentages)

	Q3 11	Q4 11	Q1 12	Q2 12	Q3 12	Q4 12
Active Users						
Global Active Users	98.7	100.4	102.4	104.8	108.3	112.3
Y/Y Growth	6%	6%	7%	8%	10%	12%
Sold Items						
Y/Y Growth in Sold Items	9.6%	11.3%	17.2%	19.7%	19.0%	17.4%
GMV						
US Non-Vehicles GMV	5,588	6,157	6,366	6,241	6,479	7,338
Y/Y Growth	14%	10%	13%	14%	16%	19%
Int'l Non-Vehicles GMV	9,078	10,333	9,840	9,930	9,801	11,767
Y/Y Growth	18%	9%	11%	8%	8%	14%
Fx-Neutral Y/Y Growth	10%	10%	13%	16%	15%	14%
Non-Vehicles GMV	14,666	16,490	16,206	16,171	16,281	19,105
Y/Y Growth	16%	10%	12%	10%	11%	16%
Fx-Neutral Y/Y Growth	11%	10%	13%	15%	15%	16%
Vehicles GMV	2,149	1,864	1,871	2,021	1,994	1,727
Y/Y Growth	0%	-3%	-9%	-10%	-7%	-7%
Fx-Neutral Y/Y Growth	-4%	-3%	-8%	-7%	-5%	-8%
Fixed price as a % of GMV	63%	64%	64%	65%	66%	68%
Segment Margin						
Marketplaces Segment Margin	38.5%	40.6%	38.7%	39.6%	39.0%	41.5%

Active user growth driven by mobile, site enhancements and emerging markets

2012 mobile commerce volume of \$13B

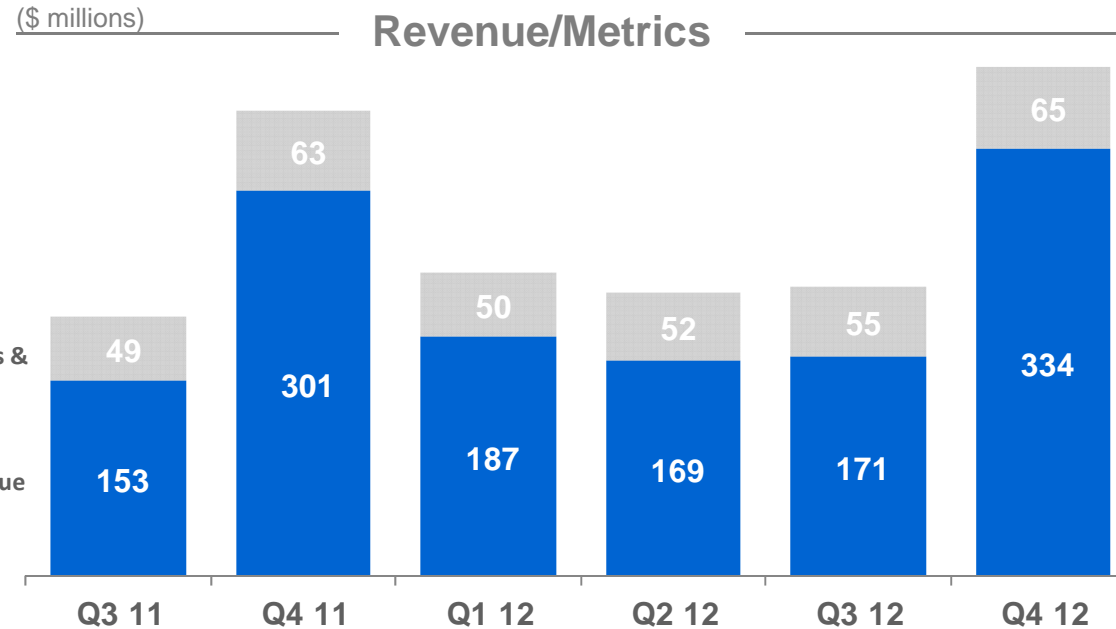
FX-neutral non-vehicles GMV growth driven primarily by improved customer experience, mobile engagement and strong performance in Clothing & Accessories and Home & Garden

Continued mix shift with fixed price GMV growth of 21%* Y/Y and auctions GMV growth of 5%* Y/Y

* FX neutral, excluding Vehicles



Business Update... GSI Revenue and Operating Metrics



Total Revenue*	203	364	237	221	226	398
<i>y/y growth</i>	8%	11%	15%	9%	12%	10%
GeC Merchandise Sales (GMS)**	601	1,362	715	674	698	1,595
<i>y/y growth</i>	18%	22%	20%	18%	16%	17%
<i>Same Store Sales (SSS) y/y growth</i>	23%	26%	26%	21%	19%	19%
Segment Margin	2.8%	21.4%	9.5%	4.7%	6.1%	20.3%

