



eBAY INC. REPORTS THIRD QUARTER 2009 RESULTS

San Jose, Calif., October 21, 2009 — eBay Inc. (Nasdaq: EBAY) today reported financial results for the third quarter ended September 30, 2009. The e-commerce company posted third-quarter revenue of \$2.2 billion, up \$120.3 million from the same period last year. The year-over-year revenue growth was driven primarily by the continued growth in PayPal, Skype, the company’s classifieds business as well as growth in eBay’s fixed-price format. The company recorded net income on a GAAP basis of \$349.7 million or \$0.27 per diluted share, and non-GAAP net income of \$501.5 million or \$0.38 per diluted share.

GAAP operating margin decreased to 19.8% for the quarter, compared to 24.7% for the same period last year. Non-GAAP operating margin decreased to 28.4% for the quarter, compared to 31.8% for the same period last year. The decrease in operating margins was caused primarily by the recently acquired Bill Me Later, the weaker U.S. dollar, and the company’s continuing shift to faster growing, lower margin businesses, partially offset by cost controls.

eBay Inc. generated \$738.2 million of operating cash flow during the third quarter. Free cash flow during the quarter was \$563.5 million.

“Our third quarter results were strong with PayPal gaining momentum and market share worldwide and our core eBay business showing positive trends,” said eBay Inc. President and CEO John Donahoe. “We’re delivering on our commitments, executing on our plans and operating smarter and faster.”

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

	Third Quarter		Change	
	2008	2009		
Net revenue	\$2,118	\$2,238	\$120	6%
GAAP				
Net income	\$492	\$350	(\$142)	(29%)
Earnings per diluted share	\$0.38	\$0.27	(\$0.11)	(29%)
Non-GAAP				
Net income	\$592	\$502	(\$91)	(15%)
Earnings per diluted share	\$0.46	\$0.38	(\$0.07)	(16%)

Quarterly Business Unit Discussion

Payments

The Payments business unit reported a strong quarter with \$688.1 million in revenue, an increase of 15% year over year. Net total payment volume (TPV) for the quarter was \$17.7 billion, an increase of 19% year over year. The revenue and TPV increases were driven by continued consumer and merchant adoption of PayPal. The payments business continued to increase its penetration on eBay and across e-commerce. Active registered accounts reached 78.0 million, an increase of 19% year over year. The Payments business will continue to focus on the acquisition of new merchants, greater penetration into the Marketplaces business and the ongoing integration of Bill Me Later.

Marketplaces

The Marketplaces business unit, which consists of eBay, Shopping.com, StubHub, Kijiji and other e-commerce sites, recorded \$1.4 billion in revenue, a 1% year over year decline. Marketplaces net transaction revenue declined 1% year-over-year, improving 13 points over the second quarter of 2009. The Marketplaces business unit benefited from strong growth in its fixed-price format, the continuing success of its highest rated sellers, and acceleration in sold items. Excluding the impact of the stronger U.S. dollar, revenue growth in the Marketplaces business was 4% year over year. Marketplaces continued to expand its international business, which accounted

for 56% of Marketplaces revenue. GMV (excluding vehicles) was \$12.2 billion for the quarter, an increase of 7%, compared to the third quarter of 2008. Online classifieds revenue increased 20% year over year driven primarily by the acquisition of Den Blå Avis and BilBasen. A continued focus on trust, value and selection in the eBay Marketplace coupled with format expansion are expected to drive future GMV.

Communications

Skype contributed \$185.2 million in revenue for the quarter, representing 29% year-over-year growth. Skype added 40.3 million registered users during the quarter and ended the period with more than 520.8 million registered users. In addition to growing its user base, Skype is focused on product strategies to enhance customer engagement. In September, eBay announced the sale of 65% of Skype to a group of private equity investors that is expected to close in the fourth quarter.

