



eBAY INC. REPORTS FOURTH QUARTER AND FULL YEAR 2008 RESULTS

San Jose, Calif., January 21, 2009 — eBay Inc. (Nasdaq: EBAY) today reported financial results for its fourth quarter and year ended December 31, 2008. The ecommerce company posted fourth quarter revenue of \$2.04 billion, representing a \$145 million year-over-year decrease due primarily to the impact on eBay of a stronger dollar and macroeconomic conditions globally. PayPal, Classifieds, text and graphical advertising and Skype performed well, growing revenue on a year-over-year basis. The company recorded net income on a GAAP basis of \$367 million or \$0.29 per diluted share, and non-GAAP net income of \$524 million or \$0.41 per diluted share.

For the full year, eBay Inc. posted \$8.54 billion in revenue, net income on a GAAP basis of \$1.78 billion or \$1.36 per diluted share, and non-GAAP net income of \$2.24 billion or \$1.71 per diluted share.

GAAP operating margin decreased to 22.3% for the quarter, from 28.7% for the same period last year. Non-GAAP operating margin decreased to 32.8% for the quarter, from 34.6% for the same period last year. For the full year GAAP operating margin came in at 24.3%, with non-GAAP operating margin at 32.1%.

eBay Inc. generated \$684 million of operating cash flow and \$525 million of free cash flow during the fourth quarter. The company's full year, operating cash flow was \$2.88 billion and free cash flow was \$2.32 billion.

"While the holiday season was tough and competitive, our overall results for 2008 were strong," said eBay Inc. President and CEO John Donahoe. "For 2008, we delivered double-digit revenue and earnings growth; made significant changes in our eBay business; and built a stronger, more diverse portfolio of leading e-commerce businesses. We will build on our strengths in 2009 while managing our business prudently in the continued challenging environment."

Quarterly Business Highlights

- eBay Inc. completed the acquisition of Bill Me Later to further extend PayPal's leadership position in online payments.
- eBay Inc. completed the acquisition of Den Bla Avis (dba.dk) and BilBasen (bilbasen.dk) in Denmark to further extend its global leadership position in online classifieds.
- eBay Inc. completed the acquisition of Ticket Technology to enhance the selling platform for StubHub.
- eBay Inc. completed the acquisition of Positronic, a developer of predictive search technology, to enhance eBay's efforts to bolster search functionalities on its ecommerce sites.
- eBay Marketplace sellers in the U.S. lowered shipping costs significantly – dropping the average shipping costs to buyers by 25% compared to the fourth quarter of 2007.
- Jack Sheng of eForcity, Inc., became eBay Marketplace's first ever 1 million feedback seller
- StubHub announced a partnership with the NHL franchise Buffalo Sabres, HSBC Arena and Tickets.com to enable an integrated ticketing solution for the team and arena.
- eBay's Classifieds businesses averaged 91 million unique visitors per month during the quarter, representing an increase of 41% year over year.
- PayPal expanded its reach on the Web with the launch of merchant service account deals with American Airlines (U.S.), Hoyts Cinemas (Australia), Promarkt (Germany), Aldo Shoes (Canada), Jet2 (U.K.), Laura Ashley (U.K.), Amway (U.S.), and Zappos.com (U.S.).
- PayPal continued its global expansion with the launch of new localized sites in Mexico, Hong Kong and Singapore.
- PayPal extended its mobile strategy by partnering with RIM to become the exclusive payment option on the BlackBerry Application StoreFront.
- SkypeOut minutes reached 2.6 billion globally, a 61% increase year-over-year, driven by very strong adoption in Asia.

- Skype expanded its senior leadership team with the addition of Daniel Berg as chief technology officer and Christopher S. Dean as chief strategy officer.

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

| | Fourth Quarter | | Change | |
|----------------------------|----------------|---------|----------|-------|
| | 2007 | 2008 | | |
| Net revenue | \$2,181 | \$2,036 | (\$145) | (7%) |
| GAAP | | | | |
| Net income | \$531 | \$367 | (\$164) | (31%) |
| Earnings per diluted share | \$0.39 | \$0.29 | (\$0.10) | (26%) |
| Non-GAAP | | | | |
| Net income | \$611 | \$524 | (\$87) | (14%) |
| Earnings per diluted share | \$0.45 | \$0.41 | (\$0.04) | (9%) |

| | Full Year | | Change | |
|----------------------------|-----------|---------|---------|-----|
| | 2007 | 2008 | | |
| Net revenue | \$7,672 | \$8,541 | \$869 | 11% |
| GAAP | | | | |
| Net income | \$348* | \$1,779 | \$1,431 | - |
| Earnings per diluted share | \$0.25* | \$1.36 | \$1.11 | - |
| Non-GAAP | | | | |
| Net income | \$2,106 | \$2,245 | \$139 | 7% |
| Earnings per diluted share | \$1.53 | \$1.71 | \$0.18 | 12% |

* Includes goodwill impairment charge of \$1.39 billion recorded during the year ended December 31, 2007.

