**eBay Inc.**
2145 Hamilton Avenue
San Jose, California 95125, USA

**The eBay Inc. 1998 Employee Stock Purchase Plan, as amended**

**The eBay Inc. 1998 Equity Incentive Plan, as amended**

**The eBay Inc. 1999 Global Equity Incentive Plan, as amended**

**The eBay Inc. 2001 Equity Incentive Plan, as amended**

**The eBay Inc. 2003 Deferred Stock Unit Plan, as amended**

**The eBay Inc. 2008 Equity Incentive Award Plan**

**Prospectus for the employees of certain European Economic Area ("EEA") subsidiaries of eBay Inc., subject to the applicable legislation in each country**

AUTORITÉ
DES MARCHÉS FINANCIERS

**Pursuant to articles L. 412-1 and L. 621-8 of the *Code Monétaire et Financier* and its General Regulation, in particular articles 211-1 to 216-1 thereof, the *Autorité des marchés financiers* ("AMF") has attached visa number 09-066 dated March 26, 2009, onto this prospectus. This prospectus was prepared by the issuer and incurs the responsibility of its signatories. The visa, pursuant to the provisions of Article L. 621-8-1-I of the *Code Monétaire et Financier*, was granted after the AMF has verified that the document is complete and comprehensible, and that the information it contains is consistent. The visa represents neither the approval of the worthiness of the operation nor the authentication of the financial and accounting information presented.**

This prospectus will be made available to employees of subsidiaries of eBay Inc. in EEA countries in which offerings under the plans listed above are considered public offerings, subject to the applicable legislation in each country, at the respective head offices of the subsidiaries. In addition, this prospectus along with summary translations (as applicable) will be posted on eBay Inc.'s intranet and free copies will be available to the employees upon request by contacting the human resources departments of their employers.

## NOTE TO THE PROSPECTUS

This prospectus, which contains material information concerning eBay Inc., was established pursuant to articles 211-1 to 216-1 of the AMF General Regulation. Pursuant to Article 25 of the Commission Regulation (EC) No 809/2004 of 29 April 2004 (the "Prospectus Regulation"), this prospectus is composed of the following parts in the following order:

(1) a table of contents,

(2) the summary provided for in Article 5(2) of Directive 2003/71/EC (Chapters A through C constitute the prospectus summary),

(3) the risk factors linked to the issuer and the type of security covered by the issue, and

(4) Excerpts from Annexes I and III of the Prospectus Regulation which, by application of Articles 3, 4, and 6 of the Prospectus Regulation and question 71 of the Committee of European Securities Regulators ("CESR") Q&A,[1] are required for this offering of equity securities to employees of eBay and its affiliates.

This prospectus also contains supplemental information concerning the eBay Inc. 1998 Employee Stock Purchase Plan, as amended, the eBay Inc. 1998 Equity Incentive Plan, as amended, the eBay Inc. 1999 Global Equity Incentive Plan, as amended, the eBay Inc. 2001 Equity Incentive Plan, as amended, the eBay Inc. 2003 Deferred Stock Unit Plan, as amended, and the eBay Inc. 2008 Equity Incentive Award Plan (Chapter E) and the following documents (Exhibits):

- The eBay Inc. 1998 Employee Stock Purchase Plan, as amended;
- The eBay Inc. 1998 Equity Incentive Plan, as amended;
- The eBay Inc. 1999 Global Equity Incentive Plan, as amended;
- The eBay Inc. 2001 Equity Incentive Plan, as amended;
- The eBay Inc. 2003 Deferred Stock Unit Plan, as amended;
- The eBay Inc. 2008 Equity Incentive Award Plan; and
- Current Report on Form 8-K filed by eBay Inc. with the Securities and Exchange Commission (the "SEC") on March 12, 2009.

[1] Frequently asked questions regarding prospectuses: Common positions agreed by CESR Members, 8th Updated Version – Updated February 2009 (CESR/09-103).

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## COMPANY REPRESENTATIVE FOR PROSPECTUS

**1.1** Robert H. Swan, Senior Vice President and Chief Financial Officer (Principal Financial Officer), acting for and on behalf of eBay Inc.

**1.2** To my knowledge, after having taken all reasonable measures for this purpose, the information contained in this prospectus fairly reflects the current situation and no material omission has been made.

**1.3** eBay Inc. has obtained a letter from its independent registered public accounting firm in relation to this prospectus. The independent registered public accounting firm has, in accordance with the professional standards and interpretations applicable to it in the United States of America, read the information pertaining to the financial position and financial statements of eBay Inc. contained in this prospectus and read the prospectus.

/s/ Robert H. Swan

_____

Robert H. Swan
Senior Vice President and Chief Financial Officer (Principal Finance Officer) of eBay Inc.

San Jose, California, March 25, 2009

## NOTE TO THE PROSPECTUS SUMMARY

## VISA NUMBER 09-066 DATED MARCH 26, 2009 OF THE AMF

### Note to the reader

This summary should be read as an introduction to the prospectus. Any decision to invest in the securities should be based on consideration of the prospectus as a whole by the investor. Where a claim relating to the information contained in a prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member States of the European Community or States party to the European Economic Area Agreement, have to bear the costs of translating the prospectus before the legal proceedings are initiated. Civil liability attaches to those persons who have presented the summary including any translation thereof, and applied for its notification, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the prospectus.

**CHAPTER A:**
**THE EBAY INC. 1998 EMPLOYEE STOCK PURCHASE PLAN, AS AMENDED,**
**THE EBAY INC. 1998 EQUITY INCENTIVE PLAN, AS AMENDED,**
**THE EBAY INC. 1999 GLOBAL EQUITY INCENTIVE PLAN, AS AMENDED,**
**THE EBAY INC. 2001 EQUITY INCENTIVE PLAN, AS AMENDED,**
**THE EBAY INC. 2003 DEFERRED STOCK UNIT PLAN, AS AMENDED,**
**AND THE EBAY INC. 2008 EQUITY INCENTIVE AWARD PLAN**

eBay Inc. ("eBay" or the "Company"), a Delaware corporation, having its principal offices located at 2145 Hamilton Avenue, San Jose, California, USA, will offer eligible employees of eBay and its subsidiaries the right to purchase its shares of common stock, par value $0.001 per share ("Shares") under the eBay Inc. 1998 Employee Stock Purchase Plan, as amended ("ESPP"). eBay will also offer selected employees (and, in some cases, officers, directors, consultants, contractors and advisors) of eBay and its subsidiaries, the right to acquire Shares under the following eBay Inc. equity plans, each as amended: 1998 Equity Incentive Plan ("1998 EIP"), 1999 Global Equity Incentive Plan ("1999 GEIP"), 2001 Equity Incentive Plan ("2001 EIP"), 2003 Deferred Stock Unit Plan ("2003 DSU") and/or 2008 Equity Incentive Award Plan ("2008 EIP") (collectively, the "Plans"). The ESPP and the Plans are separate employee equity plans and are offered independently of each other. The Company's Shares are listed on the Nasdaq Global Select Market ("Nasdaq") under the symbol "EBAY." References to "we," "our" or "eBay" in this Prospectus mean the current Delaware corporation (eBay Inc.) and its California predecessor, as well as all of its consolidated subsidiaries.

In addition and pending approval of the Company's stockholders at the annual meeting of the stockholders to be held on April 29, 2009, eBay may offer certain employees the opportunity to exchange outstanding Options (as defined below), whether vested or unvested, that have a per share exercise price greater than or equal to the highest per share trading price of the Shares for the 52-week period immediately preceding the start of the Exchange Offer (as defined below) (such options being hereafter referred to as "Eligible Options"), for a number of RSUs (as defined below) ("New RSUs"), pursuant to an offer to exchange Eligible Options for New RSUs ("Exchange Offer"). Each New RSU received in exchange for Eligible Options will be subject to an additional vesting period between 12 and 48 months based on the date the Eligible Options would otherwise have become fully vested..

When the Exchange Offer is made, employees will be provided with details about the Exchange Offer and an election form which they will be required to submit within a specified period if they want to participate in the Exchange Offer. Further information about the Exchange Offer is included in eBay's Definitive Proxy Statement under "Proposal 2 – Approval of Amendments to Certain of Our Existing Equity Incentive Plans to Allow for a One-Time Option Exchange Program for Employees Other Than Our Named Executive Officers and Directors".

The offering of the ESPP, the Plans and/or the Exchange Offer may be considered a public offering of securities pursuant to Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 (the "Prospectus Directive") in the following EEA countries, subject to the applicable legislation in each of those countries: Estonia, France, Germany, Ireland, Netherlands and United Kingdom. This prospectus will be made available to employees of the subsidiaries of eBay based in the above-named countries at the respective head offices of their employers and will be published on eBay's intranet.

The offering of the ESPP, the Plans and/or the Exchange Offer will also be made in the following EEA countries: Belgium, Czech Republic, Denmark, Italy, Luxembourg, Norway, Poland, Spain and Sweden. However, such offering is not considered a public offering of securities and/or the obligation to publish a prospectus does not apply to the offering under the legislation implementing the Prospectus Directive in

such countries. The total amount of the offering of the ESPP, the Plans and/or the Exchange Offer in the EEA is more than €2.5 million over a 12-month period.

## I. THE ESPP

The ESPP was established to provide employees of eBay and its designated subsidiaries or affiliates (each a "Participating Company"), some of which are located in the EEA, with the opportunity to purchase Shares at a discount. The ESPP is administered by a committee ("Committee") of eBay's Board of Directors ("Board").

The ESPP is comprised of 24-month long offering periods commencing May 1 and November 1 and ending April 30 and October 31 of each year ("Offering Periods"). The first business day of each Offering Period is the "Offering Date." The Offering Periods contain four successive six-month purchase periods ("Purchase Periods").[2]

To participate in the ESPP, employees must be employed by a Participating Company on the 10th day before an Offering Date. No employee may purchase Shares under the ESPP having a fair market value as of the Offering Date of more than US$25,000 per calendar year. Certain other limitations apply.

Eligible employees may enroll in the ESPP, thereby becoming "Participating Employees," by executing a subscription agreement and any other required documents (the "Enrollment Documents"). The enrollment deadline for the Offering Periods beginning May 1 and November 1, 2009 are April 24, 2009 and October 26, 2009, respectively.

Participating Employees authorize payroll deductions (between 2% and 10% of their eligible compensation) which are used to purchase Shares on the last business day of each Purchase Period (the "Purchase Date"). The purchase price per Share is generally 85% of the lower of (1) the fair market value of a Share on the Offering Date or (2) the fair market value of a Share on the Purchase Date.

As of January 1, 2009, there were approximately 7.2 million Shares available for issuance under the ESPP on a worldwide basis (out of a maximum of 36,000,000 Shares available for the duration of the ESPP). Based on the assumptions set out in Section 6.1 of Chapter E of this prospectus, during the next twelve months, a maximum of 5,049,945 Shares will be offered to approximately 3,033 eligible employees pursuant to this prospectus. Such Shares can be either treasury shares or newly issued shares, at eBay's sole discretion. The ESPP is a separate employee equity plan from, and is offered independently of, the Plans.

## II. THE PLANS

Under the terms of one or more of the Plans, eBay may offer stock options ("Options"), restricted stock ("RS"), restricted stock units ("RSUs") and/or other stock based awards (collectively, the "Awards") to employees, officers, directors, consultants, independent contractors and/or advisors of eBay or any parent or subsidiary or eBay (the "Awardees"). The Board or the Committee determines the Awardees and the terms of the Awards. Generally, upon termination of the Awardee's employment, unvested Awards are forfeited.

Options provide the Awardee (the "Optionee") the right to purchase Shares at a certain exercise price, subject to certain vesting restrictions.

[2] However, in France, the Offering Periods and Purchase Periods are each six months long and run concurrently.

RS is an offer of Shares, subject to time- or performance-based restrictions. Shares are typically issued to the Awardee at grant and the Awardee obtains voting and dividend rights with regard to the Shares; however, the Awardee is not free to sell or transfer the Shares until the restrictions have lapsed.

RSUs are similar to RS except Shares will only be issued and an ownership interest in eBay transferred to the Awardee when the restrictions have lapsed.

As of December 31, 2008, there were 0 Shares available for issuance under the 1998 EIP which expired on June 18, 2008, 6,388,095 Shares available for issuance under the 1999 GEIP on a worldwide basis (out of a maximum of 52,000,000 Shares initially available under the 1999 GEIP), 44,112,584 Shares available for issuance under the 2001 EIP on a worldwide basis (out of a maximum of 222,000,000 Shares initially available under the 2001 EIP), 791,620 Shares available for issuance under the 2003 DSU on a worldwide basis (out of a maximum of 4,000,000 Shares initially available under the 2003 DSU) and 28,151,825 Shares available for issuance under the 2008 EIP on a worldwide basis (out of a maximum of 35,000,000 Shares initially available under the 2008 EIP).[3] Shares issued under the Plans can be either treasury shares or newly issued shares, at eBay's sole discretion.

**FOR A COMPLETE DESCRIPTION OF THE ESPP AND THE PLANS, THE READER IS ENCOURAGED TO REVIEW THE PLAN DOCUMENTS ATTACHED AS EXHIBITS I - VI OF THIS PROSPECTUS.**

[3] At the annual meeting of eBay's stockholders on April 29, 2009, stockholders will be asked to approve an amendment and restatement of our 2008 EIP authorizing an additional 50,000,000 Shares for issuance under the 2008 EIP. Contingent upon stockholder approval of this amendment and restatement of our 2008 EIP, (i) the numbers noted herein for the 2008 Plan would be adjusted accordingly, (ii) the number of Shares available for issuance under the 2001 EIP would be reduced by approximately 16 million shares and (iii) eBay will not make any new grants under the 1999 GEIP.

## CHAPTER B:
## ORGANIZATION AND ACTIVITIES CONCERNING EBAY INC.

### I. GENERAL DESCRIPTION OF EBAY

eBay operates three primary business segments: Marketplaces, Payments and Communications. eBay's Marketplaces segment provides the infrastructure to enable global online commerce on a variety of platforms, including the traditional eBay.com platform, its other online platforms, such as its online classifieds businesses, its secondary tickets marketplace (StubHub), its online shopping comparison website (Shopping.com), its apartment listing service platform (Rent.com), as well as its fixed price media marketplace (Half.com). eBay's Payments segment is comprised of its online payment solutions PayPal and Bill Me Later (which eBay acquired in November 2008). eBay's Communications segment, which consists of Skype, enables VoIP calls between Skype users and provides low-cost connectivity to traditional fixed-line and mobile telephones.