Other Selected Financial Results

- Taxes — The GAAP effective tax rate for the quarter was 20%, compared to 13% for the third quarter of 2008. The non-GAAP effective tax rate was 21% for the third quarter of 2009, compared to 17% for the third quarter of 2008.
- Cash and cash equivalents — The company's cash and cash equivalents totaled \$2.6 billion at September 30, 2009, compared to \$3.2 billion at December 31, 2008.

Business Outlook

- Fourth-quarter 2009 — eBay expects net revenues in the range of \$2.20 billion to \$2.30 billion with GAAP earnings per diluted share in the range of \$0.28 to \$0.30 and non-GAAP earnings per diluted share in the range of \$0.38 to \$0.40. These amounts assume a mid-quarter close date for the pending sale of Skype and do not reflect the gain on the pending sale of Skype of approximately \$1.0 billion.

Quarterly Conference Call

eBay will host a conference call to discuss third quarter results at 2 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.ebayinc.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, Calif.

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. These statements include, but are not limited to, statements regarding expected financial results for the fourth quarter of 2009, anticipated future stability and growth in the Marketplaces business unit, and the sale of Skype. 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 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; any changes the company may make to its product offerings; the competitive, regulatory, credit card association, and other risks specific to PayPal and Bill Me Later, especially as PayPal 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 or divestitures 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.ebayinc.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

	December 31, 2008	September 30, 2009
	(In thousands)	
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 3,188,928	\$ 2,557,859
Short-term investments	163,734	601,443
Accounts receivable, net	435,197	419,982
Loans and interest receivable, net	570,071	511,809
Funds receivable and customer accounts	1,467,962	1,993,294
Other current assets	460,698	389,200
Total current assets	6,286,590	6,473,587
Long-term investments	106,178	479,285
Property and equipment, net	1,198,714	1,293,775
Goodwill	7,025,398	8,016,465
Intangible assets, net	736,134	909,401
Other assets	239,425	183,859
Total assets	\$ 15,592,439	\$ 17,356,372
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>		
Current liabilities:		
Accounts payable	\$ 170,332	\$ 209,333
Funds payable and amounts due to customers	1,467,962	1,993,294
Accrued expenses and other current liabilities	784,774	961,966
Deferred revenue and customer advances	181,596	231,992
Income taxes payable	100,423	50,093
Borrowings from credit agreement	1,000,000	200,000
Total current liabilities	3,705,087	3,646,678
Deferred and other tax liabilities, net	753,965	907,342
Other liabilities	49,529	51,185
Total liabilities	4,508,581	4,605,205
Total stockholders' equity	11,083,858	12,751,167
Total liabilities and stockholders' equity	\$ 15,592,439	\$ 17,356,372