Quarterly Business Unit Discussion

Marketplaces

The Marketplaces business unit, which consists of eBay, Shopping.com, StubHub, Kijiji and other ecommerce sites, recorded \$1.27 billion in revenue, equating to a 16% year-over-year decline. The revenue drop was attributable to the impact made by the strengthening dollar and the slow-down of the ecommerce market globally on the eBay business. While average monthly unique visitors were down year over year, eBay remained the number one ecommerce site in the U.S., the U.K. and Germany during the 2008 holiday shopping season, according to Nielsen Online. Approximately 55% of Marketplaces revenue came from markets outside the U.S. Gross merchandise volume (excluding vehicles) was \$11.47 billion for the quarter, a decrease of 12%, compared to the fourth quarter of 2007. Online classifieds as well as text and graphical advertising revenue grew during the quarter. eBay continues to focus on buyer and seller initiatives to accelerate sold items in the U.S., the U.K. and Germany.

Payments

The Payments business unit posted another solid quarter with \$623 million in revenue, an increase of 11% year over year. Net total payment volume (TPV) for the quarter was \$15.99 billion, an increase of 14% year over year. The revenue and net TPV growth was fueled by expanded adoption of PayPal Merchant Services across the Web and the inclusion of Bill Me Later, acquired on November 7, 2008. Active accounts reached 70 million, an increase of 23% year-over-year. The Payments business will continue to focus on greater penetration into the Marketplaces business as well as the acquisition of new merchants.

Communications

Skype contributed \$145 million in revenue for the quarter, representing 26% year-over-year growth, and posted an eighth consecutive quarter of segment profitability. Skype added 35 million new users during the quarter and ended the period with more than 405 million registered users. In addition to growing its user base, Skype is focused on product strategies to enhance customer engagement.

Other Selected Financial Results

- Taxes — The GAAP effective tax rate for the quarter was 22%, compared to 21% for the fourth quarter of 2007. The non-GAAP effective tax rate was 24% for both the fourth quarter of 2007 and 2008. The GAAP effective tax rate for 2008 was 19%, while the full year non-GAAP tax rate came in at 21%.
- Cash and cash equivalents — The company's cash and cash equivalents totaled \$3.19 billion at December 31, 2008, compared to \$4.22 billion at December 31, 2007.

Business Outlook

- First quarter 2009 — eBay expects net revenues in the range of \$1.800 to \$2.050 billion with GAAP earnings per diluted share in the range of \$0.21 to \$0.23 and non-GAAP earnings per diluted share in the range of \$0.32 to \$0.34.

Quarterly Conference Call

eBay will host a conference call to discuss fourth quarter 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 web site at <http://investor.ebay.com>. In addition, an archive of the webcast will be accessible through the same link.

About eBay Inc.

Founded in 1995, eBay Inc. connects hundreds of millions of people around the world every day, empowering them to explore new opportunities and innovate together. eBay Inc. does this by providing the Internet platforms of choice for global commerce, payments and communications. Since its inception, eBay Inc. has expanded to include some of the strongest brands in the world, including eBay, PayPal, Skype, StubHub, Shopping.com, and others. eBay Inc. is headquartered in San Jose, California.

Non-GAAP Financial Measures

This press release includes the following financial measures defined as "non-GAAP financial measures" by the Securities and Exchange Commission, or 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. For a reconciliation of these non-GAAP financial measures to the nearest comparable GAAP measures, see "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 to Non-GAAP Effective Tax Rate," "Reconciliation of Operating Cash Flows to Free Cash Flow" and "Business Outlook" included in this press release.

Forward-Looking Statements

This press release contains forward-looking statements relating to the future performance of eBay and its consolidated subsidiaries that are based on our current expectations, forecasts and assumptions and involve risks and uncertainties. The company's actual results could differ materially from those predicted 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: the impact of the credit crisis, economic downturn and other changes in political, business and economic conditions, including conditions that affect consumer confidence or ecommerce growth; fluctuations in foreign exchange rates; the company's ability to profitably expand its business model to new types of merchandise and sellers; 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 increasingly achieve growth from its existing users, particularly in its more established markets; 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 and any changes the company may make to its product offerings in response to such risk; the regulatory, intellectual property, competitive and other risks specific to Skype; the competitive, regulatory, credit card association, and other risks specific to PayPal, especially as it continues to expand geographically; the company's ability to upgrade and develop its systems, infrastructure and customer service capabilities 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 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 web site at <http://investor.ebay.com> or the SEC's web site 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.

| | | |
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eBay Inc.
Unaudited Condensed Consolidated Balance Sheet
(In Thousands)

