

Q3 2007 Financial Highlights

October 17, 2007



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.

This presentation may make forward-looking statements regarding matters that involve risk and uncertainty, including those relating to the company's ability to grow its businesses, user base and user activity.

Our actual results may differ materially from those discussed in this call for a variety of reasons, including our increasing need to grow revenues from existing users in established markets, an increasingly competitive environment for our businesses, the complexity of managing a growing company with a broad range of businesses, regulatory, tax, as well as IP and other litigation risks (including risks specific to PayPal and the financial industry, and risks specific to Skype's technology and to the VoiP industry), our need to upgrade our technology and customer service infrastructure to accommodate growth at reasonable cost while adding new features and maintaining site stability, foreign-exchange-rate fluctuations, and the impact and integration of recent and future acquisitions.

You can find more information about factors that could affect our results in our annual report on our Form 10-K and our quarterly reports on Form 10-Q (available at <http://investor.ebay.com>). You should not unduly rely on any forward-looking statements, and we assume no obligation to update them. All information in the presentation is as of October 17, 2007, and we do not intend, and undertake no duty, to update this presentation.

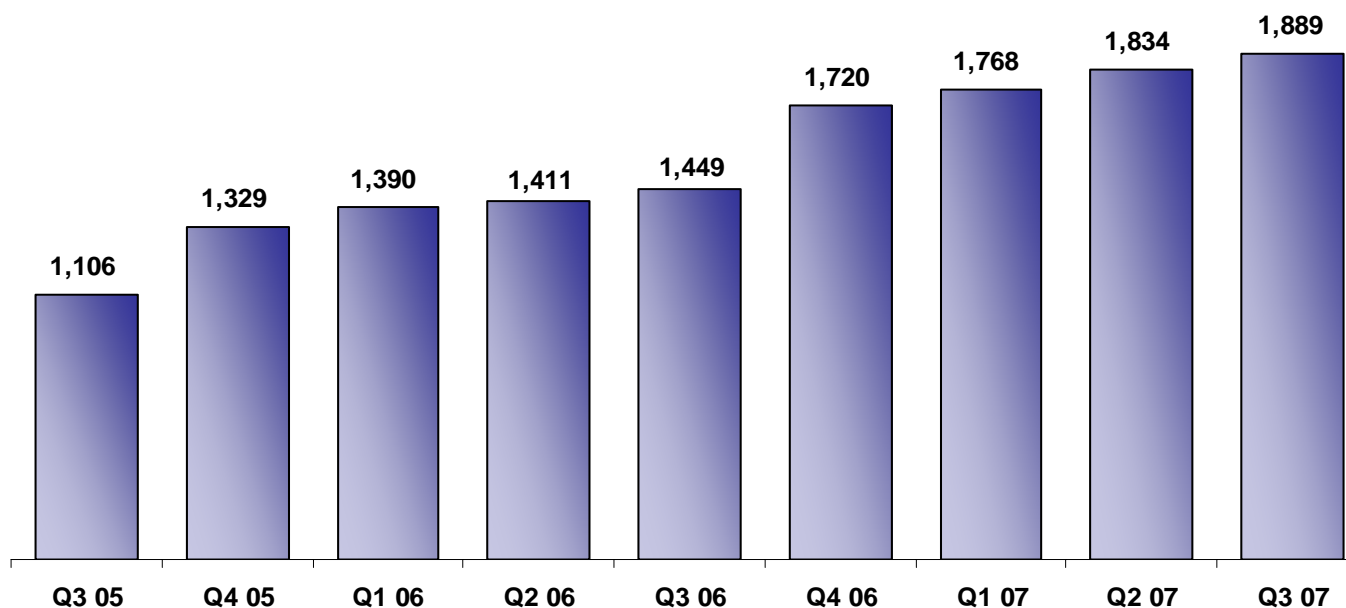
Q3 07 Summary

Very good quarter financially ...

- Strong revenue growth
- Accelerated non-GAAP earnings growth
- Excellent free cash flow
- Share repurchases:
 - ~\$500 million in Q3... ~\$2.8 billion since June '06
- Disappointed about Skype impairment charge

Q3 07 Summary... Strong Top-line Growth

Revenue
(in \$millions)

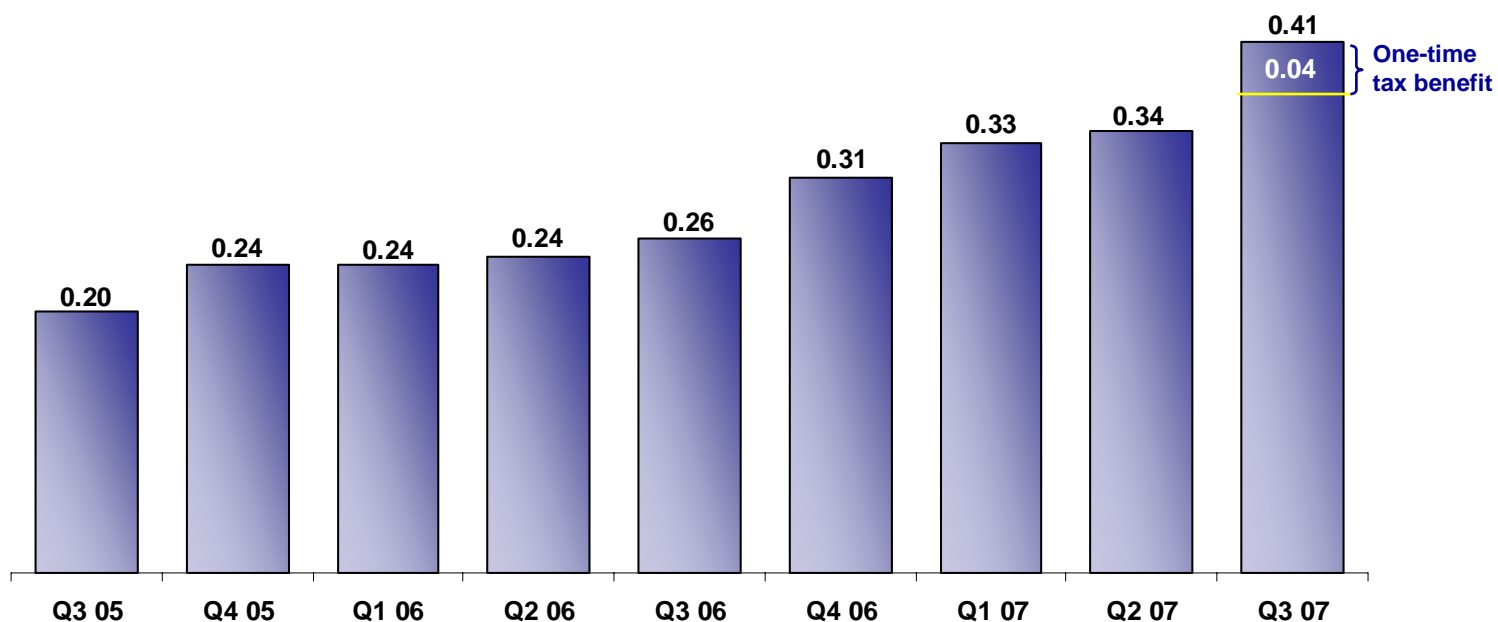


Reported Y/Y Growth	37%	42%	35%	30%	31%	29%	27%	30%	30%
Organic Y/Y Growth	32%	34%	30%	21%	20%	21%	21%	23%	23%

Q3 07 Summary... Accelerating Earnings Growth

Non-GAAP EPS

(in \$)