eBay Inc.
Unaudited Condensed Consolidated Statement of Income

	<u>Three Months Ended September 30,</u>		<u>Nine Months Ended September 30,</u>	
	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>
	(In thousands, except per share amounts)			
Net revenues (2)	\$ 2,117,531	\$ 2,237,852	\$ 6,505,415	\$ 6,356,430
Cost of net revenues (1)	560,963	643,908	1,648,478	1,809,067
Gross profit	<u>1,556,568</u>	<u>1,593,944</u>	<u>4,856,937</u>	<u>4,547,363</u>
Operating expenses:				
Sales and marketing (1)	451,753	491,461	1,463,190	1,359,277
Product development (1)	190,842	205,207	554,393	605,126
General and administrative (1)	248,909	272,177	793,791	797,966
Provision for transaction and loan losses	88,269	96,682	260,872	270,597
Amortization of acquired intangible assets	52,720	72,803	162,472	200,066
Restructuring	-	12,673	-	36,937
Total operating expenses	<u>1,032,493</u>	<u>1,151,003</u>	<u>3,234,718</u>	<u>3,269,969</u>
Income from operations (2)	524,075	442,941	1,622,219	1,277,394
Interest and other income (expense), net	38,567	(4,606)	88,077	8,957
Income before income taxes	562,642	438,335	1,710,296	1,286,351
Provision for income taxes	(70,423)	(88,599)	(298,014)	(252,160)
Net income	<u>\$ 492,219</u>	<u>\$ 349,736</u>	<u>\$ 1,412,282</u>	<u>\$ 1,034,191</u>
Net income per share:				
Basic	<u>\$ 0.38</u>	<u>\$ 0.27</u>	<u>\$ 1.08</u>	<u>\$ 0.80</u>
Diluted	<u>\$ 0.38</u>	<u>\$ 0.27</u>	<u>\$ 1.07</u>	<u>\$ 0.80</u>
Weighted average shares:				
Basic	<u>1,288,937</u>	<u>1,293,511</u>	<u>1,311,501</u>	<u>1,288,150</u>
Diluted	<u>1,297,484</u>	<u>1,311,274</u>	<u>1,322,126</u>	<u>1,299,279</u>
(1) Includes stock-based compensation as follows:				
Cost of net revenues	\$ 10,395	\$ 11,134	\$ 31,908	\$ 37,614
Sales and marketing	23,745	28,265	72,096	91,154
Product development	23,458	22,795	71,627	78,546
General and administrative	32,653	30,296	93,850	95,455
	<u>\$ 90,251</u>	<u>\$ 92,490</u>	<u>\$ 269,481</u>	<u>\$ 302,769</u>

- (2) For the three-month period ended September 30, 2009, foreign currency movements against the dollar negatively impacted net revenues and operating income by approximately \$96.7 million and \$48.3 million, respectively, compared to the same period of the prior year. For the nine-month period ended September 30, 2009, foreign currency movements against the dollar negatively impacted net revenues and operating income by approximately \$463.9 million and \$221.2 million, respectively, compared to the same period of the prior year.

eBay Inc.
Unaudited Condensed Consolidated Statement of Cash Flows

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2008	2009	2008	2009
Cash flows from operating activities:	(In thousands)			
Net income	\$ 492,219	\$ 349,736	\$ 1,412,282	\$ 1,034,191
Adjustments:				
Provision for transaction and loan losses	88,269	96,682	260,872	270,597
Depreciation and amortization	178,578	215,068	517,917	610,162
Stock-based compensation expense	90,251	92,490	269,481	302,769
Changes in assets and liabilities, net of acquisition effects	(155,914)	(15,735)	(262,500)	(80,233)
Net cash provided by operating activities	<u>693,403</u>	<u>738,241</u>	<u>2,198,052</u>	<u>2,137,486</u>
Cash flows from investing activities:				
Purchases of property and equipment, net	(150,412)	(174,768)	(406,739)	(394,156)
Changes in principal loans receivable, net	-	(24,218)	-	7,517
Purchases of investments	(84,062)	(415,914)	(107,990)	(468,371)
Maturities and sales of investments	9,541	21,027	42,248	26,971
Acquisitions, net of cash acquired	-	-	(159,064)	(1,209,433)
Other	(165)	(9,526)	(51,369)	5,889
Net cash used in investing activities	<u>(225,098)</u>	<u>(603,399)</u>	<u>(682,914)</u>	<u>(2,031,583)</u>
Cash flows from financing activities:				
Proceeds from issuance of common stock	16,896	16,061	115,615	51,796
Repurchases of common stock, net	(623,247)	-	(2,177,942)	-
Excess tax benefits from stock-based compensation	846	569	4,670	585
Tax withholdings related to net share settlements of restricted stock awards and units	(4,555)	(6,949)	(18,498)	(26,361)
Net payments from borrowings under credit agreement	-	(200,000)	(200,000)	(800,000)
Other	-	(8,063)	-	(8,063)
Net cash used in financing activities	<u>(610,060)</u>	<u>(198,382)</u>	<u>(2,276,155)</u>	<u>(782,043)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(211,556)</u>	<u>47,782</u>	<u>(117,457)</u>	<u>45,071</u>
Net decrease in cash and cash equivalents	(353,311)	(15,758)	(878,474)	(631,069)
Cash and cash equivalents at beginning of period	<u>3,696,028</u>	<u>2,573,617</u>	<u>4,221,191</u>	<u>3,188,928</u>
Cash and cash equivalents at end of period	<u>\$ 3,342,717</u>	<u>\$ 2,557,859</u>	<u>\$ 3,342,717</u>	<u>\$ 2,557,859</u>

