

Q1 09 Financial Highlights

April 22, 2009



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 relating to our future performance that are based on our current expectations, forecasts and assumptions and involve risks and uncertainties, 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, but not limited to, the impact of recent global economic events and the global economic downturn; foreign-exchange-rate fluctuations; changes in political, business, and economic conditions; the impact and integration of recent and future acquisitions; 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, our need to manage regulatory, tax, IP and litigation risks (including risks specific to PayPal and the financial industry, and risks specific to Skype's technology and to the VoiP industry); and our need to upgrade our technology and customer service infrastructure at reasonable cost while adding new features and maintaining site stability.

You can find more information about factors that could affect our operating results in our most recent annual report on our Form 10-K and our subsequent 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 April 22, 2009, and we do not intend, and undertake no duty, to update this presentation.

Analyst Day Recap... *A Financial Perspective*

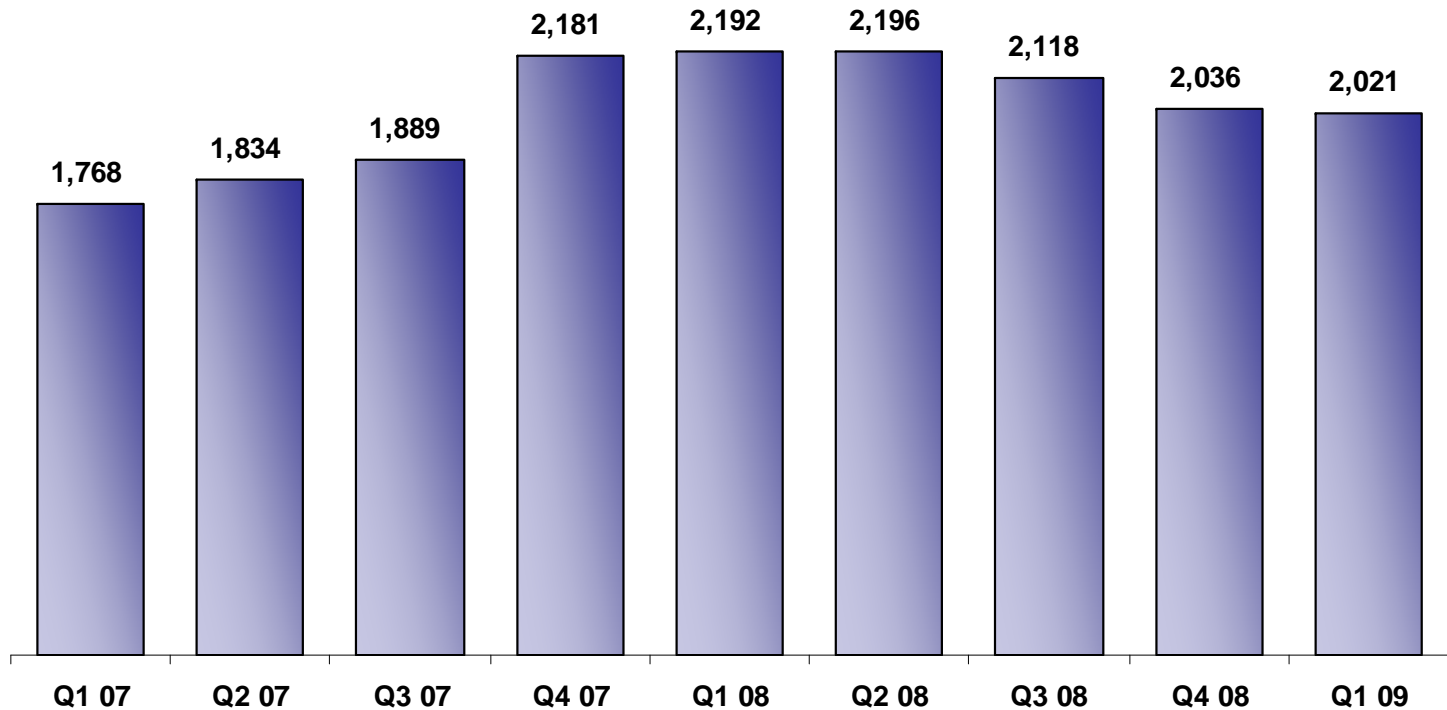
- We connect buyer and sellers -- *allocating capital consistent with our strategy to ensure full potential of our businesses, while capturing inherent synergies and divesting non-core assets*
- Managing with operating discipline and accountability – *operating smarter to drive efficiencies of ~\$2B over next 3 yrs, free up financial capacity to invest for growth, technology as a priority*
- *Strong cash flow business, high margins, ability to reinvest to grow, and/or return capital to shareholders... will be disciplined in how we make these tradeoffs*

Q1 09 Summary

- **Executing against our priorities in difficult economic environment**
 - Revenue at the high-end of guidance...
 - Exceeded bottom-line guidance... solid cost-control
 - PayPal momentum continues...
 - Marketplaces format shift continues...
 - Skype grew rapidly... improved segment margin
- **Announced plans last week to strengthen our presence in Asia with our agreement to acquire Gmarket and focus our portfolio with the planned IPO of Skype**

Q1 09 Summary... Revenue

Revenue
(in \$millions)



	Q1 07	Q2 07	Q3 07	Q4 07	Q1 08	Q2 08	Q3 08	Q4 08	Q1 09
Reported Y/Y Growth	27%	30%	30%	27%	24%	20%	12%	-7%	-8%
Organic Y/Y Growth	21.0%	23.3%	22.4%	17.9%	17.1%	14.6%	10.2%	-1.3%	-1.2%

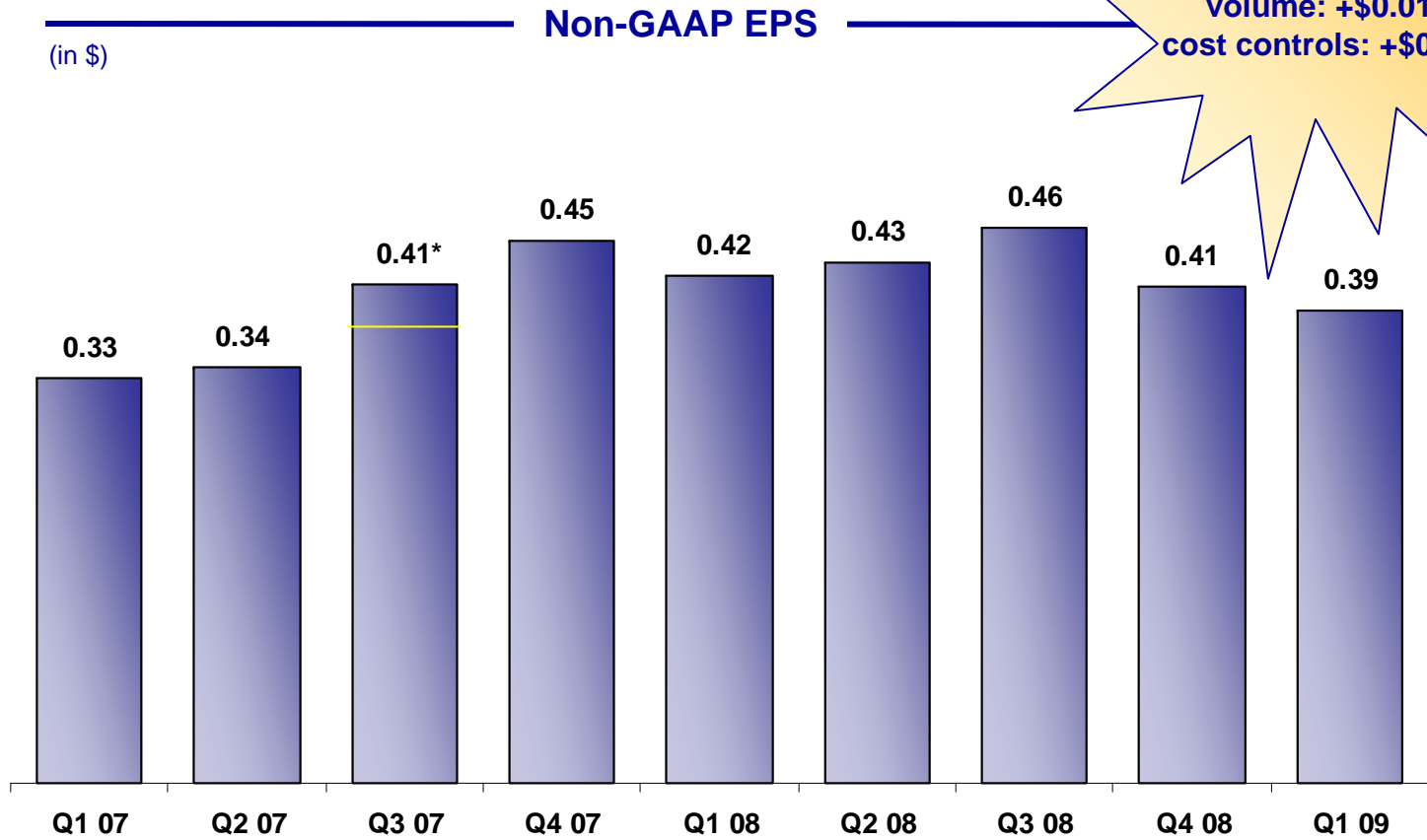
**We revised our calculation of the estimated foreign currency impact by using transaction currency rather than the functional currency to order to more fully capture the estimated impact of foreign currencies. Prior periods have been revised to conform to current period presentation.*