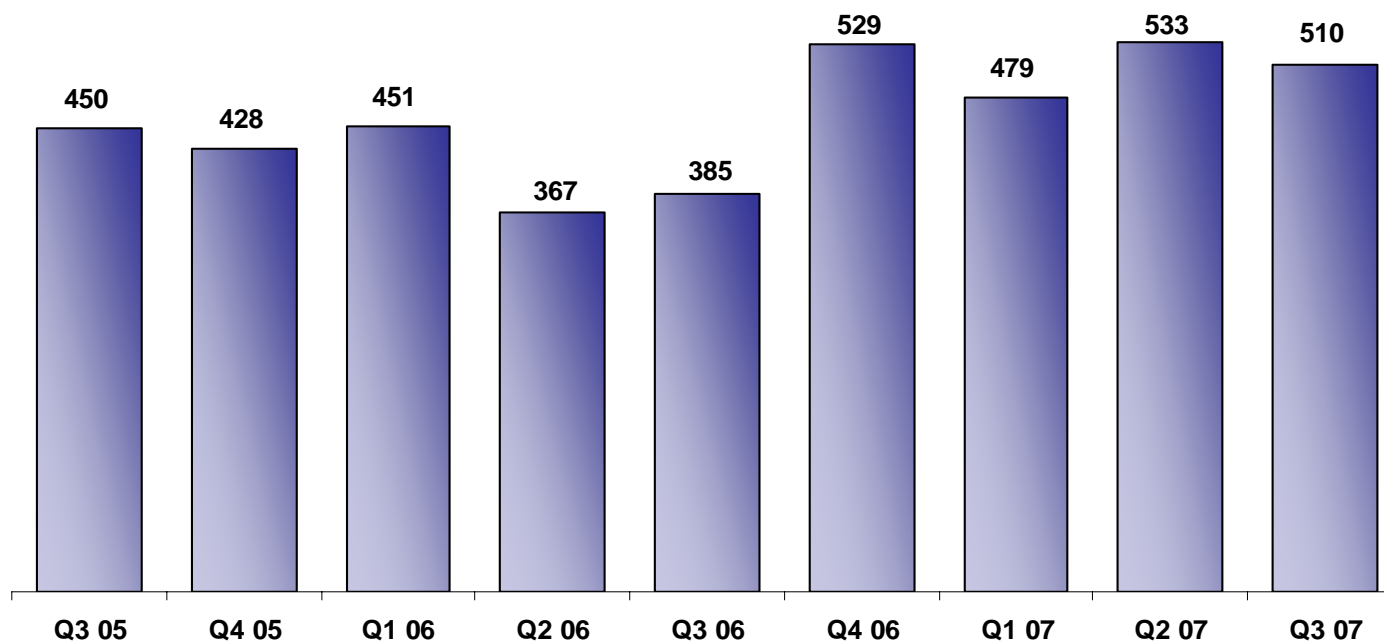


Reported Y/Y Growth	42%	44%	20%	10%	28%	29%	39%	40%	59%
Non-GAAP Op. Margin	36.0%	34.0%	33.1%	32.6%	32.1%	33.4%	33.6%	32.4%	31.4%

Q3 07 Summary... Excellent Free Cash Flow Generation

Free Cash Flow

(in \$millions)

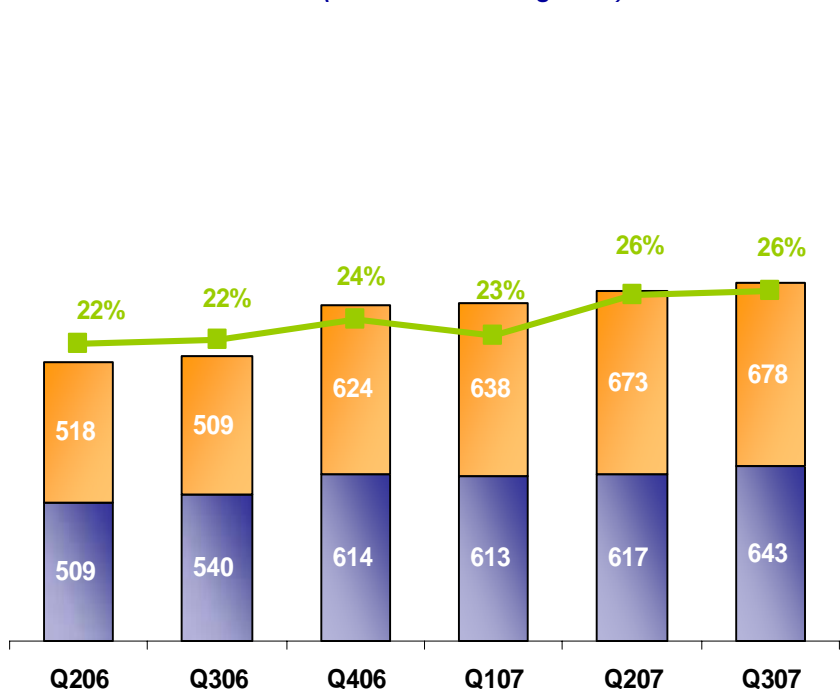


Reported Y/Y Growth	123%	44%	56%	-10%	-14%	24%	6%	45%	32%
Capex % of Revenue	4%	7%	10%	11%	9%	6%	5%	7%	6%
FCF % of Revenue	41%	32%	32%	26%	27%	31%	27%	29%	27%

Business Update... Marketplaces Revenue and Volume

Revenue

(\$millions and Y/Y growth)

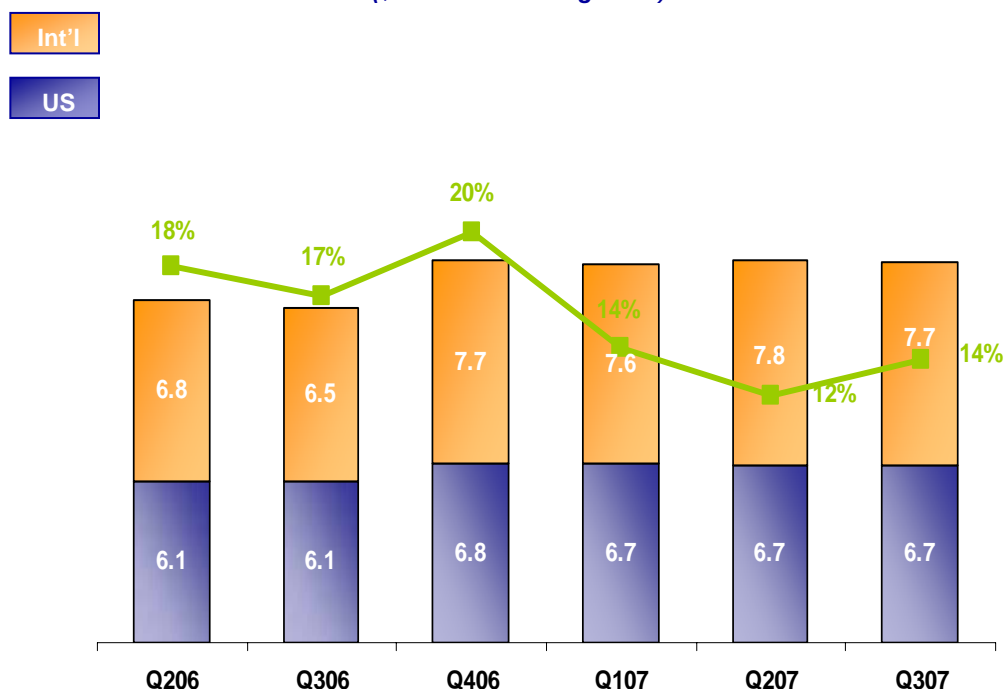


\$ millions

1,028 1,049 1,238 1,250 1,291 1,321

GMV

(\$billions and Y/Y growth)



