

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 December 31,	
	Dec 31, 2017	Sep 30, 2017	Jun 30, 2017	Mar 31, 2017	Dec 31, 2016	Sep 30, 2016	Jun 30, 2016	Mar 31, 2016	2017	2016
Net revenues	\$ 2,613	\$ 2,409	\$ 2,328	\$ 2,217	\$ 2,395	\$ 2,217	\$ 2,230	\$ 2,137	\$ 9,567	\$ 8,979
Cost of net revenues	590	556	561	515	539	498	493	477	2,222	2,007
Gross profit	2,023	1,853	1,767	1,702	1,856	1,719	1,737	1,660	7,345	6,972
Operating expenses:										
Sales and marketing	689	627	637	562	608	600	622	538	2,515	2,368
Product development	317	316	313	278	292	288	295	239	1,224	1,114
General and administrative	265	254	267	245	249	224	218	209	1,031	900
Provision for transaction losses	79	68	63	62	59	56	64	52	272	231
Amortization of acquired intangible assets	10	10	9	9	10	9	7	8	38	34
Total operating expenses	1,360	1,275	1,289	1,156	1,218	1,177	1,206	1,046	5,080	4,647
Income (loss) from operations	663	578	478	546	638	542	531	614	2,265	2,325
Interest and other income (expense), net	(102)	119	(18)	12	1,366	(9)	(8)	(23)	11	1,326
Income from continuing operations before income taxes	561	697	460	558	2,004	533	523	591	2,276	3,651
Provision for income taxes	(3,158)	(174)	(433)	477	3,944	(115)	(86)	(109)	(3,288)	3,634
Income from continuing operations	\$ (2,597)	\$ 523	\$ 27	\$ 1,035	\$ 5,948	\$ 418	\$ 437	\$ 482	\$ (1,012)	\$ 7,285
Net income from continuing operations per basic share	\$ (2.51)	\$ 0.49	\$ 0.03	\$ 0.96	\$ 5.38	\$ 0.37	\$ 0.38	\$ 0.42	\$ (0.95)	\$ 6.43
Net income from continuing operations per diluted share	\$ (2.51)	\$ 0.48	\$ 0.02	\$ 0.94	\$ 5.31	\$ 0.36	\$ 0.38	\$ 0.41	\$ (0.95)	\$ 6.37
Weighted average shares:										
Basic	1,035	1,062	1,076	1,083	1,106	1,126	1,144	1,159	1,064	1,133
Diluted	1,035	1,078	1,091	1,102	1,119	1,139	1,149	1,170	1,064	1,144
Operating margin	25.4%	24.0%	20.5%	24.6%	26.6%	24.4%	23.8%	28.7%	23.7%	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 December 31,	
	Dec 31, 2017	Sep 30, 2017	Jun 30, 2017	Mar 31, 2017	Dec 31, 2016	Sep 30, 2016	Jun 30, 2016	Mar 31, 2016	2017	2016
Net revenues	\$ 2,613	\$ 2,409	\$ 2,328	\$ 2,217	\$ 2,395	\$ 2,217	\$ 2,230	\$ 2,137	\$ 9,567	\$ 8,979
Cost of net revenues	571	537	540	497	520	480	477	464	2,145	1,941
Gross profit	2,042	1,872	1,788	1,720	1,875	1,737	1,753	1,673	7,422	7,038
Operating expenses:										
Sales and marketing	662	608	609	541	584	576	596	517	2,420	2,273
Product development	270	271	263	242	252	251	254	210	1,046	967
General and administrative	223	212	218	210	216	191	190	180	863	777
Provision for transaction losses	79	68	63	62	59	56	64	52	272	231
Total operating expenses	1,234	1,159	1,153	1,055	1,111	1,074	1,104	959	4,601	4,248
