July 18, 2012

eBay Inc. Reports Strong Second Quarter 2012 Results

Revenue and Net Income up Double Digits Year Over Year; Marketplaces Business Delivers Strongest Growth Since 2006

SAN JOSE, Calif.--(BUSINESS WIRE)-- eBay Inc., a global commerce platform and payments company (Nasdaq: EBAY), today reported that revenue for the second quarter ended June 30, 2012 increased 23% to $3.4 billion, compared to the same period of 2011. The company reported second quarter net income on a non-GAAP basis of $730 million, or $0.56 per diluted share, up 16% year over year primarily due to strong top-line growth partially offset by increased investment in the shopping experience and the impact of acquisitions. GAAP net income of $692 million, or $0.53 per diluted share, reflected a gain on the divestiture of a business in 2012 and increased significantly year over year due to a loss from the divestiture of certain GSI businesses and GSI transaction-related expenses in the second quarter of 2011.

"We delivered a great second quarter, driven by eBay Marketplaces' best performance in years, strong growth at PayPal and strong same-store-sales growth for GSI's large retail customers," said John Donahoe, eBay Inc. President and CEO. "Our entire company is strong, but we're particularly pleased with eBay Marketplaces, which delivered its strongest organic growth in gross merchandise volume, excluding vehicles, since 2006. And mobile continues to be a game changer. We now expect eBay and PayPal mobile to each transact $10 billion in volume in 2012 -- that's more than double 2011, a staggering surge in mobile shopping and payments on devices that did not exist just a few years ago. Retail is at an inflection point, and we are helping to reshape how people around the world shop and pay."

PayPal delivered a strong second quarter performance. PayPal ended the quarter with 113.2 million active registered accounts, a 13% increase over the second quarter of 2011. PayPal revenue increased 26% year over year, driven primarily by increased penetration on eBay as well as continued merchant and consumer adoption and strong growth in Bill Me Later. PayPal's net total payment volume (TPV) grew 20% year over year to $34.5 billion. PayPal continues to focus on innovation, delivering on its vision of anytime, anywhere payments and growing its business in mobile and point of sale. This quarter, the company announced a joint venture with SoftBank in Japan, extending its global expansion strategy for small business payment solution PayPal Here. Sixteen large brand-name U.S. retailers have announced their intent to work with PayPal on point of sale initiatives. The PayPal point of sale payment solution, which gives shoppers the opportunity to pay using just their mobile phone number or PayPal payment card and PIN, was rolled out in Abercrombie & Fitch and Jos. A. Bank stores in the U.S. beginning in the quarter.

eBay's Marketplaces business delivered its strongest organic growth rate in gross merchandise volume (GMV), excluding vehicles, since 2006, at 15% on a year-over-year basis, excluding the effects of foreign currency (FX). Also excluding FX, international GMV, excluding vehicles, increased 16% and fixed price GMV, excluding vehicles, increased 20% year over year.

Marketplaces GMV, excluding vehicles, increased 10% year over year to $16 billion in the second quarter of 2012. Marketplaces revenue increased 9% year over year, driven by strong growth across all regions. Sold items increased 20% compared to the second quarter of 2011, a 2.5 percentage point acceleration, reflecting a better customer experience and improved selection. U.S. GMV, excluding vehicles, in the second quarter increased 14% year over year, driven by growth in active users, mobile engagement and strong performance in key verticals, including fashion, tickets and parts & accessories. International GMV, excluding vehicles, increased 8% year over year to $10 billion, driven by strong growth in Europe and Asia-Pacific. Fixed price GMV, which represented 65% of total GMV in the second quarter, grew 13% globally year over year. Downloads of eBay's suite of mobile apps have surpassed 90 million globally since the launch of mobile in the third quarter of 2008.

The company's GSI business, which was acquired in the second quarter of 2011, contributed $221 million in revenue for the second quarter. GSI generated $674 million in global ecommerce (GeC) merchandise sales during the second quarter. Same store sales grew 21% year over year, reflecting strong ecommerce sales from retail clients.

Second Quarter 2012 Financial Highlights (presented in millions, except per share data and percentages)

	Second Quarter		
	2012	2011	Change

GAAP				
Net revenue	$3,398	$2,760	$638	23%
Net income	$692	$283	$409	144%
Earnings per diluted share	$0.53	$0.22	$0.31	141%
Non-GAAP				
Net income	$730	$631	$99	16%
Earnings per diluted share	$0.56	$0.48	$0.08	16%

	Second Quarter			
	2012	**2011**	**Change**	
Business Units				
Payments				
Net revenue	$1,357	$1,073	$ 284	26%
Net total payment volume	$34,451	$28,742	$ 5,709	20%
Merchant Services	$23,114	$18,860	$ 4,254	23%
On eBay	$11,337	$9,882	$ 1,455	15%
Marketplaces				
Net revenue	$1,814	$1,663	$ 151	9%
Gross merchandise volume (excl. vehicles)	$16,171	$14,680	$ 1,491	10%
U.S.	$6,241	$5,490	$ 751	14%
International	$9,930	$9,191	$ 739	8%
GSI				
Net revenue	$221	$24*	$ 197	N/A
GeC Merchandise Sales	$674	$76*	$ 598	N/A

* Reflects net revenues and GeC Merchandise Sales attributable to the GSI segment from June 17, 2011 (the date the acquisition of GSI was completed).