\$ billions

12.9 12.6 14.4 14.3 14.5 14.4

Business Update... Marketplaces Operating Metrics

	Q2 06	Q3 06	Q4 06	Q1 07	Q2 07	Q3 07
Total Users (in millions)						
US	90	94	97	104	107	111
Y/Y Growth	19%	19%	17%	19%	19%	18%
Int'l	113	118	124	130	134	137
Y/Y Growth	<u>38%</u>	<u>33%</u>	<u>27%</u>	<u>22%</u>	<u>19%</u>	<u>16%</u>
Total Users	203	212	222	233	241	248
Y/Y Growth	29%	26%	23%	21%	19%	17%
New Listings (in millions)						
US	265	261	272	258	244	254
Y/Y Growth	23%	16%	4%	-2%	-8%	-2%
Int'l	331	323	339	330	316	301
Y/Y Growth	<u>47%</u>	<u>38%</u>	<u>19%</u>	<u>6%</u>	<u>-5%</u>	<u>-7%</u>
Total Listings	596	584	610	588	559	556
Y/Y Growth	35%	27%	12%	2%	-6%	-5%
GMV (in \$millions)						
US	6,109	6,112	6,777	6,736	6,700	6,729
Y/Y Growth	15%	13%	14%	8%	10%	10%
Int'l	6,787	6,528	7,657	7,545	7,764	7,666
Y/Y Growth	22%	21%	26%	20%	14%	17%
Fx Neutral Y/Y Growth	<u>21%</u>	<u>16%</u>	<u>17%</u>	<u>11%</u>	<u>8%</u>	<u>10%</u>
Total GMV	12,896	12,640	14,434	14,281	14,464	14,395
Y/Y Growth	18%	17%	20%	14%	12%	14%
Fx Neutral Y/Y Growth	18%	15%	16%	10%	9%	10%

Added ~7 million new users in the quarter

Total Core: 473M (-3% Y/Y)
Total Store: 82M (-14% Y/Y)

GMV-based transaction revenue accelerated internationally

Notes:

- DE Media negatively impacted Int'l listings growth by ~5pts; CN/TW negatively impacted Int'l listings growth by ~9pts
- StubHub benefited US GMV growth by ~3pts; CN/TW negatively impacted Int'l reported GMV growth by ~2pts
- More information on these metrics can be found on Page 9 of our Earnings Press Release dated October 17, 2007

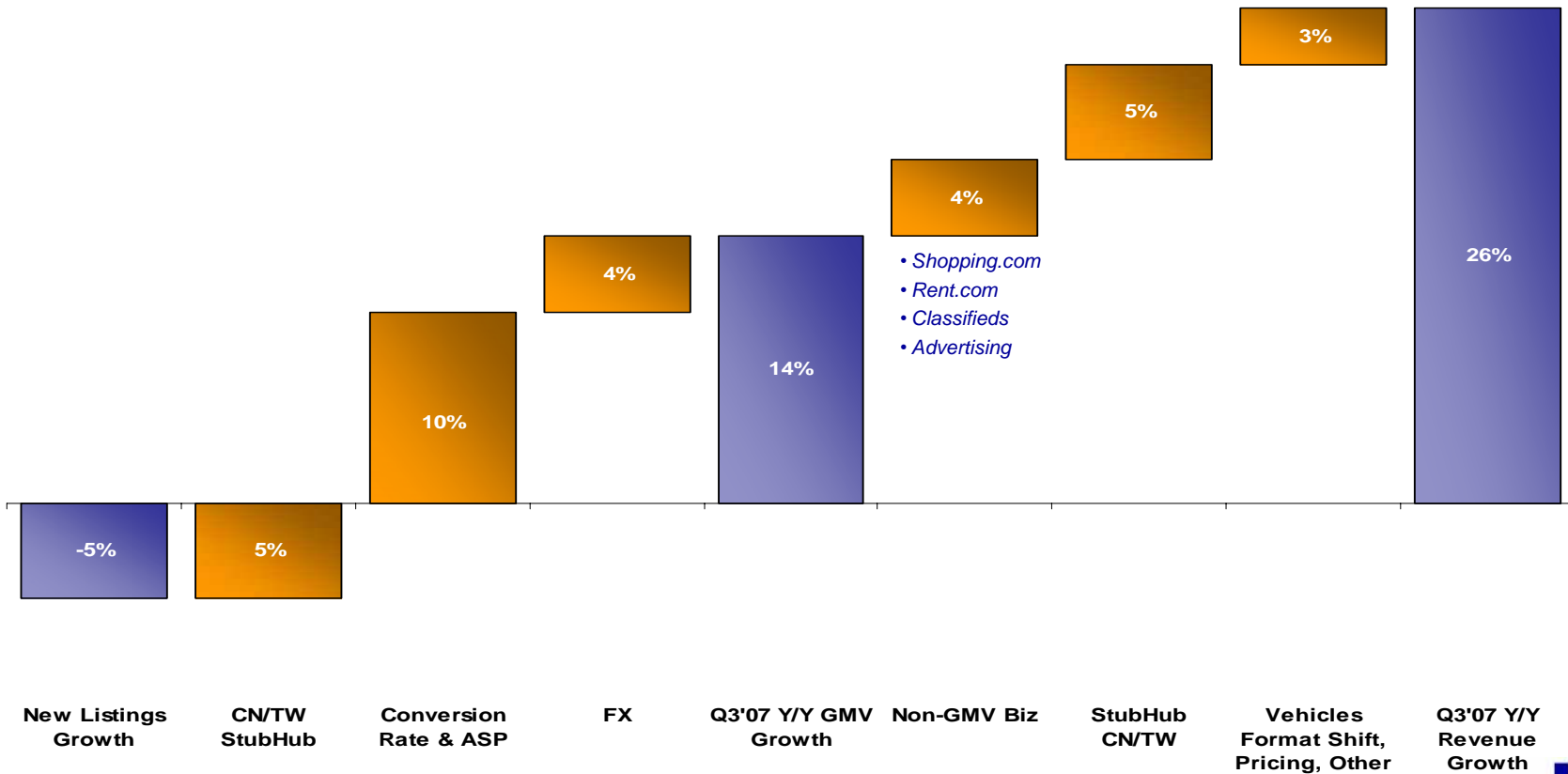
Marketplaces Operating Metrics

GMV growing faster than listings ...

Higher quality inventory ... A better user experience ... Improved conversion rate & ASP

... Revenue growing faster than GMV

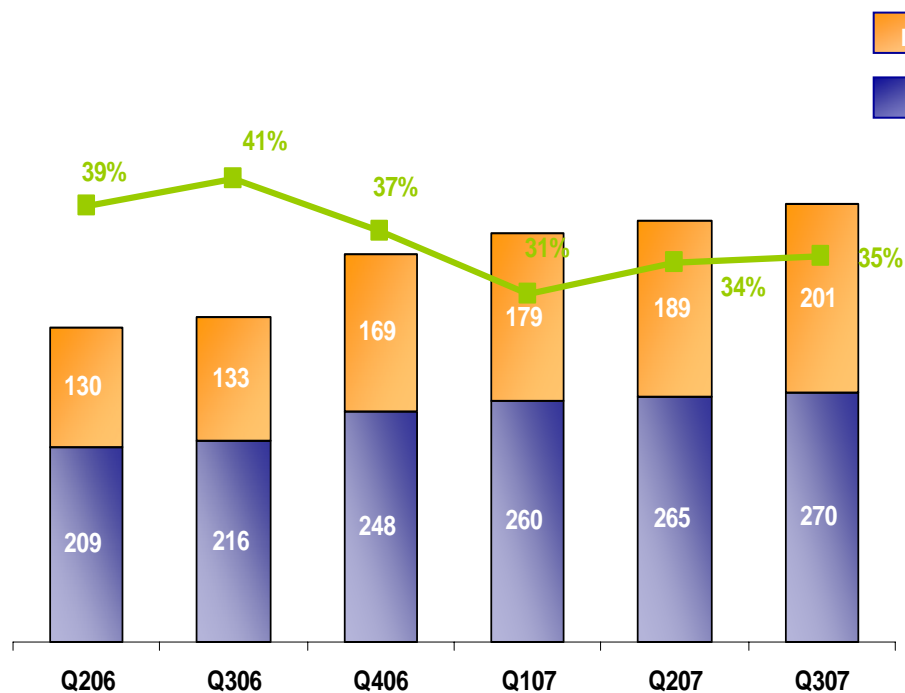
Expand into new formats and new monetization methods