Net revenues from external customers for each of eBay's segments for the years ended December 31, 2008, 2007 and 2006 was:

| | 2008 | 2007 | 2006 |
|---|---|---|---|
| | (in thousands, except percents) | | |
| Marketplaces | $ 5,586,751 | $ 5,363,891 | $ 4,334,290 |
| *Percentage of net revenues* | *65.4%* | *69.9%* | *72.6%* |
| Payments | 2,403,669 | 1,926,616 | 1,440,530 |
| *Percentage of net revenues* | *28.1%* | *25.1%* | *24.1%* |
| Communications | 550,841 | 381,822 | 194,921 |
| *Percentage of net revenues* | *6.5%* | *5.0%* | *3.3%* |
| Total Net Revenues | $ 8,541,261 | $ 7,672,329 | $ 5,969,741 |

### II. GENERAL INFORMATION CONCERNING EBAY'S SHARE CAPITAL

As of December 31, 2008, eBay was authorized to issue 3,580,000,000 Shares, and 10,000,000 shares of preferred stock, par value $0.001 per share. As of March 3, 2009, there were 1,286,264,017 Shares outstanding, and no shares of preferred stock issued or outstanding. The following table shows beneficial owners known to eBay as of March 3, 2009, holding more than five percent (5%) of its Shares.

| | Shares Beneficially Owned[1] | |
|---|---|---|
| **Name of Beneficial Owner** | **Number** | **Percent** |
| Pierre M. Omidyar[2]<br>c/o eBay Inc.<br>2145 Hamilton Avenue<br>San Jose, California 95125, USA | 167,250,408 | 13.0% |
| Morgan Stanley[3]<br>1585 Broadway<br>New York, NY 10036, USA | 65,770,981 | 5.1% |

(1), (2), (3) See Notes (1), (2) and (3) on page 64 of Chapter E.

None of the beneficial owners known to eBay to hold more than 5% of its common stock have different voting rights.

## III. RISK FACTORS

Set forth below are summaries of certain of the risks, uncertainties and other factors that may affect eBay's results of operations and financial condition. The full descriptions of these and other risks and uncertainties are included in Chapter D of this prospectus.

- The listing or sale by eBay's users of pirated or counterfeit items may harm its business.
- Failure to deal effectively with fraudulent transactions and customer disputes would increase eBay's loss rate and harm its business.
- eBay's business is subject to online security risks, including security breaches and identity theft.
- New and existing regulations could harm eBay's business.
- eBay's industry is intensely competitive, and other companies or governmental agencies may allege that its behavior is anti-competitive.

## IV. RECENT DEVELOPMENTS

As disclosed in the Form 10-K (as defined below), for the full year ended December 31, 2008, eBay posted $8.54 billion in revenue, net income of $1.78 billion, diluted earnings per share of $1.36 and operating cash flow of $1.9 billion, each on a Generally Accepted Accounting Principles in the United States of America ("US GAAP").

On March 11, 2009, eBay shared with investors at a Company-held meeting a roadmap of its growth plans through 2011 and provided details of its strategies to drive leadership in the company's two core businesses — its PayPal global online payments business and its ecommerce marketplace and other ecommerce formats that connect buyers and sellers. Based on current business trends and expectations, eBay also provided a financial outlook for 2011 and stated that total company revenues are expected to reach $10 billion to $12 billion in 2011. For a complete copy of the Form 8-K and accompanying press release dated March 11, 2009 entitled "eBay Inc. Announces Three-Year Roadmap for Growth: Company provides long-term financial outlook at analyst meeting," please refer to Exhibit VII.

## V. DOCUMENTS ON DISPLAY

eBay's Internet address is *www.ebay.com.* eBay's investor relations website is located at *http://investor.ebay.com.* eBay makes available free of charge on its investor relations website under the heading "SEC Filings" its Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to those reports as soon as reasonably practicable after such materials are electronically filed with (or furnished to) to the SEC. eBay's Definitive Proxy Statement and its Annual Report on Form 10-K for the fiscal year ended December 31, 2008, filed with the SEC on February 20, 2009 (the "Form 10-K"), referred to in this prospectus, may be obtained free of charge upon request by an employee.

eBay expects to issue in late April or early May 2009, its earnings release for the quarter ended March 31, 2009. The quarterly report on Form 10-Q for such quarter will be filed with the SEC no later than May 11, 2009. These documents will be available on the investor relations website of eBay indicated above. Information contained on our websites is not incorporated by reference into this Prospectus.

## CHAPTER C:
## FINANCIAL INFORMATION CONCERNING EBAY INC. FOR THE FISCAL YEARS ENDED DECEMBER 31, 2008, 2007 AND 2006

The following selected consolidated financial and supplemental operating data should be read in conjunction with the consolidated financial statements and notes thereto and "Management's Discussion and Analysis of Financial Condition and Results of Operations" appearing respectively on pages 48 – 67 and 76 – 109 of the Form 10-K. The consolidated statement of income and the consolidated balance sheet data for the years ended, and as of, December 31, 2006, 2007 and 2008 have been prepared in accordance with US GAAP and are derived from eBay's audited consolidated financial statements.

### SELECTED FINANCIAL DATA

| | Years Ended December 31, | | |
|---|---|---|---|
| | 2008[2] | 2007[2] | 2006[2] |
| | (in thousands, except per share amounts) | | |
| **Consolidated Statement of Income Data [1]:** | | | |
| Net revenues | $ 8,541,261 | $ 7,672,329 | $ 5,969,741 |
| Cost of net revenues | 2,228,069 | 1,762,972 | 1,256,792 |
| Gross profit | 6,313,192 | 5,909,357 | 4,712,949 |
| Total operating expenses | 4,237,510 | 5,296,177 | 3,289,993 |
| Income from operations | 2,075,682 | 613,180 | 1,422,956 |
| Net income | $ 1,779,474 | $ 348,251 | $ 1,125,639 |
| | | | |
| Net income per share: | | | |
| Basic | $ 1.37 | $ 0.26 | $ 0.80 |
| Diluted | $ 1.36 | $ 0.25 | $ 0.79 |

| | Years Ended December 31, | | |
|---|---|---|---|
| | 2008 | 2007 | 2006 |
| **Consolidated Balance Sheet Data:** | | (in thousands) | |
| Cash and cash equivalents | $ 3,188,928 | $ 4,221,191 | $ 2,662,792 |
| Short-term investments | 163,734 | 676,264 | 554,841 |
| Long-term investments | 106,178 | 138,237 | 277,853 |
| Working capital[5] | 2,581,503 | 4,022,926 | 2,452,191 |
| Total assets | 15,592,439 | 15,366,037 | 13,494,011 |
| Borrowings under credit agreement (short-term) | 1,000,000 | 200,000 | - |
| Total stockholders' equity | 11,083,858 | 11,704,602 | 10,904,632 |

(1), (2), (5) See Notes (1), (2) and (5) on page 68 of Chapter E.

**THE FOLLOWING IS NOT PART OF THE PROSPECTUS SUMMARY**

## CHAPTER D:
## RISK FACTORS

### I. RISK FACTORS THAT MAY AFFECT EBAY'S RESULTS OF OPERATIONS AND FINANCIAL CONDITION

*The risks and uncertainties described below are not the only ones facing us. Other events that we do not currently anticipate or that we currently deem immaterial also may affect our results of operations and financial condition.*

***Our operating results may decline.***

Our operating results have varied on a quarterly basis during our operating history. Our operating results may fluctuate significantly as a result of a variety of factors, many of which are outside our control. Factors that may affect our operating results include the following:

- general economic conditions, including the possibility of a severe and protracted recession in the U.S. and worldwide economic slowdown; recent disruptions to the credit and financial markets in the U.S. and worldwide; and those economic conditions specific to the Internet, ecommerce and payments industries;

- our ability to retain an active user base, attract new users, and encourage existing users to list items for sale, purchase items through our websites, or use our payment service or communication software and products, especially when consumer spending is contracting;

- our ability to reduce the loss of active buyers and sellers and increase activity of the users of our Marketplaces business, especially with respect to our top buyers and sellers, and especially in the U.S., Germany and the U.K.;

- our ability to successfully integrate and manage businesses that we acquire, including new needs to manage credit risks and bad debts following our acquisition of Bill Me Later in November 2008;

- our ability to manage funding costs associated with our new Bill Me Later business;

- the volume, velocity, size, timing, monetization, and completion rates of transactions using our websites or technology;

- the amount and timing of operating costs and capital expenditures relating to the maintenance and expansion of our businesses, operations, and infrastructure;

- the primary and second-order effects of previously announced and possible future changes to our pricing, products and policies, including, among other changes: a reduced emphasis on upfront fees (e.g., insertion fees for listings) and corresponding increases in success-based fees (e.g., final value fees for sold items); new algorithms for determining which listings appear at the top of searches (Best Match); changes to buyer and seller feedback criteria; tighter seller standards, which may restrict some sellers from selling on our websites even if they have been able to do so historically; new restrictions or holds on payments made to certain sellers or in connection with certain categories of higher-risk transactions; new incentives and rewards for top PowerSellers; increased protection for buyers who pay for eligible transactions on eBay.com using PayPal, as

well as improved seller protection for U.S. eBay sellers against certain claims, chargebacks and reversals; lower insertion fees for, and extended duration of, listings of fixed-price items; shipping and handling limits on certain categories of items (e.g., media); and requiring sellers to accept at least one accepted payment method (and restricting sellers from referencing non-permitted payment methods, including paper forms of payment such as checks and money orders), on eBay.com in the U.S. for most categories of items;

- regulatory and legal actions imposing obligations on our businesses or our users, including the injunction related to certain cosmetic and perfume brands (see Chapter E, Section XI. Legal Proceedings of this Prospectus);

- new laws or regulations, or interpretations of existing laws or regulations, that impose liability on us for actions of our users or otherwise harm our business models or restrict the Internet, electronic commerce, online payments, or online communications;

- our ability to meet regulatory requirements as we expand the range and geographical scope of PayPal's services and the range of services (and marketing programs) offered by Skype;

- the actions of our competitors, including the introduction of new sites, services, and products;

- consumer confidence in the safety and security of transactions using our websites or technology and our ability to manage the costs of our user protection programs;

- our ability to manage PayPal's payment funding mix and the transaction loss rate in our Payments business;

- the costs and results of litigation that involves us;

- our ability to develop product enhancements, programs, and features at a reasonable cost and in a timely manner;

- our ability to upgrade and develop our systems, infrastructure, and customer service capabilities to accommodate growth and to improve our websites at a reasonable cost while maintaining 24/7 operations;

- technical difficulties or service interruptions involving our websites or services provided to us or our users by third parties;

- our ability to comply with the requirements of entities whose services are required for our operations, such as credit card networks and banks;

- our ability to manage, profitably expand and effectively monetize the Skype business;

- our ability to manage our businesses following recent reductions in our workforce;

- the cost and availability of online and traditional advertising, and the success of our brand building and marketing campaigns;

- our ability to attract new personnel in a timely and effective manner and to retain key employees;

- the continued healthy operation of our technology suppliers and other parties with which we have commercial relations;

- continued consumer acceptance of the Internet as a medium for commerce and communication in the face of increasing publicity about fraud, spoofing, phishing, viruses, spyware, malware and other dangers of the Internet; and

- macroeconomic and geopolitical events affecting commerce generally.

The increased variety of services offered on our websites makes it difficult for us to forecast the level or source of our revenues or earnings accurately. In view of the rapidly evolving nature of our business, we believe that period-to-period comparisons of our operating results may not be meaningful, and you should not rely upon them as an indication of future performance. We do not have backlog, and substantially all of our net revenues each quarter come from transactions involving sales or payments during that quarter. Due to the inherent difficulty in forecasting revenues, it is also difficult to forecast income statement expenses as a percentage of net revenues. Quarterly and annual income statement expenses as a percentage of net revenues may be significantly different from historical or projected rates. Our operating results in one or more future quarters may fall below the expectations of securities analysts and investors. In that event, the trading price of our common stock would almost certainly decline.

We invest heavily in marketing and promotion, customer support, protection programs, technology and further development of the operating infrastructure for our core and non-core operations. Some of this investment entails long-term contractual commitments. As a result, we may be unable to adjust our spending rapidly enough to compensate for any unexpected revenue shortfall, which may harm our profitability. Growth rates of our Marketplaces businesses in our most established markets, such as the U.S., Germany and the U.K., have continued to decline. Despite our efforts to stem these declines, growth rates in these and other markets may continue to decline. As our penetration in established markets grows, we will increasingly need to focus on keeping existing users, especially our top buyers and sellers, active and increasing their activity level on our websites in order to continue to grow our business. In addition, our Marketplaces business is facing increased competitive pressure. If we are unable to change our services in ways that reflect the changing demands of the ecommerce marketplace, particularly the higher growth of sales of fixed-price items and higher service levels, our business will suffer.

In January and June 2008, we announced significant changes to our Marketplaces business in four major areas: fee structure, seller incentives, standards and buyer and seller feedback and increased buyer and seller protections in the U.S. In August 2008, we announced a series of pricing, shipping and other changes for our Marketplaces business in our three largest markets: the U.S., Germany and the U.K. We may make further changes in these or other areas in the future. Some of the changes that we have announced to date have been controversial with, and led to dissatisfaction among, our sellers, and additional changes that we announce in the future may also be negatively received by a number of our sellers. Given the number of recent changes that we have made to our policies and pricing, it may take a number of our sellers some time to fully assess and adjust to these changes, and sellers may elect to reduce volume while making such assessments and adjustments. If any of these changes cause sellers to move their business (in whole or in part) away from our websites or otherwise fail to improve gross merchandise volume or the number of successful listings, our operating results and profitability will be harmed.

In addition, because a large percentage of PayPal transactions originate on the eBay platform, declines in growth rates in major Marketplaces markets also adversely affect PayPal's growth rate. The expected future growth of our PayPal, Skype, StubHub, and other lower margin businesses may also cause downward pressure on our profit margins because those businesses have lower gross margins than our Marketplaces platforms.

***An economic recession could harm our business.***

Our Marketplaces and Payments businesses are dependent on consumer purchases. The current economic downturn has resulted in reduced selling prices and may reduce the volume of purchases on our Marketplaces platforms and the volume of transactions paid for using our PayPal payment service,

and adversely affect our business. In addition, an economic downturn will likely continue to require us to increase our reserves for bad debt and transaction losses. Continuing poor economic conditions will likely continue these trends.