Revenue deceleration due to lower take rate

Margin pressure from lower take rate & increased seasonal hiring costs

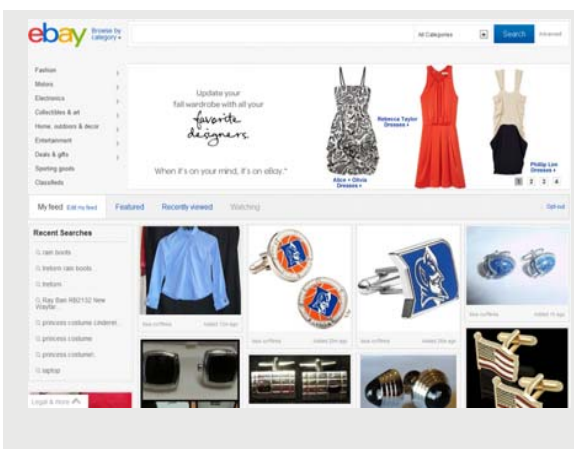
* Starting Q1'12 includes inter BU-revenue, which is eliminated at the consolidated eBay Inc. level

**GeC merchandise sales (GMS) represents the retail value of all sales transactions, inclusive of freight charges and net of allowances for returns and discounts, which flow through the GSI ecommerce platform, whether we record the full amount of such transaction as a product sale or a net amount of such transaction as a service fee

Note: Reconciliation of GSI Transaction & Marketing Services & Other Revenue for Q3 '11 – Q3 '12 to amounts reported in eBay Inc.'s financial statements can be found in the Appendix of this presentation

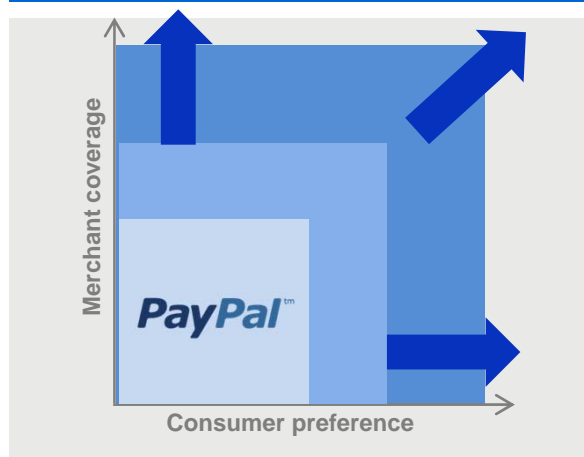
GSI... Delivering value and growing relationships

Retailers continue to benefit from the eBay Channel



- 17 GSI client sites selling on eBay as of year end
- Helping GSI clients sell on international sites
- Managing highly curated sales for key clients

PayPal ubiquity driving business impact for retailers



- >90% coverage...16% share of checkout
- 47 client sites using PP Mobile
- 41 clients sites using BML
- 4 clients using PP POS

eBay technologies helping retailers innovate



- Mobile app innovation for clients (Gift Finder & RedLaser in app checkout)
- Data matching analysis between client's & eBay/PP databases for improved consumer insights
- Bringing Magento ecommerce platform to GSI agency clients

Business Update... Operating Expenses*

Sales & Marketing

(% of Revenue)

Product Development

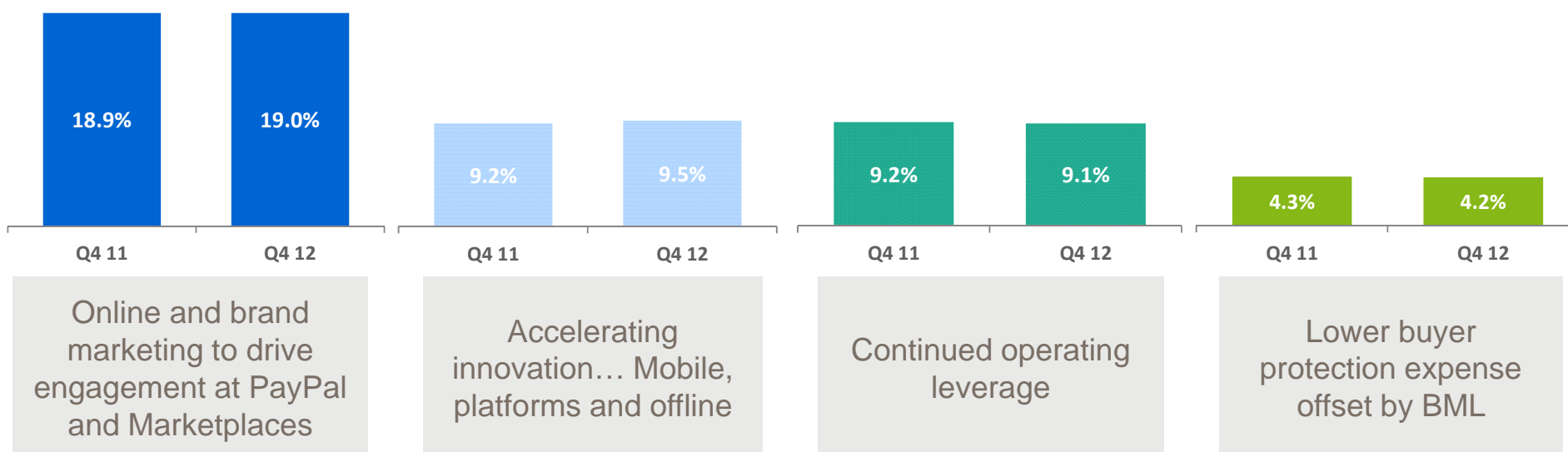
(% of Revenue)

General & Admin.