Business Update... PayPal Revenue and Volume

Revenue

(\$millions and Y/Y growth)

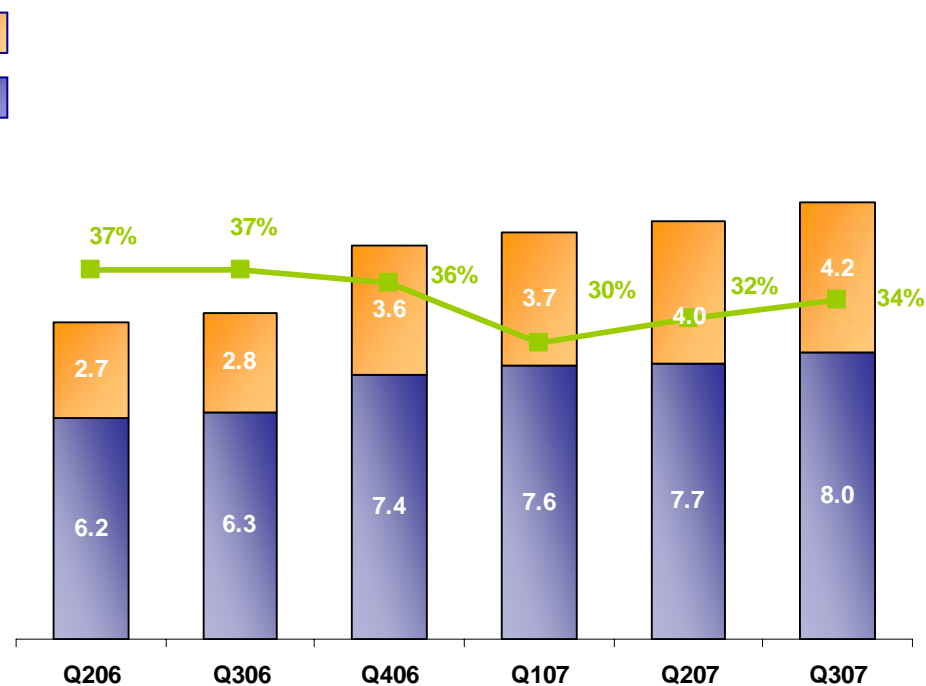


\$ millions

339 350 417 439 454 470

TPV

(\$billions and Y/Y growth)



\$ billions

8.9 9.1 11.0 11.4 11.7 12.2

Business Update... PayPal Operating Metrics

	Q2 06	Q3 06	Q4 06	Q1 07	Q2 07	Q3 07
Total Accounts (in millions)						
US	77	81	86	91	96	102
Y/Y Growth	31%	30%	27%	27%	26%	25%
Int'l	37	41	47	52	57	63
Y/Y Growth	82%	73%	67%	58%	53%	51%
Total Accounts	114	123	133	143	153	164
Y/Y Growth	44%	42%	38%	36%	35%	34%
TPV (in \$millions)						
On eBay	5,727	5,792	7,077	6,981	6,771	6,839
Y/Y Growth	26%	27%	26%	19%	18%	18%
Merchant Services	3,129	3,331	3,927	4,378	4,919	5,378
Y/Y Growth	61%	59%	57%	51%	57%	61%
Total TPV	8,856	9,123	11,004	11,359	11,691	12,217
Y/Y Growth	37%	37%	36%	30%	32%	34%
On-eBay Penetration Rate						
Global	56.5%	58.0%	58.3%	59.0%	58.8%	61.0%
Transaction rates						
Transaction exp	1.02%	1.07%	1.08%	1.09%	1.12%	1.15%
Transaction loss	0.27%	0.35%	0.41%	0.32%	0.29%	0.25%

Increasing ubiquity on the web

Continued traction in Merchant Services

Penetration rate increased by 300 bps y/y

Higher credit card mix increasing expense rate

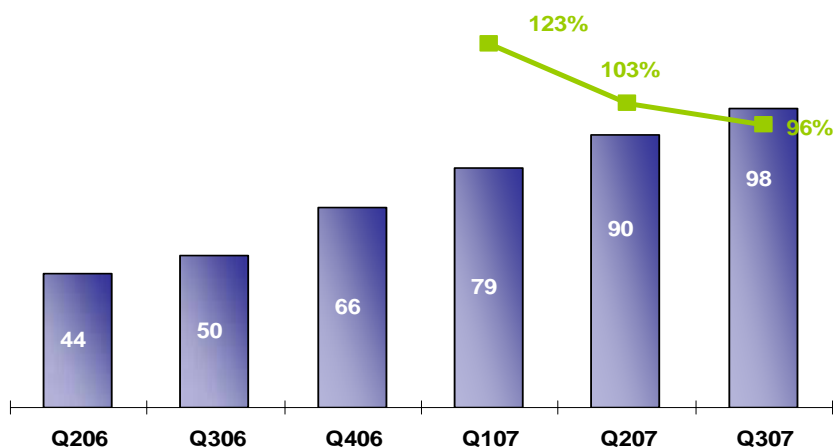
Notes:

- On-eBay Penetration Rate reflects on-eBay TPV, excluding estimated shipping and handling, divided by global eBay GMV, excluding vehicles and real estate
- 9bps of loss rate improvement due to change in estimate related to chargeback loss recoveries
- More information on these metrics can be found on Page 10 of our Earnings Press Release dated October 17, 2007

Business Update... Skype Revenue and Operating Metrics

Revenue

(\$millions and Y/Y growth)