***We are exposed to fluctuations in currency exchange rates and interest rates.***

Because we conduct a significant and growing portion of our business outside the United States but report our results in U.S. dollars, we face exposure to adverse movements in currency exchange rates. In connection with its multi-currency service, PayPal fixes exchange rates twice per day, and may face financial exposure if it incorrectly fixes the exchange rate or if exposure reports are delayed. PayPal also holds some corporate and customer funds in non-U.S. currencies, and thus its financial results are affected by the translation of these non-U.S. currencies into U.S. dollars. In addition, the results of operations of many of our internationally focused websites are exposed to foreign exchange rate fluctuations as the financial results of the applicable subsidiaries are translated from the local currency into U.S. dollars upon consolidation. If the U.S. dollar weakens against foreign currencies, the translation of these foreign currency denominated transactions will result in increased net revenues, operating expenses, and net income. Similarly, our net revenues, operating expenses, and net income will be negatively impacted if the U.S. dollar strengthens against foreign currencies, as happened in the second half of 2008. Based on changes in foreign currency rates year over year, net revenues in the fiscal year ended December 31, 2008 were positively impacted by foreign currency translation of $190.9 million, compared to the prior fiscal year. However, net revenues in the three months ended December 31, 2008 were negatively impacted by foreign currency translation of $104.9 million, compared to the same period of the prior fiscal year. Similarly, based on changes in foreign currency rates year over year, operating income for the fiscal year ended December 31, 2008 was positively impacted by foreign currency translation of $130.6 million, compared to the prior fiscal year, but operating income for the three months ended December 31, 2008 was negatively impacted by foreign currency translation of $39.0 million, compared to the same period of the prior fiscal year. As exchange rates vary, net sales and other operating results, when translated, may differ materially from expectations. In particular, to the extent the U.S. dollar strengthens against the Euro, British pound, Australian dollar, or Canadian dollar, our foreign revenues and profits will be reduced as a result of these translation adjustments. While from time to time we enter into transactions to hedge portions of our foreign currency translation exposure, it is impossible to perfectly predict or completely eliminate the effects of this exposure. In addition, to the extent the U.S. dollar strengthens against the Euro, the British pound, the Australian dollar, and the Canadian dollar, cross-border trade related to purchases of dollar-denominated goods by non-U.S. purchasers will likely decrease, and that decrease will likely not be offset by a corresponding increase in cross-border trade involving purchases by U.S. buyers of goods denominated in other currencies, adversely affecting our business.

In addition, we face exposure to fluctuations in interest rates. For example, recent reductions in interest rates have reduced our investment income, including income we earn on PayPal balances, which in turn has materially lowered our net interest income.

***The listing or sale by our users of pirated or counterfeit items may harm our business.***

We have received in the past, and we anticipate receiving in the future, communications alleging that certain items listed or sold through our service by our users infringe third-party copyrights, trademarks and trade names, or other intellectual property rights. Although we have sought to work actively with the owners of intellectual property rights to eliminate listings offering infringing items on our websites, some rights owners have expressed the view that our efforts are insufficient. Content owners and other intellectual property rights owners have been active in asserting their purported rights against online companies, including eBay. Allegations of infringement of intellectual property rights have resulted in threats of litigation and actual litigation against us from time to time by rights owners, including litigation brought by luxury brand owners such as Tiffany & Co. in the U.S., Rolex S.A. in Germany, Louis Vuitton Malletier and Christian Dior Couture in France, L'Oréal SA, Lancôme Parfums et Beauté & Cie, and Laboratoire Garnier & Cie in several European countries. The plaintiffs in these cases seek to hold eBay liable for alleged counterfeit items listed on our sites by third parties, for "tester" and other not for resale

consumer products listed on our sites by third parties, for the alleged misuse of trademarks or copyrights in listings or otherwise on our sites, or in connection with paid search advertisements, or for alleged violations of selective distribution channel laws or parallel import laws for listings of authentic items. Such plaintiffs seek, among other things, injunctive relief and damages. In the aggregate, these suits could result in significant damage awards and could adversely affect our business. In June 2008, the Paris Court of Commerce ruled in the *Louis Vuitton Malletier* and *Christian Dior Couture* cases that eBay and eBay International AG were liable for failing to prevent the sale of counterfeit items on its websites that traded on plaintiffs' brand names and for interfering with the plaintiffs' selective distribution network. The court awarded the plaintiffs approximately EUR 38.6 million in damages and issued an injunction prohibiting all sales of perfumes and cosmetics bearing the Dior, Guerlain, Givenchy and Kenzo brands over all worldwide eBay sites to the extent they are accessible from France. We have taken measures to comply with the injunction and have appealed these rulings. However, these and similar suits may force us to modify our business practices, which could lower our revenue, increase our costs or make our websites less convenient to our customers. Any such results could materially harm our business.

In addition to litigation from rights owners, we may be subject to regulatory, civil or criminal proceedings and penalties if the authorities feel we have aided in the sale of counterfeit goods. While we have had some early success in defending against such litigation, more recent cases have been based, at least in part, on different legal theories than those of earlier cases, and there is no guarantee that we will continue to be successful in defending against such litigation. For example, the German Federal Supreme Court has ruled that we may owe duties, under certain circumstances, to content owners and competitors relating to taking reasonable steps to prevent the listing of illegal, counterfeit, and pirated items. Plaintiffs in recent cases have argued that we are not entitled to safe harbors under the Digital Millennium Copyright Act in the U.S. or as a hosting provider in the European Union because of the alleged active nature of our involvement with our sellers, and that, whether or not such safe harbors are available, we should be found liable because we supposedly have not adequately removed counterfeit listings or effectively suspended users who have created such listings. We are constantly improving and modifying our efforts to eliminate counterfeit and pirated items. These improvements are in response to ongoing business initiatives designed to reduce bad buyer experiences and improve customer satisfaction as well as in response to new patterns we are seeing among counterfeiters and others committing fraud on our users. Notwithstanding these efforts, we believe that the legal climate, especially in Europe, is becoming more adverse to our arguments, which may require us to take actions which could lower our revenues, increase our costs, or make our websites less convenient to our customers, which may materially harm our business. In addition, a public perception that counterfeit or pirated items are commonplace on our site, even if factually incorrect, could damage our reputation and our business.

Content owners and other intellectual property rights owners may also seek to bring legal action against entities that are peripherally involved in the sale of infringing items, such as payment companies. To the extent that intellectual property rights owners bring legal action against PayPal based upon the use of PayPal's payment services in a transaction involving the sale of infringing items, including on our websites, our business could be harmed.

***We are subject to patent litigation.***

We have repeatedly been sued for allegedly infringing other parties' patents. Some of these ongoing suits are described in Chapter E, Section XI. Legal Proceedings of this Prospectus. We are a defendant in other patent suits and we have been notified of several other potential patent disputes, and expect that we will increasingly be subject to patent infringement claims involving various aspects of our Marketplaces, Payments and Communications businesses as our services expand in scope and complexity. These claims, whether meritorious or not, are time consuming and costly to resolve, and could require expensive changes in our methods of doing business, could require us to enter into costly royalty or licensing agreements, or could require us to cease conducting certain operations.

***Use of our services for illegal purposes could harm our business.***

The law relating to the liability of providers of online services for the activities of their users on their service is often challenged in the U.S. and internationally. In violation of our policies, unlawful goods and stolen goods have been listed and traded on our services. We may be unable to prevent our users from selling unlawful or stolen goods or unlawful services or selling goods or services in an unlawful manner, and we may be subject to allegations of civil or criminal liability for unlawful activities carried out by users through our services. We have been subject to several lawsuits based upon such allegations. In December 2004, an executive of Baazee.com, our Indian subsidiary, was arrested in connection with a user's listing of a pornographic video clip on that website. We continue to contest the charges related to this arrest. Similarly, our Korean subsidiary and one of its employees were found criminally liable for listings on the Korean subsidiary's website. The German Federal Supreme Court has ruled that we may have a duty to take reasonable measures to prevent prohibited DVDs from being sold on our site to minors and that competitors may be able to enforce this duty. In a number of circumstances, third parties have alleged that our services aid and abet certain violations of certain laws, including antiscalping laws with respect to the resale of tickets, laws regarding the sale of counterfeit items, the fencing of stolen goods, and restrictive distribution laws and distance selling laws.

Although we have prohibited the listing of stolen goods and certain high-risk items and implemented other protective measures, we may be required to spend substantial resources to take additional protective measures or discontinue certain service offerings, any of which could harm our business. Any costs incurred as a result of potential liability relating to the alleged or actual sale of unlawful goods or the unlawful sale of goods could harm our business. In addition, we have received significant and continuing media attention relating to the listing or sale of unlawful goods and stolen goods using our services. This negative publicity, even if factually incorrect, could damage our reputation, diminish the value of our brand names and make users reluctant to use our services.

PayPal's payment system is also susceptible to potentially illegal or improper uses. These may include illegal online gambling, fraudulent sales of goods or services, illicit sales of prescription medications or controlled substances, piracy of software and other intellectual property, money laundering, bank fraud, child pornography trafficking, prohibited sales of alcoholic beverages or tobacco products, and online securities fraud. Recent changes in law have increased the penalties for intermediaries providing payment services for certain illegal activities. Despite measures PayPal has taken to detect and lessen the risk of this kind of conduct, including PayPal's ability to take legal action to recover its losses for certain violations of its acceptable use policy, illegal activities could still be funded using PayPal. Any resulting claims or liabilities could adversely affect our business.

***We are subject to risks associated with information disseminated through our service.***

The law relating to the liability of online services companies for information carried on or disseminated through their services is often unsettled. Claims could be made against online services companies under both U.S. and foreign law for defamation, libel, invasion of privacy, negligence, copyright or trademark infringement, or other theories based on the nature and content of the materials disseminated through their services. Several private lawsuits seeking to impose liability under a number of these theories have been brought against us, as well as other online service companies. In addition, domestic and foreign legislation has been proposed that would prohibit or impose liability for the transmission over the Internet of certain types of information. Our service features a Feedback Forum, which includes information from users regarding other users. Although all such feedback is generated by users and not by us, claims of defamation or other injury have been made in the past and could be made in the future against us for not removing content posted in the Feedback Forum.

Furthermore, several court decisions arguably have narrowed the scope of the immunity provided to Internet service providers like us under the Communications Decency Act. For example, the Ninth Circuit recently held that certain immunity provisions under the Communications Decency Act might not apply to the extent that a website owner materially contributes to the development of unlawful content on its website. In addition, the Paris Court of Commerce has ruled in the *Louis Vuitton Malletier* and *Christian*

*Dior Couture* cases that applicable laws protecting passive internet "hosts" from liability are inapplicable to eBay given that the content in question was provided by users under eBay's control and authority. This trend, if continued, may increase our potential liability to third parties for the user-provided content on our sites, particularly in jurisdictions outside the U.S. where laws governing Internet transactions are unsettled. If we become liable for information provided by our users and carried on our service in any jurisdiction in which we operate, we could be directly harmed and we may be forced to implement new measures to reduce our exposure to this liability, including expending substantial resources or discontinuing certain service offerings, which would negatively affect our financial results. In addition, the increased attention focused upon liability issues as a result of these lawsuits and legislative proposals could require us to incur additional costs and harm our reputation and our business.

***Government inquiries may lead to charges or penalties.***

A large number of transactions occur on our websites on a daily basis. Government regulators have received a significant number of consumer complaints about both eBay and PayPal, which, while small as a percentage of our total transactions, are large in aggregate numbers. As a result, from time to time we have been contacted by various foreign and domestic governmental regulatory agencies that have questions about our operations and the steps we take to protect our users from fraud. PayPal has received inquiries regarding its restriction and disclosure practices from the Federal Trade Commission and regarding these and other business practices from the attorneys general of a number of states. In September 2006, PayPal entered into a settlement agreement with the attorneys general of a number of states under which it agreed to pay $1.7 million to the attorneys general, shorten and streamline its user agreement, increase educational messaging to users about funding choices, and communicate more information regarding protection programs to users. We currently face inquiries from government regulators in various jurisdictions related to actions that we have taken that are designed to improve the safety of transactions on our websites, most notably by requiring PayPal to be offered and/or used for certain high-risk transactions or by certain sellers in certain jurisdictions, and we may face similar inquires from other government regulators in the future. For example, the Reserve Bank of Australia is currently reviewing our policy requiring sellers to offer PayPal as a payment alternative on most transactions on our localized Australian website and precluding sellers from imposing a surcharge or any other fee for accepting PayPal as a payment method. Similarly, Bill Me Later has from time to time received customer complaints that could result in investigations into Bill Me Later's business practices by state or federal regulators. As a result of the current credit crisis, we expect new laws and regulations to be imposed on providers of credit. We are likely to receive additional inquiries from regulatory agencies in the future, including under existing or new credit laws or regulations, which may lead to action against us. We have responded to all inquiries from regulatory agencies by describing our current and planned antifraud efforts, customer support procedures, operating procedures and disclosures. If one or more of these agencies is not satisfied with our response to current or future inquiries, we could be subject to enforcement actions, fines or other penalties, or forced to change our operating practices in ways that could harm our business.

***We are subject to general litigation and regulatory disputes.***

From time to time, we are involved in other disputes or regulatory inquiries that arise in the ordinary course of business. The number and significance of these disputes and inquiries have increased as our business expands and our company grows larger. We have in the past been forced to litigate such claims. We may also become more vulnerable to third-party claims as laws such as the Digital Millennium Copyright Act, the Lanham Act and the Communications Decency Act are interpreted by the courts and as we expand geographically into jurisdictions where the underlying laws with respect to the potential liability of online intermediaries such as ourselves are either unclear or less favorable. Any claims or regulatory actions against us, whether meritorious or not, could be time consuming result in costly litigation, damage awards, injunctive relief, or increased costs of business through adverse judgment or settlement, require us to change our business practices in expensive ways, require significant amounts of management time, result in the diversion of significant operational resources, or otherwise harm our business.

***Failure to deal effectively with fraudulent transactions and customer disputes would increase our loss rate and harm our business.***

Beginning in October 2008, buyers who pay for transactions on eBay.com with PayPal are protected on eligible transactions for the full amount of an item's purchase price if the buyer does not receive the goods they purchased or if the goods differ significantly from what was described by the seller. Furthermore, U.S. sellers on eBay.com have received improved seller protection for eligible transactions in which the seller is paid with PayPal, in that they are covered against payment reversals due to buyer claims of an unauthorized payment or an item that was not received, so long as the seller follows specified shipping and handling practices. We also enhanced our buyer and seller protections in certain eBay international marketplaces. These changes to PayPal's buyer protection program could result in future increases and fluctuations in our Payments transaction loss rate. For the fiscal years ended December 31, 2007 and December 31, 2008, our Payments transaction losses (including both direct losses and buyer protection payouts) totaled $139.3 million and $171.5 million, representing 0.29% and 0.29% of our net Total Payment Volume in each period, respectively.

