ebay inc

eBay Inc.
Unaudited Condensed Consolidated Statement of Income - GAAP
(U.S. Dollars In Millions, Except Per Share Amounts)

	Three Months Ended									Year Ended December 31,		
	March 31, 2013	December 31, 2012	September 30, 2012	June 30, 2012	March 31, 2012	December 31, 2011	September 30, 2011	June 30, 2011	March 31, 2011	2012	2011	2010
Net revenues	$ 3,748	$ 3,992	$ 3,404	$ 3,398	$ 3,277	$ 3,380	$ 2,966	$ 2,760	$ 2,546	$ 14,072	$ 11,652	$ 9,156
Cost of net revenues	1,152	1,223	1,022	987	983	1,034	920	773	729	4,216	3,461	2,564
Gross profit	2,596	2,769	2,382	2,411	2,294	2,346	2,046	1,987	1,817	9,856	8,191	6,592
Operating expenses:												
Sales and marketing	697	793	726	717	677	672	623	608	533	2,913	2,435	1,947
Product development	434	416	389	394	374	344	319	297	275	1,573	1,235	908
General and administrative	408	435	369	390	372	346	336	392	293	1,567	1,364	1,101
Provision for transaction and loan losses	175	168	148	131	134	145	146	118	107	580	517	392
Amortization of acquired intangible assets	82	83	83	84	84	85	85	53	44	335	267	190
Total operating expenses	1,796	1,895	1,715	1,716	1,641	1,592	1,509	1,468	1,252	6,968	5,818	4,538
Income (loss) from operations	800	874	667	695	653	754	537	519	565	2,888	2,373	2,054
Interest and other income (expense), net	9	3	5	156	31	1,682	79	(228)	3	196	1,537	44
Income (loss) before income taxes	809	877	672	851	684	2,436	616	291	568	3,084	3,910	2,098
Provision for income taxes	(132)	(126)	(75)	(159)	(114)	(456)	(125)	(8)	(92)	(475)	(681)	(297)
Net income (loss)	$ 677	$ 751	$ 597	$ 692	$ 570	$ 1,980	$ 491	$ 283	$ 476	$ 2,609	$ 3,229	$ 1,801
Net income (loss) per basic share	$ 0.52	$ 0.58	$ 0.46	$ 0.54	$ 0.44	$ 1.54	$ 0.38	$ 0.22	$ 0.37	$ 2.02	$ 2.50	$ 1.38
Net income (loss) per diluted share	$ 0.51	$ 0.57	$ 0.45	$ 0.53	$ 0.44	$ 1.51	$ 0.37	$ 0.22	$ 0.36	$ 1.99	$ 2.46	$ 1.36
Weighted average shares:												
Basic	1,295	1,294	1,292	1,291	1,288	1,289	1,290	1,297	1,297	1,292	1,293	1,306
Diluted	1,319	1,318	1,314	1,309	1,308	1,308	1,309	1,315	1,320	1,313	1,313	1,327
Operating Margin	21.3%	21.9%	19.6%	20.5%	19.9%	22.3%	18.1%	18.8%	22.2%	20.5%	20.4%	22.4%

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Pro Forma Income Statements

eBay Inc.
Unaudited Condensed Consolidated Statement of Income - Non-GAAP
(U.S. Dollars In Millions, Except Per Share Amounts)

	Three Months Ended									Year Ended December 31,		
	March 31, 2013	December 31, 2012	September 30, 2012	June 30, 2012	March 31, 2012	December 31, 2011	September 30, 2011	June 30, 2011	March 31, 2011	2012	2011	2010
Net revenues	3,748	3,992	3,404	3,398	3,277	3,380	2,966	2,760	2,546	14,072	11,652	9,156
Cost of net revenues	1,121	1,191	989	954	948	1,001	886	750	707	4,083	3,344	2,475
Gross profit	2,627	2,801	2,415	2,444	2,329	2,379	2,080	2,010	1,839	9,989	8,308	6,681
Operating expenses:												
Sales and marketing	664	757	691	683	647	640	591	574	498	2,778	2,303	1,841
Product development	402	379	355	357	344	312	293	264	243	1,435	1,112	807
General and administrative	361	361	326	346	321	310	298	292	242	1,354	1,142	941
Provision for transaction and loan losses	175	168	148	131	134	145	146	118	107	581	517	392
Total operating expenses	1,602	1,665	1,520	1,517	1,446	1,407	1,328	1,248	1,090	6,148	5,074	3,981
Income from operations	1,025	1,136	895	927	883	972	752	762	749	3,841	3,234	2,700
Interest and other income (expense), net	6	(2)	(1)	33	25	14	43	21	13	55	91	99
Income before income taxes	1,031	1,134	894	960	908	986	795	783	762	3,896	3,325	2,799
Provision for income taxes	(202)	(207)	(176)	(230)	(183)	(197)	(166)	(152)	(143)	(796)	(658)	(500)
Net income	829	927	718	730	725	789	629	631	619	3,100	2,667	2,299
Net income per basic share	0.64	0.72	0.56	0.57	0.56	0.61	0.49	0.49	0.48	2.40	2.06	1.76
Net income per diluted share	0.63	0.70	0.55	0.56	0.55	0.60	0.48	0.48	0.47	2.36	2.03	1.73
Weighted average shares:												
Basic	1,295	1,294	1,292	1,291	1,288	1,289	1,290	1,297	1,297	1,292	1,293	1,306
Diluted	1,319	1,318	1,314	1,309	1,308	1,308	1,309	1,315	1,320	1,313	1,313	1,327
Operating Margin	27.4%	28.5%	26.3%	27.3%	26.9%	28.7%	25.3%	27.6%	29.0%	27.3%	27.8%	29.5%