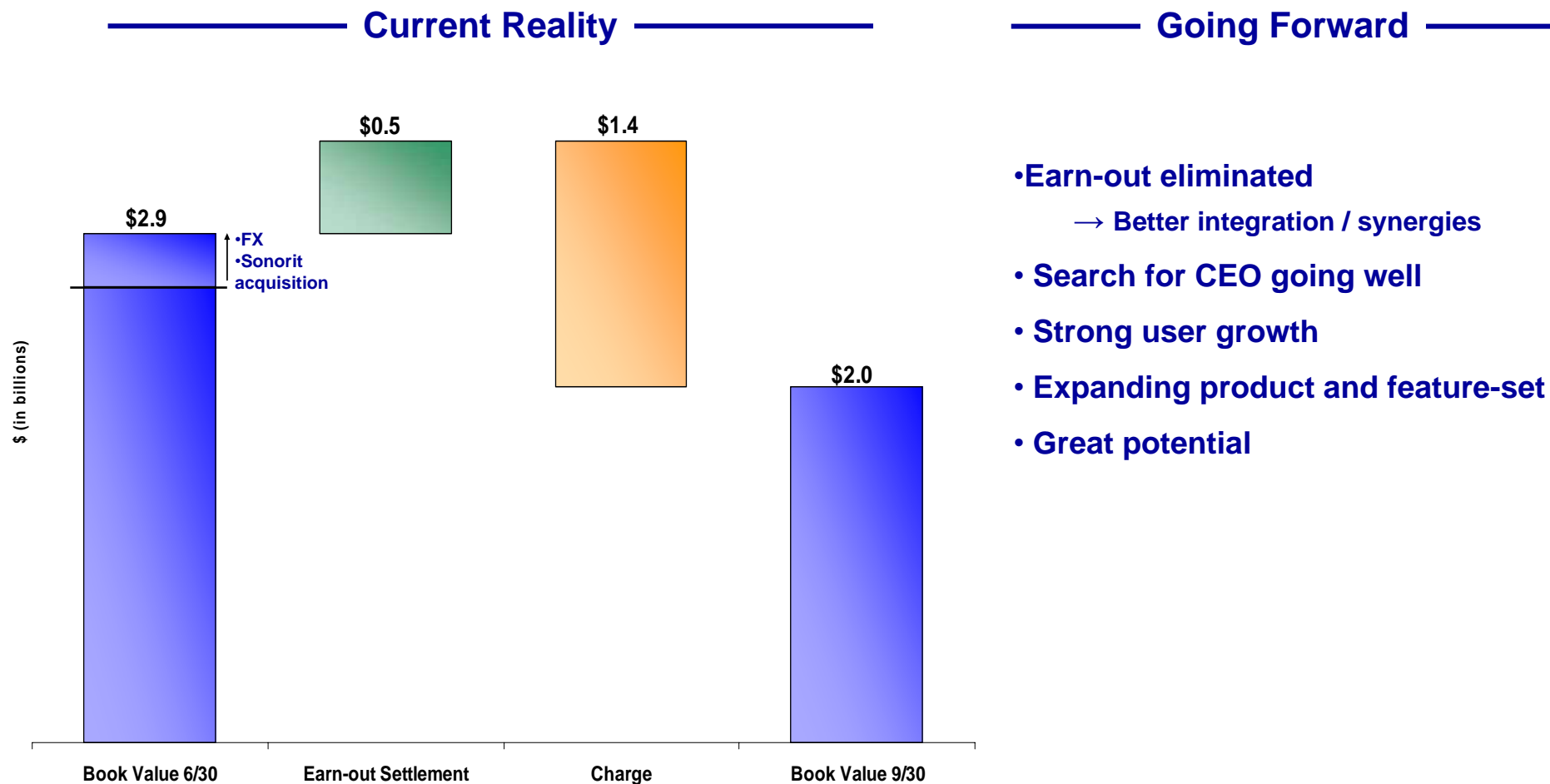


	Q2 06	Q3 06	Q4 06	Q1 07	Q2 07	Q3 07
Total Users (in millions)	113	136	171	196	220	246
<i>Y/Y Growth</i>	--	--	129%	107%	94%	81%
Skype to Skype Minutes (in billions)	7.1	6.6	7.6	7.7	7.1	6.1
<i>Y/Y Growth</i>	--	--	46%	11%	0%	-8%
Skype Out Minutes (in billions)	0.8	1.1	1.5	1.3	1.3	1.4
<i>Y/Y Growth</i>	--	--	183%	98%	57%	25%

Notes:

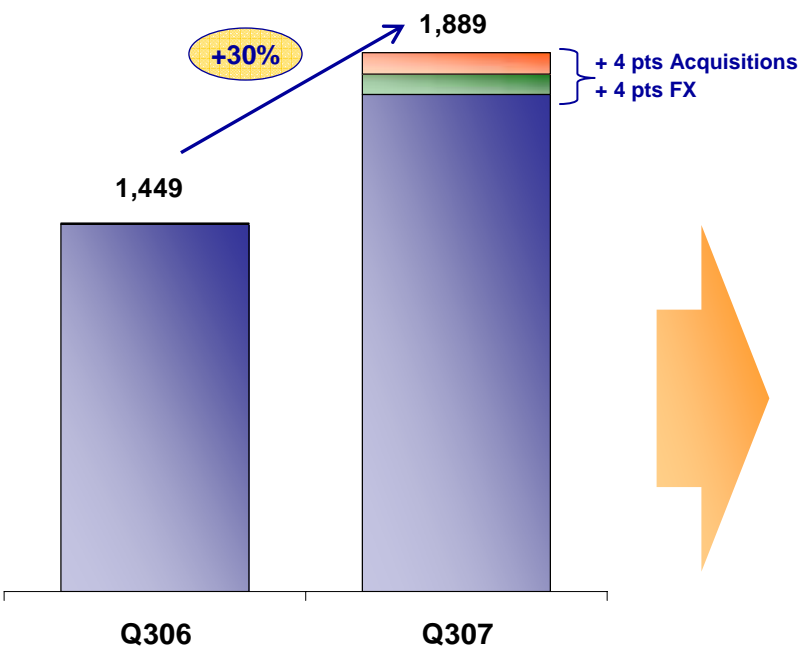
- Historical Skype Out minutes have been restated to exclude Skype Cast minutes which were previously included in the total
- More information on these metrics can be found on Page 11 of our Earnings Press Release dated October 17, 2007

Business Update... Skype Impairment

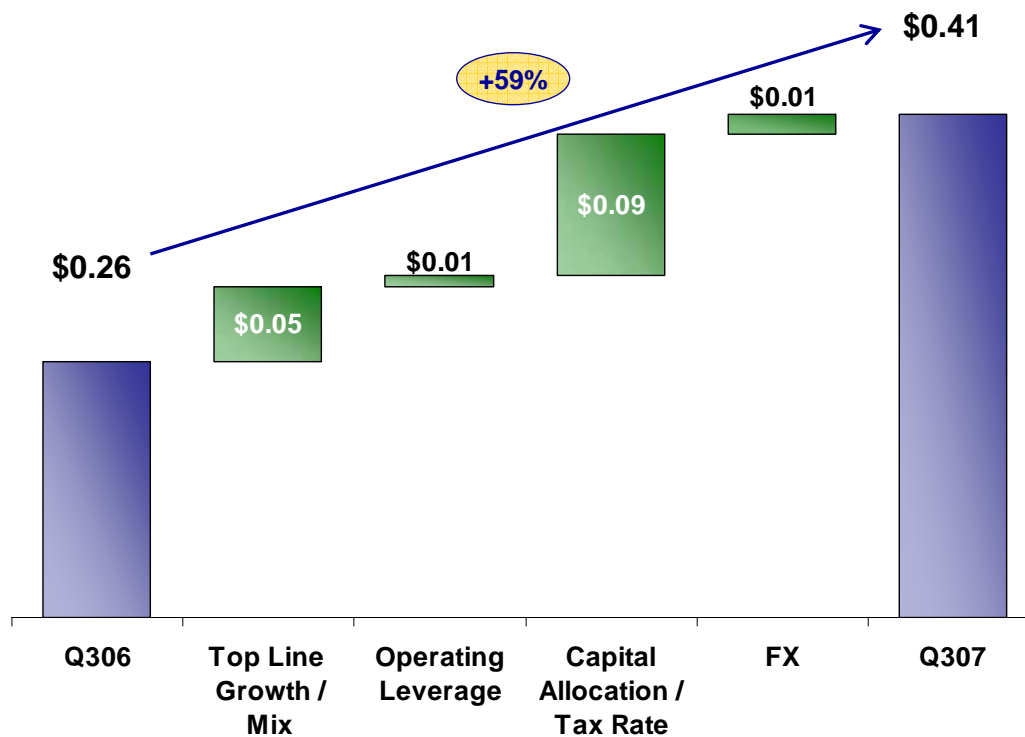


Q3 07 Top Line Growth... EPS Expansion

Top Line Growth...