PayPal's highly automated and liquid payment service makes PayPal an attractive target for fraud. In configuring its service, PayPal continually strives to maintain the right balance of appropriate measures to promote both convenience and security for customers. Identity thieves and those committing fraud using stolen credit card or bank account numbers can potentially steal large amounts of money from businesses such as PayPal. We believe that several of PayPal's current and former competitors in the electronic payments business have gone out of business or significantly restricted their businesses largely due to losses from this type of fraud. While PayPal uses advanced anti-fraud technologies, we expect that technically knowledgeable criminals will continue to attempt to circumvent PayPal's anti-fraud systems using increasingly sophisticated methods. In addition, PayPal's service could be subject to employee fraud or other internal security breaches, and PayPal may be required to reimburse customers for any funds stolen as a result of such breaches. Merchants could also request reimbursement, or stop using PayPal, if they are affected by buyer fraud.

PayPal incurs substantial losses from merchant fraud, including claims from customers that merchants have not performed or that their goods or services do not match the merchant's description. PayPal also incurs losses from claims that the customer did not authorize the purchase, from buyer fraud, from erroneous transmissions, and from customers who have closed bank accounts or have insufficient funds in them to satisfy payments. In addition to the direct costs of such losses, if they are related to credit card transactions and become excessive, they could result in PayPal losing the right to accept credit cards for payment. If PayPal were unable to accept credit cards, the velocity of trade on eBay could decrease and result in corresponding decreases in our net Total Payment Volume, in which case our business would further suffer. Bill Me Later is similarly subject to the risk of fraudulent activity associated with merchants, users of the Bill Me Later service and third parties handling its user information, which could increase our exposure to transaction losses and reduce the profitability of Bill Me Later's business. Our Payments business has taken measures to detect and reduce the risk of fraud, but these measures need to be continually improved and may not be effective against new and continually evolving forms of fraud or in connection with new product offerings. If these measures do not succeed, our business will suffer.

eBay faces similar risks with respect to fraudulent activities on its websites. eBay periodically receives complaints from users who may not have received the goods that they had purchased. In some cases individuals have been arrested and convicted for fraudulent activities using our websites. eBay also receives complaints from sellers who have not received payment for the goods that a buyer had contracted to purchase. Non-payment may occur because of miscommunication, because a buyer has changed his or her mind and decided not to honor the contract to purchase the item, or because the buyer bid on the item maliciously in order to harm either the seller or eBay. In some European and Asian jurisdictions, buyers may also have the right to withdraw from a sale made by a professional seller within a specified time period. While sometimes eBay can suspend the accounts of users who fail to fulfill their payment or delivery obligations to other users, eBay does not have the ability to require users to make payment or deliver goods, or otherwise make users whole other than through our limited buyer protection programs. Other than through these programs, eBay does not compensate users who believe they have

been defrauded by other users, although users who pay through PayPal may have reimbursement rights from their credit card company or bank, which in turn will seek reimbursement from PayPal. eBay also periodically receives complaints from buyers as to the quality of the goods purchased. We expect to continue to receive communications from users requesting reimbursement or threatening or commencing legal action against us if no reimbursement is made. Our liability for these sort of claims is only beginning to be clarified in some jurisdictions and may be higher in some non-U.S. jurisdictions than it is in the U.S. Litigation involving liability for third-party actions could be costly for us, divert management attention, result in increased costs of doing business, lead to adverse judgments, or otherwise harm our business. In addition, affected users will likely complain to regulatory agencies that could take action against us, including imposing fines or seeking injunctions.

Negative publicity and user sentiment generated as a result of fraudulent or deceptive conduct by users of our Marketplaces and Payments services could damage our reputation, reduce our ability to attract new users or retain our current users, diminish the value of our brand names. We believe that negative user experiences are one of the primary reasons users stop using our services.

***Any factors which reduce cross-border trade could harm our business.***

Cross-border transactions using our websites generally provide higher revenues and gross margins than similar transactions that take place within a single country due to higher transaction fees we earn for those transactions. Cross-border trade has become an increasingly important source of both revenue and profits for us. To the extent that any factors result in a net reduction in cross-border trade, including, among other factors, fluctuations in exchange rates, the application of specific national or regional laws (e.g., selective distribution channel laws) to users in other countries, or any other factors impose restrictions on, or increase the costs of, shipping goods across national borders, our business would suffer. We believe that recent increases in the relative value of the U.S. dollar versus other currencies have reduced cross-border trade between U.S. sellers and foreign buyers, without a corresponding increase in cross-border traffic in the other direction, adversely affecting our business.

***Our business is subject to online security risks, including security breaches and identity theft.***

To succeed, online commerce and communications must provide a secure transmission of confidential information over public networks. Our security measures may not detect or prevent security breaches that could harm our business. Currently, a significant number of our users authorize us to bill their credit card accounts directly for all transaction fees charged by us. PayPal's users routinely provide credit card and other financial information. We rely on encryption and authentication technology licensed from third parties to provide the security and authentication to effectively secure transmission of confidential information, including customer credit card numbers. Advances in computer capabilities, new discoveries in the field of cryptography or other developments may result in a compromise or breach of the technology used by us to protect transaction data. In addition, any party who is able to illicitly obtain a user's password could access the user's transaction data. An increasing number of websites have reported breaches of their security. Any compromise of our security could harm our reputation and, therefore, our business, and could result in a violation of applicable privacy and other laws. In addition, a party that is able to circumvent our security measures could misappropriate proprietary information, cause interruption in our operations, damage our computers or those of our users, or otherwise damage our reputation and business. Under credit card rules and our contracts with our card processors, if there is a breach of credit card information that we store, or that is stored by PayPal's direct credit card processing customers, we could be liable to the credit card issuing banks for their cost of issuing new cards and related expenses. In addition, if we fail to follow credit card industry security standards, even if there is no compromise of customer information, we could incur significant fines or lose our ability to give customers the option of using credit cards to fund their payments or pay their fees. If we were unable to accept credit cards, our business would be seriously damaged.

eBay's Korean subsidiary, IAC, has notified a majority of its approximately 20 million users of a data breach involving personally identifiable information including name, address, resident registration number and some transaction and refund data (but not including credit card information or real time banking

information). Approximately 141,000 users have sued IAC over this breach in several lawsuits and we expect more to do so in the future. There is some precedent in Korea for a court to grant "consolation money" for data breaches without a specific finding of harm from the breach. Such precedents have involved payments of up to approximately $200 per user. A consumer agency recently made a non-binding recommendation that IAC make payments of 50,000-100,000 Korean won (approximately $35-70) to consumers who had complained to it as a result of such breach. IAC intends to vigorously defend itself in this lawsuit.

Our servers are also vulnerable to computer viruses, physical or electronic break-ins, and similar disruptions, and we have experienced "denial-of-service" type attacks on our system that have made all or portions of our websites unavailable for periods of time. We may need to expend significant resources to protect against security breaches or to address problems caused by breaches. These issues are likely to become more difficult as we expand the number of places where we operate. Security breaches, including any breach by us or by parties with which we have commercial relationships that result in the unauthorized release of our users' personal information, could damage our reputation and expose us to a risk of loss or litigation and possible liability. Our insurance policies carry low coverage limits, which may not be adequate to reimburse us for losses caused by security breaches.

Our users, as well as those of other prominent Internet companies, have been and will continue to be targeted by parties using fraudulent "spoof" and "phishing" emails to misappropriate passwords, credit card numbers, or other personal information or to introduce viruses through "trojan horse" programs to our users' computers. These emails appear to be legitimate emails sent by eBay, PayPal, Skype, or a user of one of those businesses, but direct recipients to fake websites operated by the sender of the email or request that the recipient send a password or other confidential information via email or download a program. Despite our efforts to mitigate "spoof" and "phishing" emails through product improvements and user education, "spoof" and "phishing" remain a serious problem that may damage our brands, discourage use of our websites, and increase our costs.

***Changes in regulations or user concerns regarding privacy and protection of user data could adversely affect our business.***

We are subject to laws relating to the collection, use, retention, security and transfer of personally identifiable information about our users, especially for financial information and for users located outside of the U.S. In many cases, these laws apply not only to third-party transactions but also to transfers of information between ourselves and our subsidiaries, and between ourselves, our subsidiaries, and other parties with which we have commercial relations. New laws in this area have been passed by several jurisdictions, and other jurisdictions are considering imposing additional restrictions. The interpretation and application of user data protection laws are in a state of flux. These laws may be interpreted and applied inconsistently from country to country and our current data protection policies and practices may not be consistent with those interpretations and applications. Complying with these varying international requirements could cause us to incur substantial costs or require us to change our business practices in a manner adverse to our business. In addition, we have and post on our websites our own privacy policies and practices concerning the collection, use and disclosure of user data. Any failure, or perceived failure, by us to comply with our posted privacy policies or with any regulatory requirements or orders or other federal, state or international privacy or consumer protection-related laws and regulations could result in proceedings or actions against us by governmental entities or others, subject us to significant penalties and negative publicity and adversely affect us. In addition, as noted above, we are subject to the possibility of security breaches, which themselves may result in a violation of these laws.

***Our revenue from advertising is subject to factors beyond our control.***

We derive an increasing portion of our revenues from advertising on our websites. Revenues from online advertising are sensitive to events and trends that affect advertising expenditures, such as general changes in the economy and changes in consumer spending, as well as the effectiveness of online advertising versus offline advertising media and the value our websites provide to advertisers relative to other websites. In addition, major search engine operators have the ability to change from time to time, at

their sole discretion, the rules and search algorithms governing the pricing, availability, and placement of online advertising. Any changes in these rules or search algorithms could materially reduce the value that we derive from online advertising on our websites, either directly or indirectly. For example, retailers pay a fee to Shopping.com for online shoppers directed to their websites by Shopping.com. Rule changes made by search engines in 2008 disrupted traffic to our Shopping.com website, which in turn has adversely affected click-through traffic to retailers from our Shopping.com website and associated fee revenue. If we experience a reduction in our advertising revenues due to economic, competitive, technological or other factors, including a reduction in consumer spending due to the current recession in the U.S. and worldwide economic slowdown or if we are unable to provide value to our advertisers, our business and financial results would suffer.

***Our growth will depend on our ability to develop our brands, and these efforts may be costly.***

We believe that continuing to strengthen our brands will be critical to achieving widespread acceptance of our services, and will require a continued focus on active marketing efforts across all of our brands. The demand for and cost of online and traditional advertising have been increasing, and may continue to increase. Accordingly, we will need to continue to spend substantial amounts of money on, and devote substantial resources to, advertising, marketing, and other efforts to create and maintain brand loyalty among users. Since 2004, we have significantly increased the number of brands we are supporting, adding Rent.com, Shopping.com, our classified websites (e.g., Kijiji and Marktplaats), StubHub, Skype and Bill Me Later, among others. Each of these brands requires its own resources, increasing the costs of our branding efforts. Brand promotion activities may not yield increased revenues, and even if they do, any increased revenues may not offset the expenses incurred in building our brands. Also, major search engine operators that we use to advertise our brands have frequently-changing rules that govern their pricing, availability and placement of online advertisement (e.g., paid search, keywords), and changes to these rules could negatively affect our use of online advertising to promote our brands. If we fail to promote and maintain our brands, or if we incur substantial expenses in an unsuccessful attempt to promote and maintain our brands, our business would be harmed.

***New and existing regulations could harm our business.***

We are subject to the same foreign and domestic laws as other companies conducting business on and off the Internet. It is not always clear how existing laws governing issues such as property ownership, copyrights, trademarks and other intellectual property issues, parallel imports and distribution controls, taxation, libel and defamation, obscenity, and personal privacy apply to online businesses such as ours. The majority of these laws were adopted prior to the advent of the Internet and related technologies and, as a result, do not contemplate or address the unique issues of the Internet and related technologies. Those laws that do reference the Internet, such as the U.S. Digital Millennium Copyright Act and the European Union's Directive on Distance Selling and Electronic Commerce, are being interpreted by the courts, but their applicability and scope remain uncertain. Furthermore, as our activities and the types of goods and services listed on our websites expand, including through acquisitions such as our acquisition of Bill Me Later, a transactional credit provider, in November 2008 and StubHub, an online ticket marketplace, in February 2007, regulatory agencies or courts may claim or hold that we or our users are subject to licensure or prohibited from conducting our business in their jurisdiction, either generally or with respect to certain actions (e.g., the sale of real estate, event tickets, cultural goods, boats and automobiles).

Our success and increased visibility has driven some existing businesses that perceive our business model to be a threat to their business to raise concerns about our business models to policymakers and regulators, particularly in the U.S. and Europe. These established businesses and their trade association groups employ significant resources in their efforts to shape the legal and regulatory regimes in countries where we have significant operations. They may employ these resources in an effort to change the legal and regulatory regimes in ways intended to reduce the effectiveness of our businesses and the ability of users to use our products and services. In particular, these established businesses have raised concerns relating to pricing, parallel imports, professional seller obligations, stolen goods, copyrights, trademarks and other intellectual property rights, and the liability of the provider of an Internet marketplace for the

conduct of its users related to those and other issues. Success in changing the legal or regulatory regimes in a manner that would increase our liability for third-party listings could negatively impact our business.

Over the last few years some large retailers and their trade associations have sought legislation in a number of states and the U.S. Congress that would make eBay liable for the sale of stolen property or would ban certain categories of goods from sale on our platform, including gift cards and health and beauty products. No such legislation has passed. Nonetheless, the proponents continue to seek passage of such legislation, and if any of these laws are adopted it could harm our business.

Numerous states and foreign jurisdictions, including the State of California, where our headquarters are located, have regulations regarding "auctions" and the handling of property by "secondhand dealers" or "pawnbrokers." Several states and some foreign jurisdictions, including France, have attempted, and may attempt in the future, to impose such regulations upon us or our users. Attempted enforcement of these laws against some of our users appears to be increasing and such attempted enforcements could harm our business. In France, we have been sued by Conseil des Ventes, the French auction regulatory authority. The agency alleges that sales on our French website constitute illegal auctions that cannot be performed without its consent. A lawsuit alleging similar claims has been brought against us by two associations of French antique dealers. We intend to vigorously defend against these lawsuits. However, this and other regulatory and licensure claims could result in costly litigation and, if successful, could require us to change the way we or our users do business in ways that increase costs or reduce revenues (for example, by forcing us to prohibit listings of certain items for some locations). We could also be subject to fines or other penalties, and any of these outcomes could harm our business.