| | December 31, 2007 | December 31, 2008 |
|--|------------------------------|------------------------------|
| <u>ASSETS</u> | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 4,221,191 | \$ 3,188,928 |
| Short-term investments | 676,264 | 163,734 |
| Accounts receivable, net | 480,557 | 435,197 |
| Loans and interest receivable, net | - | 570,071 |
| Funds receivable and customer accounts | 1,513,578 | 1,467,962 |
| Other current assets | 230,915 | 460,698 |
| Total current assets | 7,122,505 | 6,286,590 |
| Long-term investments | 138,237 | 106,178 |
| Property and equipment, net | 1,120,452 | 1,198,714 |
| Goodwill | 6,257,153 | 7,025,398 |
| Intangible assets, net | 596,038 | 736,134 |
| Other assets | 131,652 | 239,425 |
| Total assets | \$ 15,366,037 | \$ 15,592,439 |
| <u>LIABILITIES AND STOCKHOLDERS' EQUITY</u> | | |
| Current liabilities: | | |
| Accounts payable | \$ 156,613 | \$ 170,332 |
| Funds payable and amounts due to customers | 1,513,578 | 1,467,962 |
| Accrued expenses and other current liabilities | 951,139 | 784,774 |
| Deferred revenue and customer advances | 166,495 | 181,596 |
| Income taxes payable | 111,754 | 100,423 |
| Borrowings from credit agreement | 200,000 | 1,000,000 |
| Total current liabilities | 3,099,579 | 3,705,087 |
| Deferred and other tax liabilities, net | 510,557 | 753,965 |
| Other liabilities | 51,299 | 49,529 |
| Total liabilities | 3,661,435 | 4,508,581 |
| Total stockholders' equity | 11,704,602 | 11,083,858 |
| Total liabilities and stockholders' equity | \$ 15,366,037 | \$ 15,592,439 |

eBay Inc.

Unaudited Condensed Consolidated Statement of Income
(In Thousands, Except Per Share Amounts)

| | Three Months Ended | | Year Ended | |
|---|--------------------|--------------|--------------|--------------|
| | December 31, | | December 31, | |
| | 2007 | 2008 | 2007 | 2008 |
| Net revenues (2) | \$ 2,180,606 | \$ 2,035,846 | \$ 7,672,329 | \$ 8,541,261 |
| Cost of net revenues (1) | 505,973 | 579,591 | 1,762,972 | 2,228,069 |
| Gross profit | 1,674,633 | 1,456,255 | 5,909,357 | 6,313,192 |
| Operating expenses: | | | | |
| Sales and marketing (1), (4) | 506,524 | 418,361 | 1,882,810 | 1,881,551 |
| Product development (1) | 169,316 | 171,207 | 619,727 | 725,600 |
| General and administrative (1), (4) | 235,928 | 205,080 | 904,681 | 998,871 |
| Provision for transaction and loan losses (4) | 83,412 | 86,581 | 293,917 | 347,453 |
| Amortization of acquired intangible assets | 53,313 | 72,444 | 204,104 | 234,916 |
| Restructuring | - | 49,119 | - | 49,119 |
| Impairment of goodwill | - | - | 1,390,938 | - |
| Total operating expenses | 1,048,493 | 1,002,792 | 5,296,177 | 4,237,510 |
| Income from operations (3) | 626,140 | 453,463 | 613,180 | 2,075,682 |
| Interest and other income, net | 51,921 | 24,368 | 154,271 | 115,919 |
| Interest expense | (6,596) | (4,563) | (16,600) | (8,037) |
| Income before income taxes | 671,465 | 473,268 | 750,851 | 2,183,564 |
| Provision for income taxes | (140,579) | (106,076) | (402,600) | (404,090) |
| Net income | \$ 530,886 | \$ 367,192 | \$ 348,251 | \$ 1,779,474 |
| Net income per share: | | | | |
| Basic | \$ 0.39 | \$ 0.29 | \$ 0.26 | \$ 1.37 |
| Diluted | \$ 0.39 | \$ 0.29 | \$ 0.25 | \$ 1.36 |
| Weighted average shares: | | | | |
| Basic | 1,352,077 | 1,279,536 | 1,358,797 | 1,303,454 |
| Diluted | 1,368,067 | 1,284,279 | 1,376,174 | 1,312,608 |

(1) Includes stock-based compensation as follows:

| | | | | |
|----------------------------|-----------|-----------|------------|------------|
| Cost of net revenues | \$ 9,466 | \$ 11,509 | \$ 37,009 | \$ 43,417 |
| Sales and marketing | 16,798 | 22,218 | 81,299 | 94,314 |
| Product development | 19,251 | 23,769 | 76,002 | 95,396 |
| General and administrative | 24,138 | 25,065 | 107,503 | 118,915 |
| | \$ 69,653 | \$ 82,561 | \$ 301,813 | \$ 352,042 |

(2) Net revenues for the three-month period ended December 31, 2008 were negatively impacted by foreign currency translation of approximately \$105 million compared to the same period of the prior year. Net revenues for the year ended December 31, 2008 were positively impacted by foreign currency translation of approximately \$191 million compared to the prior year. On a sequential basis, net revenues for the three-month period ended December 31, 2008 were negatively impacted by foreign currency translation of approximately \$129 million. Impact of foreign currency translation only includes changes between our functional currencies and our U.S. dollar reporting currency.

(3) Operating income for the three-month period ended December 31, 2008 was negatively impacted by foreign currency translation of approximately \$39 million compared to the same period of the prior year. Operating income for the year ended December 31, 2008 was positively impacted by foreign currency translation of approximately \$131 million compared to the prior year. On a sequential basis, operating income for the three-month period ended December 31, 2008 was negatively impacted by foreign currency translation of approximately \$61 million. Impact of foreign currency translation only includes changes between our functional currencies and our U.S. dollar reporting currency.