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



Q1 09 Summary... Non-GAAP EPS

vs. guidance...
volume: +\$0.01
cost controls: +\$0.04

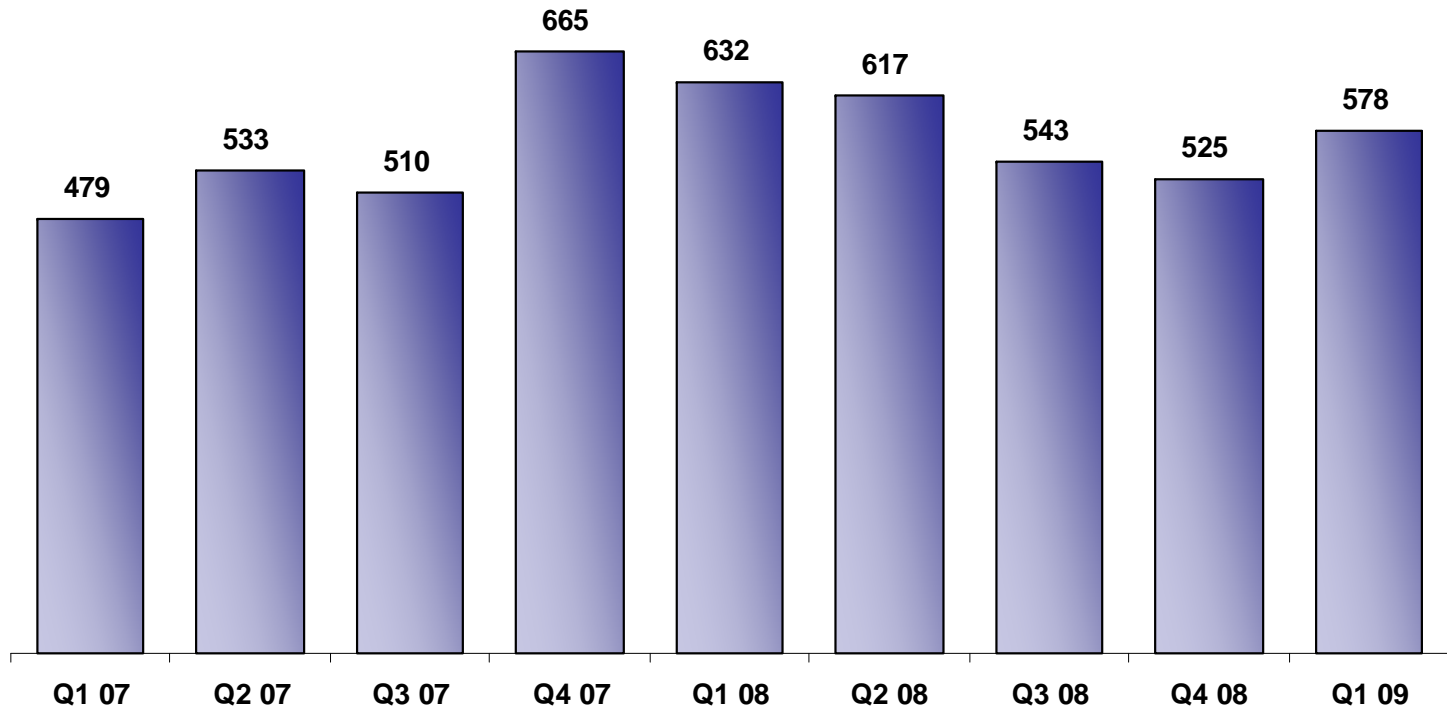


	Q1 07	Q2 07	Q3 07	Q4 07	Q1 08	Q2 08	Q3 08	Q4 08	Q1 09
Reported Y/Y Growth	39%	40%	59%	45%	26%	25%	11%	-9%	-7%
Non-GAAP Op. Margin	33.6%	32.4%	31.4%	34.6%	32.0%	31.9%	31.8%	32.8%	30.7%

Q1 09 Summary... Free Cash Flow Generation

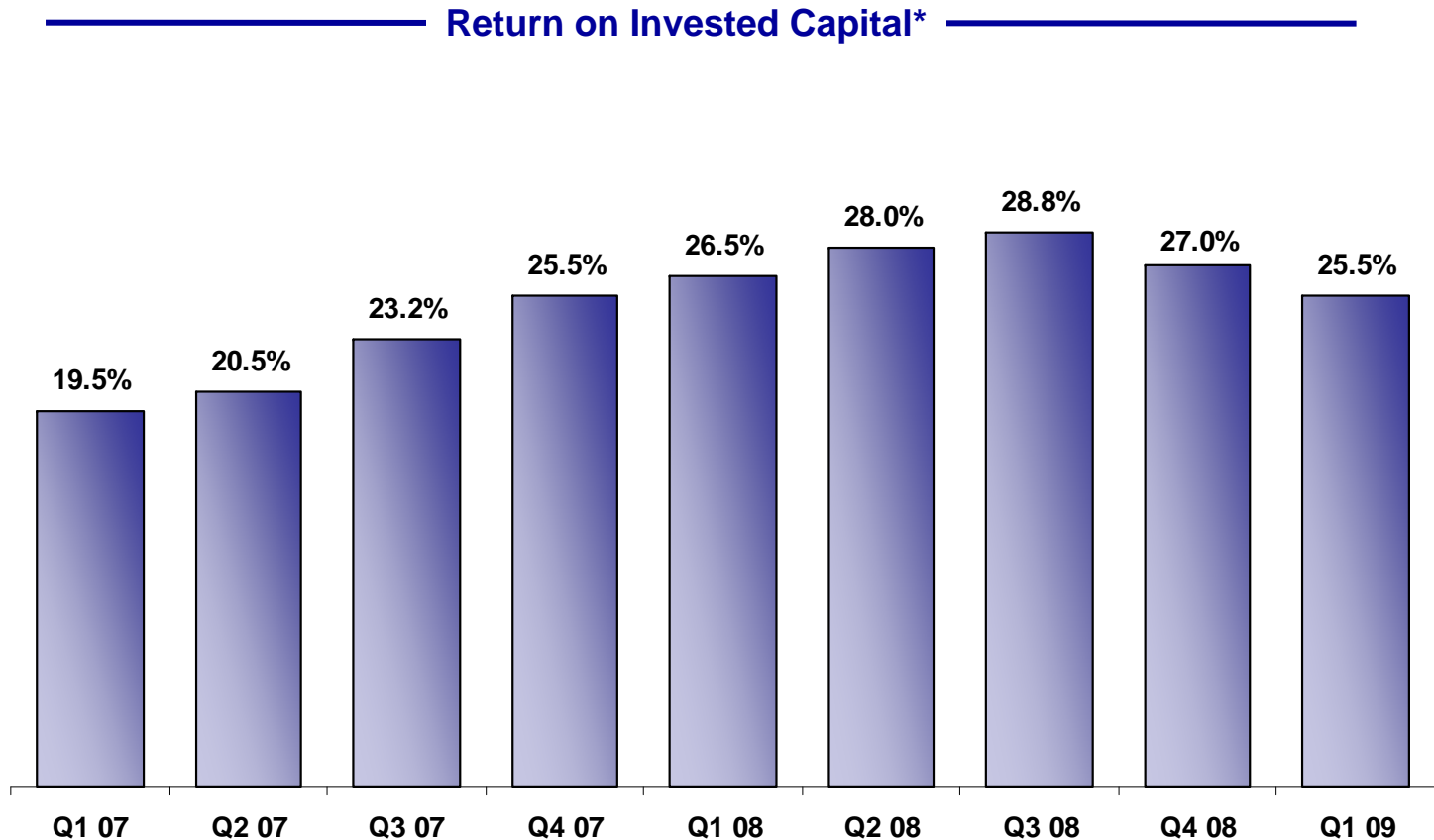
Free Cash Flow

(in \$millions)