A number of the lawsuits against us relating to trademark issues seek to have our websites subject to unfavorable local laws. For example, "trademark exhaustion" principles provide trademark owners with certain rights to control the sale of a branded authentic product until it has been placed on the market by the trademark holder or with the holder's consent. The application of "trademark exhaustion" principles is largely unsettled in the context of the Internet, and if trademark owners are able to force us to prohibit listings of certain items in one or more locations, our business could be harmed.

As we expand and localize our international activities, we become obligated to comply with the laws of the countries in which we operate. In addition, because our services are accessible worldwide, and we facilitate sales of goods to users worldwide, one or more jurisdictions may claim that we or our users are required to comply with their laws based on the location of our servers or one or more of our users, or the location of the product or service being sold or provided in an ecommerce transaction. For example, we were found liable in France, under French law in the recent *Louis Vuitton Malletier* litigation for transactions on our websites worldwide that did not involve French buyers and sellers. Laws regulating Internet and ecommerce companies outside of the U.S. may be less favorable than those in the U.S., giving greater rights to consumers, content owners, competitors, users and other third parties. Compliance may be more costly or may require us to change our business practices or restrict our service offerings, and the imposition of any regulations on our users may harm our business. In addition, we may be subject to overlapping legal or regulatory regimes that impose conflicting requirements on us. Our alleged failure to comply with foreign laws could subject us to penalties ranging from criminal prosecution to significant fines to bans on our services.

***If our Payments business is found to be subject to or in violation of any laws or regulations, including those governing money transmission, electronic funds transfers, money laundering, banking and lending, it could be subject to liability, licensure and regulatory approval and may be forced to change its business practices.***

To date, PayPal has obtained licenses to operate as a money transmitter in 42 U.S. states and territories and interpretations in seven states that licensing is not required under their existing statutes. The remaining U.S. states and territories do not currently regulate money transmitters. As a licensed money transmitter, PayPal is subject to restrictions on its investment of customer funds, reporting requirements, bonding requirements, and inspection by state regulatory agencies. If PayPal were found to be in violation of money services laws or regulations, PayPal could be subject to liability, forced to cease doing business

with residents of certain states, forced to change its business practices, or required to obtain additional licenses or regulatory approvals that could impose a substantial cost on PayPal. Any change to PayPal's business practices that makes the service less attractive to customers or prohibits its use by residents of a particular jurisdiction could decrease the velocity of trade on eBay, which would further harm our business.

Although there have been no definitive interpretations to date, PayPal has assumed that its service is subject to the Electronic Fund Transfer Act and Regulation E of the Federal Reserve Board. As a result, among other things, PayPal must provide advance disclosure of changes to its service, follow specified error resolution procedures and reimburse consumers for losses above $50 from transactions not authorized by the consumer. PayPal currently voluntarily reimburses consumers for all financial losses from transactions not authorized by the consumer, not just losses above $50. PayPal seeks to pass most of these losses on to the relevant merchants, but PayPal incurs losses if the merchant does not have sufficient funds in its PayPal account.

PayPal is also subject to anti-money laundering and counter-terrorist financing laws and regulations that prohibit, among other things, its involvement in transferring the proceeds of criminal activities. Although PayPal has adopted a program to comply with these laws and regulations, any errors or failure to implement the program properly could lead to lawsuits, administrative action, and prosecution by the government. PayPal is also subject to regulations that require it to report suspicious activities involving transactions of $2,000 or more and may be required to obtain and keep more detailed records on the senders and recipients in certain transfers of $3,000 or more. The interpretation of suspicious activities in this context is uncertain. Future regulations under the USA PATRIOT Act may require PayPal to revise the procedures it uses to verify the identity of its customers and to monitor international transactions more closely. As PayPal localizes its service in other countries, additional verification and reporting requirements may apply, which in some cases are more stringent. Several countries, including Australia, Canada, Luxembourg and Singapore, have implemented or are in the process of implementing new anti-money laundering and counter-terrorist financing laws and regulations, and the impact of these laws and regulations on PayPal's business is uncertain. PayPal could be required, among other things, to learn more about its customers before opening an account, to obtain additional verification of customers and to monitor its customers' activities more closely. These requirements could impose significant costs on PayPal, make it more difficult for new customers to join its network and reduce the attractiveness of its product. Failure to comply with federal, state or foreign money laundering and counter-terrorist financing laws could result in significant criminal and civil lawsuits, penalties, and forfeiture of significant assets.

While PayPal currently allows its customers with credit cards to send payments from 190 markets, only 65 of those markets (including the U.S.) allow its customers to receive payments, in some cases with significant restrictions on the manner in which customers can withdraw funds. These limitations may affect PayPal's ability to grow in these markets.

Of the 190 markets whose residents can use the PayPal service, 31 (27 countries plus four French overseas departments) are members of the European Union (EU). Since 2007, PayPal has provided localized versions of its service to customers in the EU through PayPal (Europe) S.A.R.L. et Cie, SCA., a wholly-owned subsidiary of PayPal that is licensed as a bank in Luxembourg. Accordingly, PayPal (Europe) is subject to significant fines or other enforcement action if it violates the disclosure, reporting, anti-money laundering, capitalization, funds management, corporate governance or other requirements imposed on Luxembourg banks. PayPal has limited experience in operating as a bank, and any fines or other enforcement actions imposed by the Luxembourg regulator could adversely affect PayPal's business. PayPal (Europe) implements its localized services in EU countries through an expedited "passport" notification process through the Luxembourg regulator to regulators in other EU member states pursuant to EU Directives, and has completed the "passport" notice process in all EU member countries. The regulators in these countries could notify PayPal (Europe) of local consumer protection laws that will apply to its business, in addition to Luxembourg consumer protection law, and could also seek to persuade the Luxembourg regulator to order PayPal (Europe) to conduct its activities in the local country through a branch office. Any such responses from these regulators could increase the cost of, or delay, PayPal's plans for expanding its business.

In markets other than the U.S., EU, Australia and China, PayPal serves its customers through PayPal Private Ltd., a wholly-owned subsidiary of PayPal that is based in Singapore. In many of these markets, it is not clear whether PayPal's Singapore-based service is subject to Singaporean law or, if it is subject to local laws, whether such local law requires a payment processor like PayPal to be licensed as a bank or financial institution or otherwise. Even if PayPal is not currently required to obtain a license in some jurisdictions, future localization or targeted marketing of PayPal's service in those countries, or expansion of the financial products offered by PayPal to new jurisdictions (either alone, through a commercial alliance or through an acquisition), could subject PayPal to additional licensure requirements, laws and regulations and increased regulatory scrutiny. These factors could impose substantial costs and involve considerable delay to the provision or development of its products. Delay or failure to receive such a license or regulatory approval could require PayPal to change its business practices or features in ways that would adversely affect PayPal's international expansion plans and could require PayPal to suspend providing products and services to customers in one or more countries.

Our Bill Me Later service is similarly subject to a variety of laws and regulations. Although Bill Me Later does not originate loans, one or more jurisdictions may conclude that Bill Me Later is a lender or money transmitter or loan broker, which could subject us to liability or regulation in one or more jurisdictions. Additionally, federal regulators could mandate changes to the relationship between Bill Me Later and CIT Bank, the financial institution that Bill Me Later relies on to extend credit to customers with the Bill Me Later service. Any adverse changes in this relationship could negatively impact Bill Me Later's ability to continue operating its business as currently conducted.

***Changes to credit card networks or bank fees, rules, or practices could harm PayPal's business.***

PayPal does not belong to or directly access credit card networks, such as Visa and MasterCard. As a result, PayPal must rely on banks or other payment processors to process transactions, and must pay a fee for this service. From time to time, credit card networks have increased, and may increase in the future, the interchange fees and assessments that they charge for each transaction using one of their cards. PayPal's credit card processors have the right to pass any increases in interchange fees and assessments on to PayPal as well as increase their own fees for processing. These increased fees increase PayPal's operating costs and reduce its profit margins. PayPal is also required by its processors to comply with credit card network operating rules, and PayPal has agreed to reimburse its processors for any fines they are assessed by credit card networks as a result of any rule violations by PayPal or PayPal's customers. The credit card networks set and interpret the credit card rules. Credit card networks could adopt new operating rules or re-interpret existing rules that PayPal or its processors might find difficult or even impossible to follow. As a result, PayPal could lose its ability to give customers the option of using credit cards to fund their payments. If PayPal were unable to accept credit cards, its business would be seriously damaged. In addition, the velocity of trade on eBay could decrease and our business would further suffer.

PayPal is required to comply with credit card networks' special operating rules for Internet payment services. PayPal and its credit card processors have implemented specific business processes for merchant customers in order to comply with these rules, but any failure to comply could result in fines, the amount of which would be within the credit card networks' discretion. PayPal also could be subject to fines from credit card networks if it fails to detect that merchants are engaging in activities that are illegal or that are considered "high risk," primarily the sale of certain types of digital content. For "high risk" merchants, PayPal must either prevent such merchants from using PayPal or register such merchants with credit card networks and conduct additional monitoring with respect to such merchants. PayPal has incurred fines from its credit card processor relating to PayPal's failure to detect the use of its service by "high risk" merchants. The amount of these fines has not been material, but any additional fines in the future would likely be for larger amounts, could become material, and could result in a termination of PayPal's ability to accept credit cards or changes in PayPal's process for registering new customers, which would seriously damage PayPal's business.

***Changes in PayPal's funding mix could adversely affect PayPal's results.***

PayPal pays significant transaction fees when senders fund payment transactions using credit cards, nominal fees when customers fund payment transactions by electronic transfer of funds from bank accounts, and no fees when customers fund payment transactions from an existing PayPal account balance or use buyer credit issued by GE Money Bank. Senders fund a significant portion of PayPal's payment volume using credit cards, and PayPal's financial success will remain highly sensitive to changes in the rate at which its senders fund payments using credit cards. Senders may prefer funding using credit cards rather than bank account transfers for a number of reasons, including the ability to dispute and reverse charges directly with their credit card provider if merchandise is not delivered or is not as described, the ability to earn frequent flier miles or other incentives offered by credit card issuers, the ability to defer payment, or a reluctance to provide bank account information to PayPal. The proportion of PayPal's payment volume funded using credit cards has increased over time. In addition, some of PayPal's newer offerings, including the ability to make a limited number of payments without opening an account, have a higher rate of credit card funding than PayPal's basic product offering. In September 2006, PayPal entered into a settlement agreement with the attorneys general of a number of states under which it agreed to pay $1.7 million to the attorneys general, shorten and streamline its user agreement, and communicate more information regarding protection programs to users. Also in September 2006, PayPal announced that it had reached a preliminary settlement agreement under which it agreed to pay approximately $3.5 million into a settlement fund for the benefit of a class represented by plaintiffs in a suit that alleged, among other things, that PayPal's disclosure regarding the effects of users' choice of funding mechanism was deceptive. This settlement has now been approved by the court. Although PayPal did not admit any liability for any of the allegations in the two cases, changes to our disclosure practices could result in increased use of credit card funding, which could harm PayPal's business.

***PayPal's failure to manage customer funds properly would harm its business.***

PayPal's ability to manage and account accurately for customer funds requires a high level of internal controls. In some of the markets that PayPal serves and currencies that PayPal offers, PayPal has a limited operating history and limited management experience in managing these internal controls. As PayPal's business continues to grow, it must strengthen its internal controls accordingly. PayPal's success requires significant public confidence in its ability to handle large and growing transaction volumes and amounts of customer funds. Any failure to maintain necessary controls or to manage accurately customer funds could diminish customer use of PayPal's product severely.

***System failures could harm our business.***

We have experienced system failures from time to time, and any interruption in the availability of our websites will reduce our current revenues and profits, could harm our future revenues and profits, and could subject us to regulatory scrutiny. Our eBay.com website has been interrupted for periods of up to 22 hours, and our PayPal website has suffered intermittent unavailability for periods as long as five days. In August 2007, Skype experienced an interruption during which the majority of Skype's users were unable to use its products for approximately two days. Any unscheduled interruption in our services results in an immediate, and possibly substantial, loss of revenues. Frequent or persistent interruptions in our services could cause current or potential users to believe that our systems are unreliable, leading them to switch to our competitors or to avoid our sites, and could permanently harm our reputation and brands. Reliability is particularly critical for PayPal, especially as it seeks to expand its Merchant Services business. Because PayPal is a regulated financial entity, frequent or persistent site interruptions could lead to fines, penalties, or mandatory changes to PayPal's business practices, and ultimately could cause PayPal to lose existing licenses it needs to operate or prevent it from obtaining additional licenses that it needs to expand. Finally, because our customers may use our products for critical transactions, any system failures could result in damage to our customers' businesses. These customers could seek significant compensation from us for their losses. Even if unsuccessful, this type of claim likely would be time consuming and costly for us to address.

Although our systems have been designed around industry-standard architectures to reduce downtime in the event of outages or catastrophic occurrences, they remain vulnerable to damage or interruption from earthquakes, floods, fires, power loss, telecommunication failures, terrorist attacks, computer viruses, computer denial-of-service attacks, and similar events. Some of our systems, including our Shopping.com and Skype websites and the systems related to the Bill Me Later business, are not fully redundant, and our disaster recovery planning is not sufficient for all eventualities. Our systems are also subject to break-ins, sabotage, and intentional acts of vandalism. Despite any precautions we may take, the occurrence of a natural disaster, a decision by any of our third-party hosting providers to close a facility we use without adequate notice for financial or other reasons, or other unanticipated problems at our hosting facilities could result in lengthy interruptions in our services. We do not carry business interruption insurance sufficient to compensate us for losses that may result from interruptions in our service as a result of system failures.

***There are many risks associated with our international operations.***

Our international expansion has been rapid and our international business, especially in Germany and the U.K., has also become critical to our revenues and profits. Net revenues outside the U.S. accounted for approximately 51% and 54%, respectively, of our net revenues in fiscal years 2007 and 2008. Expansion into international markets requires management attention and resources and requires us to localize our services to conform to local cultures, standards, and policies. The commercial, Internet, and transportation infrastructure in lesser-developed countries may make it more difficult for us to replicate our traditional Marketplace business model. In many countries, we compete with local companies that understand the local market better than we do, and we may not benefit from first-to-market advantages. We may not be successful in expanding into particular international markets or in generating revenues from foreign operations. For example, in 2002 we withdrew our eBay marketplace offering from the Japanese market, and in 2007 we contributed our business in China to a joint venture with a local Chinese company. Even if we are successful in developing new markets, we often expect the costs of operating new sites to exceed our net revenues for at least 12 months in most countries.