(% of Revenue)

Prov. for Trxn and Loan Loss**

(% of Revenue)



Q4-12 Non-GAAP Op Inc: \$1,136M

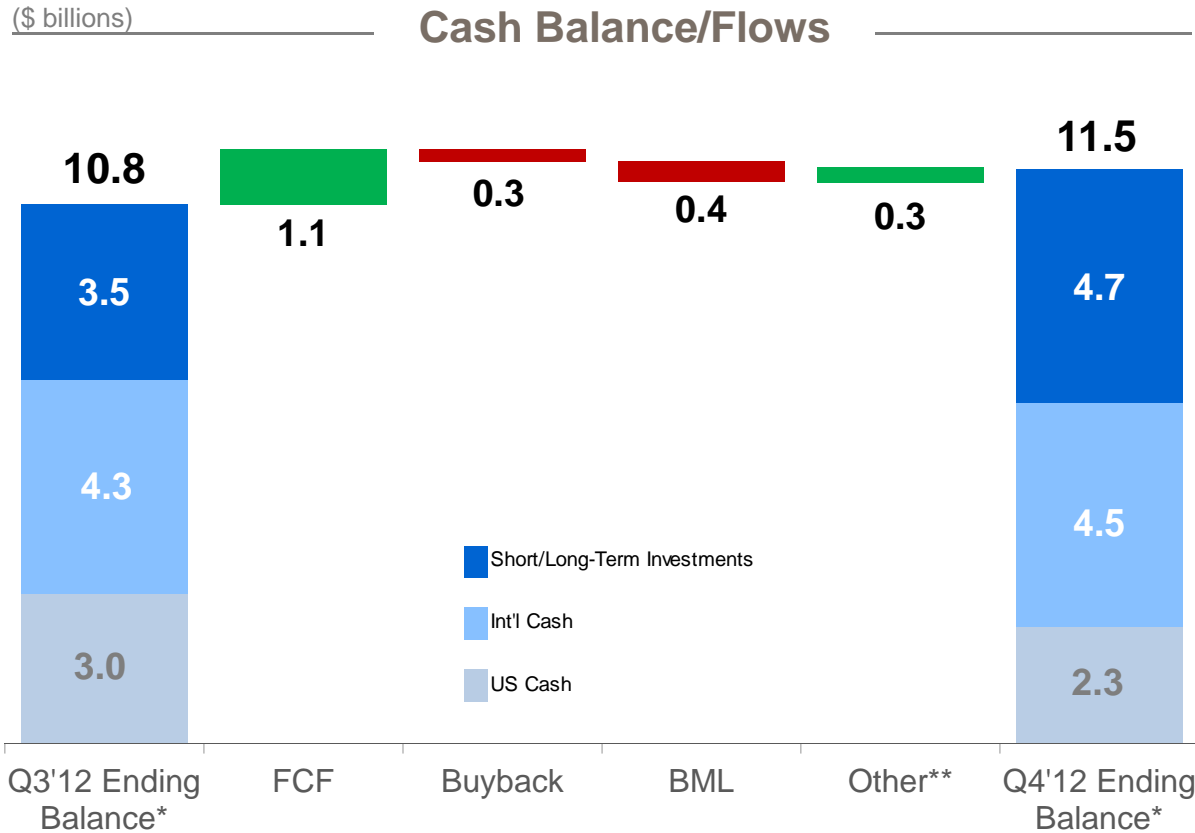
Q4-12 Non-GAAP Net Inc: \$927M

* All expenses are shown on a non-GAAP basis (calculations can be found in the Appendix of this presentation)

** Prov. for Trxn and Loan Loss includes Marketplaces and PayPal transaction loss, Marketplaces consumer protection programs, bad debt expense and BML loan loss

Note: Calculations of Non-GAAP Operating Income and Non-GAAP Net Income are included in the Appendix of this presentation

Q4-12 Cash Flow/Capital Allocation



Free Cash Flow / Other Movements

- Generated FCF*** of \$1,090M
- Capex ~7% driven by search/data investments and site operations
- Repurchased 5.2M shares for \$256M
- 61% of BML loan portfolio funded with offshore cash
- Total US cash and non-equity investments at year end ~\$3.8B

*Cash balances/flows include cash, cash equivalents and non-equity investments

** Other includes FX impact, employee stock plans and other

***Calculation of Free Cash Flow is included in the Appendix of this presentation

Excellent 2012 Performance

21% Revenue Growth, 16% Non-GAAP EPS Growth, and \$2.6B Free Cash Flow

Enabled
more than
\$175B* of
commerce
volume

PayPal...the way to
pay

24% TPV growth**
2.2 pts of margin growth
Exceeded goal of 20 major retail
partners offline

Marketplaces...
connecting
commerce globally

15% GMV growth***
5 pts GMV acceleration***
Leading mobile platform...growing
mobile commerce mall application

GSI...solutions for
retailers to compete
in a multi-channel
world

20% Y/Y SSS growth
V11 certification complete
Poised to accelerate client growth

Year Two of Three Year Plan (2011-13)...Ahead of Expectations
Exceeded FY 2012 Mobile Volume Expectations...PayPal \$14B, Marketplaces \$13B

* Includes eBay GMV, PayPal Merchant Services TPV, and GSI GMS not earned on eBay or paid for via PayPal or BML. Excludes volume transacted through the X.commerce platform

** FX neutral. *** FX neutral and excluding vehicles

Note: Calculations of Non-GAAP EPS and free cash flow are included in the Appendix of this presentation