(4) Beginning with the fourth quarter of 2008, we reclassified certain operating expenses related to the provision for transaction losses, consumer protection costs, provision for loan losses and bad debt expense from "Sales and Marketing" and "General and Administrative" expenses to "Provision for Transaction and Loan Losses." Prior period amounts have been reclassified to conform to the current presentation. Consolidated operating expenses, as well as segment direct costs, are unchanged.

eBay Inc.

Unaudited Condensed Consolidated Statement of Cash Flows
(In Thousands)

| | Three Months Ended | | Year Ended | |
|--|---------------------|---------------------|---------------------|---------------------|
| | December 31, | | December 31, | |
| | 2007 | 2008 | 2007 | 2008 |
| Cash flows from operating activities: | | | | |
| Net income | \$ 530,886 | \$ 367,192 | \$ 348,251 | \$ 1,779,474 |
| Adjustments: | | | | |
| Provision for transaction and loan losses | 83,412 | 86,581 | 293,917 | 347,453 |
| Depreciation and amortization | 159,816 | 201,897 | 601,621 | 719,814 |
| Impairment of goodwill | - | - | 1,390,938 | - |
| Stock-based compensation expense | 69,653 | 83,842 | 301,813 | 353,323 |
| Deferred income taxes | (54,634) | (39,001) | (123,568) | (149,948) |
| Tax benefit from stock-based compensation | 30,320 | 2,671 | 143,203 | 40,891 |
| Excess tax benefit from stock-based compensation | (15,804) | (31) | (84,830) | (4,701) |
| Changes in assets and liabilities, net of acquisition effects: | | | | |
| Accounts receivable | (99,290) | (18,789) | (185,516) | (66,853) |
| Funds receivable and customer accounts | 83,942 | 87,873 | (336,875) | 45,617 |
| Other current assets | 74,745 | 20,911 | (105,186) | (91,188) |
| Other non-current assets | (8,841) | 37,382 | (89,866) | 8,158 |
| Accounts payable | 24,247 | (18,354) | 36,954 | 14,946 |
| Funds payable and amounts due to customers | (83,942) | (87,873) | 336,875 | (45,617) |
| Accrued expenses and other liabilities | (40,457) | (68,241) | (75,668) | (220,591) |
| Deferred revenue and customer advances | 10,330 | (2,130) | 37,807 | 10,350 |
| Income taxes payable and other tax liabilities | 28,383 | 30,013 | 151,459 | 140,867 |
| Net cash provided by operating activities | <u>792,766</u> | <u>683,943</u> | <u>2,641,329</u> | <u>2,881,995</u> |
| Cash flows from investing activities: | | | | |
| Purchases of property and equipment, net | (127,933) | (159,151) | (453,967) | (565,890) |
| Principal loans receivable, net of collections | - | (106,508) | - | (106,508) |
| Purchases of investments | (65,378) | (138) | (270,676) | (108,128) |
| Maturities and sales of investments | 104,941 | 93,952 | 888,757 | 136,200 |
| Acquisitions, net of cash acquired | (543,370) | (1,201,229) | (863,565) | (1,360,293) |
| Other | 783 | (1,358) | 6,305 | (52,727) |
| Net cash used in investing activities | <u>(630,957)</u> | <u>(1,374,432)</u> | <u>(693,146)</u> | <u>(2,057,346)</u> |
| Cash flows from financing activities: | | | | |
| Proceeds from issuance of common stock, net | 141,756 | 36,414 | 506,955 | 135,141 |
| Repurchases of common stock, net | (314,698) | (160) | (1,485,397) | (2,179,712) |
| Excess tax benefits from stock-based compensation | 15,804 | 31 | 84,830 | 4,701 |
| Payments on acquired obligations | - | (433,981) | - | (433,981) |
| Net proceeds from borrowings under the line of credit | 200,000 | 1,000,000 | 200,000 | 800,000 |
| Net cash provided by (used in) financing activities | <u>42,862</u> | <u>602,304</u> | <u>(693,612)</u> | <u>(1,673,851)</u> |
| Effect of exchange rate changes on cash and cash equivalents | 103,929 | (65,604) | 303,828 | (183,061) |
| Net increase (decrease) in cash and cash equivalents | 308,600 | (153,789) | 1,558,399 | (1,032,263) |
| Cash and cash equivalents at beginning of period | 3,912,591 | 3,342,717 | 2,662,792 | 4,221,191 |
| Cash and cash equivalents at end of period | <u>\$ 4,221,191</u> | <u>\$ 3,188,928</u> | <u>\$ 4,221,191</u> | <u>\$ 3,188,928</u> |

eBay Inc.