As we continue to expand internationally, including through the expansion of PayPal, Skype, Shopping.com, and our classified businesses, we are increasingly subject to risks of doing business internationally, including the following:

- strong local competitors;

- regulatory requirements, including regulation of Internet services, communications, auctioneering, professional selling, distance selling, privacy and data protection, banking, and money transmitting, that may limit or prevent the offering of our services in some jurisdictions, prevent enforceable agreements between sellers and buyers, prohibit the listing of certain categories of goods, require product changes, require special licensure, subject us to various taxes, penalties or audits, or limit the transfer of information between us and our affiliates;

- greater liability or legal uncertainty regarding our liability for the listings and other content provided by our users, including uncertainty as a result of legal systems that are less developed with respect to the Internet, unique local laws, conflicting court decisions and lack of clear precedent or applicable law;

- cultural ambivalence towards, or non-acceptance of, online trading;

- laws and business practices that favor local competitors or prohibit foreign ownership of certain businesses;

- difficulties in integrating with local payment providers, including banks, credit and debit card networks, and electronic fund transfer systems or with the local telecommunications infrastructure;

- differing levels of retail distribution, shipping, communications, and Internet infrastructures;
- different employee/employer relationships and the existence of workers' councils and labor unions;
- difficulties in staffing and managing foreign operations;
- challenges associated with joint venture relationships, including dependence on our joint venture partners;
- difficulties in implementing and maintaining adequate internal controls;
- longer payment cycles, different accounting practices, and greater problems in collecting accounts receivable;
- potentially adverse tax consequences, including local taxation of our fees or of transactions on our websites;
- higher telecommunications and Internet service provider costs;
- different and more stringent user protection, data protection, privacy and other laws;
- seasonal reductions in business activity;
- expenses associated with localizing our products, including offering customers the ability to transact business in the local currency;
- profit repatriation restrictions, foreign currency exchange restrictions, and exchange rate fluctuations;
- volatility in a specific country's or region's political, economic or military conditions; and
- differing intellectual property laws.

Some of these factors may cause our international costs of doing business to exceed our comparable domestic costs. As we expand our international operations and have additional portions of our international revenues denominated in foreign currencies, we also could become subject to increased difficulties in collecting accounts receivable, repatriating money without adverse tax consequences, and risks relating to foreign currency exchange rate fluctuations. The impact of currency exchange rate fluctuations is discussed in more detail under "We are exposed to fluctuations in currency exchange rates and interest rates," above.

In addition, we conduct certain functions, including product development, customer support and other operations, in regions outside the U.S., particularly in India and China. We are subject to both U.S. and local laws and regulations applicable to our offshore activities, and any factors which reduce the anticipated benefits, including cost efficiencies and productivity improvements, associated with providing these functions outside of the U.S. could adversely affect our business.

We are continuing to expand PayPal's services internationally. In some countries, expansion of PayPal's business may require a close commercial relationship with one or more local banks, a shared ownership interest with a local entity or registration as a bank under local law. Such requirements may reduce our profitability or limit the scope of our activities in particular countries. Any limitation on our ability to expand PayPal internationally could harm our business.

We maintain a portion of Shopping.com's research and development facilities and personnel in Israel, and in January 2008 we acquired Fraud Sciences Ltd., an Israeli company. As a result, political, economic and military conditions in Israel affect those operations. The future of peace efforts between Israel and its neighboring countries remains uncertain. Increased hostilities or terrorism within Israel or armed hostilities between Israel and neighboring states could make it more difficult for us to continue our operations in Israel, which could increase our costs. In addition, many of our employees in Israel could be required to serve in the military for extended periods of time under emergency circumstances. Our Israeli operations could be disrupted by the absence of employees due to military service, which could adversely affect our business.

***Acquisitions and joint ventures could result in operating difficulties, dilution, and other harmful consequences.***

We have acquired a number of businesses in the past, including, most recently, Bill Me Later, Inc. in the United States and Den Blå Avis and BilBasen, classified businesses in Denmark. We expect to continue to evaluate and consider a wide array of potential strategic transactions, including business combinations, acquisitions and dispositions of businesses, technologies, services, products and other assets. At any given time we may be engaged in discussions or negotiations with respect to one or more of these types of transactions. Any of these transactions could be material to our financial condition and results of operations. The process of integrating any acquired business may create unforeseen operating difficulties and expenditures and is itself risky. The areas where we may face difficulties include:

- diversion of management time, as well as a shift of focus from operating the businesses to issues related to integration and administration, particularly given the large number and size and varying scope of our recent acquisitions;

- declining employee morale and retention issues resulting from changes in, or acceleration of, compensation, or changes in management, reporting relationships, future prospects, or the direction of the business;

- the need to integrate each company's accounting, management, information, human resource and other administrative systems to permit effective management, and the lack of control if such integration is delayed or not implemented;

- the need to implement controls, procedures and policies appropriate for a larger public company at companies that prior to acquisition had lacked such controls, procedures and policies;

- in the case of foreign acquisitions, the need to integrate operations across different cultures and languages and to address the particular economic, currency, political, and regulatory risks associated with specific countries;

- in some cases, the need to transition operations, users, and customers onto our existing platforms; and

- liability for activities of the acquired company before the acquisition, including violations of laws, rules and regulations, commercial disputes, tax liabilities and other known and unknown liabilities.

Moreover, we may not realize the anticipated benefits of any or all of our acquisitions, or may not realize them in the time frame expected. For example, in connection with the Skype transaction, we recorded a goodwill impairment charge of approximately $1.4 billion in our financial statements during 2007. Future acquisitions or mergers may require us to issue additional equity securities, spend our cash, or incur debt, liabilities, amortization expenses related to intangible assets or write-offs of goodwill, any of which could reduce our profitability and harm our business.

In addition, we have made certain investments, including through joint ventures, in which we have a minority equity interest and lack management and operational control. These investments may involve risks. For example, the controlling joint venture partner in a joint venture investment may have business interests, strategies or goals that are inconsistent with ours, and business decisions or other actions or omissions of the controlling joint venture partner or the joint venture company may result in harm to our reputation or adversely affect the value of our investment in the joint venture.

***Bill Me Later will expose us to new risks.***

We acquired Bill Me Later, a company that provides transaction-based credit, in late 2008. Upon acquiring Bill Me Later, we became exposed to new risks.

Bill Me Later is not a chartered financial institution, and relies on CIT Bank to extend credit to Bill Me Later customers in order to offer the Bill Me Later service. When a consumer makes a purchase using the Bill Me Later service, CIT Bank funds the consumer loan at the point of sale and advances funds to the merchant, and Bill Me Later subsequently purchases the receivable related to the consumer loan extended by CIT Bank. Although CIT Bank continues to own each customer account, Bill Me Later owns the related receivable and is responsible for all servicing functions related to the account. Any termination or interruption of CIT Bank's services to us, including due to the suspension or termination of CIT Bank's banking charter, a regulatory challenge to the relationship between CIT Bank and Bill Me Later or the termination of our commercial relationship with CIT Bank for any reason, could materially and adversely affect our ability to offer the Bill Me Later service. Under those circumstances, we would likely be required to either reach a similar arrangement with another chartered financial institution, which may not be available on favorable terms, if at all, or to obtain our own bank charter, which would be a time-consuming and costly process and would subject us to a number of additional laws and regulations. Bill Me Later also relies on third-party merchant processors and payment gateways to process transactions using the Bill Me Later service. Most of the transaction volume by dollar amount through the Bill Me Later service is currently settled through the facilities of a single vendor. Any disruption to our payment processing and gateway services would adversely affect the Bill Me Later service.

We currently fund the origination of receivables related to Bill Me Later accounts through free cash flow generated from our portfolio of businesses and from our existing line of credit. As a result of the bankruptcy of Lehman Brothers Holdings Inc., our available line of credit was effectively reduced by Lehman Brothers Commercial Bank's $160 million commitment. If other financial institutions that have extended credit commitments to us are adversely affected by U.S. and global economic conditions, they may become unable to fund borrowings under their credit commitments to us. Our ability to securitize receivables related to Bill Me Later accounts is dependent upon, among other things, conditions in the structured finance markets, which have been subject to recent disruptions in the credit industry, resulting in very limited liquidity for securitization purposes. If we are unable to fund receivables related to the Bill Me Later business in a cost-effective manner, the growth and profitability of the Bill Me Later business could be significantly and adversely affected.

The Bill Me Later service is offered to a wide range of consumers, and the profitability of this business depends on our ability to manage credit risk while attracting new consumers with profitable usage patterns. Bill Me Later approves loans using proprietary segmentation and credit scoring algorithms and other analytical techniques designed to analyze the credit risk of the specific transaction. These algorithms and techniques may not accurately predict the creditworthiness of a consumer due to, among other factors, inaccurate assumptions about a particular consumer or the economic environment. Bill Me Later may also incorrectly interpret the data produced by these algorithms in setting its credit policies. Bill Me Later's ability to manage credit risk may also be adversely affected by economic conditions, legal or regulatory changes (such as bankruptcy laws and minimum payment regulations), competitors' actions and consumer behavior and other factors. In addition, the credit crisis and current recession in the U.S. may affect consumer confidence levels and reduce consumers' ability or willingness to use credit, including our transaction-based credit product, which could impair the growth of the Bill Me Later business.

As of December 31, 2008, Bill Me Later had an aggregate consumer loan portfolio of approximately $597.6 million. Like other businesses with significant exposure to losses from consumer loans, the Bill Me Later service faces the risk that account holders will default on their payment obligations, resulting in accounts becoming uncollectible, and the risk of potential charge-offs related to the loan portfolio. The nonpayment rate among Bill Me Later users may increase due to, among other things, worsening economic conditions, such as the current recession in the U.S., and higher unemployment rates. Consumers who miss payments on their loans often fail to repay them, and consumers who file for protection under the bankruptcy laws generally do not repay their loans. The age and rate of growth of a consumer loan portfolio also affects the rate of missed payments and loans charged off as uncollectible. Consumers are less likely to miss their payments within the first 12 to 18 months of a loan's term. When a lender makes fewer loans than it has in the past, the proportion of new loans in its portfolio will decrease and the rate of missed payments and charge-offs in the portfolio will increase.

In addition, Bill Me Later faces other risks similar to those faced by PayPal, including the risk of systems failures, security breaches or other loss of customer data, fraud, intellectual property claims, compliance failures, and changes to regulations relating to credit offerings described in these Risk Factors, including under the captions "Government inquiries may lead to charges or penalties" and "If our Payments business is found to be subject to or in violation of any laws or regulations, including those governing money transmission, electronic funds transfer, money laundering, banking and lending, it could be subject to liability, licensure and regulatory approval and may be forced to change its business practices."

***Our business and users may be subject to sales tax and other taxes.***

The application of indirect taxes (such as sales and use tax, value-added tax, or VAT, goods and services tax, business tax, and gross receipt tax) to ecommerce businesses such as eBay and to our users is a complex and evolving issue. Many of the fundamental statutes and regulations that impose these taxes were established before the growth of the Internet and ecommerce. In many cases, it is not clear how existing statutes apply to the Internet or electronic commerce or communications conducted over the Internet. In addition, some jurisdictions have implemented or may implement laws specifically addressing the Internet or some aspect of electronic commerce or communications on the Internet. For example, the State of New York recently passed new legislation that requires any out-of-state seller of tangible personal property to collect and remit New York use tax if the seller engages affiliates in New York to perform certain business promotion activities. Several ecommerce companies are challenging this new law, which was recently upheld by a lower level New York court. While this new law does not specifically apply to our businesses it may adversely affect our sellers and indirectly harm our business.

From time to time, some taxing authorities have notified us that they believe we owe them certain taxes. In May 2008, the City of Chicago notified both eBay and StubHub that they are liable for a city amusement tax on tickets to events in Chicago, irrespective of the location of the buyer or seller, and has filed suit to enforce collection of taxes they claim are due. The application of similar existing or future laws could have adverse effects on our business.

Several proposals have been made at the U.S. state and local level that would impose additional taxes on the sale of goods and services or communications through the Internet. These proposals, if adopted, could substantially impair the growth of ecommerce and our brands, and could diminish our opportunity to derive financial benefit from our activities. The U.S. federal government's moratorium on state and local taxation of Internet access or multiple or discriminatory taxes on ecommerce was extended through November 2014. This moratorium does not prohibit federal, state, or local authorities from collecting taxes on our income or from collecting certain taxes that were in effect prior to the enactment of the moratorium and/or one of its extensions.

In conjunction with the Streamlined Sales Tax Project — an ongoing, multi-year effort by U.S., state, and local governments to require collection and remittance of distant sales tax by out-of-state sellers — bills have been introduced in recent years in the U.S. Congress to overturn the Supreme Court's *Quill* decision, which limits the ability of state governments to require sellers outside of their own state to collect and remit sales taxes on goods purchased by in-state residents. Such legislation may be considered by the

U.S. Congress as a way to enable states to increase sales tax revenues and help address significant state budget difficulties caused by the economic downturn. The adoption of any legislation overturning the *Quill* decision that lacks a robust small business exemption would harm our users and our business.

We do not collect taxes on the goods or services sold by users of our services. One or more states or the federal government or foreign countries may seek to impose a tax collection, reporting or record-keeping obligation on companies that engage in or facilitate ecommerce. Such an obligation could be imposed by legislation intended to improve tax compliance (and legislation to such effect has been discussed in the U.S. Congress, several states, and a number of foreign jurisdictions) or if an eBay company was ever deemed to be the legal agent of the users of our services by a jurisdiction in which eBay operates. In July 2008, the Housing and Economic Recovery Act of 2008 (H.R. 3221) was signed into law. This law contains provisions that require companies like PayPal to report to the IRS information on payments received by some of our customers. The legislation, effective for payments received after December 31, 2010, will require PayPal and similar companies to report to the IRS U.S.-based customers who receive more than $20,000 in payments and more than 200 payments in a year. This law will require PayPal to request tax ID numbers from U.S. users and track payments by tax ID number. This requirement may decrease seller activity and harm our business. One or more other jurisdictions may also seek to impose tax-collection or reporting obligations based on the location of the product or service being sold or provided in an ecommerce transaction, regardless of where the respective users are located. Imposition of a discriminatory record keeping or tax collecting requirement could decrease seller activity on our sites and would harm our business. Foreign authorities may also require eBay to help ensure compliance by our users with local laws regulating professional sellers, including tax requirements. In addition, we have periodically received requests from tax authorities in many jurisdictions for information regarding the transactions of large classes of sellers on our sites, and in some cases we have been legally obligated to provide this data. The imposition of any requirements on us to disclose transaction records for all or a class of sellers to tax or other regulatory authorities or to file tax forms on behalf of any sellers, especially requirements that are imposed on us but not on alternative means of ecommerce, and any use of those records to investigate, collect taxes from, or prosecute sellers, could decrease seller activity on our sites and harm our business.