Guidance... Context on our business outlook

- **First, from a macro economic perspective...**we are assuming a stable environment...U.S. slightly better...Europe stable...low interest rates continue...currencies remain at current levels
- **Second, from an industry perspective,** Web enabled commerce expands...ecommerce growth low to mid-teens...mobile penetration increases
- **Third, from an eBay Inc. perspective,** continued momentum... investing to help our clients compete and win...and expanding our addressable market

2013 Guidance

	FY 2013 Guidance		
	Low	High	
Revenue (in billions)	\$16.00	\$16.50	<ul style="list-style-type: none"> • Non GAAP tax rate 18.5 - 19.5%* • Capex 8 - 10%
<i>Y/Y Growth</i>	14%	17%	
Non-GAAP EPS*	\$2.70	\$2.75	
<i>Y/Y Growth</i>	14%	16%	
Free Cash Flow (in billions)	\$3.1	\$3.4	

...for the 1st Quarter

- Revenue of \$3.65 - 3.75B (11 - 14% Y/Y)...tougher comps with Easter in Q1 and '12 Leap Year
- Non-GAAP EPS* \$0.60 - 0.62 (8 - 12% Y/Y)...investing for growth

*Calculations of Non-GAAP EPS and reconciliation of Non-GAAP/GAAP tax rate are included in the Appendix of this presentation

Exceeding our Goals...Investing for Growth



January 2012	Revenue	\$6.5B - \$7B	\$7.5B - \$8B+	\$1.2B - \$1.3B
	Key growth drivers	Consumer Preferences, Merchant coverage, New Products, New Markets	Tailored shopping experiences, Local C2C strength, global tickets, Mobile, Offline, Platform	Comp growth led by multi-channel, new clients, geographic expansion, New products
	Direct segment margin*	25% to 26% 24%	38% to 42%	14% to 16%**

January 16, 2013 Update to Guidance

In-line revenue.... increasing investment...margin stable with FY 2012

Above high-end of revenue...in-line margin...investing

Margins in-line...SSS>eComm ...productivity funds lower take rate

* Direct segment margin does not include ~3-4 points of corporate overhead for PayPal and eBay

** Updated to reflect direct segment margin definition post-acquisition. Previous estimate of 19%-21% was defined by GSI as income/loss from operations excluding stock-based compensation, depreciation and amortization expenses, and the following expenses related to acquisitions: transaction expenses, due diligence expenses, integration expenses, non-cash inventory valuation adjustments, the cash portion of any deferred acquisition payments recorded as compensation expense, the changes in fair value of deferred acquisition payments and any impairment of goodwill and intangible assets.

Summary

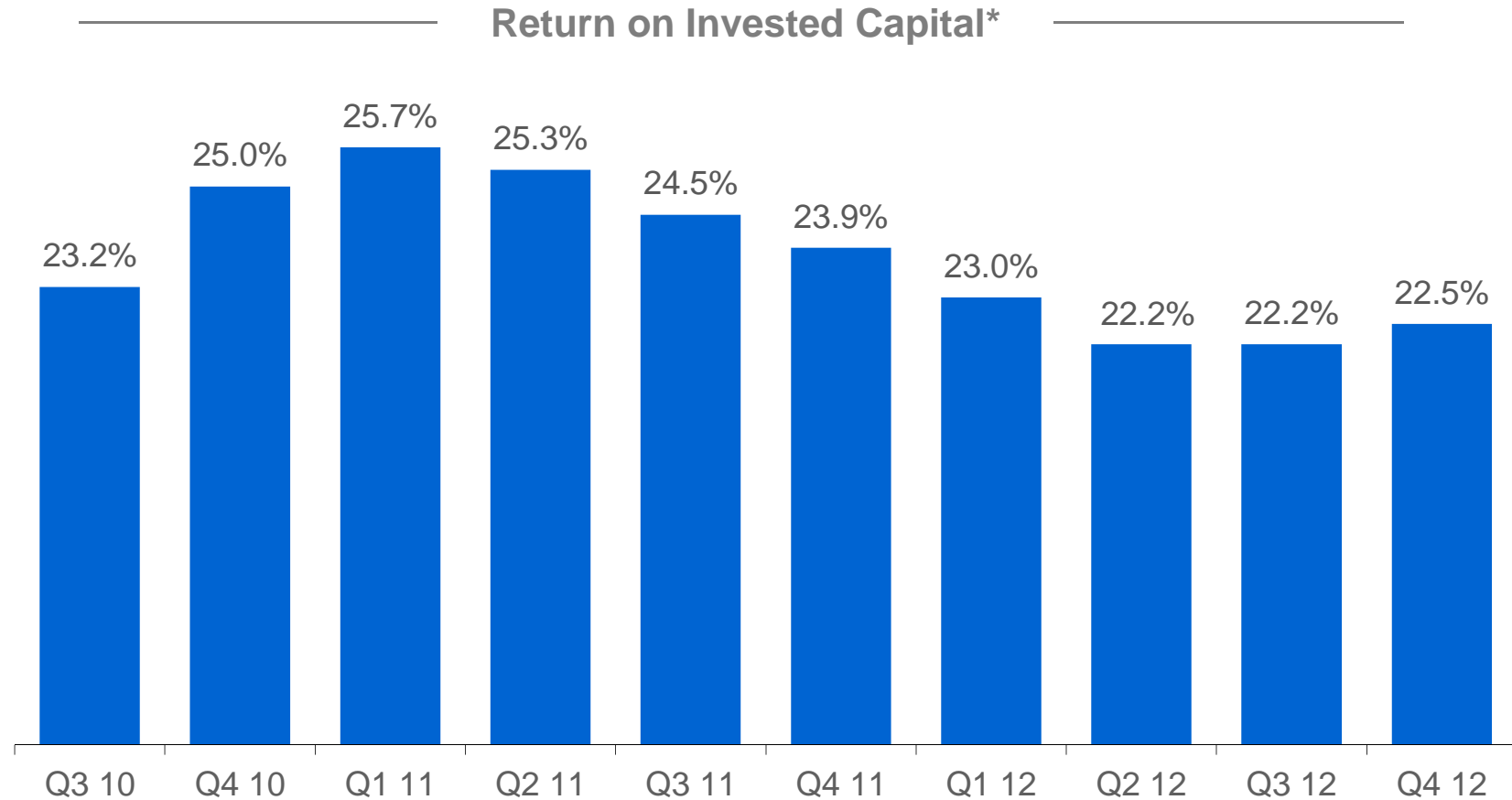
- Strong close to a great year....
- PayPal continues strong growth...increasing focus on simplifying and improving customer experience
- Marketplaces is strong across all geographies driven by investments in the buyer and seller experience
- GSI performing in line with expectations...continuing to invest in technology and build client portfolio
- Investing for long-term...focused on delivering next generation technology and commerce solutions to a larger addressable market

