

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

	Three Months Ended						Year Ended
	June 30, 2017	March 31, 2017	December 31, 2016	September 30, 2016	June 30, 2016	March 31, 2016	December 31, 2016
Net revenues	\$ 2,328	\$ 2,217	\$ 2,395	\$ 2,217	\$ 2,230	\$ 2,137	\$ 8,979
Cost of net revenues	561	515	539	498	493	477	2,007
Gross profit	1,767	1,702	1,856	1,719	1,737	1,660	6,972
Operating expenses:							
Sales and marketing	637	562	608	600	622	538	2,368
Product development	313	278	292	288	295	239	1,114
General and administrative	267	245	249	224	218	209	900
Provision for transaction losses	63	62	59	56	64	52	231
Amortization of acquired intangible assets	9	9	10	9	7	8	34
Total operating expenses	1,289	1,156	1,218	1,177	1,206	1,046	4,647
Income (loss) from operations	478	546	638	542	531	614	2,325
Interest and other income (expense), net	(18)	12	1,366	(9)	(8)	(23)	1,326
Income from continuing operations before income taxes	460	558	2,004	533	523	591	3,651
Provision for income taxes	(433)	477	3,944	(115)	(86)	(109)	3,634
Income from continuing operations	\$ 27	\$ 1,035	\$ 5,948	\$ 418	\$ 437	\$ 482	\$ 7,285
Net income from continuing operations per basic share	\$ 0.03	\$ 0.96	\$ 5.38	\$ 0.37	\$ 0.38	\$ 0.42	\$ 6.43
Net income from continuing operations per diluted share	\$ 0.02	\$ 0.94	\$ 5.31	\$ 0.36	\$ 0.38	\$ 0.41	\$ 6.37
Weighted average shares:							
Basic	1,076	1,083	1,106	1,126	1,144	1,159	1,133
Diluted	1,091	1,102	1,119	1,139	1,149	1,170	1,144
Operating margin	20.5%	24.6%	26.6%	24.4%	23.8%	28.7%	25.9%

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

	Three Months Ended						Year Ended
	June 30, 2017	March 31, 2017	December 31, 2016	September 30, 2016	June 30, 2016	March 31, 2016	December 31, 2016
Net revenues	\$ 2,328	\$ 2,217	\$ 2,395	\$ 2,217	\$ 2,230	\$ 2,137	\$ 8,979
Cost of net revenues	540	497	520	480	477	464	1,941
Gross profit	1,788	1,720	1,875	1,737	1,753	1,673	7,038
Operating expenses:							
Sales and marketing	609	541	584	576	596	517	2,273
Product development	263	242	252	251	254	210	967
General and administrative	218	210	216	191	190	180	777
Provision for transaction losses	63	62	59	56	64	52	231
Total operating expenses	1,153	1,055	1,111	1,074	1,104	959	4,248
Income from operations	635	665	764	663	649	714	2,790
Interest and other income (expense), net	(18)	(4)	32	(9)	(43)	(23)	(43)
Income from continuing operations before income taxes	617	661	796	654	606	691	2,747
Provision for income taxes	(124)	(123)	(195)	(145)	(110)	(141)	(591)
Net income from continuing operations	\$ 493	\$ 538	\$ 601	\$ 509	\$ 496	\$ 550	\$ 2,156
Net income from continuing operations per basic share	\$ 0.46	\$ 0.50	\$ 0.54	\$ 0.45	\$ 0.43	\$ 0.47	\$ 1.90
Net income from continuing operations per diluted share	\$ 0.45	\$ 0.49	\$ 0.54	\$ 0.45	\$ 0.43	\$ 0.47	\$ 1.88
Weighted average shares:							
Basic	1,076	1,083	1,106	1,126	1,144	1,159	1,133
Diluted	1,091	1,102	1,119	1,139	1,149	1,170	1,144
Operating margin	27.3%	30.0%	31.9%	29.9%	29.1%	33.4%	31.1%

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

	Three Months Ended						Year Ended December
	June 30, 2017	March 31, 2017	December 31, 2016	September 30, 2016	June 30, 2016	March 31, 2016	2016
Net revenues	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Cost of net revenues	(21) (a)(b)	(18) (a)(b)	(19) (a)(b)	(18) (a)(b)	(16) (a)(b)	(13) (a)(b)	(66) (a)(b)
Gross profit	21	18	19	18	16	13	66
Operating expenses:							
Sales and marketing	(28) (a)	(21) (a)	(24) (a)	(24) (a)	(26) (a)	(21) (a)	(95) (a)
Product development	(50) (a)	(36) (a)	(40) (a)	(37) (a)	(41) (a)	(29) (a)	(147) (a)
General and administrative	(49) (a) (d)	(35) (a)	(33) (a)(d)	(33) (a)	(28) (a)(d)	(29) (a)(d)	(123) (a)(d)
Amortization of acquired intangible assets	(9) (b)	(9) (b)	(10) (b)	(9) (b)	(7) (b)	(8) (b)	(34) (b)
Total operating expenses	(136)	(101)	(107)	(103)	(102)	(87)	(399)
Income from operations	157	119	126	121	118	100	465
Interest and other income (expense), net	— (e)	(16) (e)	(1,334) (e)	—	(35) (e)	—	(1,369) (d)(e)
Income from continuing operations before income taxes	157	103	(1,208)	121	83	100	(904)
Provision for income taxes	309 (c)(g)	(600) (c)(f)(g)	(4,139) (c)(f)	(30) (c)	(24) (c)	(32) (c)	(4,225) (c)(f)
Net income from continuing operations	<u>\$ 466</u>	<u>\$ (497)</u>	<u>\$ (5,347)</u>	<u>\$ 91</u>	<u>\$ 59</u>	<u>\$ 68</u>	<u>\$ (5,129)</u>

- (a) Stock-based compensation expense and related employer payroll taxes
- (b) Amortization of acquired intangible assets
- (c) Income taxes associated with certain non-GAAP entries
- (d) Other significant gains, losses or charges
- (e) Gains or losses on investments
- (f) Tax effect of step-up of intangible assets basis
- (g) Foreign exchange effect of step-up of intangible assets basis