Other Selected Financial Results

- Operating margin — GAAP operating margin increased to 20.5% for the second quarter of 2012, compared to 18.8% for the same period last year. The increase in GAAP operating margin was due primarily to the impact of GSI transaction-related expenses incurred in the second quarter of 2011. Non-GAAP operating margin decreased to 27.3% in the second quarter, compared to 27.6% for the same period last year.
- Taxes — The GAAP effective tax rate for the second quarter of 2012 was 19%, compared to 3% for the second quarter of 2011. The increase was due primarily to the tax benefit received in 2011 for the loss on the divestiture of certain GSI businesses immediately following the acquisition of GSI. For the second quarter of 2012 and 2011, the non-GAAP effective tax rate was 24% and 19%, respectively.
- Cash flow — The company generated $768 million of operating cash flow and $411 million of free cash flow during the second quarter of 2012.
- Stock repurchase programs — The company repurchased approximately $355 million of its common stock in the second quarter of 2012. In addition, the company's board of directors authorized an additional $2 billion stock repurchase program, continuing to offset dilution from the company's equity compensation programs.
- Cash and cash equivalents and non-equity investments — The company's cash and cash equivalents and non-equity investments portfolio totaled $7.6 billion at June 30, 2012, up from $7.5 billion at December 31, 2011.
- Capital allocation — The company believes that it has a strong balance sheet and free cash flow that will allow it to finance its organic needs and stock repurchase programs over the near to medium term, and the company does not anticipate meaningful mergers and acquisitions activity in the near term. However, most of the company's cash is generated and resides offshore. The company intends to remain opportunistic when assessing sources of additional liquidity, and to the extent it increases liquidity above current levels, the company expects that its net income and earnings per share will be negatively affected.

Business Outlook

- Third quarter 2012 — eBay expects net revenues in the range of $3,300 - $3,400 million with GAAP earnings per diluted share in the range of $0.42 - $0.44 and non-GAAP earnings per diluted share in the range of $0.53 - $0.55.
- Full year 2012 — eBay expects net revenues in the range of $13,800 - $14,100 million with GAAP earnings per diluted share in the range of $1.91 - $1.96 and non-GAAP earnings per diluted share in the range of $2.30 - $2.35.

Quarterly Conference Call

eBay will host a conference call to discuss second quarter 2012 results at 2:00 p.m. Pacific Time today. A live webcast of the conference call, together with a slide presentation that includes supplemental financial information and reconciliations of certain non-GAAP measures to their nearest comparable GAAP measures, can be accessed through the company's Investor Relations website at http://investor.ebayinc.com. In addition, an archive of the webcast will be accessible for 90 days through the same link.

About eBay Inc.

Founded in 1995 in San Jose, Calif., eBay Inc. (NASDAQ:EBAY) is a global commerce platform and payments leader connecting millions of buyers and sellers. We do so through eBay, the world's largest online marketplace, which allows users to buy and sell in nearly every country on earth; through PayPal, which enables individuals and businesses to securely, easily and quickly send and receive digital payments; and through GSI, which facilitates ecommerce, multichannel retailing and digital marketing for global enterprises. X.commerce brings together the technology assets and developer communities of eBay, PayPal and Magento, an ecommerce platform, to support eBay Inc.'s mission of enabling commerce. We also reach millions through specialized marketplaces such as StubHub, the world's largest ticket marketplace, and eBay classifieds sites, which together have a presence in more than 1,000 cities around the world. For more information about the company and its global portfolio of online brands, visit www.ebayinc.com.