Q&A

ebay inc[™]

Appendix

Q4-12 Summary... RoIC*

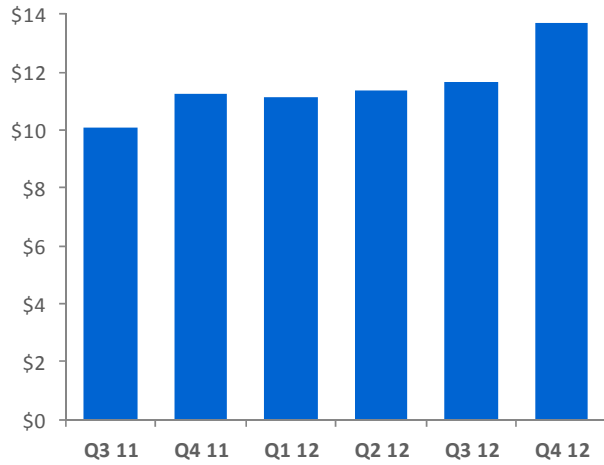


**Trailing 12-month Pro-Forma Net Operating Profits After Tax / (Average Total Assets – 95% of Average Cash, Cash Equivalents, and Investments - Average Current Liabilities)
Calculation of Return on Invested Capital is included in the Appendix of this presentation*

Business Update... GMV-Based Formats

Fixed Price GMV

(\$ billions)

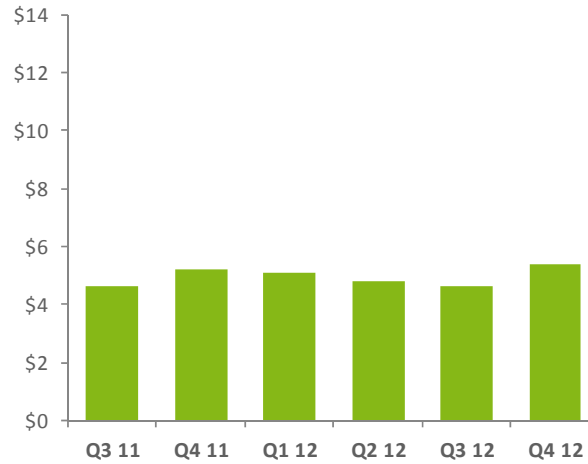


\$ billions						
	\$10.1	\$11.3	\$11.1	\$11.3	\$11.7	\$13.7
Y/Y Growth						
	21%	14%	17%	16%	16%	21%
FX-Neutral Y/Y Growth*						
	16%	14%	18%	20%	20%	21%
% of Total FX-Neutral GMV						
	60%	62%	62%	62%	64%	66%

Strong performance ...

Auction GMV

(\$ billions)

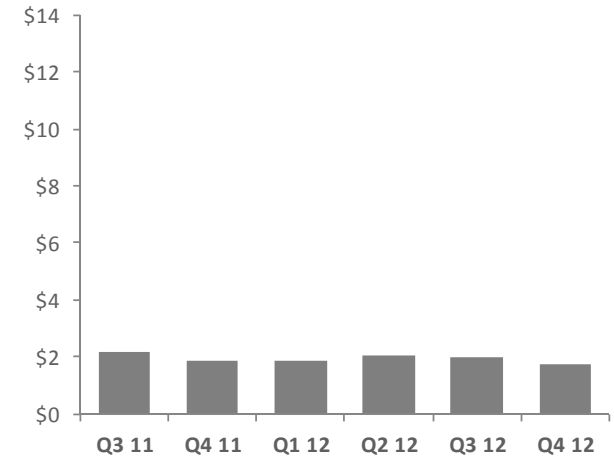


\$ billions						
	\$4.6	\$5.2	\$5.1	\$4.8	\$4.6	\$5.4
Y/Y Growth						
	8%	1%	1%	-1%	0%	4%
FX-Neutral Y/Y Growth						
	3%	1%	3%	4%	4%	5%
% of Total FX-Neutral GMV						
	27%	28%	28%	27%	25%	26%

... Stable dollar volume as shift continues to fixed price ...