We pay input VAT on applicable taxable purchases within the various countries in which we operate. In most cases, we are entitled to reclaim this input VAT from the various countries. However, because of our unique business model, the application of the laws and rules that allow such reclamation is sometimes uncertain. A successful assertion by one or more countries that we are not entitled to reclaim VAT could harm our business.

We continue to work with the relevant tax authorities and legislators to clarify eBay's obligations under new and emerging laws and regulations. Passage of new legislation and the imposition of additional tax or tax-related reporting requirements could harm our users and our business. There have been, and will continue to be, substantial ongoing costs associated with complying with the various indirect tax requirements in the numerous markets in which eBay conducts or will conduct business.

***The current regulatory environment for Voice over Internet Protocol (VoIP) is uncertain, and Skype's business could be harmed by new regulations or the application of existing regulations to its products.***

The current regulatory environment for VoIP is uncertain and rapidly changing. Skype believes that its Internet communications products are currently subject to few, if any, of the same regulations that apply to traditional telephony and VoIP-based telephone replacement services. VoIP companies are generally subject to different regulatory regimes in different countries, and in most cases are subject to lower, or no, regulatory fees and lesser, or no, specific regulatory requirements. However, the status of VoIP providers is uncertain in many jurisdictions and Skype frequently must respond to inquiries about its regulatory status. Regulatory agencies may require Skype to conform to rules that are difficult or impossible for it to comply with due to the nature of its communications technologies, which could adversely affect its business. For example, while suitable alternatives may be developed in the future, Skype is currently unable to identify the exact geographic origin of the traffic traversing the Internet or to provide detailed

calling information about computer-to-computer communications, either of which may make complying with future regulatory requirements, such as emergency service requirements, difficult or impossible.

Governments may impose new or increased fees, taxes, and administrative burdens on VoIP companies, or Skype may change its product offerings in a manner that subjects it to telecommunications regulations. Increased fees could include access and other charges payable to local exchange carriers to carry and terminate traffic, contributions to federal or state Universal Service Funds in the United States and elsewhere, and other charges. In addition, such fees may be assessed by governments retroactively or prospectively. Skype may be required to meet various emergency service requirements, disability access requirements, user protection requirements, number assignment and portability requirements, and interception or wiretapping requirements, such as the Communications Assistance for Law Enforcement Act in the U.S. and similar laws in other jurisdictions. Such regulations could result in substantial costs depending on the technical changes required to accommodate the requirements, and any increased costs could erode Skype's pricing advantage over competing forms of communication. Regulations that decrease the degree of privacy for users of Skype's products could also slow its adoption. The increasing growth and popularity of Internet communications heightens the risk that governments will seek to regulate VoIP and Internet communications, and Skype has received an increasing number of inquiries from regulators about its products and services. Competitors, including the incumbent telephone companies, may devote substantial lobbying efforts to seek greater protection for their existing businesses and increased regulation of VoIP. In the United States, various state legislatures and regulatory agencies are beginning to impose their own requirements and taxes on VoIP. Some countries have prohibited Skype. In many countries in which Skype products are available, the laws that may relate to its offerings are unclear. We cannot be certain that Skype or its customers are currently in full compliance with regulatory or other legal requirements in all countries in which Skype is used. Skype's failure or the failure of those with whom Skype transacts business to comply with these requirements could materially adversely affect our business, financial condition and results of operations. In addition, increased regulatory requirements on VoIP would increase Skype's costs, and, as a result, our business would suffer.

New rules and regulations with respect to VoIP are being considered in various countries around the world, and at least some of these rules and regulations are likely to be adopted and to be applicable to Skype. Such new rules and regulations are likely to increase our costs of doing business and could prevent us from delivering our products and offerings over the Internet, which could adversely affect Skype's customer base, and thus its revenue.

***Skype depends on key technology that is licensed from third parties.***

Skype licenses technology underlying certain key components of its software from third parties it does not control, including the technology underlying its peer-to-peer architecture and firewall traversal technology and the video compression/decompression used to provide high video quality. Although Skype has contracts in place with its third-party technology providers, there can be no assurance that the licensed technology or other technology that we may seek to license in the future will continue to be available on commercially reasonable terms, or at all. The loss of, or inability to maintain, existing licenses could result in a decrease in service quality or loss of service until equivalent technology or suitable alternatives can be developed, identified, licensed and integrated. While we believe Skype generally has the ability to either extend these licenses on commercially reasonable terms or identify and obtain or develop suitable alternatives, the costs associated with licensing or developing such alternatives could be high and the technical challenge of assuring "backward compatibility" with older versions of Skype's technology may be difficult to overcome. Any failure to maintain these licenses on commercially reasonable terms or to license or develop alternative technologies would harm Skype's business. Skype and one of its licensors are currently attempting to resolve a dispute concerning certain key licensed technology. The parties previously entered into a "standstill agreement" to allow further time to resolve the dispute without the possibility of immediate litigation. While Skype is continuing to attempt to resolve the matter, in February 2009, Skype terminated this standstill agreement, and either party may commence a lawsuit against the other party beginning in March 2009. Although Skype is confident of its legal position, as with any

litigation, there is the possibility of an adverse result if the matter is not resolved through negotiation. In such event, continued operation of Skype's business as currently conducted would likely not be possible.

***Our businesses depend on continued and unimpeded access to the Internet. Internet service providers may be able to block, degrade, or charge us or our users additional fees for our offerings.***

Our customers rely on access to the Internet to use our products and services. In many cases that access is provided by companies that compete with at least some of our offerings, including incumbent telephone companies, cable companies, mobile communications companies, and large Internet service providers. Some of these providers have stated that they may take measures that could degrade, disrupt, or increase the cost of customers' use of our offerings by restricting or prohibiting the use of their lines for our offerings, by filtering, blocking, delaying, or degrading the packets containing the data associated with our products, or by charging increased fees to us or our users for use of their lines to provide our offerings. Some of these providers have contractually restricted their customers' access to VoIP offerings (which would include Skype) through their terms of service with their customers. These activities are technically feasible and may be permitted by applicable law. In addition, Internet service providers could attempt to charge us each time our customers use our offerings. Worldwide, a number of companies have announced plans to take such actions or are selling products designed to facilitate such actions. Interference with our offerings or higher charges for access to our offerings, whether paid by us or by our customers, could cause us to lose existing customers, impair our ability to attract new customers, and harm our revenue and growth.

***Our tickets business is subject to regulatory, competitive, and other risks that could harm this business.***

Our tickets business, which includes our StubHub business, is subject to numerous risks. Many jurisdictions have laws and regulations covering the resale of event tickets, and some jurisdictions prohibit the resale of event tickets at prices above the face value of the tickets. In addition, new laws and regulations may be passed that would limit our or our users' ability to continue this business. Regulatory agencies or courts may claim or hold that we are responsible for ensuring that our users comply with these laws and regulations or that we or our users are either subject to licensure or prohibited from reselling event tickets in their jurisdictions.

Some event organizers and professional sports teams have expressed concern about the resale of their event tickets on our sites. In November 2006, the New England Patriots filed suit against StubHub alleging that StubHub's resale activities violate Massachusetts' ticket resale laws and constitute intentional interference with the team's relationship with its season ticket holders. Suits alleging a variety of causes of actions have in the past, and may in the future, be filed against StubHub by venue owners, competitors, ticket buyers and unsuccessful ticket buyers. Such litigation could result in damage awards, could require us to change our business practices in ways that may be harmful to our business, or could otherwise negatively affect our tickets business. Our tickets business is also subject to seasonal fluctuations and the general economic and business conditions that impact the sporting events and live entertainment industries. The recent economic downturn has resulted in a decrease in ticket prices sold on our site and has adversely affected revenue and profits. Our tickets business also faces significant competition from a number of sources, including ticketing service companies (such as TicketMaster and Tickets.com), event organizers (such as professional sports teams and leagues), ticket brokers, and other online and offline ticket resellers, such as TicketsNow (which is owned by TicketMaster) and RazorGator. In addition, ticketing service companies and event organizers have recently begun to issue event tickets through paperless (electronic) ticketing systems that include restrictions on the transferability of such event tickets. To the extent that event tickets issued in this manner cannot be resold on our websites, or to the extent that we are otherwise unable to compete with these competitors, our tickets business could be harmed.

***We depend on key personnel.***

Our future performance depends substantially on the continued services of our senior management and other key personnel and our ability to retain and motivate them. We recently changed our Chief Executive Officer and the heads of all three of our business units. These changes may result in increased attrition of our personnel as new reporting relationships are established and as other companies may increasingly target our executives. We do not have long-term employment agreements with any of our key personnel, we do not maintain any "key person" life insurance policies, and many members of our senior management team have fully vested the vast majority of their in-the-money equity incentives. The loss of the services of any of our executive officers or other key employees could harm our business. Our new businesses all depend on attracting and retaining key personnel. Our future success also will depend on our ability to attract, train, retain and motivate highly skilled technical, managerial, marketing, and customer support personnel. Competition for these personnel is intense, and we may be unable to successfully attract, integrate, or retain sufficiently qualified personnel. In making employment decisions, particularly in the Internet and high-technology industries, job candidates often consider the value of the equity awards they are to receive in connection with their employment. Fluctuations in our stock price may make it more difficult to retain and motivate employees whose stock option strike prices are substantially above current market prices. Similarly, decreases in the number of unvested in-the-money stock options held by existing employees, whether because our stock price has declined, options have vested, or because the size of follow-on option grants has declined, may make it more difficult to retain and motivate employees.

In the fourth quarter of 2008, we undertook a plan to reduce our global workforce to simplify and streamline our organization, improve our cost structure and strengthen our overall businesses. These changes have resulted in the recording of related accounting charges and could harm employee morale and productivity and be disruptive to our business.

***Problems with or price increases by third parties who provide services to us or to our users could harm our business.***

A number of parties provide services to us or to our users that benefit us. Such services include seller tools that automate and manage listings, merchant tools that manage listings and interface with inventory management software, storefronts that help our users list items, caching services that make our sites load faster, and shipping providers that deliver goods sold on our platform, among others. In some cases we have contractual agreements with these companies that give us a direct financial interest in their success, while in other cases we have none. PayPal is dependent on the processing companies and banks that link PayPal to the credit card and bank clearing networks. Similarly, Bill Me Later relies heavily on third parties to operate its services, including merchant processors and payment gateways to process transactions. Financial, regulatory, or other problems that prevent these companies from providing services to us or our users could reduce the number of listings on our websites or make completing transactions or payments on our websites more difficult, and thereby harm our business. Price increases by companies that provide services to our users could also reduce the number of listings on our websites or make it more difficult for our users to complete transactions, thereby harming our business. For example, we believe recent changes in postal rates may have reduced listing volume on our sites in certain categories. Any security breach at one of these companies could also adversely affect our customers and harm our business.

In addition, we have outsourced certain functions to third-party outside providers, including customer support and product development functions, which are critical to our operations. If our service providers do not perform satisfactorily, our operations could be disrupted, which could result in user dissatisfaction and adversely affect our business, reputation and operating results. Although we generally have been able to renew or extend the terms of contractual arrangements with third parties who provide services to us on acceptable terms, there can be no assurance that we will continue to be able to do so in the future, and there can be no assurance that third parties who provide services directly to our users will continue to do so at reasonable rates or at all. In addition, the current recession in the U.S. and a worldwide economic slowdown may impact the ability of our outside service providers to fulfill their obligations to us or our users.

***Customer complaints or negative publicity about our customer support or anti-fraud measures could diminish use of our services.***

Customer complaints or negative publicity about our customer support could severely diminish consumer confidence in and use of our services. Measures we sometimes take to combat risks of fraud and breaches of privacy and security have the potential to damage relations with our customers or decrease activity on our sites by making our sites more difficult to use or restricting the activities of certain users. These measures heighten the need for prompt and accurate customer support to resolve irregularities and disputes. Effective customer support requires significant personnel expense, and this expense, if not managed properly, could significantly impact our profitability. Failure to manage or train our customer support representatives properly could compromise our ability to handle customer complaints effectively. If we do not handle customer complaints effectively, our reputation may suffer and we may lose our customers' confidence.

Because it is providing a financial service and operating in a more regulated environment, PayPal, unlike eBay, must provide telephone as well as email customer support and must resolve certain customer contacts within shorter time frames. As part of PayPal's program to reduce fraud losses and prevent money laundering, it may temporarily restrict the ability of customers to withdraw their funds if those funds or the customer's account activity are identified by PayPal's risk models as suspicious. PayPal has in the past received negative publicity with respect to its customer support and account restrictions, and has been the subject of purported class action lawsuits and state attorney general inquiries alleging, among other things, failure to resolve account restrictions promptly. If PayPal is unable to provide quality customer support operations in a cost-effective manner, PayPal's users may have negative experiences, PayPal may receive additional negative publicity, its ability to attract new customers may be damaged, and it could become subject to additional litigation. As a result, current and future revenues could suffer, and its operating margins may decrease. In addition, negative publicity about, or negative experiences with, customer support for any of our businesses could cause our reputation to suffer or affect consumer confidence in our brands as a whole.

***Our industry is intensely competitive, and other companies or governmental agencies may allege that our behavior is anti-competitive.***

*Marketplaces*

Marketplaces businesses currently or potentially compete with a number of companies providing both particular categories of goods and broader ranges of goods. The Internet provides new, rapidly evolving and intensely competitive channels for the sale of all types of goods. We expect competition to intensify in the future. The barriers to entry into these channels are relatively low and current offline and new competitors, including small businesses who want to create and promote their own stores, can easily launch online sites at a nominal cost using commercially available software or partnering with any one of a number of successful ecommerce companies.

Our broad-based competitors include the vast majority of traditional department, warehouse, discount, and general merchandise stores (as well as the online operations of these traditional retailers), emerging online retailers, online classified services, and other shopping channels such as offline and online home shopping networks. Among others, these include: Wal-Mart, Target, Sears, Macy's, JC Penney, Costco, Office Depot, Staples, OfficeMax, Sam's Club, Amazon.com, Buy.com, AOL.com, Yahoo! Shopping, MSN, QVC, and Home Shopping Network.