Non-GAAP Financial Measures

This press release includes the following financial measures defined as "non-GAAP financial measures" by the Securities and Exchange Commission (SEC): non-GAAP net income, non-GAAP earnings per diluted share, non-GAAP operating margin, non-GAAP effective tax rate and free cash flow. These measures may be different from non-GAAP financial measures used by other companies. The presentation of this financial information, which is not prepared under any comprehensive set of accounting rules or principles, is not intended to be considered in isolation or as a substitute for the financial information prepared and presented in accordance with generally accepted accounting principles (GAAP). For a reconciliation of these non-GAAP financial measures to the nearest comparable GAAP measures, see "Business Outlook," "Non-GAAP Measures of Financial Performance," "Reconciliation of GAAP Operating Margin to Non-GAAP Operating Margin," "Reconciliation of GAAP Net Income to Non-GAAP Net Income," "Reconciliation of GAAP Effective Tax Rate to Non-GAAP Effective Tax Rate" and "Reconciliation of Operating Cash Flow to Free Cash Flow" included in this press release.

Forward-Looking Statements

This press release contains forward-looking statements relating to, among other things, the future performance of eBay and its consolidated subsidiaries that are based on the company's 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 third quarter and full year 2012, and the future growth in the Payments, Marketplaces and GSI businesses, mobile payments and mobile commerce. The company's actual results could differ materially from those predicted or implied and reported results should not be considered as an indication of future performance. Factors that could cause or contribute to such differences include, but are not limited to: changes in political, business and economic conditions, including any European or general economic downturn or crisis and any conditions that affect ecommerce growth; fluctuations in foreign currency exchange rates; changes to our capital allocation, including increasing liquidity above current levels; the company's ability to profitably integrate, manage and grow businesses that have been acquired recently or may be acquired in the future; the company's need to successfully react to the increasing importance of mobile payments and mobile commerce and the increasing social aspect of commerce; the company's ability to deal with the increasingly competitive ecommerce environment, including competition for its sellers from other trading sites and other means of selling, and competition for its buyers from other merchants, online and offline; the company's need to manage an increasingly large enterprise with a broad range of businesses of varying degrees of maturity and in many different geographies; the effect of management changes and business initiatives; the company's need and ability to manage other regulatory, tax and litigation risks as its services are offered in more jurisdictions and applicable laws become more restrictive; any changes the company may make to its product offerings; the competitive, regulatory, credit card association-related and other risks specific to PayPal and Bill Me Later, especially as PayPal continues to expand geographically and introduce new products and as new laws and regulations related to financial services companies come into effect; the company's ability to timely upgrade and develop its systems, infrastructure and customer service capabilities, including GSI's v.11 initiative, at reasonable cost; and the company's ability to maintain site stability and performance on all of its sites while adding new products and features in a timely fashion. The forward-looking statements in this release do not include the potential impact of any acquisitions or divestitures that may be announced and/or

completed after the date hereof.

More information about factors that could affect the company's operating results is included under the captions "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the company's most recent annual report on Form 10-K and subsequent quarterly reports on Form 10-Q, copies of which may be obtained by visiting the company's Investor Relations website at http://investor.ebayinc.com or the SEC's website at www.sec.gov. Undue reliance should not be placed on the forward-looking statements in this release, which are based on information available to the company on the date hereof. eBay assumes no obligation to update such statements.

eBay Inc.
Unaudited Condensed Consolidated Balance Sheet

	June 30, 2012	December 31, 2011
	(In millions)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 4,038	$ 4,691
Short-term investments	1,716	1,238
Accounts receivable, net	648	682
Loans and interest receivable, net	1,621	1,501
Funds receivable and customer accounts	4,295	3,968
Other current assets	960	581
Total current assets	13,278	12,661
Long-term investments	2,630	2,453
Property and equipment, net	2,238	1,986
Goodwill	8,417	8,365
Intangible assets, net	1,272	1,406
Other assets	423	449
Total assets	$ 28,258	$ 27,320
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Short-term debt	$ 564	$ 565
Accounts payable	257	282
Funds payable and amounts due to customers	4,295	3,968
Accrued expenses and other current liabilities	1,468	1,511
Deferred revenue	137	110
Income taxes payable	79	298
Total current liabilities	6,800	6,734
Deferred and other tax liabilities, net	956	1,073
Long-term debt	1,518	1,525
Other liabilities	72	58
Total liabilities	9,346	9,390
Total stockholders' equity	18,912	17,930
Total liabilities and stockholders' equity	$ 28,258	$ 27,320

eBay Inc.
Unaudited Condensed Consolidated Statement of Income

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
	(In millions, except per share amounts)			
Net revenues	$ 3,398	$ 2,760	$ 6,675	$ 5,306