Vehicles GMV

(\$ billions)



\$ billions						
	\$2.1	\$1.9	\$1.9	\$2.0	\$2.0	\$1.7
Y/Y Growth						
	0%	-3%	-9%	-10%	-7%	-7%
FX-Neutral Y/Y Growth						
	-4%	-3%	-8%	-7%	-5%	-8%
% of Total FX-Neutral GMV						
	13%	10%	10%	11%	11%	8%

... Shifting from GMV to lead gen model

Calculation of Organic Revenue Growth

	Mar 31,	Jun 30,	Sept 30,	Dec 31,
	2010	2010	2010	2010
Total revenue growth	9 %	6 %	1 %	5 %
Acquisition/Disposition impact	5 %	6 %	9 %	5 %
Foreign currency impact	(3)%	1 %	2 %	2 %
Total organic revenue growth	<u>11 %</u>	<u>13 %</u>	<u>12 %</u>	<u>12 %</u>

	Mar 31,	Jun 30,	Sept 30,	Dec 31,
	2011	2011	2011	2011
Total revenue growth	16 %	25 %	32 %	35 %
Acquisition/Disposition impact	(1)%	(2)%	(11)%	(16)%
Foreign currency impact	(1)%	(2)%	(3)%	—%
Total organic revenue growth	<u>14 %</u>	<u>18 %</u>	<u>18 %</u>	<u>19 %</u>

	Mar 31,	Jun 30,	Sept 30,	Dec 31,
	2012	2012	2012	2012
Total revenue growth	29 %	23 %	15 %	18 %
Acquisition/Disposition impact	(11)%	(8)%	—%	1 %
Foreign currency impact	—%	3 %	3 %	—%
Total organic revenue growth	<u>18 %</u>	<u>18 %</u>	<u>18 %</u>	<u>19 %</u>

Reconciliation of Quarterly GAAP to Non-GAAP Operating Margin

	<u>Mar 31,</u> <u>2011</u>	<u>Jun 30,</u> <u>2011</u>	<u>Sept 30,</u> <u>2011</u>	<u>Dec 31,</u> <u>2011</u>	<u>Mar 31,</u> <u>2012</u>	<u>Jun 30,</u> <u>2012</u>	<u>Sept 30,</u> <u>2012</u>	<u>Dec 31,</u> <u>2012</u>
In millions, except percentages								
GAAP operating income (loss)	\$ 565	\$ 519	\$ 537	\$ 754	\$ 653	\$ 695	\$ 667	\$ 874
Stock-based compensation expense	119	119	108	111	111	127	122	127
Employer payroll taxes on stock-based compensation	13	1	2	1	14	2	3	3
Acquisition related transaction expense	—	57	—	1	—	—	—	—
Amortization of acquired intangible assets (1)	52	66	104	105	105	103	103	101
Restructuring	—	—	—	—	—	—	—	31
Non-GAAP operating income	<u>\$ 749</u>	<u>\$ 762</u>	<u>\$ 751</u>	<u>\$ 972</u>	<u>\$ 883</u>	<u>\$ 927</u>	<u>\$ 895</u>	<u>\$ 1,136</u>
Revenues	\$ 2,546	\$ 2,760	\$ 2,966	\$ 3,380	\$ 3,277	\$ 3,398	\$ 3,404	\$ 3,992
GAAP operating margin	22.2 %	18.8 %	18.1 %	22.3 %	19.9 %	20.5 %	19.6 %	21.9 %
Non-GAAP operating margin	29.4 %	27.6 %	25.3 %	28.7 %	26.9 %	27.3 %	26.3 %	28.5 %

(1) Includes amortization of acquired intangible assets within cost of net revenues and operating expenses.

Reconciliation of Quarterly GAAP to Non-GAAP Net Income / EPS

	<u>Dec 31,</u> <u>2010</u>	<u>Mar31,</u> <u>2011</u>	<u>Jun 30,</u> <u>2011</u>	<u>Sept 30,</u> <u>2011</u>	<u>Dec 31,</u> <u>2011</u>	<u>Mar 31,</u> <u>2012</u>	<u>Jun 30,</u> <u>2012</u>	<u>Sept 30,</u> <u>2012</u>	<u>Dec 31,</u> <u>2012</u>
	(in millions, except per share data)								
GAAP net income	\$ 559	\$ 476	\$ 283	\$ 491	\$ 1,980	\$ 570	\$ 692	\$ 597	\$ 751
Stock-based compensation expense	94	119	119	108	111	111	127	122	127
Employer payroll taxes on stock-based compensation	2	13	1	2	1	14	2	3	3
Acquisition related transaction expense	—	—	57	—	1	—	—	—	—
Amortization of acquired intangible assets (1)	50	52	66	104	105	105	103	103	101
Restructuring	1	—	—	—	—	—	—	—	31
Skype sale and transaction related items	—	—	—	—	(1,664)	—	—	(2)	—
Amortization of intangibles and stock-based compensation for Skype	13	9	10	24	—	—	—	—	—
Gain from the acquisition of a business	—	—	(17)	(56)	—	—	—	—	—
Acquisition related items	—	—	—	—	—	—	—	—	(1)
Loss on divested business	—	—	256	—	—	3	—	—	—
Accretion of note receivable	—	—	—	(4)	(4)	(9)	(5)	(4)	(4)
Gain from the divestiture of a business	—	—	—	—	—	—	(118)	—	—
Income taxes associated with certain non-GAAP entries	(35)	(50)	(144)	(41)	259	(69)	(71)	(101)	(81)
Non-GAAP net income	\$ 684	\$ 619	\$ 631	\$ 628	\$ 789	\$ 725	\$ 730	\$ 718	\$ 927
Non-GAAP net income per diluted share	\$ <u>0.52</u>	\$ <u>0.47</u>	\$ <u>0.48</u>	\$ <u>0.48</u>	\$ <u>0.60</u>	\$ <u>0.55</u>	\$ <u>0.56</u>	\$ <u>0.55</u>	\$ <u>0.70</u>
Shares used in non-GAAP diluted share calculation	<u>1,326</u>	<u>1,320</u>	<u>1,315</u>	<u>1,309</u>	<u>1,308</u>	<u>1,308</u>	<u>1,309</u>	<u>1,314</u>	<u>1,318</u>