Reported Y/Y Growth	6%	45%	32%	26%	32%	16%	6%	-21%	-9%
Capex % of Revenue	5%	7%	6%	6%	6%	6%	7%	8%	5%
FCF % of Revenue	27%	29%	27%	30%	29%	28%	26%	26%	29%

Q1 09 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)

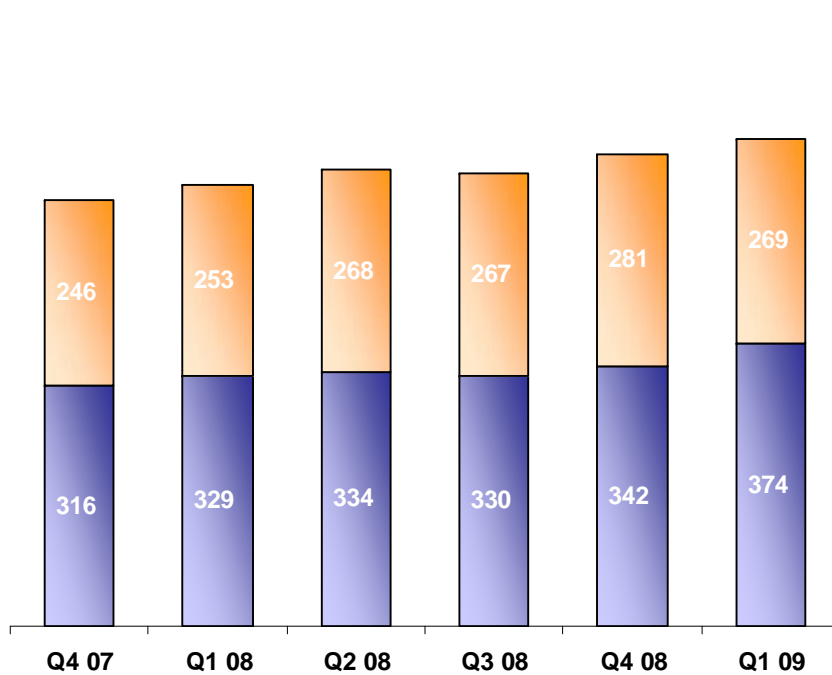
Note: Skype write down that occurred in Q3'07 lowered our asset base without impacting pro-forma earnings

Calculation of Return on Invested Capital is included in the Appendix of this presentation

Business Update... Payments Revenue and Volume

Revenue

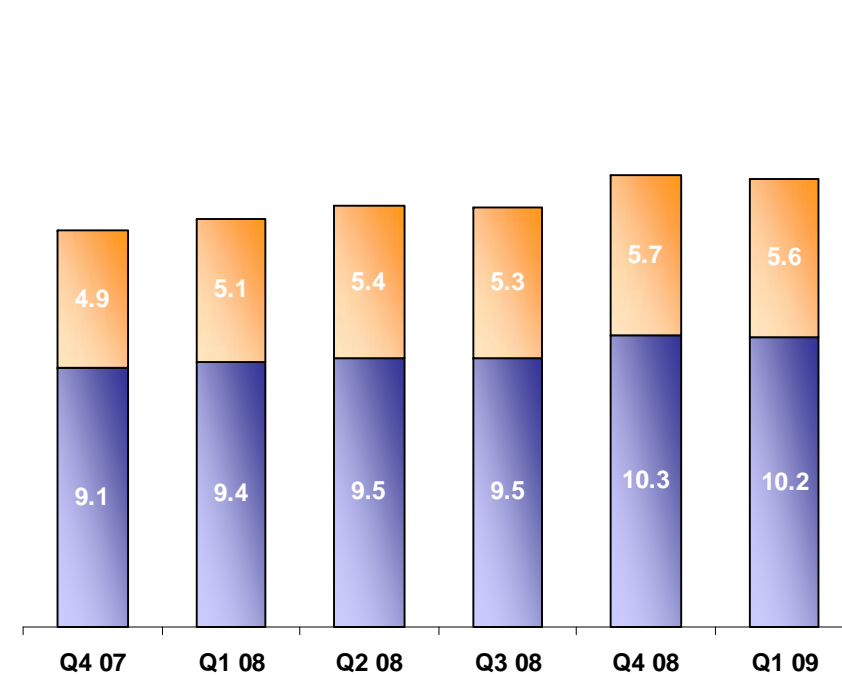
(\$millions)



\$ millions	563	582	602	597	623	643
y/y growth	35%	32%	33%	27%	11%	11%
Fx-neutral y/y growth	32%	30%	31%	27%	14%	16%

TPV

(\$billions)



\$ billions	14.0	14.4	14.9	14.8	16.0	15.9
y/y growth	35%	34%	35%	28%	14%	10%
Fx-neutral y/y growth	31%	31%	32%	28%	21%	18%

Business Update... Payments Operating Metrics

	Q4 07	Q1 08	Q2 08	Q3 08	Q4 08	Q1 09
Active Registered Accounts (in millions)						
Global Active Accounts	57.3	60.2	62.6	65.3	70.4	73.1
Y/Y Growth	16%	17%	19%	19%	23%	22%
TPV (in \$millions)						
On eBay	7,928	7,777	7,673	7,265	7,702	7,268
Y/Y Growth	17%	17%	19%	12%	-3%	-7%
Fx-Neutral Y/Y Growth	14%	14%	16%	12%	5%	3%
Merchant Services	6,116	6,640	7,256	7,547	8,067	8,398
Y/Y Growth	66%	61%	57%	49%	32%	26%
Fx-Neutral Y/Y Growth	63%	59%	54%	49%	38%	34%
Bill Me Later	-	-	-	-	219*	192
Y/Y Growth	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Total TPV	14,044	14,417	14,929	14,812	15,988	15,859
Y/Y Growth	35%	34%	35%	28%	14%	10%
Fx-Neutral Y/Y Growth	31%	31%	32%	28%	21%	18%
PayPal On-eBay Penetration Rate						
Global	54.0%	54.5%	56.5%	59.6%	62.7%	63.6%
Transaction rates*						
Global take rate	3.84%	3.88%	3.89%	3.89%	3.78%	3.81%
Transaction exp	1.18%	1.18%	1.23%	1.20%	1.16%	1.16%
Transaction loss	0.27%	0.24%	0.27%	0.29%	0.33%	0.28%

- Driven by strong growth in international active accounts

- New PayPal merchants include Match.com and Sony in the U.S., and Emirates Airlines
- Number of PayPal payments increased 20% y/y

- Penetration rate up 9 pts from Q1'08, helped by increased buyer protections

- Trxn margin relatively stable at 62.2% despite increased buyer protections on eBay

Notes:

*Comparable BML metrics have been blended into total PayPal metrics

*Q4'08 BML TPV excludes pre-acquisition TPV (before Nov. 7, 2008)

• Global Active Accounts reflects all registered accounts, excluding non-registered users, that successfully sent or received at least one payment or payment reversal through PayPal within the previous 12-month period and BML accounts that are currently able to transact and have received a statement in the past 12 months.

• Penetration Rate has been adjusted to reflect the total dollar volume of addressable GMV paid using PayPal in relation to the total dollar volume of addressable GMV.