eBay Inc.
Unaudited Summary of Consolidated Net Revenues

Net Revenues by Type

	Three Months Ended				
	September 30, 2008	December 31, 2008	March 31, 2009	June 30, 2009	September 30, 2009
Net transaction revenues	(In thousands, except percentages)				
Marketplaces	\$ 1,163,890	\$ 1,046,227	\$ 1,033,827	\$ 1,056,917	\$ 1,151,361
<i>Current quarter vs prior quarter</i>	(6%)	(10%)	(1%)	2%	9%
<i>Current quarter vs prior year quarter</i>	1%	(18%)	(18%)	(14%)	(1%)
<i>Percent of Marketplaces revenue from international</i>	52%	54%	51%	54%	54%
Payments	576,302	604,186	604,833	630,162	649,159
<i>Current quarter vs prior quarter</i>	(1%)	5%	0%	4%	3%
<i>Current quarter vs prior year quarter</i>	29%	12%	8%	9%	13%
<i>Percent of Payments revenue from international</i>	45%	45%	44%	45%	46%
Communications	137,201	138,660	143,238	155,661	172,957
<i>Current quarter vs prior quarter</i>	5%	1%	3%	9%	11%
<i>Current quarter vs prior year quarter</i>	46%	26%	20%	20%	26%
<i>Percent of Communications revenue from international</i>	82%	81%	82%	83%	83%
Total net transaction revenues	1,877,393	1,789,073	1,781,898	1,842,740	1,973,477
<i>Current quarter vs prior quarter</i>	(3%)	(5%)	(0%)	3%	7%
<i>Current quarter vs prior year quarter</i>	11%	(7%)	(8%)	(5%)	5%
Marketing services and other revenues					
Marketplaces	212,963	221,323	190,622	201,782	213,222
<i>Current quarter vs prior quarter</i>	(5%)	4%	(14%)	6%	6%
<i>Current quarter vs prior year quarter</i>	29%	(0%)	(12%)	(10%)	0%
<i>Percent of Marketplaces revenue from international</i>	61%	62%	68%	71%	69%
Payments	20,909	18,898	38,125	39,139	38,904
<i>Current quarter vs prior quarter</i>	(3%)	(10%)	102%	3%	(1%)
<i>Current quarter vs prior year quarter</i>	(7%)	(19%)	74%	82%	86%
<i>Percent of Payments revenue from international</i>	52%	33%	6%	6%	6%
Communications	6,266	6,552	9,941	14,331	12,249
<i>Current quarter vs prior quarter</i>	10%	5%	52%	44%	(15%)
<i>Current quarter vs prior year quarter</i>	43%	30%	52%	152%	95%
<i>Percent of Communications revenue from international</i>	64%	61%	65%	68%	65%
Total marketing services and other revenues	240,138	246,773	238,688	255,252	264,375
<i>Current quarter vs prior quarter</i>	(5%)	3%	(3%)	7%	4%
<i>Current quarter vs prior year quarter</i>	25%	(2%)	(3%)	1%	10%
Total net revenues	\$ 2,117,531	\$ 2,035,846	\$ 2,020,586	\$ 2,097,992	\$ 2,237,852
<i>Current quarter vs prior quarter</i>	(4%)	(4%)	(1%)	4%	7%
<i>Current quarter vs prior year quarter</i>	12%	(7%)	(8%)	(4%)	6%