Cost of net revenues (1)	987	773	1,970	1,502
Gross profit	2,411	1,987	4,705	3,804
Operating expenses:				
Sales and marketing (1)	717	608	1,394	1,141
Product development (1)	394	297	768	572
General and administrative (1)	390	392	762	685
Provision for transaction and loan losses	131	118	265	225
Amortization of acquired intangible assets	84	53	168	97
Total operating expenses	1,716	1,468	3,357	2,720
Income from operations	695	519	1,348	1,084
Interest and other, net	38	28	69	31
Gain (loss) on divested business	118	(256)	118	(256)
Income before income taxes	851	291	1,535	859
Provision for income taxes	(159)	(8)	(273)	(100)
Net income	$ 692	$ 283	$ 1,262	$ 759
Net income per share:				
Basic	$ 0.54	$ 0.22	$ 0.98	$ 0.59
Diluted	$ 0.53	$ 0.22	$ 0.96	$ 0.58
Weighted average shares:				
Basic	1,291	1,297	1,290	1,297
Diluted	1,309	1,315	1,309	1,317

(1) Includes stock-based compensation as follows:				
Cost of net revenues	$ 14	$ 14	$ 28	$ 29
Sales and marketing	34	34	64	68
Product development	37	34	67	65
General and administrative	42	37	79	76
	$ 127	$ 119	$ 238	$ 238

eBay Inc.
Unaudited Condensed Consolidated Statement of Cash Flows

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
	(In millions)			
Cash flows from operating activities:				
Net income	$ 692	$ 283	$ 1,262	$ 759
Adjustments:				
Provision for transaction and loan losses	131	118	265	225
Depreciation and amortization	290	208	571	401
(Gain) loss on divested business	(118)	256	(118)	256
Gain on acquisition of a business	0	(17)	0	(17)
Stock-based compensation	127	119	238	238
Changes in assets and liabilities, net of acquisition effects	(354)	(184)	(919)	(380)
Net cash provided by operating activities	768	783	1,299	1,482
Cash flows from investing activities:				
Purchases of property and equipment, net	(357)	(240)	(599)	(388)
Changes in principal loans receivable, net	(120)	(95)	(155)	(99)
Purchases of investments	(328)	(744)	(1,344)	(1,229)
Maturities and sales of investments	221	630	629	860
Acquisitions, net of cash acquired	(130)	(2,656)	(133)	(2,847)
Proceeds from divested business, net of cash disposed	144	0	144	0
Other	(11)	(104)	(16)	(102)
Net cash used in investing activities	(581)	(3,209)	(1,474)	(3,805)

Cash flows from financing activities:				
Proceeds from issuance of common stock	140	84	225	156
Repurchases of common stock	(355)	(425)	(595)	(781)
Excess tax benefits from stock-based compensation	14	4	68	59
Tax withholdings related to net share settlements of restricted stock units and awards	(14)	(5)	(132)	(114)
Net borrowings under commercial paper program	0	700	0	700
Repayment of acquired debt	0	(186)	0	(186)
Funds receivable and customer accounts	45	(568)	(328)	(763)
Funds payable and amounts due to customers	(45)	568	328	763
Net cash (used in) provided by financing activities	(215)	172	(434)	(166)
Effect of exchange rate changes on cash and cash equivalents	(98)	55	(44)	178
Net (decrease) increase in cash and cash equivalents	(126)	(2,199)	(653)	(2,311)
Cash and cash equivalents at beginning of period	4,164	5,465	4,691	5,577
Cash and cash equivalents at end of period	$ 4,038	$ 3,266	$ 4,038	$ 3,266

eBay Inc.
Unaudited Summary of Consolidated Net Revenues

Net Revenues by Type

	Three Months Ended				
	June 30, 2012	**March 31, 2012**	**December 31, 2011**	**September 30, 2011**	**June 30, 2011**
Net transaction revenues	(In millions, except percentages)				
Marketplaces	$ 1,491	$ 1,425	$ 1,443	$ 1,354	$ 1,350
Current quarter vs prior quarter	*5%*	*(1)%*	*7%*	*0%*	*5%*
Current quarter vs prior year quarter	*10%*	*11%*	*15%*	*14%*	*14%*
Percent of Marketplaces revenue from international	*57%*	*55%*	*57%*	*56%*	*56%*
Payments	1,234	1,216	1,157	1,033	991
Current quarter vs prior quarter	*1%*	*5%*	*12%*	*4%*	*5%*
Current quarter vs prior year quarter	*25%*	*29%*	*25%*	*29%*	*29%*
Percent of Payments revenue from international	*55%*	*54%*	*55%*	*53%*	*52%*
GSI (1)	164	182	295	148	16
Current quarter vs prior quarter	(10)%	(38)%	99%	N/A	N/A
Percent of GSI revenue from international	*4%*	*4%*	*3%*	*3%*	*5%*
Total net transaction revenues	2,889	2,823	2,895	2,535	2,357
Current quarter vs prior quarter	*2%*	*(2)%*	*14%*	*8%*	*6%*
Current quarter vs prior year quarter	*23%*	*27%*	*32%*	*28%*	*21%*
Marketing services and other revenues					
Marketplaces	323	303	329	299	313
Current quarter vs prior quarter	*7%*	*(8)%*	*10%*	*(4)%*	*17%*
Current quarter vs prior year quarter	*3%*	*13%*	*24%*	*32%*	*45%*
Percent of Marketplaces revenue from international	*74%*	*75%*	*72%*	*74%*	*74%*
Payments	123	93	83	75	82
Current quarter vs prior quarter	*32%*	*12%*	*11%*	*(9)%*	*65%*
Current quarter vs prior year quarter	*50%*	*86%*	*84%*	*86%*	*77%*
Percent of Payments revenue from international	*11%*	*15%*	*17%*	*9%*	*6%*
GSI (1)	57	55	68	54	8