...Non-GAAP EPS Expansion

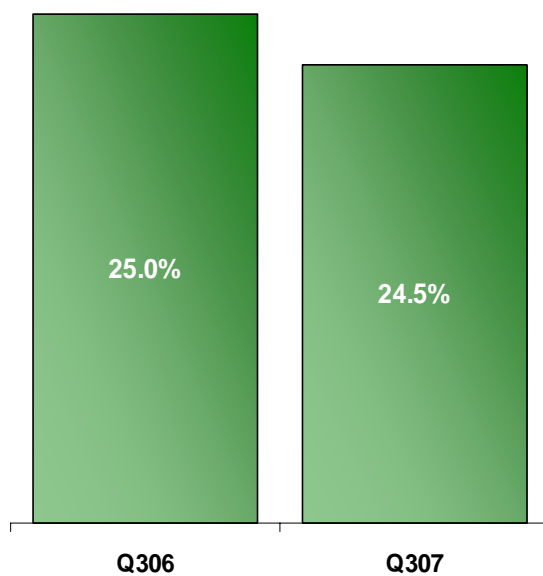


Non-GAAP Op Margin %	Q306	Top Line Growth / Mix	Operating Leverage	Capital Allocation / Tax Rate	FX	Q307
	32.1%	(1.8%)	0.7%	--	0.4%	31.4%

Note: See Appendix for reconciliation of Non-GAAP Op Margin

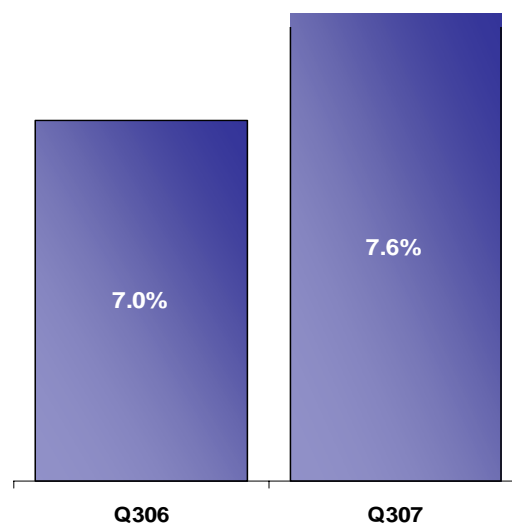
Q3 07 Total Non-GAAP Operating Expenses

— Sales & Marketing — (% of Revenue)



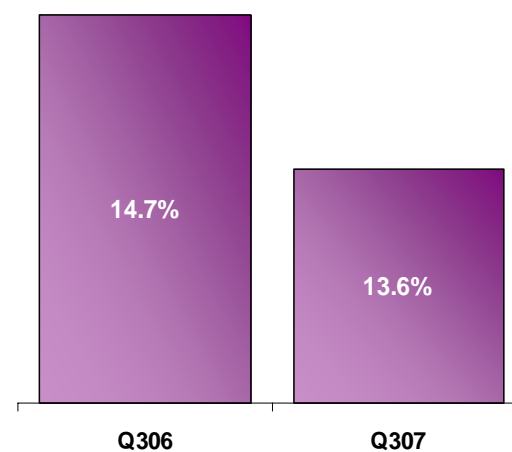
- Leveraging technology
- Positive mix shift

— Product Development — (% of Revenue)



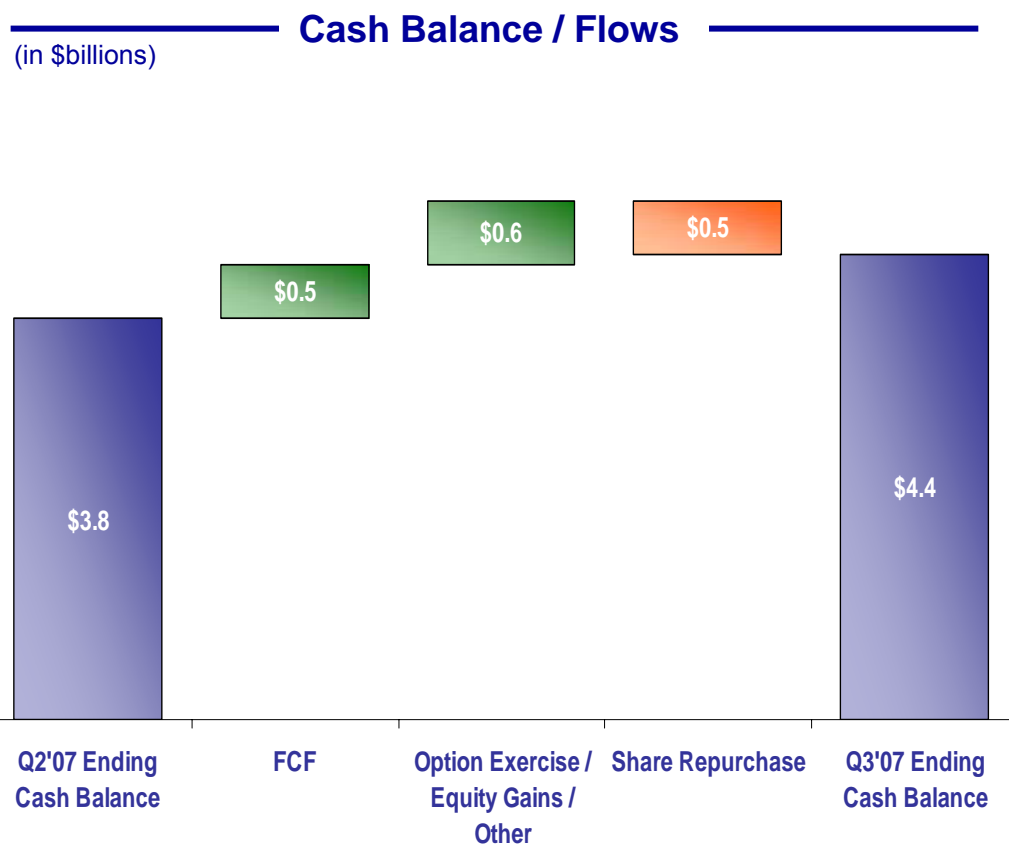
- Product Enhancements
- MP Buyer Experience
- PP Global Infrastructure

— General & Admin. — (% of Revenue)



- Leverage
- Lower transaction losses

Q3 07 Cash Flow... Share Repurchase Update



Free Cash Flow / Other Movements

- Strong free cash flow driven by earnings expansion
- \$119M in capital expenditures
- Proceeds from stock option exercises
- Equity Gains: MercadoLibre IPO

Q3 Share Repurchases

- Repurchased ~15 million EBAY shares under share repurchase program at an average price of ~\$33.85

Guidance Context... Changes from Prior Guidance

	Revenue		Non-GAAP
	Low	High	EPS
	(in millions)		
Previous 2007 Guidance	\$7,300	\$7,450	\$1.34 - \$1.38
<i>Implied Y/Y Growth Rate</i>	<i>22%</i>	<i>25%</i>	<i>28% - 32%</i>
Good execution ... Strong 3Q		~\$150	\$0.03
Investments to accelerate growth		--	(\$0.02)
Geographic mix ... Lower tax rate		--	\$0.05
One-time Tax benefit		--	\$0.04
FX Movement ... Weaker USD		~\$100	\$0.02
Updated 2007 Guidance	\$7,600	\$7,650	\$1.47 - \$1.49
<i>Implied Y/Y Growth Rate</i>	<i>27%</i>	<i>28%</i>	<i>40% - 42%</i>

Guidance Summary

	Q407	2007
<u>Financial Guidance</u>		
Revenues (in millions)	\$2,100 - 2,150	\$7,600 - 7,650
Non-GAAP Operating Margin	--	~33%
Non-GAAP EPS	\$0.39 - 0.41	\$1.47 - 1.49
Free Cash Flow (in millions)	--	~\$2,050
<u>Guidance Assumptions</u>		
FX Rate	\$1.38 / €1.00	--
Non-GAAP Tax Rate	--	21 - 21.5%
Capex % of Revenue	--	6.5 - 7.5%

Looking Forward... Glimpse Into '08

Momentum

- **Core eBay**
 - Product/ TnS/ Pricing learnings
- **Strong growth trajectory**
 - PayPal Merchant Services
 - Skype
- **New formats / monetization continue to gain momentum**
 - Classifieds
 - Advertising
 - StubHub
- **Leverage / productivity**

Headwinds

- **Competitive environment intensifying**
 - Need to do more/better/faster
- **Business mix**
 - Lower- margin businesses growing fastest
- **Accelerating investments**
 - PayPal MS – build ubiquity
 - PayLater – accelerate adoption
 - Skype – more user engagement

? Unknowns ?