• More information on these metrics can be found on Page 9 of our Earnings Press Release dated April 22, 2009

Business Update... Bill Me Later Metrics

Portfolio Balance: \$556M*

Risk-Adjusted Margin**



2Q07 3Q07 4Q07 1Q08 2Q08 3Q08 4Q08 1Q09

- Risk-adjusted margin ~2x higher than industry average

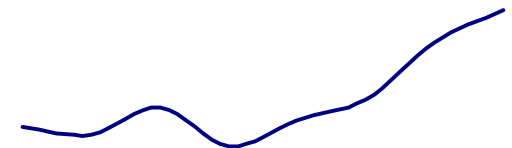
Avg. Customer FICO Score



2Q07 3Q07 4Q07 1Q08 2Q08 3Q08 4Q08 1Q09

- Continued to tighten lending standards in order to manage credit quality in difficult credit environment

Net Charge-Offs as % of Receivables



2Q07 3Q07 4Q07 1Q08 2Q08 3Q08 4Q08 1Q09

- Charge-offs increased modestly, but in line with expectations... portfolio balance smaller

*Gross receivables balance as of 3/31/09

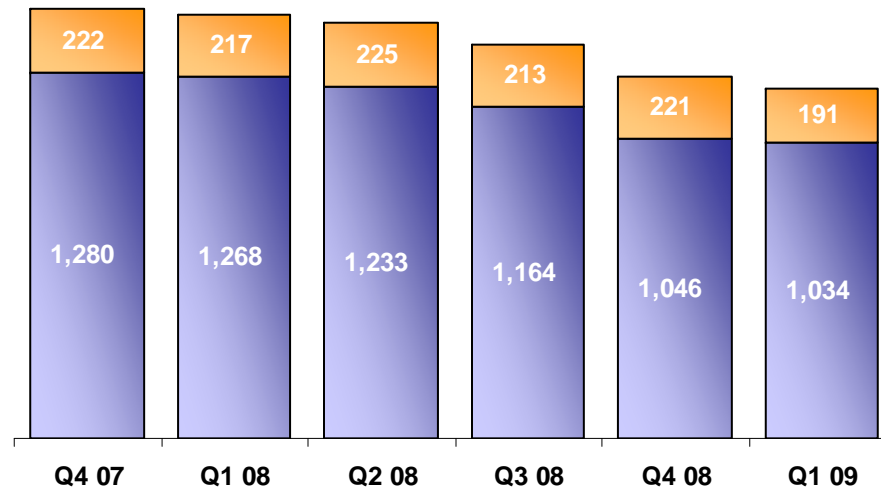
**Risk-Adjusted Margin is the annualized ratio of total revenues less cost of funds less net credit and fraud losses relative to average annualized loan receivables for the 3-month period

Note: Risk-adjusted margin for Q4'08 as shown in the Earnings Release captures data from the acquisition date (Nov. 7, 2008) to quarter-end, and as such is ~1.5pts higher than the full quarter's risk-adjusted margin

Business Update... Marketplaces Revenue

Revenue

(\$millions)



\$ millions

1,503 **1,484** **1,458** **1,377** **1,268** **1,224**

y/y growth

21% **19%** **13%** **4%** **-16%** **-18%**

Fx-neutral y/y growth

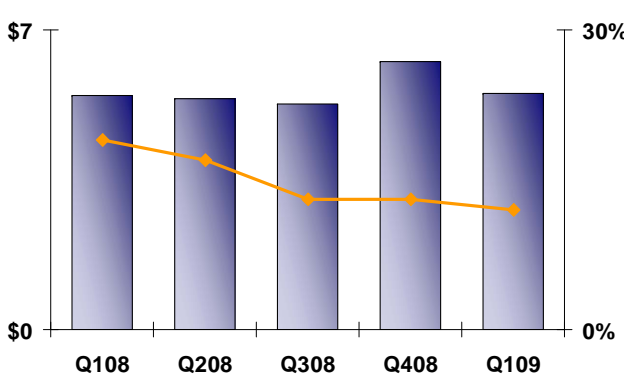
15% **13%** **8%** **3%** **-8%** **-8%**

% Int'l

54% **55%** **56%** **53%** **55%** **54%**

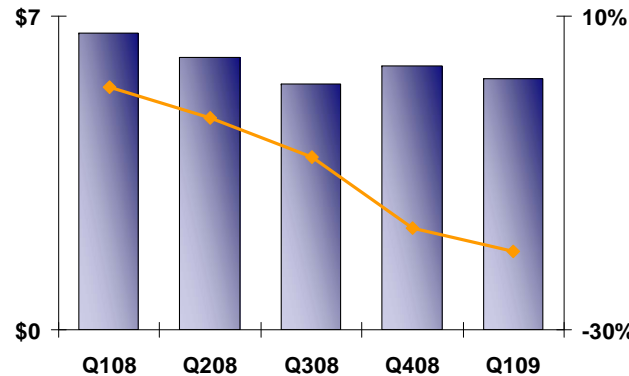
Business Update... GMV based formats (fx-neutral*)

Fixed Price (\$billions)



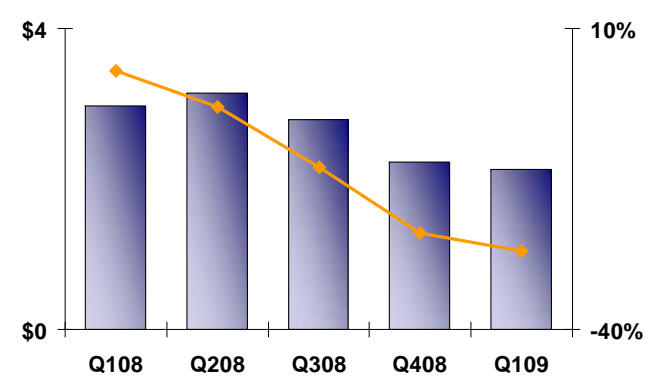
Quarter	Q108	Q208	Q308	Q408	Q109
\$ billions	\$5.7	\$5.7	\$5.8	\$6.8	\$6.6
FX-Neutral y/y growth	19%	17%	13%	13%	12%
% of Total Fx-Neutral GMV	37%	38%	41%	45%	45%

Auctions (\$billions)



Quarter	Q108	Q208	Q308	Q408	Q109
\$ billions	\$6.6	\$6.1	\$5.5	\$5.9	\$5.6
FX-Neutral y/y growth	1%	-3%	-8%	-17%	-20%
% of Total Fx-Neutral GMV	43%	40%	39%	39%	39%

Vehicles (\$billions)

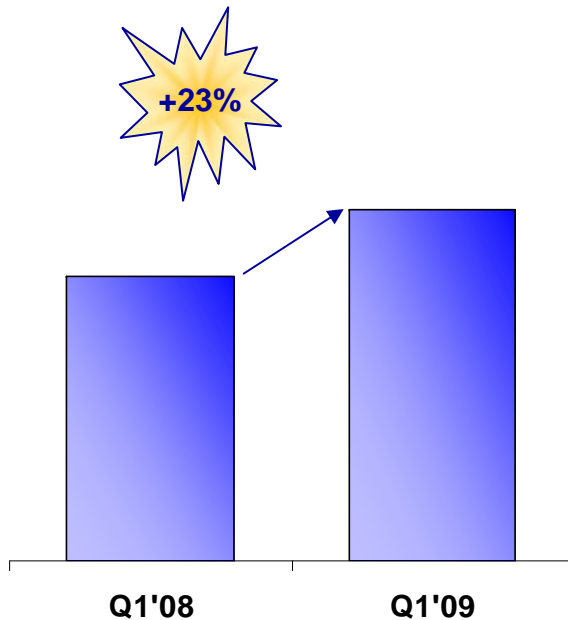


Quarter	Q108	Q208	Q308	Q408	Q109
\$ billions	\$3.1	\$3.3	\$2.9	\$2.4	\$2.3
FX-Neutral y/y growth	3%	-3%	-13%	-24%	-27%
% of Total Fx-Neutral GMV	20%	22%	21%	16%	16%

*Fx-neutral GMV is calculated by applying the prior-year quarter's spot rates to the current quarter. Fx-neutral growth is calculated by putting the calculated fx-neutral GMV over the prior-year quarter at spot rates.