Unaudited Summary of Consolidated Net Revenues
(In Thousands, Except Percentages)

Net Revenues by Type

| | Three Months Ended | | | | |
|---|----------------------|-------------------|------------------|-----------------------|----------------------|
| | December 31, 2007 | March 31, 2008 | June 30, 2008 | September 30, 2008 | December 31, 2008 |
| Net transaction revenues (1) | | | | | |
| Marketplaces | \$ 1,280,302 | \$ 1,267,633 | \$ 1,233,307 | \$ 1,163,890 | \$ 1,046,227 |
| <i>Current quarter vs prior quarter</i> | 11% | (1%) | (3%) | (6%) | (10%) |
| <i>Current quarter vs prior year quarter</i> | 17% | 14% | 9% | 1% | (18%) |
| <i>Percent of Marketplaces revenue from international</i> | 54% | 54% | 55% | 52% | 54% |
| Payments | 539,301 | 559,720 | 580,287 | 576,302 | 604,186 |
| <i>Current quarter vs prior quarter</i> | 20% | 4% | 4% | (1%) | 5% |
| <i>Current quarter vs prior year quarter</i> | 34% | 34% | 34% | 29% | 12% |
| <i>Percent of Payments revenue from international</i> | 44% | 43% | 44% | 45% | 45% |
| Communications | 110,364 | 119,791 | 130,151 | 137,201 | 138,660 |
| <i>Current quarter vs prior quarter</i> | 18% | 9% | 9% | 5% | 1% |
| <i>Current quarter vs prior year quarter</i> | 80% | 62% | 51% | 46% | 26% |
| <i>Percent of Communications revenue from international</i> | 84% | 83% | 84% | 82% | 81% |
| Total net transaction revenues | 1,929,967 | 1,947,144 | 1,943,745 | 1,877,393 | 1,789,073 |
| <i>Current quarter vs prior quarter</i> | 14% | 1% | (0%) | (3%) | (5%) |
| <i>Current quarter vs prior year quarter</i> | 24% | 21% | 18% | 11% | (7%) |
| Marketing services and other revenues (1) | | | | | |
| Marketplaces | 222,205 | 216,684 | 224,724 | 212,963 | 221,323 |
| <i>Current quarter vs prior quarter</i> | 35% | (2%) | 4% | (5%) | 4% |
| <i>Current quarter vs prior year quarter</i> | 51% | 56% | 43% | 29% | (0%) |
| <i>Percent of Marketplaces revenue from international</i> | 49% | 58% | 61% | 61% | 62% |
| Payments | 23,411 | 21,859 | 21,508 | 20,909 | 18,898 |
| <i>Current quarter vs prior quarter</i> | 4% | (7%) | (2%) | (3%) | (10%) |
| <i>Current quarter vs prior year quarter</i> | 69% | 7% | (2%) | (7%) | (19%) |
| <i>Percent of Payments revenue from international</i> | 49% | 50% | 56% | 52% | 33% |
| Communications | 5,023 | 6,536 | 5,684 | 6,266 | 6,552 |
| <i>Current quarter vs prior quarter</i> | 15% | 30% | (13%) | 10% | 5% |
| <i>Current quarter vs prior year quarter</i> | 14% | 44% | 71% | 43% | 30% |
| <i>Percent of Communications revenue from international</i> | 70% | 67% | 66% | 64% | 61% |
| Total marketing services and other revenues | 250,639 | 245,079 | 251,916 | 240,138 | 246,773 |
| <i>Current quarter vs prior quarter</i> | 31% | (2%) | 3% | (5%) | 3% |
| <i>Current quarter vs prior year quarter</i> | 51% | 50% | 38% | 25% | (2%) |
| Total net revenues | | | | | |
| | \$ 2,180,606 | \$ 2,192,223 | \$ 2,195,661 | \$ 2,117,531 | \$ 2,035,846 |
| <i>Current quarter vs prior quarter</i> | 15% | 1% | 0% | (4%) | (4%) |
| <i>Current quarter vs prior year quarter</i> | 27% | 24% | 20% | 12% | (7%) |

- (1) Beginning with the first quarter of 2008, we reclassified revenue generated primarily from our Marketplaces non-gross merchandise volume based businesses (which includes Shopping.com, Rent.com and our classified websites) from "Net Transaction Revenues" to "Marketing Services and Other Revenues" in order to more closely align our net transaction revenue presentation with our key operating metrics. "Marketing Services and Other Revenues" also includes amounts previously reflected under "Advertising and Other Revenue." Prior period amounts have been reclassified to conform to the current presentation. Consolidated revenues, as well as total segment revenues, are unchanged.

eBay Inc.

Unaudited Summary of Consolidated Net Revenues
(In Thousands, Except Percentages)

Net Revenues by Segment

| | Three Months Ended | | | | |
|---|----------------------|---------------------|---------------------|-----------------------|----------------------|
| | December 31, 2007 | March 31, 2008 | June 30, 2008 | September 30, 2008 | December 31, 2008 |
| Marketplaces | \$ 1,502,507 | \$ 1,484,317 | \$ 1,458,031 | \$ 1,376,853 | \$ 1,267,550 |
| <i>Current quarter vs prior quarter</i> | 14% | (1%) | (2%) | (6%) | (8%) |
| <i>Current quarter vs prior year quarter</i> | 21% | 19% | 13% | 4% | (16%) |
| <i>Percent of Marketplaces revenue from international</i> | 54% | 55% | 56% | 53% | 55% |
| Payments | 562,712 | 581,579 | 601,795 | 597,211 | 623,084 |
| <i>Current quarter vs prior quarter</i> | 20% | 3% | 3% | (1%) | 4% |
| <i>Current quarter vs prior year quarter</i> | 35% | 32% | 33% | 27% | 11% |
| <i>Percent of Payments revenue from international</i> | 44% | 43% | 44% | 45% | 45% |
| Communications | 115,387 | 126,327 | 135,835 | 143,467 | 145,212 |
| <i>Current quarter vs prior quarter</i> | 18% | 9% | 8% | 6% | 1% |
| <i>Current quarter vs prior year quarter</i> | 76% | 61% | 51% | 46% | 26% |
| <i>Percent of Communications revenue from international</i> | 83% | 82% | 83% | 82% | 80% |
| Total net revenues | \$ 2,180,606 | \$ 2,192,223 | \$ 2,195,661 | \$ 2,117,531 | \$ 2,035,846 |
| <i>Current quarter vs prior quarter</i> | 15% | 1% | 0% | (4%) | (4%) |
| <i>Current quarter vs prior year quarter</i> | 27% | 24% | 20% | 12% | (7%) |