- Q4 Holiday Season
- '08 Economic Environment
- FX

Summary

- **Another quarter of strong performance**
- **Focused on execution during the holiday season**
- **Some momentum and some headwinds heading into 2008**

Q & A

Appendix – GAAP to Non-GAAP Reconciliations

Calculation of Organic Revenue Growth

	Mar 31, 2005	Jun 30, 2005	Sept 30, 2005	Dec 31, 2005
Total revenue growth	36%	40%	37%	42%
Acquisition impact	(3%)	(2%)	(5%)	(11%)
Foreign currency impact	(3%)	(3%)	-	3%
Total organic revenue growth	<u>30%</u>	<u>35%</u>	<u>32%</u>	<u>34%</u>
	Mar 31, 2006	Jun 30, 2006	Sep 30, 2006	Dec 31, 2006
Total revenue growth	35%	30%	31%	29%
Acquisition impact	(10%)	(9%)	(9%)	(3%)
Foreign currency impact	5%	-	(2%)	(5%)
Total organic revenue growth	<u>30%</u>	<u>21%</u>	<u>20%</u>	<u>21%</u>
	Mar 31, 2007	June 30, 2007	Sept 30, 2007	
Total revenue growth	27%	30%	30%	
Acquisition impact	(1%)	(3%)	(3%)	
Foreign currency impact	(5%)	(4%)	(4%)	
Total organic revenue growth	<u>21%</u>	<u>23%</u>	<u>23%</u>	

Note: Acquisition impact includes acquisitions made within 12 months of the quarter

Reconciliation of GAAP to Non-GAAP Net Income / EPS

	Sept 30, 2005	Dec 31, 2005	Mar 31, 2006	Jun 30, 2006	Sep 30, 2006	Dec 31, 2006	Mar 31, 2007	June 30, 2007	Sept 30, 2007
(in millions, except per share data)									
GAAP net income (loss)	255.0 \$	279.2 \$	248.3 \$	250.0 \$	280.9 \$	346.5 \$	377.2	375.8	(935.6)
Stock-based compensation expense related to employee stock options and purchases	5.3	22.8	83.8	85.4	73.5	74.7	72.0	79.6	80.6
Payroll tax on stock option exercises	2.3	3.5	2.3	1.6	0.4	0.9	1.8	1.3	2.3
Amortization of acquired intangible assets ⁽¹⁾	29.2	51.4	51.9	62.0	51.5	49.5	51.8	56.9	57.3
Impairment of goodwill	-	-	-	-	-	-	-	-	1,390.9
Gain on sale of equity investment	-	-	-	-	-	-	-	-	-
Income taxes associated with certain non-GAAP entries	(11.6)	(16.8)	(43.4)	(48.3)	(38.9)	(41.0)	(42.3)	(42.5)	(31.7)
Non-GAAP net income	<u>280.2 \$</u>	<u>340.1 \$</u>	<u>342.9 \$</u>	<u>350.7 \$</u>	<u>367.4 \$</u>	<u>430.5 \$</u>	<u>460.5</u>	<u>471.1</u>	<u>563.8</u>
Non-GAAP net income per diluted share	<u>0.20 \$</u>	<u>0.24 \$</u>	<u>0.24 \$</u>	<u>0.24 \$</u>	<u>0.26 \$</u>	<u>0.31 \$</u>	<u>0.33</u>	<u>0.34</u>	<u>0.41</u>
Shares used in non-GAAP diluted share calculation	<u>1,387</u>	<u>1,426</u>	<u>1,438</u>	<u>1,436</u>	<u>1,426</u>	<u>1,403</u>	<u>1,384</u>	<u>1,379</u>	<u>1,373</u>

(1) Includes amortization of developed technology classified in cost of net revenues.

Reconciliation of GAAP to Non-GAAP Operating Margin

	Sept 30, 2005	Dec 31, 2005	Mar 31, 2006	Jun 30, 2006	Sep 30, 2006	Dec 31, 2006	Mar 31, 2007	Jun 30, 2007	Sept 30, 2007
(in millions)									
GAAP operating income (loss)	356.8 \$	370.4 \$	322.7 \$	311.4 \$	339.1 \$	449.9 \$	467.8 \$	456.8	(937.7)
Stock-based compensation expense related to employee stock options and purchases	5.3	22.8	83.8	85.4	73.5	74.7	72.0	79.6	80.6
Payroll tax on stock option exercises	2.3	3.5	2.3	1.6	0.4	0.9	1.8	1.3	2.3
Amortization of acquired intangible assets ⁽¹⁾	29.2	51.4	51.9	62.0	51.5	49.5	51.8	56.9	57.3
Impairment of goodwill									1,390.9
Non-GAAP operating income	<u>393.6 \$</u>	<u>448.1 \$</u>	<u>460.7 \$</u>	<u>460.4 \$</u>	<u>464.5 \$</u>	<u>575.0 \$</u>	<u>593.4 \$</u>	<u>594.6</u>	<u>593.4</u>
Revenues	1,106 \$	1,329 \$	1,390 \$	1,411 \$	1,449 \$	1,720 \$	1,768 \$	1,834	1,889
GAAP operating margin	32%	28%	23%	22%	23%	26%	26%	25%	(50%)
Non-GAAP operating margin	36%	34%	33%	33%	32%	33%	34%	32%	31%

(1) Includes amortization of developed technology classified in cost of net revenues.

Calculation of Free Cash Flow

	<u>Mar 31, 2005</u>	<u>Jun 30, 2005</u>	<u>Sept 30, 2005</u>	<u>Dec 31, 2005</u>	<u>Full Year 2005</u>
GAAP operating cash flow	\$ 495.4	\$ 496.5	\$ 491.7	\$ 526.2	\$ 2,009.8
Purchases of property and equipment, net	(79.6)	(90.5)	(70.5)	(97.7)	(338.3)
Proceeds from sale of corporate aircraft			28.3	-	28.3
Payment of headquarters facility lease obligation	(126.4)	-	-	-	(126.4)
Free cash flow	<u>\$ 289.4</u>	<u>\$ 406.0</u>	<u>\$ 449.5</u>	<u>\$ 428.5</u>	<u>\$ 1,573.4</u>
	<u>Mar 31, 2006</u>	<u>Jun 30, 2006</u>	<u>Sept 30, 2006</u>	<u>Dec 31, 2006</u>	<u>Full Year 2006</u>
GAAP operating cash flow	\$ 584.2	\$ 515.5	\$ 522.1	\$ 626.0	\$ 2,247.8
Purchases of property and equipment, net	(133.6)	(148.4)	(136.9)	(96.6)	(515.5)
Free cash flow	<u>\$ 450.6</u>	<u>\$ 367.1</u>	<u>\$ 385.2</u>	<u>\$ 529.4</u>	<u>\$ 1,732.3</u>
	<u>Mar 31, 2007</u>	<u>Jun 30, 2007</u>	<u>Sept 30, 2007</u>		
GAAP operating cash flow	\$ 564.5	\$ 654.6	629.5		
Purchases of property and equipment, net	(85.4)	(121.3)	(119.3)		
Free cash flow	<u>\$ 479.1</u>	<u>\$ 533.3</u>	<u>510.2</u>		