Current quarter vs prior quarter	4%	(19)%	26%	N/A	N/A
Percent of GSI revenue from international	*0%*	*1%*	*0%*	*0%*	*0%*
Corporate and other	10	6	5	3	N/A
Total marketing services and other revenues	513	457	485	431	403
Current quarter vs prior quarter	*12%*	*(6)%*	*13%*	*7%*	*27%*
Current quarter vs prior year quarter	*27%*	*43%*	*56%*	*62%*	*54%*
Elimination of inter-segment net revenue and other (2)	(4)	(3)	N/A	N/A	N/A
Total net revenues	$ 3,398	$ 3,277	$ 3,380	$ 2,966	$ 2,760
Current quarter vs prior quarter	*4%*	*(3)%*	*14%*	*7%*	*8%*
Current quarter vs prior year quarter	*23%*	*29%*	*35%*	*32%*	*25%*

(1) Net revenue attributable to the GSI segment for the three months ended June 30, 2011 reflects net revenues for the period from June 17, 2011 (the date the acquisition of GSI was completed) to June 30, 2011.

(2) Represents revenue generated between our reportable segments.

Net Revenues by Geography (1)

	Three Months Ended				
	June 30, 2012	**March 31, 2012**	**December 31, 2011**	**September 30, 2011**	**June 30, 2011**
	(In millions, except percentages)				
U.S. net revenues	$ 1,611	$ 1,581	$ 1,665	$ 1,428	$ 1,249
Current quarter vs prior quarter	*2%*	*(5)%*	*17%*	*14%*	*9%*
Current quarter vs prior year quarter	*29%*	*39%*	*49%*	*35%*	*21%*
Percent of total	*47%*	*48%*	*49%*	*48%*	*45%*
International net revenues	1,787	1,696	1,715	1,538	1,511
Current quarter vs prior quarter	*5%*	*(1)%*	*12%*	*2%*	*8%*
Current quarter vs prior year quarter	*18%*	*21%*	*25%*	*29%*	*28%*
Percent of total	*53%*	*52%*	*51%*	*52%*	*55%*
Total net revenues	$ 3,398	$ 3,277	$ 3,380	$ 2,966	$ 2,760
Current quarter vs prior quarter	*4%*	*(3)%*	*14%*	*7%*	*8%*
Current quarter vs prior year quarter	*23%*	*29%*	*35%*	*32%*	*25%*

(1) Revenues are attributed to U.S. and international geographies primarily based upon the country in which the seller, payment recipient, customer, website that displays advertising, or other service provider, as the case may be, is located.

eBay Inc.
Unaudited Payments Supplemental Operating Data

	Three Months Ended				
	June 30, 2012	**March 31, 2012**	**December 31, 2011**	**September 30, 2011**	**June 30, 2011**
	(In millions, except percentages)				
Active registered accounts (1)	113.2	109.8	106.3	103.0	100.3
Current quarter vs prior quarter	*3%*	*3%*	*3%*	*3%*	*3%*
Current quarter vs prior year quarter	*13%*	*12%*	*13%*	*14%*	*15%*
Net number of payments (2)	564.8	555.7	548.1	459.2	432.0
Current quarter vs prior quarter	*2%*	*1%*	*19%*	*6%*	*2%*
Current quarter vs prior year quarter	*31%*	*31%*	*30%*	*29%*	*29%*

Net total payment volume (3)	$34,451	$ 33,857	$ 33,372	$ 29,282	$28,742
Current quarter vs prior quarter	*2%*	*1%*	*14%*	*2%*	*5%*
Current quarter vs prior year quarter	*20%*	*24%*	*24%*	*31%*	*34%*
Merchant Services net total payment volume as % of net total payment volume	*67%*	*66%*	*66%*	*66%*	*66%*
Transaction rates					
Take rate	3.94%	3.87%	3.71%	3.78%	3.73%
Transaction expense	1.07%	1.07%	1.04%	1.14%	1.11%
Loss rate	0.26%	0.26%	0.27%	0.31%	0.25%
Transaction margin (4)	66.3%	65.6%	64.8%	61.5%	63.6%
Loan portfolio rates					
Risk adjusted margin (5)	15.5%	16.8%	16.9%	18.0%	16.5%
Net charge-off rate (6)	4.6%	4.5%	4.4%	4.3%	4.4%
90-day delinquency rate (7)	2.5%	2.4%	2.4%	2.6%	2.2%

(1) All registered accounts that successfully sent or received at least one payment or payment reversal through the PayPal system or Bill Me Later accounts that are currently able to transact and that received a statement within the last 12 months.