Net Revenues by Geography

| | Three Months Ended | | | | |
|--|----------------------|---------------------|---------------------|-----------------------|----------------------|
| | December 31, 2007 | March 31, 2008 | June 30, 2008 | September 30, 2008 | December 31, 2008 |
| U.S. net revenues | \$ 1,032,336 | \$ 1,024,272 | \$ 1,002,189 | \$ 1,001,637 | \$ 941,368 |
| <i>Current quarter vs prior quarter</i> | 11% | (1%) | (2%) | (0%) | (6%) |
| <i>Current quarter vs prior year quarter</i> | 18% | 16% | 12% | 8% | (9%) |
| <i>Percent of total</i> | 47% | 47% | 46% | 47% | 46% |
| International net revenues | 1,148,270 | 1,167,951 | 1,193,472 | 1,115,894 | 1,094,478 |
| <i>Current quarter vs prior quarter</i> | 20% | 2% | 2% | (7%) | (2%) |
| <i>Current quarter vs prior year quarter</i> | 35% | 32% | 27% | 16% | (5%) |
| <i>Percent of total</i> | 53% | 53% | 54% | 53% | 54% |
| Total net revenues | \$ 2,180,606 | \$ 2,192,223 | \$ 2,195,661 | \$ 2,117,531 | \$ 2,035,846 |
| <i>Current quarter vs prior quarter</i> | 15% | 1% | 0% | (4%) | (4%) |
| <i>Current quarter vs prior year quarter</i> | 27% | 24% | 20% | 12% | (7%) |

eBay Inc.

Unaudited eBay Marketplaces Supplemental Operating Data
(In Millions, Except Percentages)

| | December 31, 2007 | March 31, 2008 | June 30, 2008 | September 30, 2008 | December 31, 2008 |
|---|----------------------|-------------------|------------------|-----------------------|----------------------|
| Active Users (1) | 83.2 | 83.9 | 84.5 | 85.7 | 86.3 |
| <i>Current quarter vs prior quarter</i> | 0% | 1% | 1% | 1% | 1% |
| <i>Current quarter vs prior year quarter</i> | 2% | 1% | 1% | 3% | 4% |
| Gross Merchandise Volume (excluding vehicles) (2) | \$ 13,107 | \$ 12,868 | \$ 12,301 | \$ 11,361 | \$ 11,470 |
| <i>Current quarter vs prior quarter</i> | 18% | (2%) | (4%) | (8%) | 1% |
| <i>Current quarter vs prior year quarter</i> | 14% | 14% | 11% | 3% | (12%) |
| Vehicles Gross Merchandise Volume (3) | \$ 3,106 | \$ 3,168 | \$ 3,383 | \$ 2,922 | \$ 2,176 |
| <i>Current quarter vs prior quarter</i> | (7%) | 2% | 7% | (14%) | (26%) |
| <i>Current quarter vs prior year quarter</i> | 8% | 7% | (0%) | (12%) | (30%) |
| <i>Fixed Price Trading (4) as % of total gross merchandise volume</i> | 42% | 42% | 43% | 46% | 49% |
| eBay Stores (5) (in thousands) | 532 | 547 | 552 | 534 | 516 |
| <i>Current quarter vs prior quarter</i> | 2% | 3% | 1% | (3%) | (3%) |
| <i>Current quarter vs prior year quarter</i> | (10%) | (13%) | (15%) | 3% | (3%) |
| <i>Percent of eBay Stores hosted internationally</i> | 46% | 46% | 45% | 43% | 43% |

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

- (1) All users, excluding users of Half.com, StubHub and Internet Auction Co., our Korean subsidiary, who bid on, bought, or listed 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 GMV related to eBay's "Buy It Now" feature on eBay Marketplaces trading platforms during the quarter.
- (5) Total number of eBay Stores worldwide, hosted on eBay Marketplaces trading platforms as of each respective quarter end.

eBay Inc.