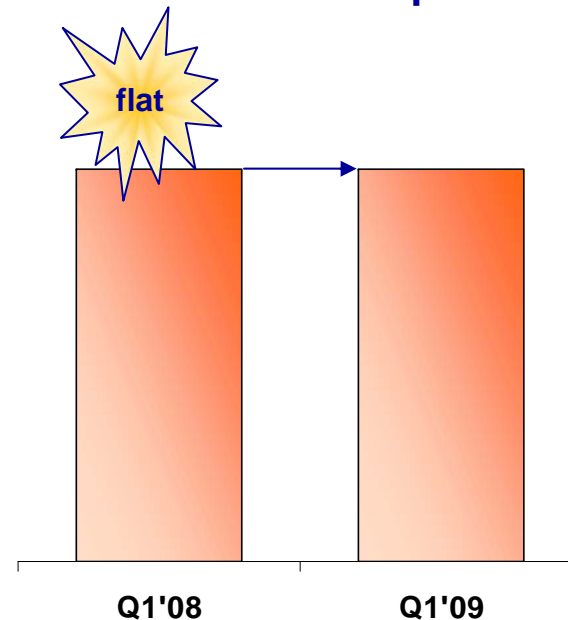
Business Update... MP Marketing Services & Other

Classifieds



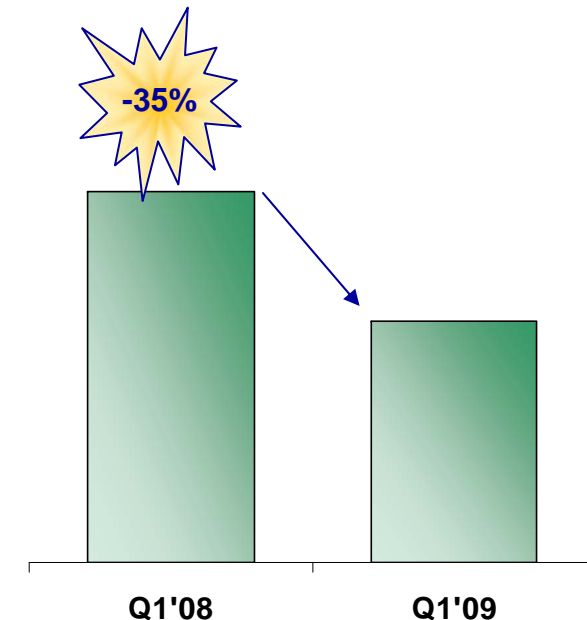
- Strong growth in alternative format to bring buyers and sellers together
- 21% y/y increase in unique visitors
- Grew 41% on an fx-neutral basis

Text & Graphical Ad Partnerships



- Decline in Cost-Per-Click (CPC)
- Decrease in total page views
- Grew 8% on an fx-neutral basis

Shopping.com/Other



- SDC continues to decline based on changes made by search engines
- Down 29% on an fx-neutral basis

Business Update... Marketplaces Operating Metrics

	Q4 07	Q1 08	Q2 08	Q3 08	Q4 08	Q1 09
Active Users (in millions)						
Global Active Users*	85.3	86.2	86.3	87.2	87.7	88.3
<i>Y/Y Growth</i>	3%	2%	2%	3%	3%	2%
Sold Items						
<i>Y/Y Growth in Sold Items</i>	9.0%	10.7%	9.9%	5.7%	2.7%	-1.6%
GMV (in \$millions)						
US Ex-Vehicles	5,580	5,425	5,121	4,976	5,099	4,818
<i>Y/Y Growth</i>	9%	7%	6%	2%	-9%	-11%
Int'l Ex-Vehicles	7,527	7,443	7,180	6,385	6,371	5,980
<i>Y/Y Growth</i>	17%	19%	15%	3%	-15%	-20%
<i>Fx Neutral Y/Y Growth</i>	7%	10%	6%	2%	0%	-1%
GMV Ex-Vehicles	13,107	12,868	12,301	11,361	11,470	10,797
<i>Y/Y Growth</i>	14%	14%	11%	3%	-12%	-16%
<i>Fx Neutral Y/Y Growth</i>	8%	8%	6%	2%	-3%	-5%
Vehicles GMV	3,106	3,168	3,383	2,922	2,176	2,074
<i>Y/Y Growth</i>	8%	7%	0%	-12%	-30%	-35%
<i>Fx Neutral Y/Y Growth</i>	3%	3%	-3%	-13%	-24%	-27%
Fixed price as a % of GMV	42%	42%	43%	46%	49%	49%

- Numbers revised to count activity based on the date an item was listed (previously based on when a listing closed)

- Economic environment continues to pressure sold items growth

- Economic environment continues to pressure market, particularly in the U.S.
- Int'l markets performing steadily through the economic downturn on an fx-neutral basis
- Vehicles industry continues to weaken
- Cross-border trade was 17% of GMV, up 1pt from Q4'08, driven primarily by the UK

Notes:

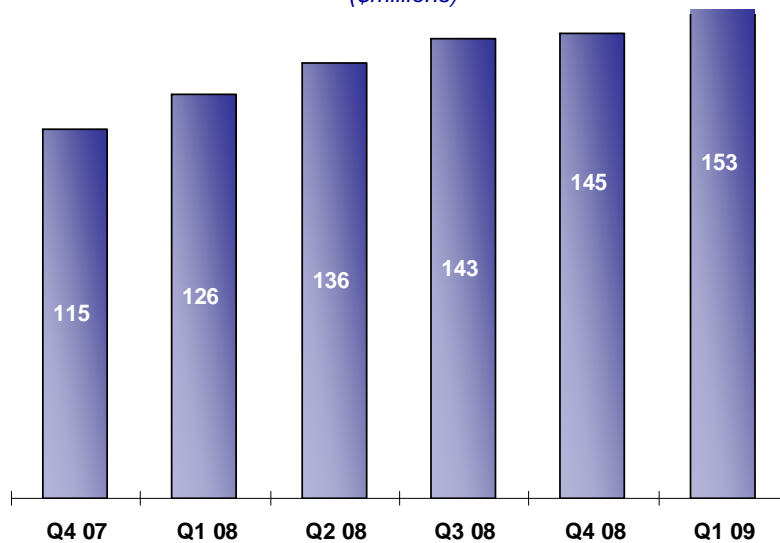
*Global active users number reflects all users, excluding users of StubHub, Half.com and IAC, who bid on, bought, listed, or sold an item within the previous 12-month period.

•More information on these metrics can be found on Page 10 of our Earnings Press Release dated April 22, 2009

Business Update... Skype Revenue and Operating Metrics

Revenue

(Millions)



	Q4 07	Q1 08	Q2 08	Q3 08	Q4 08	Q1 09
<i>y/y growth</i>	76%	61%	51%	46%	26%	21%
<i>Fx-neutral y/y growth</i>	57%	42%	31%	34%	38%	38%

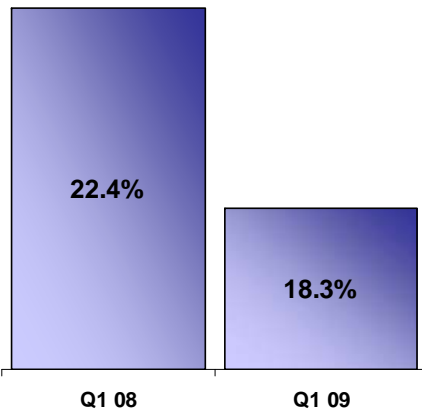
	Q4 07	Q1 08	Q2 08	Q3 08	Q4 08	Q1 09
Registered Users (in millions)	276	309	338	370	405	443
<i>Y/Y Growth</i>	61%	58%	54%	51%	47%	43%
Skype to Skype Minutes (in billions)	11.9	14.2	14.8	16.0	20.5	23.6
<i>Y/Y Growth</i>	26%	30%	38%	63%	72%	67%
Skype Out Minutes (in billions)	1.6	1.7	1.9	2.2	2.6	2.9
<i>Y/Y Growth</i>	10%	33%	42%	54%	60%	65%

Notes:

- Registered user number reflects users that may have registered through non-Skype based web sites.
- Information on these metrics can be found on Page 11 of our Earnings Press Release dated April 22, 2009.