ebay inc

Pro Forma Income Statements

eBay Inc.

Unaudited Condensed Consolidated Statement of Income - Non-GAAP Adjustments

(U.S. Dollars In Millions, Except Per Share Amounts)

	Three Months Ended									Year Ended December 31,		
	March 31, 2013	December 31, 2012	September 30, 2012	June 30, 2012	March 31, 2012	December 31, 2011	September 30, 2011	June 30, 2011	March 31, 2011	2012	2011	2010
Net revenues	$ —	$ —	$ —	$ —	$ —	—	$ —	$ —	$ —	$ —	$ —	$ —
Cost of net revenues	(13) (a)	(13) (a)	(13) (a)	(14) (a)	(14) (a)	(13) (a	(14) (a)	(14) (a)	(14) (a	(55) (a)	(56) (a	(49) (a)
	(18) (c)	(18) (c)	(20) (c)	(19) (c)	(21) (c)	(20) (c	(20) (c)	(13) (c)	(8) (c	(78) (c)	(61) (c	(40) (c)
Gross profit	31	31	33	33	35	33	34	27	23	133	117	89
Operating expenses:												
Sales and marketing	(33) (a)	(36) (a)	(35) (a)	(34) (a)	(30) (a)	(31) (a	(32) (a)	(34) (a)	(35) (a	(135) (a)	(132) (a	(106) (a)
Product development	(32) (a)	(37) (a)	(34) (a)	(37) (a)	(30) (a)	(32) (a	(26) (a)	(34) (a)	(31) (a	(138) (a)	(123) (a	(101) (a)
General and administrative	(33) (a)	(41) (a)	(40) (a)	(42) (a)	(37) (a)	(35) (a	(36) (a)	(37) (a)	(39) (a	(160) (a)	(147) (a	(126) (a)
	(18) (b)	(3) (b)	(3) (b)	(2) (b)	(14) (b)	(1) (b	(2) (b)	(1) (b)	(13) (b	(21) (b)	(17) (b	(14) (b)
						(1) (k)		(57) (k)		—	(58) (k)	
Restructuring	4 (e)	(31) (e)		—	—	—	—	—	—	(31) (e)	—	(21) (e)
Amortization of acquired intangible assets	(82) (c)	(83) (c)	(83) (c)	(84) (c)	(84) (c)	(85) (c)	(84) (c)	(53) (c)	(44) (c)	(335) (c)	(267) (c)	(190) (c)
Total operating expenses	(194)	(231)	(195)	(199)	(195)	(185)	(180)	(215)	(162)	(820)	(744)	(558)
Income from operations	225	(262)	228	232	230	218	214	242	185	953	861	647
Interest and other income (expense), net	2 (p)	1 (m)	(2) (h)		3 (g)	(4) (o)	24 (j)	256 (l)		(2) (h)	(1,664) (h	18 (h)
				(118) (p)			(4) (o)			(1) (m)	43 (j)	
										(23) (o)	(8) (o)	
										3 (l)	(73) (k)	
	(5) (o)	4 (o)	(4) (o)	(5) (o)	(9) (o)	(1,664) (h)	(56) (k)	10 (j)	9 (j)	(118) (g)	256 (	36 (i)
Income before income taxes	222	(256)	222	109	224	(1,450)	178	491	194	812	(586)	701
Provision for income taxes	(70) (f)	81 (f)	(101) (f)	(71) (f)	(69) (f)	259 (f)	(41) (f)	(144) (f)	(50) (f)	(321) (f)	23 (f)	(203) (f)
Net income	152	(175)	121	38	155	(1,191)	137	347	144	(491)	(563)	498

(a) Non-cash stock-based compensation expense

(b) Employer payroll taxes on employee non-qualified stock option grants

(c) Amortization of acquired intangible assets

(d) Impairment of goodwill

(e) Restructuring charges

(f) Income taxes associated with certain non-GAAP entries

(g) Gain/loss on divested business

(h) Sale of Skype and transaction related items

(i) Foreign currency gain/(loss) on acquisition -related items

(j) Amortization of intangibles and stock-based compensation for Skype

(k) Gain from the acquisition of a business

(l) Investment gain

(m) Loss on acquisition of a business

(o) Accretion of note receivable

(P) Amortization of intangibles