Unaudited Payments Supplemental Operating Data
(In Millions, Except Percentages)

| | December 31, 2007 | March 31, 2008 | June 30, 2008 | September 30, 2008 | December 31, 2008 |
|--|----------------------|-------------------|------------------|-----------------------|----------------------|
| Active registered accounts (1) | 57.3 | 60.2 | 62.6 | 65.3 | 70.4 |
| <i>Current quarter vs prior quarter</i> | 5% | 5% | 4% | 4% | 8% |
| <i>Current quarter vs prior year quarter</i> | 16% | 17% | 19% | 19% | 23% |
| Net number of payments (2) | 203.9 | 211.0 | 210.9 | 214.5 | 252.2 |
| <i>Current quarter vs prior quarter</i> | 18% | 3% | (0%) | 2% | 18% |
| <i>Current quarter vs prior year quarter</i> | 22% | 23% | 26% | 25% | 24% |
| Net total payment volume (3) | \$ 14,044 | \$ 14,417 | \$ 14,930 | \$ 14,812 | \$ 15,988 |
| <i>Current quarter vs prior quarter</i> | 21% | 3% | 4% | (1%) | 8% |
| <i>Current quarter vs prior year quarter</i> | 35% | 34% | 35% | 28% | 14% |
| <i>Merchant Services net total payment volume as % of net total payment volume</i> | 44% | 46% | 49% | 51% | 50% |
| <i>Bill Me Later net total payment volume as % of net total payment volume</i> | - | - | - | - | 1% |
| Transaction rates (4) | | | | | |
| Transaction revenue rate | 3.84% | 3.88% | 3.89% | 3.89% | 3.78% |
| Transaction processing expense rate | 1.18% | 1.18% | 1.23% | 1.20% | 1.16% |
| Transaction loss rate | 0.27% | 0.24% | 0.27% | 0.29% | 0.33% |
| Loan portfolio rates | | | | | |
| Risk adjusted margin (5) | - | - | - | - | 13.37% |
| Net charge off rate (6) | - | - | - | - | 8.75% |
| 90-day delinquency rate (7) | - | - | - | - | 3.94% |

- (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 network or on Bill Me Later accounts during the period, excluding the payment gateway business.
- (3) Total dollar volume of payments, net of payment reversals, successfully completed through our payments network or on Bill Me Later accounts during the quarter, excluding the payment gateway business.
- (4) Transaction rates represent the ratio of Payments net transaction revenues (including the payment gateway business and Bill Me Later), Payments third-party processing expenses, and Payments fraud and protection program losses relative to net total payment volume.
- (5) Risk adjusted margin represents the annualized ratio of Bill Me Later total revenue less cost of funds less net credit and fraud losses relative to average loans receivable for the 3-month period.
- (6) Net charge off rate represents the annualized ratio of Bill Me Later net credit losses relative to average loans receivable for the 3-month period.
- (7) 90-day delinquency rate is the ratio of Bill Me Later end of period account balances that have missed 3 or more consecutive payments relative to total ending loan receivables.

eBay Inc.

Unaudited Communications Supplemental Operating Data

(In Millions, Except Percentages)

| | December 31, 2007 | March 31, 2008 | June 30, 2008 | September 30, 2008 | December 31, 2008 |
|--|------------------------------|---------------------------|--------------------------|-------------------------------|------------------------------|
| Registered users (1) | 276.3 | 309.3 | 338.2 | 370.2 | 405.3 |
| <i>Current quarter vs prior quarter</i> | 12% | 12% | 9% | 9% | 9% |
| <i>Current quarter vs prior year quarter</i> | 61% | 58% | 54% | 51% | 47% |

-
- (1) Cumulative number of unique user accounts, which includes users who may have registered via non-Skype based websites. Users may register more than once, and as a result, may have more than one account.

eBay Inc.

Business Outlook

(In Millions, Except per Share Amounts and Percentages)

The guidance figures provided below and elsewhere in this press release are forward-looking statements 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. 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 web site at <http://investor.ebay.com> or the SEC's web site at www.sec.gov.

| | Three Months Ending March 31, 2009 | |
|---------------------|---|--------------------|
| | GAAP | Non-GAAP(a) |
| Net revenues | \$1,800 - \$2,050 | \$1,800 - \$2,050 |
| Diluted EPS | \$0.21- \$0.23 | \$0.32 - \$0.34 |

- (a) Estimated non-GAAP amounts and percentages above for the three months ending March 31, 2009, reflects the estimated quarterly adjustments that exclude the amortization of acquired intangible assets of approximately \$70-\$80 million, stock-based compensation expense and employer payroll taxes on stock-based compensation of approximately \$90-\$105 million and restructuring charges of approximately \$10-\$15 million. See further discussion regarding non-GAAP measures of financial performance on the following pages.

eBay Inc.

Non-GAAP Measures of Financial Performance

To supplement the company's consolidated financial statements presented in accordance with generally accepted accounting principles, or 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 on pages 13, 15 and 16 of 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, and net purchases of property and equipment 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 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 statements 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, 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 under Statement of Financial Accounting Standards No. 123 (revised 2004), "Share-Based Payment." eBay excludes stock-based compensation expenses from its non-GAAP measures primarily because they are non-cash expenses that eBay does not believe are reflective of ongoing operating results.

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 does not correlate to eBay's operation of the business.