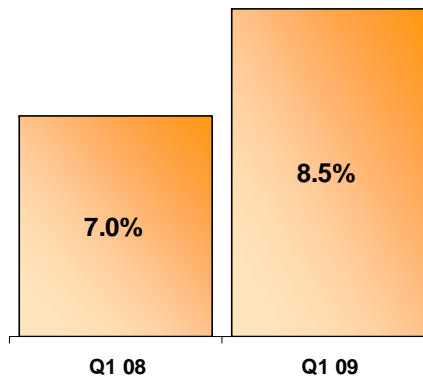
Business Update... Operating Smarter

Sales & Marketing* (% of Revenue)



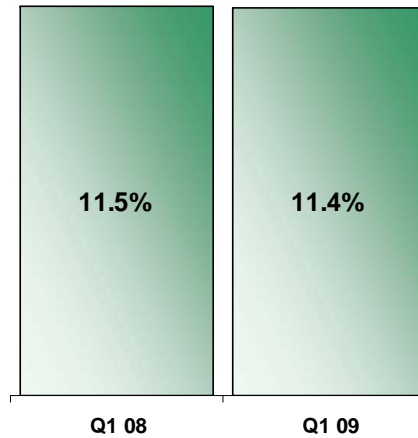
- More efficient spend at lower levels
- Partially reallocated to investments in product

Product Development* (% of Revenue)



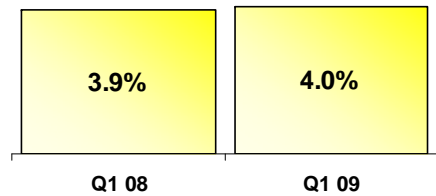
- Increased spend on search, catalog, platform, and user experience

General & Admin.* (% of Revenue)



- Employee expense down, offset by acquisition-related costs and fx-impact

Prov. for Trxn and Loan Loss* (% of Revenue)

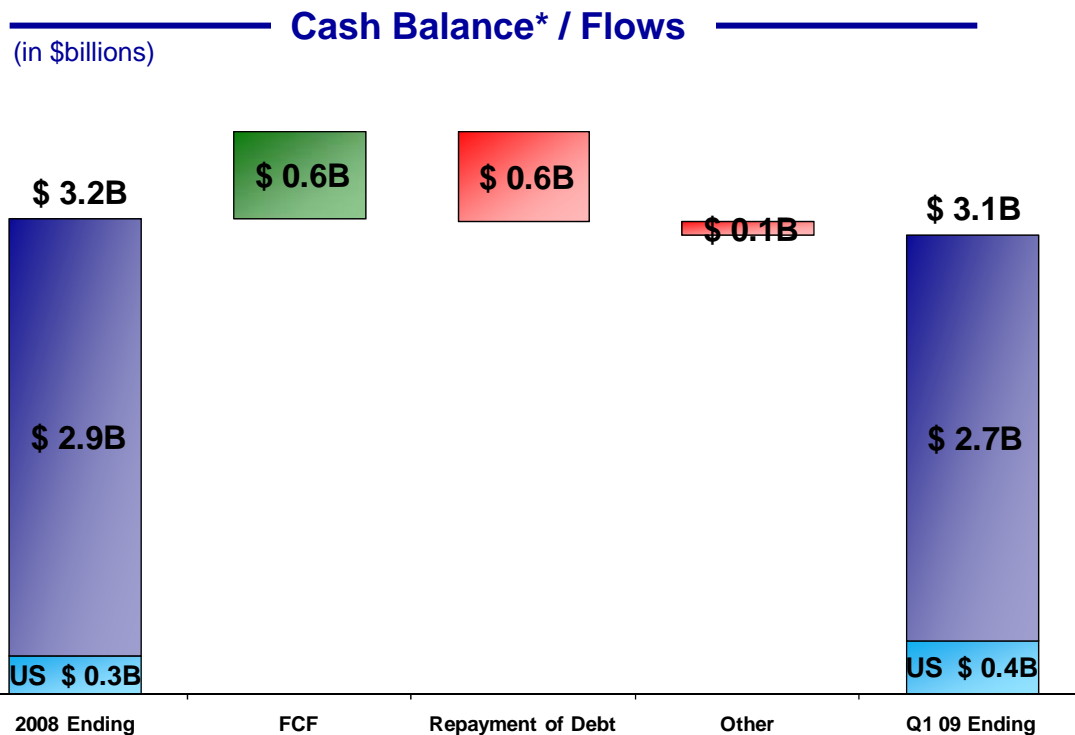


- Relatively stable

Q1 Non-GAAP Op Inc: \$620M
Q1 Non-GAAP Net Inc: \$500M

Operating smarter... decreased operating expenses as a % of revenue from Q1'08 while increasing investments in product... continue to increase efficiencies...

Q1 09 Cash Flow / Capital Allocation ...



Free Cash Flow / Other Movements

- Repaid \$0.6B on our line of credit
- Capital expenditures: 5% of revenue
- Repatriated ~\$500M in the quarter in a tax-efficient manner

*Cash balance includes cash and cash equivalents

***"Other" includes impact from fx movements, proceeds from loan receivables and issuance of common stock



Guidance Summary

	<u>2Q'09 Guidance</u>	<u>vs. Q1'09 Performance</u>
Revenue	\$1.85 - \$2.05B	<ul style="list-style-type: none"> • GMV and TPV declines stabilize around Q1 levels, excluding impact from FX
<i>Y/Y Change</i>	<i>-16% to -7%</i>	<ul style="list-style-type: none"> • Lower take rate... more PowerSeller discounts
Non-GAAP EPS	\$0.34 - \$0.36	<ul style="list-style-type: none"> • Weaker advertising market • Lower interest rates on cash balances
<i>Y/Y Change</i>	<i>-21% to -16%</i>	<ul style="list-style-type: none"> • Minimal impact from Gmarket... expected to close late in Q2

<u>Implications for 2H'09:</u>	<u>vs. 1H'09</u>
<ul style="list-style-type: none"> • Volume... assumes economy (and GMV/TPV) remain stable • Take Rate... continues down • Advertising... softer throughout year 	} (\$0.04) – (\$0.06)

Summary

- **We are executing against our priorities to strengthen our portfolio and extend leadership positions...in eCommerce and Online Payments**
- **We continue to operate in a challenging economic environment... managing costs diligently and investing in growth opportunities**
- **Strategic decisions to strengthen and focus our portfolio with the agreement to acquire Gmarket and the planned IPO of Skype**
- **We have the financial architecture to make the necessary investments while delivering strong top-line, bottom-line and free cash flow**

Q & A

Appendix

Calculation of Organic Revenue Growth

Reconciliation of Organic Revenue Growth

	<u>Mar 31, 2007</u>	<u>Jun 30, 2007</u>	<u>Sept 30, 2007</u>	<u>Dec 31, 2007</u>
Total revenue growth	27%	30%	30%	27%
Acquisition impact	(1%)	(3%)	(4%)	(3%)
Foreign currency impact	(5%)	(4%)	(4%)	(6%)
Total organic revenue growth	<u>21%</u>	<u>23%</u>	<u>22%</u>	<u>18%</u>
	<u>Mar 31, 2008</u>	<u>Jun 30, 2008</u>	<u>Sept 30, 2008</u>	<u>Dec 31, 2008</u>
Total revenue growth	24%	20%	12%	(7%)
Acquisition impact	(2%)	0%	0%	(2%)
Foreign currency impact	(5%)	(5%)	(2%)	8%
Total organic revenue growth	<u>17%</u>	<u>15%</u>	<u>10%</u>	<u>(1%)</u>
	<u>Mar 31, 2009</u>			
Total revenue growth	(8%)			
Acquisition impact	(2%)			
Foreign currency impact	9%			
Total organic revenue growth	<u>(1%)</u>			

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

Reconciliation of Quarterly GAAP to Non-GAAP Net Income / EPS (2005 – 2006)