(1) Includes amortization of acquired intangible assets within cost of net revenues and operating expenses.

Reconciliation of Quarterly GAAP to Non-GAAP Quarterly Statement of Income

	Three Months Ended*			Three Months Ended*		
	December 31, 2012			December 31, 2011		
	Reported	Non-GAAP Entries	Non-GAAP	Reported	Non-GAAP Entries	Non-GAAP
(in millions, except per share data and percentages)						
Net revenues	\$ 3,992	\$ —	\$ 3,992	\$ 3,380	\$ —	\$ 3,380
Cost of net revenues	1,223	(13) (a)	1,192	1,034	(13) (a)	1,001
		(18) (c)			(20) (c)	
		—				
Gross Profit	2,769	31	2,800	2,346	33	2,379
Operating expenses:						
Sales and marketing	793	(36) (a)	757	672	(31) (a)	641
Product development	416	(37) (a)	379	344	(32) (a)	312
General and administrative	435	(41) (a)	360	346	(35) (a)	309
		(3) (b)			(1) (b)	
		(31) (e)			(1) (i)	
Provision for transaction and loan losses	168		168	145	—	145
Amortization of acquired intangible assets	83	(83) (c)	—	85	(85) (c)	—
Total operating expense	1,895	(231)	1,664	1,592	(185)	1,407
Income from operations	874	262	1,136	754	218	972
Interest and other income, net	3	—	(2)	1,682	(1,664) (h)	14
		(1) (q)				
Accretion of note receivable		(4) (m)	—	—	(4) (m)	—
Income before income taxes	877	257	1,134	2,436	1,450	986
Provision for income taxes	(126)	(81) (d)	(207)	(456)	(259) (d)	(197)
Net income	\$ 751	\$ 176	\$ 927	\$ 1,980	\$ 1,191	\$ 789
Net income per share:						
Basic	\$ 0.58		\$ 0.72	\$ 1.54		\$ 0.61
Diluted	\$ 0.57		\$ 0.70	\$ 1.51		\$ 0.60
Weighted average shares:						
Basic	1,294		1,294	1,289		1,289
Diluted	1,318		1,318	1,308		1,308
Operating margin	22 %	7 %	29 %	22 %	7 %	29 %
Effective tax rate	14 %	4 %	18 %	19 %	1 %	20 %

Notes:

- * Numbers may not foot or recalculate due to rounding
- (a) Stock-based compensation expense
- (b) Employer payroll taxes on stock-based compensation
- (c) Amortization of acquired intangible assets and developed technology
- (d) Income taxes associated with certain non-GAAP entries
- (e) Restructuring charges
- (h) Gain on sale of Skype and transaction related items
- (i) Acquisition related transaction expense
- (j) Gain from the acquisition of a business
- (k) Loss on divested business
- (m) Accretion of note receivable
- (p) Gain on the divestiture of a business
- (q) Fanatics lawsuit settlement

Calculation of Free Cash Flow

	<u>Three Months Ended</u>				
	<u>Mar 31,</u>	<u>Jun 30,</u>	<u>Sep 30,</u>	<u>Dec 31,</u>	<u>Full Year</u>
	<u>2010</u>	<u>2010</u>	<u>2010</u>	<u>2010</u>	<u>2010</u>
	(in millions)				
GAAP operating cash flow	\$ 418	\$ 726	\$ 747	\$ 854	\$ 2,745
Purchases of property and equipment, net	<u>(152)</u>	<u>(207)</u>	<u>(167)</u>	<u>(197)</u>	<u>(723)</u>
Free cash flow	\$ <u>266</u>	\$ <u>519</u>	\$ <u>580</u>	\$ <u>657</u>	\$ <u>2,022</u>