eBay Inc.
Unaudited Summary of Consolidated Net Revenues

Net Revenues by Segment

	Three Months Ended				
	September 30, 2008	December 31, 2008	March 31, 2009	June 30, 2009	September 30, 2009
	(In thousands, except percentages)				
Marketplaces	\$ 1,376,853	\$ 1,267,550	\$ 1,224,449	\$ 1,258,699	\$ 1,364,583
<i>Current quarter vs prior quarter</i>	(6%)	(8%)	(3%)	3%	8%
<i>Current quarter vs prior year quarter</i>	4%	(16%)	(18%)	(14%)	(1%)
<i>Percent of Marketplaces revenue from international</i>	53%	55%	54%	57%	56%
Payments	597,211	623,084	642,958	669,301	688,063
<i>Current quarter vs prior quarter</i>	(1%)	4%	3%	4%	3%
<i>Current quarter vs prior year quarter</i>	27%	11%	11%	11%	15%
<i>Percent of Payments revenue from international</i>	45%	45%	42%	43%	44%
Communications	143,467	145,212	153,179	169,992	185,206
<i>Current quarter vs prior quarter</i>	6%	1%	5%	11%	9%
<i>Current quarter vs prior year quarter</i>	46%	26%	21%	25%	29%
<i>Percent of Communications revenue from international</i>	82%	80%	80%	81%	81%
Total net revenues	\$ 2,117,531	\$ 2,035,846	\$ 2,020,586	\$ 2,097,992	\$ 2,237,852
<i>Current quarter vs prior quarter</i>	(4%)	(4%)	(1%)	4%	7%
<i>Current quarter vs prior year quarter</i>	12%	(7%)	(8%)	(4%)	6%

Net Revenues by Geography*

	Three Months Ended				
	September 30, 2008	December 31, 2008	March 31, 2009	June 30, 2009	September 30, 2009
	(In thousands, except percentages)				
U.S. net revenues	\$ 1,001,637	\$ 941,368	\$ 968,584	\$ 959,697	\$ 1,013,477
<i>Current quarter vs prior quarter</i>	(0%)	(6%)	3%	(1%)	6%
<i>Current quarter vs prior year quarter</i>	8%	(9%)	(5%)	(4%)	1%
<i>Percent of total</i>	47%	46%	48%	46%	45%
International net revenues	1,115,894	1,094,478	1,052,002	1,138,295	1,224,375
<i>Current quarter vs prior quarter</i>	(7%)	(2%)	(4%)	8%	8%
<i>Current quarter vs prior year quarter</i>	16%	(5%)	(10%)	(5%)	10%
<i>Percent of total</i>	53%	54%	52%	54%	55%
Total net revenues	\$ 2,117,531	\$ 2,035,846	\$ 2,020,586	\$ 2,097,992	\$ 2,237,852
<i>Current quarter vs prior quarter</i>	(4%)	(4%)	(1%)	4%	7%
<i>Current quarter vs prior year quarter</i>	12%	(7%)	(8%)	(4%)	6%

* Revenues are attributed to U.S. and international geographies primarily based upon the country in which the seller, payment recipient, customer, Skype user's Internet protocol address, online property that generates advertising, or other service provider, as the case may be, is located.