(2) Number of payments, net of payment reversals, successfully completed through our Payments networks and Zong, excluding PayPal's payments gateway business, and on Bill Me Later accounts during the quarter.

(3) Total dollar volume of payments, net of payment reversals, successfully completed through our Payments networks, Bill Me Later accounts and Zong during the period, excluding PayPal's payment gateway business.

(4) Transaction Margin calculation has been adjusted to include total revenues (including revenue from credit) 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).

(5) The risk adjusted margin represents the annualized ratio of Bill Me Later revenue, excluding contra-revenue incentives to customers or merchants, less cost of funds, and less net credit and fraud losses relative to average loans receivable for the quarter.

(6) Net charge-off rate represents the annualized ratio of Bill Me Later net credit losses relative to average loans receivable for the quarter.

(7) 90-day delinquency rate is the ratio of Bill Me Later end of period account balances that have missed three or more consecutive payments relative to total ending loan receivables.

eBay Inc.
Unaudited eBay Marketplaces Supplemental Operating Data

	Three Months Ended				
	June 30, 2012	**March 31, 2012**	**December 31, 2011**	**September 30, 2011**	**June 30, 2011**
	(In millions, except percentages)				
Active Users (1)	104.8	102.4	100.4	98.7	97.2
Current quarter vs prior quarter	*2%*	*2%*	*2%*	*2%*	*1%*
Current quarter vs prior year quarter	*8%*	*7%*	*6%*	*6%*	*6%*
Gross Merchandise Volume (excluding vehicles) (2)	$16,171	$16,206	$ 16,490	$ 14,666	$14,680
Current quarter vs prior quarter	*0%*	*(2)%*	*12%*	*0%*	*1%*
Current quarter vs prior year quarter	*10%*	*12%*	*10%*	*16%*	*17%*
Vehicles Gross Merchandise Volume (3)	$ 2,021	$ 1,871	$ 1,864	$ 2,149	$ 2,238
Current quarter vs prior quarter	*8%*	*0%*	*(13)%*	*(4)%*	*9%*
Current quarter vs prior year quarter	*(10)%*	*(9)%*	*(3)%*	*0%*	*2%*
Fixed Price Trading (4) as % of total gross merchandise volume	*65%*	*64%*	*64%*	*63%*	*62%*

eBay's classifieds websites and Shopping.com are not included in these metrics.

(1) All users, excluding users of Half.com, StubHub, and our Korean subsidiaries (Gmarket and eBay Auction Co.), who bid on, bought, listed or sold an item within the previous 12-month period. Users may register more than once, and as a result,

may have more than one account.

(2) Total value of all successfully closed items between users on eBay Marketplaces trading platforms during the quarter, regardless of whether the buyer and seller actually consummated the transaction, excluding vehicles gross merchandise volume.

(3) Total value of all successfully closed vehicle transactions between users on eBay Marketplaces trading platforms during the quarter, regardless of whether the buyer and seller actually consummated the transaction.

(4) Primarily, total gross merchandise volume related to eBay's "Buy It Now" feature on eBay Marketplaces trading platforms relative to total gross merchandise volume during the quarter.

eBay Inc.
Unaudited GSI Supplemental Operating Data

	Three Months Ended				
	June 30, 2012	March 31, 2012	December 31, 2011	September 30, 2011	June 30, 2011 (1)
	(In millions, except percentages)				
GeC Merchandise Sales (2)	$ 674	$ 715	$ 1,362	$ 601	$ 76

(1) Reflects the period from June 17, 2011 (the date the acquisition of GSI was completed) to June 30, 2011.