	<u>Three Months Ended</u>				
	<u>Mar 31,</u>	<u>Jun 30,</u>	<u>Sept 31,</u>	<u>Dec 31,</u>	<u>Full Year</u>
	<u>2011</u>	<u>2011</u>	<u>2011</u>	<u>2011</u>	<u>2011</u>
	(in millions)				
GAAP operating cash flow	\$ 700	\$ 783	\$ 809	\$ 983	\$ 3,274
Purchases of property and equipment, net	<u>(149)</u>	<u>(240)</u>	<u>(283)</u>	<u>(292)</u>	<u>(963)</u>
Free cash flow	\$ <u>551</u>	\$ <u>543</u>	\$ <u>526</u>	\$ <u>691</u>	\$ <u>2,311</u>

	<u>Three Months Ended</u>				
	<u>Mar 31,</u>	<u>Jun 30,</u>	<u>Sept 31,</u>	<u>Dec 31,</u>	<u>Full Year</u>
	<u>2012</u>	<u>2012</u>	<u>2012</u>	<u>2012</u>	<u>2012</u>
	(in millions)				
GAAP operating cash flow	\$ 531	\$ 768	1,154	1,386	3,838
Purchases of property and equipment, net	<u>(242)</u>	<u>(357)</u>	<u>(362)</u>	<u>(296)</u>	<u>(1,257)</u>
Free cash flow	\$ <u>289</u>	\$ <u>411</u>	<u>792</u>	<u>1,090</u>	<u>2,581</u>

Reconciliation and Calculation of Return on Invested Capital

In millions, except percentages

Numerator components:	Q1'11	Q2'11	Q3'11	Q4'11	Q1'12	Q2'12	Q3'12	Q4'12
Non-GAAP operating income	\$ 749	\$ 762	\$ 751	\$ 972	\$ 883	\$ 927	\$ 895	\$ 1,136
Tax rate	19 %	19 %	21 %	20 %	20 %	24 %	20 %	18 %
Non-GAAP operating income after tax	\$ 608	\$ 614	\$ 594	\$ 778	\$ 705	\$ 705	\$ 719	\$ 929
Denominator components:	Q1'11	Q2'11	Q3'11	Q4'11	Q1'12	Q2'12	Q3'12	Q4'12
Total assets	\$23,005	\$24,834	\$24,901	\$27,320	\$28,207	\$28,258	\$32,502	\$ 37,274
Total cash, cash equivalents and investments	\$ 9,480	\$ 7,475	\$ 7,031	\$ 8,382	\$ 8,732	\$ 8,384	\$11,635	\$ 12,452
Current liabilities	\$ 4,763	\$ 6,143	\$ 6,145	\$ 6,734	\$ 6,965	\$ 6,800	\$ 7,061	\$ 11,066
TTM Non-GAAP operating income after tax	\$ 2,304	\$ 2,407	\$ 2,491	\$ 2,594	\$ 2,691	\$ 2,782	\$ 2,906	\$ 3,057
TTM average total assets	20,479	21,708	22,938	24,413	25,653	26,704	28,238	30,712
TTM 95% of average cash, cash equivalents and investments	7,465	7,649	7,707	7,882	7,809	7,601	8,392	9,421
TTM average current liabilities	4,048	4,559	5,076	5,661	6,150	6,558	6,741	7,725
ROIC	25.7 %	25.3 %	24.5 %	23.9 %	23.0 %	22.2 %	22.2 %	22.5 %

Q1'13 and FY 2013 GAAP and Non-GAAP Guidance

(in millions, except per share amounts)	Three Months Ending	
	March 31, 2013	
	GAAP	Non-GAAP (a)
Revenues	\$3,650 - \$3,750	\$3,650 - \$3,750
Diluted EPS	\$0.48 - \$0.50	\$0.60 - \$0.62

(a) Estimated non-GAAP amounts above for the three months ending March 31, 2013, reflect adjustments that exclude the estimated amortization of acquired intangible assets of approximately \$95-\$105 million, estimated stock-based compensation expense and employer payroll taxes on stock-based compensation expense of approximately \$130-\$140 million and the accretion of a note receivable of approximately \$5 million as well as the related tax impact.

(in millions, except per share amounts)	Full Year Ending	
	December 31, 2013	
	GAAP	Non-GAAP (b)
Revenues	\$16,000 - \$16,500	\$16,000 - \$16,500
Diluted EPS	\$2.23 - \$2.29	\$2.70 - \$2.75
Tax rate	14.5% - 15.5%	18.5% - 19.5%

(b) Estimated non-GAAP amounts above for the twelve months ending December 31, 2013, reflect adjustments that exclude the estimated amortization of acquired intangible assets of approximately \$380-\$400 million, estimated stock-based compensation expense and employer payroll taxes on stock-based compensation expense of approximately \$560-\$600 million and the accretion of a note receivable of approximately \$20 million as well as the related tax impact.

Reconciliation of GSI Transaction and Marketing Services & Other (MS&O) Revenue

All figures in US\$ Millions

	<u>Q3'11</u>	<u>Q4'11</u>	<u>Q1'12</u>	<u>Q2'12</u>	<u>Q3'12</u>
<u>Marketing Services & Other (MS&O) Revenue:</u>					
As reported in eBay Inc. financial statements	54	68	55	57	57
Reclassification adjustment	(5)	(5)	(5)	(5)	(2)
Reclassified MS&O Revenue	49	63	50	52	55
<u>Transaction Revenue:</u>					
As reported in eBay Inc. financial statements	148	295	182	164	170
Reclassification adjustment	5	5	5	5	2
Reclassified Transaction Revenue	153	301	187	169	171

Note: certain amounts may not sum due to rounding