Amortization or impairment of acquired intangible assets and impairment of goodwill. eBay incurs amortization or impairments of acquired intangible assets and goodwill in connection with acquisitions. eBay excludes these items because they arise from eBay's prior acquisitions and have no direct correlation to the current 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 eBay 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, strengthen the balance sheet 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
(In Thousands, Except Percentages)

| | Three Months Ended | | Year Ended | |
|--|--------------------|--------------|--------------|--------------|
| | December 31, | December 31, | December 31, | December 31, |
| | 2007 | 2008 | 2007 | 2008 |
| GAAP operating income | \$ 626,140 | \$ 453,463 | \$ 613,180 | \$ 2,075,682 |
| Stock-based compensation expense | 69,653 | 82,561 | 301,813 | 352,042 |
| Employer payroll taxes on stock-based compensation | 1,522 | 561 | 6,872 | 3,144 |
| Amortization of acquired intangible assets within cost of net revenues | 4,351 | 9,810 | 19,625 | 29,225 |
| Amortization of acquired intangible assets within operating expenses | 53,313 | 72,444 | 204,104 | 234,916 |
| Restructuring | - | 49,119 | - | 49,119 |
| Impairment of goodwill | - | - | 1,390,938 | - |
| Non-GAAP operating income | \$ 754,979 | \$ 667,958 | \$ 2,536,532 | \$ 2,744,128 |
| Non-GAAP operating margin | 34.6% | 32.8% | 33.1% | 32.1% |

Reconciliation of GAAP Net Income to Non-GAAP Net Income
(In Thousands, Except Per Share Amounts)

| | Three Months Ended | | Year Ended | |
|---|--------------------|--------------|--------------|--------------|
| | December 31, | December 31, | December 31, | December 31, |
| | 2007 | 2008 | 2007 | 2008 |
| GAAP net income | \$ 530,886 | \$ 367,192 | \$ 348,251 | \$ 1,779,474 |
| Stock-based compensation expense | 69,653 | 82,561 | 301,813 | 352,042 |
| Employer payroll taxes on stock-based compensation | 1,522 | 561 | 6,872 | 3,144 |
| Amortization of acquired intangible assets within cost of net revenues | 4,351 | 9,810 | 19,625 | 29,225 |
| Amortization of acquired intangible assets within operating expenses | 53,313 | 72,444 | 204,104 | 234,916 |
| Restructuring | - | 49,119 | - | 49,119 |
| Impairment of goodwill | - | - | 1,390,938 | - |
| Income taxes associated with certain non-GAAP entries | (48,853) | (57,919) | (165,421) | (202,975) |
| Non-GAAP net income | \$ 610,872 | \$ 523,768 | \$ 2,106,182 | \$ 2,244,945 |
| Diluted net income per share: | | | | |
| GAAP | \$ 0.39 | \$ 0.29 | \$ 0.25 | \$ 1.36 |
| Non-GAAP | \$ 0.45 | \$ 0.41 | \$ 1.53 | \$ 1.71 |
| Shares used in GAAP and non-GAAP diluted net income per-share calculation | 1,368,067 | 1,284,279 | 1,376,174 | 1,312,608 |

eBay Inc.

Reconciliation of GAAP to Non-GAAP Effective Tax Rate
(In Thousands, Except Percentages)

| | Three Months Ended | | Year Ended | |
|--|----------------------|----------------------|----------------------|----------------------|
| | December 31, 2007 | December 31, 2008 | December 31, 2007 | December 31, 2008 |
| GAAP provision for income taxes (a) | \$ 140,579 | \$ 106,076 | \$ 402,600 | \$ 404,090 |
| Income taxes associated with certain non-GAAP entries | 48,853 | 57,919 | 165,421 | 202,975 |
| Non-GAAP provision for income taxes (b) | \$ 189,432 | \$ 163,995 | \$ 568,021 | \$ 607,065 |
| GAAP income before income taxes (c) | \$ 671,465 | \$ 473,268 | \$ 750,851 | \$ 2,183,564 |
| Stock-based compensation expense | 69,653 | 82,561 | 301,813 | 352,042 |
| Employer payroll taxes on stock-based compensation | 1,522 | 561 | 6,872 | 3,144 |
| Amortization of acquired intangible assets within cost of net revenues | 4,351 | 9,810 | 19,625 | 29,225 |
| Amortization of acquired intangible assets within operating expenses | 53,313 | 72,444 | 204,104 | 234,916 |
| Restructuring | - | 49,119 | - | 49,119 |
| Impairment of goodwill | - | - | 1,390,938 | - |
| Non-GAAP income before income taxes (d) | \$ 800,304 | \$ 687,763 | \$ 2,674,203 | \$ 2,852,010 |
| GAAP effective tax rate (a/c) | 21% | 22% | 54% | 19% |
| Non-GAAP effective tax rate (b/d) | 24% | 24% | 21% | 21% |

Reconciliation of Operating Cash Flows to Free Cash Flow
(In Thousands)

| | Three Months Ended | | Year Ended | |
|--|----------------------|----------------------|----------------------|----------------------|
| | December 31, 2007 | December 31, 2008 | December 31, 2007 | December 31, 2008 |
| Net cash provided by operating activities | \$ 792,766 | \$ 683,943 | \$ 2,641,329 | \$ 2,881,995 |
| Less: Purchases of property and equipment, net | (127,933) | (159,151) | (453,967) | (565,890) |
| Free cash flow | \$ 664,833 | \$ 524,792 | \$ 2,187,362 | \$ 2,316,105 |