(2) Represents the retail value of all sales transactions, inclusive of freight charges and net of allowance for returns and discounts, which flow through the GSI ecommerce services platform, whether we record the full amount of such transaction as a product sale or a percentage of such transaction as a service fee.

eBay Inc.
Business Outlook
(In Millions, Except Per Share Amounts)

The guidance figures provided below and elsewhere in this press release are forward-looking statements, reflect a number of estimates, assumptions and other uncertainties, and are approximate in nature because eBay's future performance is difficult to predict. Such guidance is based on information available on the date of this press release, and eBay assumes no obligation to update it.

eBay's future performance involves risks and uncertainties, and the company's actual results could differ materially from the information below and elsewhere in this press release. Some of the factors that could affect the company's operating results are set forth under the caption "Forward-Looking Statements" above in this press release. More information about factors that could affect eBay's operating results is included under the captions "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in its most recent annual report on Form 10-K and subsequent quarterly reports on Form 10-Q, copies of which may be obtained by visiting the company's investor relations website at http://investor.ebayinc.com or the SEC's website at www.sec.gov.

	Three Months Ending September 30, 2012	
(In millions, except per share amounts)	**GAAP**	**Non-GAAP (a)**
Net Revenue	$3,300 - $3,400	$3,300 - $3,400
Diluted EPS	$0.42 - $0.44	$0.53 - $0.55

	Twelve Months Ending December 31, 2012	
(In millions, except per share amounts)	**GAAP**	**Non-GAAP (b)**
Net Revenue	$13,800 - $14,100	$13,800 - $14,100
Diluted EPS	$1.91 - $1.96	$2.30 - $2.35

(a) Estimated non-GAAP amounts above for the three months ending September 30, 2012, 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 $115-$135 million, and the accretion of a note receivable of approximately $5 million as well as the related tax impact.

(b) Estimated non-GAAP amounts above for the 12 months ending December 31, 2012, reflect adjustments that exclude the estimated amortization of acquired intangible assets of approximately $400-$420 million, estimated stock-based compensation expense and employer payroll taxes on stock-based compensation expense of approximately $485-$515 million, the gain on a divestiture of approximately $118 million, and the accretion of a note receivable of approximately $20 - $25 million as well as the related tax impact.

eBay Inc.
Non-GAAP Measures of Financial Performance

To supplement the company's condensed consolidated financial statements presented in accordance with generally accepted accounting principles (GAAP), eBay uses non-GAAP measures of certain components of financial performance. These non-GAAP measures include non-GAAP net income, non-GAAP earnings per diluted share, non-GAAP operating margin, non-GAAP effective tax rate, and free cash flow.

These non-GAAP measures are not in accordance with, or an alternative to, measures prepared in accordance with GAAP and may be different from non-GAAP measures used by other companies. In addition, these non-GAAP measures are not based on any comprehensive set of accounting rules or principles. Non-GAAP measures have limitations in that they do not reflect all of the amounts associated with eBay's results of operations as determined in accordance with GAAP. These measures should only be used to evaluate eBay's results of operations in conjunction with the corresponding GAAP measures.

Reconciliation to the nearest GAAP measure of all non-GAAP measures included in this press release can be found in the tables included in this press release.

These non-GAAP measures are provided to enhance investors' overall understanding of the company's current financial performance and the company's prospects for the future. Specifically, the company believes the non-GAAP measures provide useful information to both management and investors by excluding certain expenses, gains and losses or net purchases of property and equipment, as the case may be, that may not be indicative of its core operating results and business outlook. In addition, because eBay has historically reported certain non-GAAP results to investors, the company believes that the inclusion of non-GAAP measures provides consistency in the company's financial reporting.

For its internal budgeting process, and as discussed further below, eBay's management uses financial measures that do not include stock-based compensation expense, employer payroll taxes on stock-based compensation, amortization or impairment of acquired intangible assets, impairment of goodwill, significant gains or losses from the disposal/acquisition of a business, restructuring-related charges and the income taxes associated with the foregoing. In addition to the corresponding GAAP measures, eBay's management also uses the foregoing non-GAAP measures in reviewing the financial results of eBay.

eBay excludes the following items from non-GAAP net income, non-GAAP earnings per diluted share, non-GAAP operating margin and non-GAAP effective tax rate:

Stock-based compensation expense. This expense consists of expenses for stock options, restricted stock and employee stock purchases. eBay excludes stock-based compensation expenses from its non-GAAP measures primarily because they are non-cash expenses that management does not believe are reflective of ongoing operating results. eBay also excludes its proportionate share of Skype's stock-based compensation expense.

Employer payroll taxes on stock-based compensation. This amount is dependent on eBay's stock price and the timing and size of exercises by employees of their stock options and the vesting of their restricted stock, over which management has limited to no control, and as such management does not believe it correlates to eBay's operation of the business.