	Three Months Ended							
	Mar 31, 2005	Jun 30, 2005	Sept 30, 2005	Dec 31, 2005	Mar 31, 2006	Jun 30, 2006	Sep 30, 2006	Dec 31, 2006
(in millions, except per share data)								
GAAP net income (loss)	\$ 256.3	\$ 291.6	\$ 255.0	\$ 279.2	\$ 248.3	\$ 250.0	\$ 280.9	\$ 346.5
Stock-based compensation expense	3.6	0.1	5.3	22.8	83.8	85.4	73.5	74.7
Employer payroll taxes on stock-based compensation	5.7	1.5	2.3	3.5	2.3	1.6	0.4	0.9
Amortization of acquired intangible assets ⁽¹⁾	22.5	25.8	29.2	51.4	51.9	62.0	51.5	49.5
Restructuring	-	-	-	-	-	-	-	-
Impairment of goodwill	-	-	-	-	-	-	-	-
Gain on sale of equity investment	-	(2.3)	-	-	-	-	-	-
Income taxes associated with certain non-GAAP entries	(12.6)	(9.5)	(11.6)	(16.8)	(43.4)	(48.3)	(38.9)	(41.0)
Non-GAAP net income	<u>\$ 275.5</u>	<u>\$ 307.2</u>	<u>\$ 280.2</u>	<u>\$ 340.1</u>	<u>\$ 342.9</u>	<u>\$ 350.7</u>	<u>\$ 367.4</u>	<u>\$ 430.5</u>
Non-GAAP net income per diluted share	<u>\$ 0.20</u>	<u>\$ 0.22</u>	<u>\$ 0.20</u>	<u>\$ 0.24</u>	<u>\$ 0.24</u>	<u>\$ 0.24</u>	<u>\$ 0.26</u>	<u>\$ 0.31</u>
Shares used in non-GAAP diluted share calculation	<u>1,382</u>	<u>1,379</u>	<u>1,387</u>	<u>1,426</u>	<u>1,438</u>	<u>1,436</u>	<u>1,426</u>	<u>1,403</u>

(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 (2007 – Present)

	Three Months Ended								
	Mar 31, 2007	June 30, 2007	Sept 30, 2007	Dec 31, 2007	Mar 31, 2008	Jun 30, 2008	Sep 30, 2008	Dec 31, 2008	Mar 31, 2009
(in millions, except per share data)									
GAAP net income (loss)	\$ 377.2	\$ 375.8	\$ (935.6)	\$ 530.9	\$ 459.7	\$ 460.3	\$ 492.2	\$ 367.2	\$ 357.1
Stock-based compensation expense	72.0	79.6	80.6	69.7	87.4	91.9	90.3	82.6	113.8
Employer payroll taxes on stock-based compensation	1.8	1.3	2.3	1.5	0.3	1.7	0.5	0.6	2.6
Amortization of acquired intangible assets ⁽¹⁾	51.8	56.9	57.3	57.7	60.9	61.5	59.4	82.2	74.6
Restructuring	-	-	-	-	-	-	-	49.1	6.6
Impairment of goodwill	-	-	1,390.9	-	-	-	-	-	-
Gain on sale of equity investment	-	-	-	-	-	-	-	-	-
Income taxes associated with certain non-GAAP entries	(42.3)	(42.5)	(31.7)	(48.9)	(46.8)	(47.9)	(50.3)	(57.9)	(54.8)
Non-GAAP net income	<u>\$ 460.5</u>	<u>\$ 471.1</u>	<u>\$ 563.8</u>	<u>\$ 610.9</u>	<u>\$ 561.5</u>	<u>\$ 567.5</u>	<u>\$ 592.1</u>	<u>\$ 523.8</u>	<u>\$ 499.9</u>
Non-GAAP net income per diluted share	<u>\$ 0.33</u>	<u>\$ 0.34</u>	<u>\$ 0.41</u>	<u>\$ 0.45</u>	<u>\$ 0.42</u>	<u>\$ 0.43</u>	<u>\$ 0.46</u>	<u>\$ 0.41</u>	<u>\$ 0.39</u>
Shares used in non-GAAP diluted share calculation	<u>1,384</u>	<u>1,379</u>	<u>1,373</u>	<u>1,368</u>	<u>1,344</u>	<u>1,325</u>	<u>1,297</u>	<u>1,284</u>	<u>1,288</u>

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

Reconciliation of GAAP to Non-GAAP Quarterly Operating Margin (2005 – 2006)

(in millions)	Three Months Ended							
	Mar 31, 2005	Jun 30, 2005	Sept 30, 2005	Dec 31, 2005	Mar 31, 2006	Jun 30, 2006	Sep 30, 2006	Dec 31, 2006
GAAP operating income (loss)	\$ 335.6	\$ 379.0	\$ 356.8	\$ 370.4	\$ 322.7	\$ 311.4	\$ 339.1	\$ 449.9
Stock-based compensation expense	3.6	0.1	5.3	22.8	83.8	85.4	73.5	74.7
Employer payroll taxes on stock-based compensation	5.7	1.5	2.3	3.5	2.3	1.6	0.4	0.9
Amortization of acquired intangible assets ⁽¹⁾	22.5	25.8	29.2	51.4	51.9	62.0	51.5	49.5
Restructuring	-	-	-	-	-	-	-	-
Impairment of goodwill	-	-	-	-	-	-	-	-
Non-GAAP operating income	<u>\$ 367.4</u>	<u>\$ 406.4</u>	<u>\$ 393.6</u>	<u>\$ 448.1</u>	<u>\$ 460.7</u>	<u>\$ 460.4</u>	<u>\$ 464.5</u>	<u>\$ 575.0</u>
Revenues	\$ 1,032	\$ 1,086	\$ 1,106	\$ 1,329	\$ 1,390	\$ 1,411	\$ 1,449	\$ 1,720
GAAP operating margin	32.5%	34.9%	32.3%	27.9%	23.2%	22.1%	23.4%	26.2%
Non-GAAP operating margin	35.6%	37.4%	35.6%	33.7%	33.1%	32.6%	32.1%	33.4%

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

Reconciliation of GAAP to Non-GAAP Quarterly Operating Margin (2007 – Present)

	Three Months Ended								
	Mar 31, 2007	Jun 30, 2007	Sept 30, 2007	Dec 31, 2007	Mar 31, 2008	Jun 30, 2008	Sept 30, 2008	Dec 31, 2008	Mar 31, 2009
(in millions)									
GAAP operating income (loss)	\$ 467.8	\$ 456.8	\$ (937.7)	\$ 626.1	\$ 552.8	\$ 545.4	\$ 524.1	\$ 453.5	\$ 422.8
Stock-based compensation expense	72.0	79.6	80.6	69.7	87.4	91.9	90.3	82.6	113.8
Employer payroll taxes on stock-based compensation	1.8	1.3	2.3	1.5	0.3	1.7	0.5	0.6	2.6
Amortization of acquired intangible assets ⁽¹⁾	51.8	56.9	57.3	57.7	60.9	61.5	59.4	82.2	74.6
Restructuring	-	-	-	-	-	-	-	49.1	6.6
Impairment of goodwill	-	-	1,390.9	-	-	-	-	-	-
Non-GAAP operating income	<u>\$ 593.4</u>	<u>\$ 594.6</u>	<u>\$ 593.4</u>	<u>\$ 755.0</u>	<u>\$ 701.4</u>	<u>\$ 700.5</u>	<u>\$ 674.3</u>	<u>\$ 668.0</u>	<u>\$ 620.4</u>
Revenues	\$ 1,768	\$ 1,834	\$ 1,889	\$ 2,181	\$ 2,192	\$ 2,196	\$ 2,118	\$ 2,036	\$ 2,020
GAAP operating margin	26.5%	25.0%	-50.0%	28.7%	25.2%	24.8%	24.7%	22.3%	20.9%
Non-GAAP operating margin	33.6%	32.0%	31.0%	34.6%	32.0%	31.9%	31.8%	32.8%	30.7%

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

Calculation of Free Cash Flow

(in millions)	Three Months Ended				
	Mar 31, 2006	Jun 30, 2006	Sept 30, 2006	Dec 31, 2006	Full Year 2006
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>
	Mar 31, 2007	Jun 30, 2007	Sept 30, 2007	Dec 31, 2007	Full Year 2007
GAAP operating cash flow	\$ 564.5	\$ 654.6	\$ 629.5	\$ 792.8	\$ 2,641.4
Purchases of property and equipment, net	(85.4)	(121.3)	(119.3)	(127.9)	(454.0)
Free cash flow	<u>\$ 479.1</u>	<u>\$ 533.3</u>	<u>\$ 510.2</u>	<u>\$ 664.9</u>	<u>\$ 2,187.4</u>
	Mar 31, 2008	Jun 30, 2008	Sept 30, 2008	Dec 31, 2008	Full Year 2008
GAAP operating cash flow	\$ 766.2	\$ 738.4	\$ 693.4	\$ 684.0	\$ 2,882.0
Purchases of property and equipment, net	(134.6)	(121.7)	(150.4)	(159.2)	(565.9)
Free cash flow	<u>\$ 631.6</u>	<u>\$ 616.7</u>	<u>\$ 543.0</u>	<u>\$ 524.8</u>	<u>\$ 2,316.1</u>
	Mar 31, 2009				
GAAP operating cash flow	\$ 668.5				
Purchases of property and equipment, net	(90.9)				
Free cash flow	<u>\$ 577.6</u>				