eBay Inc.
Unaudited Payments Supplemental Operating Data

	September 30, 2008	December 31, 2008	March 31, 2009	June 30, 2009	September 30, 2009
	(In millions, except percentages)				
Active registered accounts (1)	65.3	70.4	73.1	75.4	78.0
<i>Current quarter vs prior quarter</i>	4%	8%	4%	3%	3%
<i>Current quarter vs prior year quarter</i>	19%	23%	22%	20%	19%
Net number of payments (2)	214.5	252.2	254.1	259.6	273.9
<i>Current quarter vs prior quarter</i>	2%	18%	1%	2%	6%
<i>Current quarter vs prior year quarter</i>	25%	24%	20%	23%	28%
Net total payment volume (3)	\$ 14,812	\$ 15,988	\$ 15,859	\$ 16,705	\$ 17,686
<i>Current quarter vs prior quarter</i>	(1%)	8%	(1%)	5%	6%
<i>Current quarter vs prior year quarter</i>	28%	14%	10%	12%	19%
<i>Merchant Services net total payment volume as % of net total payment volume</i>	51%	50%	53%	55%	56%
<i>Bill Me Later net total payment volume as % of net total payment volume</i>	-	1%	1%	1%	1%
Transaction rates (4)					
Transaction revenue rate	3.89%	3.78%	3.81%	3.77%	3.67%
Transaction processing expense rate	1.20%	1.16%	1.16%	1.15%	1.16%
Transaction loss rate	0.29%	0.33%	0.28%	0.30%	0.25%
Loan portfolio rates					
Risk adjusted margin (5)	-	13.37%	11.36%	10.28%	8.98%
Net charge off rate (6)	-	8.75%	8.95%	11.08%	11.53%
90-day delinquency rate (7)	-	3.94%	4.57%	4.64%	4.97%

- (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) The risk adjusted margin represents the annualized ratio of Bill Me Later revenue, excluding contra-revenue incentives to customers or merchants, 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 eBay Marketplaces Supplemental Operating Data

	September 30, 2008	December 31, 2008	March 31, 2009	June 30, 2009	September 30, 2009
	(In millions, except percentages)				
Active Users (1)	87.2	87.7	88.3	88.4	89.2
<i>Current quarter vs prior quarter</i>	1%	1%	1%	0%	1%
<i>Current quarter vs prior year quarter</i>	3%	3%	2%	2%	2%
Gross Merchandise Volume (excluding vehicles) (2)	\$ 11,361	\$ 11,470	\$ 10,797	\$ 11,127	\$ 12,192
<i>Current quarter vs prior quarter</i>	(8%)	1%	(6%)	3%	10%
<i>Current quarter vs prior year quarter</i>	3%	(12%)	(16%)	(10%)	7%
Vehicles Gross Merchandise Volume (3)	\$ 2,922	\$ 2,176	\$ 2,074	\$ 2,300	\$ 2,386
<i>Current quarter vs prior quarter</i>	(14%)	(26%)	(5%)	11%	4%
<i>Current quarter vs prior year quarter</i>	(12%)	(30%)	(35%)	(32%)	(18%)
<i>Fixed Price Trading (4) as % of total gross merchandise volume</i>	46%	49%	49%	51%	56%

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 our Korean subsidiaries (Gmarket and Internet Auction Co.), who bid on, bought, listed or sold 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.

eBay Inc.
Unaudited Communications Supplemental Operating Data

	September 30, 2008	December 31, 2008	March 31, 2009	June 30, 2009	September 30, 2009
	(In millions, except percentages)				
Registered users (1)	370.2	405.3	443.2	480.5	520.8
<i>Current quarter vs prior quarter</i>	9%	9%	9%	8%	8%
<i>Current quarter vs prior year quarter</i>	51%	47%	43%	42%	41%

- (1) Cumulative number of unique user accounts, which includes, among other things, users who may have registered via non-Skype based websites and users that have more than one account.

eBay Inc.
Business Outlook
(In Millions, Except per Share Amounts)

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.ebayinc.com> or the SEC's web site at www.sec.gov.

	Three Months Ending December 31, 2009	
	<u>GAAP</u>	<u>Non-GAAP (a)</u>
Revenues (b)	\$2,200-\$2,300	\$2,200-\$2,300
Diluted EPS (b)	\$0.28 - \$0.38	\$0.38-\$0.40

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- (a) Estimated non-GAAP amounts above for the three months ending December 31, 2009, reflect the estimated quarterly adjustments that exclude the amortization of acquired intangible assets of approximately \$65-\$75 million, stock-based compensation expense and employer payroll taxes on stock-based compensation expense of approximately \$90-\$105 million and restructuring charges of approximately \$20-\$25 million.
- (b) The GAAP and non-GAAP amounts above assume a mid-quarter close date for the pending sale of Skype and do not reflect the gain on the pending sale of Skype of approximately \$1.0 billion.

eBay Inc.
Non-GAAP Measures of Financial Performance

To supplement the company's condensed 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 12, 14 and 15 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, significant gains or losses on from the disposal of a business, 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. eBay excludes stock-based compensation expenses from its non-GAAP measures primarily because they are non-cash expenses that management 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 management does not believe it correlates to eBay's operation of the business.