Amortization or impairment of acquired intangible assets, impairment of goodwill and significant gains or losses and transaction expenses from the acquisition or disposal of a business. eBay incurs amortization or impairment of acquired intangible assets and goodwill in connection with acquisitions and may incur significant gains or losses from the acquisition or disposal of a business and therefore excludes these amounts from its non-GAAP measures. eBay also excludes its proportionate share of Skype's amortization of acquired intangibles expense. eBay also settled a legal exposure in conjunction with the acquisition of a business and excludes this settlement payment. In addition, eBay's results are also impacted by hedge transactions related to unique movements of cash from significant business acquisitions or dispositions. eBay excludes the impact of the accretion of a note receivable associated with the disposal of certain businesses. eBay excludes these items because management does not believe they correlate to the ongoing operating results of eBay's business.

Restructuring. These charges consist of expenses for employee severance and other exit and disposal costs. eBay excludes restructuring charges primarily because management does not believe they are reflective of ongoing operating results.

Income taxes associated with certain non-GAAP entries. This amount is used to present stock-based compensation and the other amounts described above on an after-tax basis consistent with the presentation of non-GAAP net income.

In addition to the non-GAAP measures discussed above, eBay also uses free cash flow. Free cash flow represents operating cash flows less net purchases of property and equipment. eBay considers free cash flow to be a liquidity measure that provides useful information to management and investors about the amount of cash generated by the business after the purchases of property, buildings, and equipment, which can then be used to, among other things, invest in eBay's business, make strategic acquisitions, and repurchase stock. A limitation of the utility of free cash flow as a measure of financial performance is that it does not represent the total increase or decrease in the company's cash balance for the period.

eBay Inc.
Reconciliation of GAAP Operating Margin to Non-GAAP Operating Margin

	Three Months Ended	
	June 30, 2012	June 30, 2011
	(In millions, except percentages)	
GAAP operating income	$ 695	$ 519
Stock-based compensation expense	127	119
Employer payroll taxes on stock-based compensation	2	1
Acquisition related transaction expense	0	57
Amortization of acquired intangible assets within cost of net revenues	19	13
Amortization of acquired intangible assets within operating expenses	84	53
Non-GAAP operating income	$ 927	$ 762
Non-GAAP operating margin	27.3%	27.6%

Reconciliation of GAAP Net Income to Non-GAAP Net Income

	Three Months Ended	
	June 30, 2012	June 30, 2011
	(In millions, except per share amounts)	
GAAP net income	$ 692	$ 283
Stock-based compensation expense	127	119
Employer payroll taxes on stock-based compensation	2	1
Acquisition related transaction expense	0	57
Amortization of acquired intangible assets within cost of net revenues	19	13
Amortization of acquired intangible assets within operating expenses	84	53
Amortization of intangibles and stock-based compensation for Skype	0	10
Gain from the divestiture of a business	(118)	0
Accretion of note receivable	(5)	0
Gain from the acquisition of a business	0	(17)
Loss on divested business	0	256
Income taxes associated with certain non-GAAP entries	(71)	(144)
Non-GAAP net income	$ 730	$ 631
Diluted net income per share:		
GAAP	$ 0.53	$ 0.22
Non-GAAP	$ 0.56	$ 0.48
Shares used in GAAP and non-GAAP diluted net income per-share calculation	1,309	1,315

Reconciliation of GAAP Effective Tax Rate to Non-GAAP Effective Tax Rate

	Three Months Ended	
	June 30,	June 30,

	2012	2011
	(In millions, except percentages)	
GAAP provision for income taxes (a)	$ 159	$ 8
Income taxes associated with certain non-GAAP entries	71	144
Non-GAAP provision for income taxes (b)	$ 230	$ 152
GAAP income before income taxes (c)	$ 851	$ 291
Stock-based compensation expense	127	119
Employer payroll taxes on stock-based compensation	2	1
Acquisition related transaction expense	0	57
Amortization of acquired intangible assets within cost of net revenues	19	13
Amortization of acquired intangible assets within operating expenses	84	53
Amortization of intangibles and stock-based compensation for Skype	0	10
Gain from the divestiture of a business	(118)	0
Accretion of note receivable	(5)	0
Gain from the acquisition of a business	0	(17)
Loss on divested business	0	256
Non-GAAP income before income taxes (d)	$ 960	$ 783
GAAP effective tax rate (a/c)	19%	3%
Non-GAAP effective tax rate (b/d)	24%	19%

Reconciliation of Operating Cash Flow to Free Cash Flow

	Three Months Ended	
	June 30, 2012	June 30, 2011
	(In millions)	
Net cash provided by operating activities	$ 768	$ 783
Less: Purchases of property and equipment, net	(357)	(240)
Free cash flow	$ 411	$ 543

eBay Inc.
Investor Relations Contact:
Cosmin Pitigoi
cpitigoi@ebay.com
or
Media Relations Contact:
Amanda Miller
press@ebay.com
or
Investor Information Request:
408-376-7493
or
Company News:
http://www.ebayinc.com/news
or
Investor Relations website:
http://investor.ebayinc.com

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