Reconciliation of GAAP to Non-GAAP Quarterly Statement of Income

(in millions, except per share data and percentages)	Three Months Ended March 31, 2008			Three Months Ended March 31, 2009		
	Reported	Non-GAAP Entries	Non-GAAP	Reported	Non-GAAP Entries	Non-GAAP
Net revenues	\$ 2,192.2	\$ -	\$ 2,192.2	\$ 2,020.6	\$ -	\$ 2,020.6
Cost of net revenues	525.4	(10.5) (a)	508.8	573.4	(14.8) (a)	547.5
		(6.1) (c)			(11.1) (c)	
Gross Profit	<u>1,666.8</u>	<u>16.6</u>	<u>1,683.4</u>	<u>1,447.2</u>	<u>25.9</u>	<u>1,473.1</u>
Operating expenses:						
Sales and marketing	514.5	(23.8) (a)	490.7	403.3	(33.7) (a)	369.6
Product development	176.8	(23.5) (a)	153.3	201.5	(30.7) (a)	170.8
General and administrative	281.7	(29.6) (a)	251.8	268.3	(34.7) (a)	231.1
		(0.3) (b)			(2.5) (b)	
Provision for transaction and loan losses	86.2	-	86.2	81.2	-	81.2
Amortization of acquired intangible assets	54.8	(54.8) (c)	-	63.5	(63.5) (c)	-
Restructuring	-	-	-	6.6	(6.6) (f)	-
Impairment of goodwill	-	-	-	-	-	-
Total operating expense	<u>1,114.0</u>	<u>(132.0)</u>	<u>982.0</u>	<u>1,024.4</u>	<u>(171.7)</u>	<u>852.7</u>
Income from operations	552.8	148.6	701.4	422.8	197.6	620.4
Interest and other income, net	26.7	-	26.7	18.1	-	18.1
Income before income taxes	579.5	148.6	728.1	440.9	197.6	638.5
Provision for income taxes	(119.8)	(46.8) (d)	(166.6)	(83.8)	(54.8) (d)	(138.6)
Net income	<u>\$ 459.7</u>	<u>\$ 101.8</u>	<u>\$ 561.5</u>	<u>\$ 357.1</u>	<u>\$ 142.8</u>	<u>\$ 499.9</u>
Net income per share:						
Basic	<u>\$ 0.34</u>		<u>\$ 0.42</u>	<u>\$ 0.28</u>		<u>\$ 0.39</u>
Diluted	<u>\$ 0.34</u>		<u>\$ 0.42</u>	<u>\$ 0.28</u>		<u>\$ 0.39</u>
Weighted average shares:						
Basic	<u>1,334</u>		<u>1,334</u>	<u>1,284</u>		<u>1,284</u>
Diluted	<u>1,344</u>		<u>1,344</u>	<u>1,288</u>		<u>1,288</u>
Operating margin	<u>25%</u>	<u>7%</u>	<u>32%</u>	<u>21%</u>	<u>10%</u>	<u>31%</u>
Effective tax rate	<u>21%</u>	<u>2%</u>	<u>23%</u>	<u>19%</u>	<u>3%</u>	<u>22%</u>

Notes:

- (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) Impairment of goodwill
- (f) Restructuring

Reconciliation and Calculation of Return on Invested Capital

Three Months Ended

(in thousands, except percentages)

Numerator components:																
	Q2'05	Q3'05	Q4'05	Q1'06	Q2'06	Q3'06	Q4'06	Q1'07	Q2'07	Q3'07	Q4'07	Q1'08	Q2'08	Q3'08	Q4'08	Q1'09
Non-GAAP operating income	\$ 406,390	\$ 393,551	\$ 448,070	\$ 460,687	\$ 460,427	\$ 464,493	\$ 575,007	\$ 593,445	\$ 594,664	\$ 593,445	\$ 754,979	\$ 701,364	\$ 700,487	\$ 674,318	\$ 667,958	\$ 620,347
Tax rate	30%	34%	28%	29%	28%	27%	29%	26%	25%	10%	24%	23%	22%	17%	24%	22%
Non-GAAP operating income after tax	\$ 286,233	\$ 260,176	\$ 322,338	\$ 325,244	\$ 332,889	\$ 337,825	\$ 406,703	\$ 441,523	\$ 447,544	\$ 531,845	\$ 576,276	\$ 540,892	\$ 549,673	\$ 559,684	\$ 508,685	\$ 485,732
Denominator components:																
	Q2'05	Q3'05	Q4'05	Q1'06	Q2'06	Q3'06	Q4'06	Q1'07	Q2'07	Q3'07	Q4'07	Q1'08	Q2'08	Q3'08	Q4'08	Q1'09
Total assets	9,033,122	9,626,043	11,788,986	12,568,535	13,250,251	13,463,118	13,494,011	13,920,051	14,361,157	14,786,812	15,366,037	15,046,305	15,021,625	14,240,157	15,592,439	15,127,787
Cash and cash equivalents	1,855,649	2,180,598	1,313,580	1,876,434	2,634,381	2,482,257	2,662,792	2,967,009	3,418,349	3,912,591	4,221,191	3,565,182	3,696,028	3,342,717	3,188,928	3,057,159
Short-term investments	929,028	922,039	804,352	858,804	753,535	774,733	554,841	332,209	199,190	93,903	676,264	422,696	355,336	301,136	163,734	180,285
Long-term investments	1,064,260	827,191	825,667	793,497	622,862	538,875	277,853	220,662	176,138	455,281	138,237	120,263	130,353	133,629	106,178	89,361
Total cash, cash equivalents and investments	3,848,937	3,929,828	2,943,599	3,528,735	4,010,778	3,795,865	3,495,486	3,519,880	3,793,677	4,461,775	5,035,692	4,108,141	4,181,717	3,777,482	3,458,840	3,326,805
Current liabilities	1,186,818	1,266,792	1,484,935	1,681,508	1,719,405	2,220,685	2,518,395	2,250,571	2,328,643	3,272,867	3,099,579	3,080,432	3,006,234	2,854,733	3,705,087	3,159,924
TTM Non-GAAP operating income after tax	\$ 945,386	\$ 1,016,938	\$ 1,129,618	\$ 1,193,991	\$ 1,240,647	\$ 1,318,296	\$ 1,402,661	\$ 1,518,940	\$ 1,633,595	\$ 1,827,615	\$ 1,997,188	\$ 2,096,556	\$ 2,198,685	\$ 2,226,524	\$ 2,158,933	\$ 2,103,774
TTM average total assets	7,937,476	8,496,195	9,405,672	10,321,169	11,253,387	12,139,387	12,912,980	13,339,193	13,697,718	14,005,030	14,385,614	14,696,072	14,916,387	14,892,187	15,053,313	15,005,663
TTM 95% of average cash, cash equivalents and investments	3,223,111	3,340,358	3,318,486	3,366,062	3,469,757	3,459,673	3,377,148	3,486,641	3,536,980	3,622,670	3,858,237	3,974,641	4,100,390	4,097,313	3,906,756	3,582,067
TTM average current liabilities	1,058,852	1,132,802	1,234,504	1,353,832	1,467,892	1,674,665	1,924,986	2,078,113	2,207,540	2,518,232	2,694,011	2,806,418	2,957,551	3,062,769	3,149,213	3,161,282
ROIC	25.9%	25.3%	23.3%	21.3%	19.6%	18.8%	18.4%	19.5%	20.5%	23.2%	25.5%	26.5%	28.0%	28.8%	27.0%	25.5%

Reconciliation of GAAP to Non-GAAP Guidance

(in millions, except per share amounts)	Three Months Ended March 31, 2009	
	GAAP	Non-GAAP (a)
Revenues	\$1,850-\$2,050	\$1,850-\$2,050
Diluted EPS	\$0.23-\$0.26	\$0.34-\$0.36

(a) Estimated non-GAAP amounts above for the three months ending June 30, 2009, reflect the estimated quarterly adjustments that exclude the amortization of acquired intangible assets of approximately \$80-\$90 million, stock-based compensation expense and employer payroll taxes on stock-based compensation of approximately \$95-\$110 million and restructuring charges of approximately \$3-\$7 million.