Reconciliation of GAAP to Non-GAAP Quarterly Statement of Income

(in millions, except per share data)	Three Months Ended Sept 30, 2006			Three Months Ended Sept 30, 2007		
	Reported	Non-GAAP Entries	Non-GAAP	Reported	Non-GAAP Entries	Non-GAAP
Net revenues	\$ 1,448.6	\$ -	\$ 1,448.6	\$ 1,889.2	\$ -	\$ 1,889.2
Cost of net revenues	320.0	(8.0) (a)	307.7	446.5	(9.1) (a)	432.0
		(4.3) (c)			(5.4) (c)	
Gross Profit	<u>1,128.6</u>	<u>12.3</u>	<u>1,140.9</u>	<u>1,442.7</u>	<u>14.5</u>	<u>1,457.2</u>
Operating expenses:						
Sales and marketing	385.5	(23.1) (a)	362.4	485.2	(22.2) (a)	463.0
Product development	120.4	(19.0) (a)	101.4	164.9	(21.4) (a)	143.5
General and administrative	236.6	(23.4) (a)	212.7	287.5	(27.9) (a)	257.3
		(0.5) (b)			(2.3) (b)	
Amortization of acquired intangible assets	47.2	(47.2) (c)	-	51.9	(51.9) (c)	-
Impairment of goodwill				1,390.9	(1,390.9) (e)	-
Total operating expense	<u>789.7</u>	<u>(113.2)</u>	<u>676.5</u>	<u>2,380.4</u>	<u>(1,516.6)</u>	<u>863.8</u>
Income (loss) from operations	338.9	125.5	464.4	(937.7)	1,531.1	593.4
Interest and other income, net	41.2	-	41.2	38.4	-	38.4
Interest expense	(0.5)	-	(0.5)	(2.7)	-	(2.7)
Income (loss) before income taxes and minority interests	379.6	125.5	505.1	(902.0)	1,531.1	629.1
Provision for income taxes	(98.8)	(38.9) (d)	(137.7)	(33.6)	(31.7) (d)	(65.3)
Net income (loss)	<u>\$ 280.8</u>	<u>\$ 86.6</u>	<u>\$ 367.4</u>	<u>\$ (935.6)</u>	<u>\$ 1,499.4</u>	<u>\$ 563.8</u>
Net income (loss) per share:						
Basic	<u>\$ 0.20</u>		<u>\$ 0.26</u>	<u>\$ (0.69)</u>		<u>\$ 0.42</u>
Diluted	<u>\$ 0.20</u>		<u>\$ 0.26</u>	<u>\$ (0.69)</u>		<u>\$ 0.41</u>
Weighted average shares:						
Basic	<u>1,406</u>		<u>1,406</u>	<u>1,354</u>		<u>1,354</u>
Diluted	<u>1,426</u>		<u>1,426</u>	<u>1,354</u>		<u>1,373</u>
Operating margin	<u>23%</u>	<u>9%</u>	<u>32%</u>	<u>(50%)</u>	<u>81%</u>	<u>31%</u>
Effective tax rate	<u>26%</u>	<u>1%</u>	<u>27%</u>	<u>(4%)</u>	<u>14%</u>	<u>10%</u>

Notes:

- (a) Stock-based compensation
- (b) Employer payroll taxes on employee non-qualified stock option grants
- (c) Amortization of acquired intangible assets and developed technology
- (d) Income taxes associated with certain non-GAAP entries
- (e) Impairment of goodwill

Reconciliation of GAAP to Non-GAAP YTD Statement of Income

(in millions, except per share data)	Nine Months Ended September 30, 2006			Nine Months Ended September 30, 2007		
	Reported	Non-GAAP Entries	Non-GAAP	Reported	Non-GAAP Entries	Non-GAAP
Net revenues	\$ 4,249.8	\$ -	\$ 4,249.8	\$ 5,491.7	\$ -	\$ 5,491.7
Cost of net revenues	900.5	(25.1) (a)	861.7	1,257.0	(27.5) (a)	1,214.3
		(13.7) (c)			(15.2) (c)	
Gross Profit	<u>3,349.3</u>	<u>38.8</u>	<u>3,388.1</u>	<u>4,234.7</u>	<u>42.7</u>	<u>4,277.4</u>
Operating expenses:						
Sales and marketing	1,158.5	(74.9) (a)	1,083.6	1,406.3	(64.5) (a)	1,341.8
Product development	363.4	(62.7) (a)	300.7	450.4	(56.8) (a)	393.6
General and administrative	702.6	(80.0) (a)	618.2	849.3	(83.4) (a)	760.5
		(4.4) (b)			(5.4) (b)	
Amortization of acquired intangible assets	151.7	(151.7) (c)	-	150.8	(150.8) (c)	-
Impairment of goodwill	-	-	-	1,390.9	(1,390.9) (e)	-
Total operating expense	<u>2,376.2</u>	<u>(373.7)</u>	<u>2,002.5</u>	<u>4,247.7</u>	<u>(1,751.8)</u>	<u>2,495.9</u>
Income (loss) from operations	973.1	412.5	1,385.6	(13.0)	1,794.5	1,781.5
Interest and other income, net	92.6	-	92.6	102.4	-	102.4
Interest expense	(2.2)	-	(2.2)	(10.0)	-	(10.0)
Income (loss) before income taxes and minority interests	1,063.5	412.5	1,476.0	79.4	1,794.5	1,873.9
Provision for income taxes	(284.3)	(130.6) (d)	(414.9)	(262.0)	(116.6) (d)	(378.6)
Net income (loss)	<u>\$ 779.2</u>	<u>\$ 281.9</u>	<u>\$ 1,061.1</u>	<u>\$ (182.6)</u>	<u>\$ 1,677.9</u>	<u>\$ 1,495.3</u>
Net income (loss) per share:						
Basic	<u>\$ 0.55</u>		<u>\$ 0.75</u>	<u>\$ (0.13)</u>		<u>\$ 1.10</u>
Diluted	<u>\$ 0.54</u>		<u>\$ 0.74</u>	<u>\$ (0.13)</u>		<u>\$ 1.08</u>
Weighted average shares:						
Basic	<u>1,406</u>		<u>1,406</u>	<u>1,361</u>		<u>1,361</u>
Diluted	<u>1,433</u>		<u>1,433</u>	<u>1,361</u>		<u>1,379</u>
Operating margin	<u>23%</u>	<u>10%</u>	<u>33%</u>	<u>0%</u>	<u>32%</u>	<u>32%</u>
Effective tax rate	<u>27%</u>	<u>1%</u>	<u>28%</u>	<u>(330%)</u>	<u>350%</u>	<u>20%</u>

Notes:

- (a) Stock-based compensation
- (b) Employer payroll taxes on employee non-qualified stock option grants
- (c) Amortization of acquired intangible assets and developed technology
- (d) Income taxes associated with certain non-GAAP entries
- (e) Impairment of goodwill

Reconciliation of GAAP to Non-GAAP Guidance

(in millions, except per share amounts and percentages)	Three Months Ended September 30, 2007		Year Ended December 31, 2007	
	GAAP	Non-GAAP (a)	GAAP	Non-GAAP (a)
Revenues	\$2,100-\$2,150	\$2,100-\$2,150	\$7,600-\$7,650	\$7,600-\$7,650
Operating Margin	-	-	~7%	~33%
Diluted EPS	\$ 0.32-\$0.34	\$ 0.39-\$0.41	\$0.19-\$0.21	\$1.47-\$1.49
Effective Tax Rate	-	-	58.0%-60.0%	21.0%-21.5%

(a) Non-GAAP guidance reflects estimated quarterly adjustments to exclude the amortization of acquired intangible assets of approximately \$55-\$60 million and stock-based compensation and payroll taxes on employee stock options of approximately \$75-\$90 million.