Income from operations	808	713	635	665	764	663	649	714	2,821	2,790
Interest and other income (expense), net	(42)	(48)	(18)	(4)	32	(9)	(43)	(23)	(112)	(43)
Income from continuing operations before income taxes	766	665	617	661	796	654	606	691	2,709	2,747
Provision for income taxes	(148)	(151)	(124)	(123)	(195)	(145)	(110)	(141)	(546)	(591)
Net income from continuing operations	\$ 618	\$ 514	\$ 493	\$ 538	\$ 601	\$ 509	\$ 496	\$ 550	\$ 2,163	\$ 2,156
Net income from continuing operations per basic share	\$ 0.60	\$ 0.48	\$ 0.46	\$ 0.50	\$ 0.54	\$ 0.45	\$ 0.43	\$ 0.47	\$ 2.03	\$ 1.90
Net income from continuing operations per diluted share	\$ 0.59	\$ 0.48	\$ 0.45	\$ 0.49	\$ 0.54	\$ 0.45	\$ 0.43	\$ 0.47	\$ 2.00	\$ 1.88
Weighted average shares:										
Basic	1,035	1,062	1,076	1,083	1,106	1,126	1,144	1,159	1,064	1,133
Diluted	1,051	1,078	1,091	1,102	1,119	1,139	1,149	1,170	1,081	1,144
Operating margin	30.9%	29.6%	27.3%	30.0%	31.9%	29.9%	29.1%	33.4%	29.5%	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 31,	
	December 31, 2017	September 30, 2017	June 30, 2017	March 31, 2017	December 31, 2016	September 30, 2016	June 30, 2016	March 31, 2016	2017	2016
Net revenues	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Cost of net revenues	(19) (a)(b)	(19) (a)(b)	(21) (a)(b)	(18) (a)(b)	(19) (a)(b)	(18) (a)(b)	(16) (a)(b)	(13) (a)(b)	(77) (a)(b)	(66) (a)(b)
Gross profit	19	19	21	18	19	18	16	13	77	66
Operating expenses:										
Sales and marketing	(27) (a)	(19) (a)	(28) (a)	(21) (a)	(24) (a)	(24) (a)	(26) (a)	(21) (a)	(95) (a)	(95) (a)
Product development	(47) (a)	(45) (a)	(50) (a)	(36) (a)	(40) (a)	(37) (a)	(41) (a)	(29) (a)	(178) (a)	(147) (a)
General and administrative	(42) (a)	(42) (a)	(49) (a)(d)	(35) (a)	(33) (a)(d)	(33) (a)	(28) (a)(d)	(29) (a)(d)	(168) (a)(d)	(123) (a)(d)
Amortization of acquired intangible assets	(10) (b)	(10) (b)	(9) (b)	(9) (b)	(10) (b)	(9) (b)	(7) (b)	(8) (b)	(38) (b)	(34) (b)
Total operating expenses	(126)	(116)	(136)	(101)	(107)	(103)	(102)	(87)	(479)	(399)
Income from operations	145	135	157	119	126	121	118	100	556	465
Interest and other income (expense), net	60 (e)	(167) (d)	— (e)	(16) (e)	(1,334) (e)	—	(35) (e)	—	(123) (d)(e)	(1,369) (e)
Income from continuing operations before income taxes	205	(32)	157	103	(1,208)	121	83	100	433	(904)
Provision for income taxes	3,010 (c)(h)	23 (c)	309 (c)(g)	(600) (c)(f)(g)	(4,139) (c)(f)	(30) (c)	(24) (c)	(32) (c)	2,742 (c)(f)(g)(h)	(4,225) (c)(f)
Net income from continuing operations	<u>\$ 3,215</u>	<u>\$ (9)</u>	<u>\$ 466</u>	<u>\$ (497)</u>	<u>\$ (5,347)</u>	<u>\$ 91</u>	<u>\$ 59</u>	<u>\$ 68</u>	<u>\$ 3,175</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
- (h) Tax effects of US Tax Reform