Amortization or impairment of acquired intangible assets, impairment of goodwill and significant gains or losses from the disposal of a business. eBay incurs amortization or impairments of acquired intangible assets and goodwill in connection with acquisitions and may incur significant gains or losses from the disposal of a business. eBay excludes these items because they arise from eBay's prior acquisitions and management does not believe it has any 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 management 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, 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

	Three Months Ended	
	September 30, 2008	September 30, 2009
	(In thousands, except percentages)	
GAAP operating income	\$ 524,075	\$ 442,941
Stock-based compensation expense	90,251	92,490
Employer payroll taxes on stock-based compensation	530	888
Amortization of acquired intangible assets within cost of net revenues	6,743	13,673
Amortization of acquired intangible assets within operating expenses	52,720	72,803
Restructuring	-	12,673
Non-GAAP operating income	<u>\$ 674,319</u>	<u>\$ 635,468</u>
Non-GAAP operating margin	<u>31.8%</u>	<u>28.4%</u>

Reconciliation of GAAP Net Income to Non-GAAP Net Income

	Three Months Ended	
	September 30, 2008	September 30, 2009
	(In thousands, except per share amounts)	
GAAP net income	\$ 492,219	\$ 349,736
Stock-based compensation expense	90,251	92,490
Employer payroll taxes on stock-based compensation	530	888
Amortization of acquired intangible assets within cost of net revenues	6,743	13,673
Amortization of acquired intangible assets within operating expenses	52,720	72,803
Restructuring	-	12,673
Income taxes associated with certain non-GAAP entries	(50,340)	(40,728)
Non-GAAP net income	<u>\$ 592,123</u>	<u>\$ 501,535</u>
Diluted net income per share:		
GAAP	<u>\$ 0.38</u>	<u>\$ 0.27</u>
Non-GAAP	<u>\$ 0.46</u>	<u>\$ 0.38</u>
Shares used in GAAP and non-GAAP diluted net income per-share calculation	<u>1,297,484</u>	<u>1,311,274</u>

eBay Inc.
Reconciliation of GAAP to Non-GAAP Effective Tax Rate

	Three Months Ended	
	September 30, 2008	September 30, 2009
	(In thousands, except percentages)	
GAAP provision for income taxes (a)	\$ 70,423	\$ 88,599
Income taxes associated with certain non-GAAP entries	50,340	40,728
Non-GAAP provision for income taxes (b)	<u>\$ 120,763</u>	<u>\$ 129,327</u>
GAAP income before income taxes (c)	\$ 562,642	\$ 438,335
Stock-based compensation expense	90,251	92,490
Employer payroll taxes on stock-based compensation	530	888
Amortization of acquired intangible assets within cost of net revenues	6,743	13,673
Amortization of acquired intangible assets within operating expenses	52,720	72,803
Restructuring	-	12,673
Non-GAAP income before income taxes (d)	<u>\$ 712,886</u>	<u>\$ 630,862</u>
GAAP effective tax rate (a/c)	<u>13%</u>	<u>20%</u>
Non-GAAP effective tax rate (b/d)	<u>17%</u>	<u>21%</u>

Reconciliation of Operating Cash Flow to Free Cash Flow

	Three Months Ended	
	September 30, 2008	September 30, 2009
	(In thousands)	
Net cash provided by operating activities	\$ 693,403	\$ 738,241
Less: Purchases of property and equipment, net	(150,412)	(174,768)
Free cash flow	<u>\$ 542,991</u>	<u>\$ 563,473</u>