A number of companies offer a variety of services that provide channels for buyers to find and buy items from sellers of all sizes, including online aggregation and classifieds websites such as craigslist (in which we own a minority equity stake), Google Base, Microsoft Live Expo, and Oodle.com. Our classifieds websites, including Kijiji, Marktplaats, mobile.de, and Gumtree, offer classifieds listings in the U.S. and a variety of local international markets. In many markets in which it operates, including in the U.S., our classified platforms compete against more established online and offline classifieds platforms.

In 2005, we acquired Shopping.com Ltd., an online shopping comparison site. Shopping.com competes with sites such as Buy.com, Google's Product Search, Nextag.com, Pricegrabber.com, Shopzilla, and Yahoo! Product Search, which offer shopping search engines that allow consumers to search the Internet for specified products. Recent legal developments may affect the utility of shopping comparison sites if manufacturers begin requiring more uniformity in product pricing. In addition, sellers are increasingly utilizing multiple sales channels, including the acquisition of new customers by paying for search-related advertisements on search engine sites such as Google and Yahoo!. We use product search engines and paid search advertising to channel users to our sites, but these services also have the potential to divert users to other online shopping destinations.

We also compete with many local, regional, and national specialty retailers and exchanges in each of the major categories of products offered on our websites. For example, category-specific competitors to offerings in our 'Collectibles' category include, among others, Artfact, Beckett, Bonhams & Butterfields, Bowers and Morena, Christie's, Collectiblestoday.com, Collectors Universe, etsy, Franklin Mint, Go Collect, Heritage, Littletoncoin, Mastronet, Replacements.com, Ruby Lane, Shop At Home, Sotheby's, Tias, U.S. Mint, U.S. Postal Service, antique and collectible dealers, antique and collectible fairs, auction houses, estate sales, flea markets and swap meets, independent coin and stamp dealers, and specialty retailers.

Our international Marketplaces websites compete with similar online and offline channels in each of their vertical categories in most countries. In addition, they compete with general online ecommerce sites, such as Quelle and Otto in Germany, Leboncoin. fr and Price Minister in France, Tradus (recently acquired by Naspers) in Poland, Yahoo-Kimo in Taiwan, Lotte and Gmarket in South Korea, Trading Post, OZtion and Aussie Bidder in Australia, and Amazon in the United Kingdom and other countries. In some of these countries, there are online sites that have much larger customer bases and greater brand recognition than we do, and in certain of these jurisdictions there are competitors that may have a better understanding of local culture and commerce than we do.

The principal competitive factors for Marketplaces include the following:

- ability to attract and retain buyers and sellers;
- volume of transactions and price and selection of goods;
- customer service; and
- brand recognition.

With respect to our online competition, additional competitive factors include:

- community cohesion, interaction and size;
- website ease-of-use and accessibility;
- level of trust in the seller;
- system reliability;
- reliability of delivery and payment;
- level of service fees; and
- quality of search tools.

Some current and potential competitors have longer operating histories, larger customer bases and greater brand recognition in other business and Internet sectors than we do. Other online trading services may be acquired by, receive investments from, or enter into other commercial relationships with well-established and well-financed companies. As a result, some of our competitors with other revenue sources may be able to devote more resources to marketing and promotional campaigns, adopt more aggressive pricing policies and devote substantially more resources to website and systems development than we can. Some of our competitors have offered services for free and others may do this as well. We may be unable to compete successfully against current and future competitors. In addition, certain offline competitors may encourage manufacturers to limit or cease distribution of their products to dealers who sell through online channels such as eBay, or may attempt to use existing or future government regulation to prohibit or limit online commerce in certain categories of goods or services. The adoption by manufacturers or government authorities of policies or regulations discouraging the sales of goods or services over the Internet could force eBay users to stop selling certain products on our websites. Increased competition or anti- Internet distribution policies or regulations may result in reduced operating margins, loss of market share and diminished value of our brand. In order to respond to changes in the competitive environment, we may, from time to time, make pricing, service or marketing decisions or acquisitions that may be controversial with and lead to dissatisfaction among a number of our sellers, and which could harm our profitability.

Conversely, other companies and government agencies have in the past and may in the future allege that our actions violate the antitrust or competition laws of the U.S. or other countries, or otherwise constitute unfair competition. Such claims, even if without foundation, typically are very expensive to defend, involve negative publicity and diversion of management time and effort, and could result in significant judgments against us.

In several jurisdictions, we have taken actions designed to improve the safety of transactions on our websites. Beginning in June 2008, we have required users in the UK to offer PayPal as a payment alternative on most transactions on our localized UK website, and since October 2008, we require sellers on eBay.com to accept one or more accepted payment methods (currently PayPal, credit or debit cards processed through Internet merchant accounts, and/or ProPay) and no longer allow any forms of paper payment, including checks and money orders, to be used in the U.S. for most categories of items. While these initiatives are intended to improve and make safer our users' buying experience and/or increase activity on our sites, certain users may be negatively affected by or react negatively to these changes. We currently face inquiries from government regulators in various jurisdictions related to such actions. For example, the Reserve Bank of Australia is currently reviewing our policy requiring sellers to offer PayPal as a payment alternative on most transactions on our localized Australian website and precluding them from imposing a surcharge or any other fee for accepting PayPal or other payment methods. We may face similar inquiries from other government regulators in the future. Any negative reaction to these changes by our users or government authorities could, among other things, force us to change our operating practices in ways that could harm our business, operating results and profitability. In addition, certain competitors may offer or continue to offer free shipping or other transaction related services, which could be impractical or inefficient for eBay sellers to match. New technologies may increase the competitive pressures by enabling our competitors to offer a lower cost service.

Although we have established Internet traffic arrangements with several large online services and search engine companies, these arrangements may not be renewed on commercially reasonable terms or these companies may decide to promote competitive services. Even if these arrangements are renewed, they may not result in increased usage of our services. In addition, companies that control user access to transactions through network access, Internet browsers, or search engines, could promote our competitors, channel current or potential users to their vertically integrated electronic commerce sites or their advertisers' sites, attempt to restrict our access, or charge us substantial fees for inclusion. Search engines are increasingly becoming a starting point for online shopping, and as the costs of operating an online store decline, online sellers may increasingly sell goods through multiple channels, which could reduce the number and value of transactions these sellers conduct through our sites.

*PayPal*

The markets for PayPal's product are intensely competitive and are subject to rapid technological change, including but not limited to: mobile payments, electronic funds transfer networks starting to allow Internet access, cross-border access to networks, creation of new networks, expansion of prepaid cards, and bill pay networks. PayPal competes with existing online and offline payment methods, including, among others:

- credit card merchant processors that offer their services to online merchants, including American Express, Cardservice International, Chase Paymentech, First Data, and Wells Fargo; and payment gateways, including CyberSource and Authorize.net (which has merged with CyberSource);

- money remitters such as MoneyGram and Western Union;

- bill payment services, including CheckFree;

- processors that provide online merchants the ability to offer their customers the option of paying for purchases from their bank account, including Certegy, eBillMe, Revolution Money and TeleCheck, a subsidiary of First Data, or to pay on credit;

- providers of traditional payment methods, particularly credit cards, checks, money orders, and Automated Clearing House transactions;

- issuers of stored value targeted at online payments, including VisaBuxx, NetSpend and GreenDot;

- mobile payments, including Obopay, TextPayMe (a subsidiary of Amazon), Crandy, LUUP and Payforit;

- Amazon Payments, which offers online merchants the ability to accept credit card- and bank-funded payments from Amazon's base of online customers on the merchant's own website; and;

- Google Checkout, which enables the online payment of merchants using credit cards.

Some of these competitors have longer operating histories, significantly greater financial, technical, marketing, customer service and other resources, greater name recognition, or a larger base of customers in affiliated businesses than PayPal. PayPal's competitors may respond to new or emerging technologies and changes in customer requirements faster and more effectively than PayPal. Some of these competitors may also be subject to lesser licensing, anti-money laundering, and other regulatory requirements than PayPal, which is subject to additional regulations based on its licensure as a bank in Luxembourg. They may devote greater resources to the development, promotion, and sale of products and services than PayPal, and they may offer lower prices. For example, Google Checkout provided free payment processing through February 1, 2008, and currently offers free payments processing on transactions in an amount proportionate to certain advertising spending with Google. Competing services tied to established banks and other financial institutions may offer greater liquidity and engender greater consumer confidence in the safety and efficacy of their services than PayPal.

Overseas, PayPal faces competition from similar channels and payment methods. In each country, numerous banks provide standard online credit card acquiring and processing services, and these banks typically have leading market share. In addition, PayPal faces competition from Visa's Visa Direct, MasterCard's MoneySend, Royal Bank of Scotland's World Pay and ClickandBuy in the EU, NOCHEX, Moneybookers, NETeller and FirePay in the United Kingdom, CertaPay and HyperWallet in Canada, Paymate and BPay in Australia, Alipay, YeePay and 99 Bill in China and Inicis in South Korea. In addition, in certain countries, such as Germany and Australia, electronic funds transfer is a leading method of

payment for both online and offline transactions. As in the U.S., established banks and other financial institutions that do not currently offer online payments could quickly and easily develop such a service.

Some of PayPal's competitors, such as Wells Fargo, First Data, American Express, and Royal Bank of Scotland, also provide processing or foreign exchange services to PayPal. If PayPal were to seek to expand the financial products that it offers, either alone or through a commercial alliance or an acquisition, these processing and foreign exchange relationships could be negatively affected, or these competitors and other processors could make it more difficult for PayPal to deliver its services.

*Skype*

The market for Skype's products is also intensely competitive and characterized by rapid technological change. We expect Skype's various communications competitors, including, for example, the providers of online communications products and telecommunications operators, to continue to improve the performance of their current products and introduce new products, software, services and technologies. Many telecommunications firms offer "bundled" services, where a group of services that may include cable or satellite television, internet services (e.g., cable modem or DSL), and telecommunications are offered for a single monthly price. If Skype's competitors successfully introduce new products, offer "bundled" services or enhance their existing products, this could reduce the market for Skype's products, increase price competition, or make Skype's products obsolete, which could lower Skype's adoption rates, decrease its ability to attract new users or cause its current users to migrate to a competing company.

Additionally, several of Skype's current and potential competitors have longer operating histories, are substantially larger, and have greater financial, marketing, technical, and other resources. Some also have greater name recognition and a larger installed base of customers than Skype has.

***Our business may be adversely affected by factors that cause our users to spend less time on our websites, including seasonal factors, national events and increased usage of other websites.***

Anything that diverts our users from their customary level of usage of our websites could adversely affect our business. We would therefore be adversely affected by geopolitical events such as war, the threat of war, or terrorist activity, and natural disasters, such as hurricanes or earthquakes. Similarly, our results of operations historically have been seasonal because many of our users reduce their activities on our websites with the onset of good weather during the summer months, and on and around national holidays. In addition, increased usage of social networking or other entertainment websites may decrease the amount of time users spend on our websites, which could adversely affect our financial results.

***Our failure to cost-effectively manage certain aspects of our business could harm us.***

We have expanded our headcount, facilities, and infrastructure in the U.S. and internationally, and anticipate that further expansion in certain areas will be required as we continue to expand into new lines of business and geographic areas. This expansion has placed, and we expect it will continue to place, a significant strain on our management, operational, and financial resources. The areas that are put under strain by our growth include the following:

- *Website Usability.* User activity rates on our websites depend in part on the quality of our users' experiences on those sites. The rapid growth in the number and complexity of products and features on our sites has occasionally caused users to become confused or overwhelmed or has otherwise impaired users' experiences on those sites. We are in the process of making numerous improvements to our eBay websites, including an attempt to improve the user experience on those websites. These attempts at improvement could fail, or could decrease activity among users who had grown used to or preferred the existing experience on our sites. Any impairment of customer satisfaction as a result of site usability issues could lead to a loss of customers or impair our ability to add customers, either of which would harm our business.

- *Website Stability.* We must constantly add new hardware, update software and add new engineering personnel to accommodate the increased use of our and our subsidiaries' websites and the new products and features we regularly introduce. This upgrade process is expensive, and the increased complexity of our websites and the need to support multiple platforms as our portfolio of brands grows increases the cost of additional enhancements. Failure to upgrade our technology, features, transaction processing systems, security infrastructure, or network infrastructure to accommodate increased traffic or transaction volume could harm our business. Adverse consequences could include unanticipated system disruptions, slower response times, degradation in levels of customer support, impaired quality of users' experiences of our services, impaired quality of services for third-party application developers using our externally accessible Application Programming Interface, or API, and delays in reporting accurate financial information. We may be unable to effectively upgrade and expand our systems in a timely manner or smoothly integrate any newly developed or purchased technologies or businesses with our existing systems, and any failure to do so could result in problems on our sites. Further, steps to increase the reliability and redundancy of our systems are expensive, reduce our margins, and may not be successful in reducing the frequency or duration of unscheduled downtime.

- *Customer Account Billing.* Our revenues depend on prompt and accurate billing processes. Our failure to grow our transaction-processing capabilities to accommodate the increasing number of transactions that must be billed on any of our websites would harm our business and our ability to collect revenue.

- *Customer Support.* We seek to become more efficient in providing our customer support operations. We intend to provide an increased level of support (including an increasing amount of telephone support) in a cost-effective manner. If we are unable to provide customer support in a cost-effective manner, users of our websites may have negative experiences, current and future revenues could suffer, our costs may increase and our operating margins may decrease.

We must continue to effectively hire, train, and manage new employees. If our new hires perform poorly, if we are unsuccessful in hiring, training, managing, and integrating these new employees, or if we are not successful in retaining our existing employees, our business may be harmed. To manage the expected growth of our operations and personnel, we will need to improve our transaction processing, operational and financial systems, procedures, and controls. This is a special challenge as we acquire new operations with different systems. Our current and planned personnel, systems, procedures, and controls may not be adequate to support our future operations. Any capital investments that we may make will increase our cost base, which will make it more difficult for us to offset any future revenue shortfalls by expense reductions in the short term.

***We may have exposure to greater than anticipated tax liabilities.***

The determination of our worldwide provision for income taxes and other tax liabilities requires estimation and significant judgment and there are many transactions and calculations where the ultimate tax determination is uncertain. Like many other multinational corporations, we are subject to tax in multiple U.S. and foreign tax jurisdictions and have structured our operations to reduce our effective tax rate. Our determination of our tax liability is always subject to audit and review by applicable domestic and foreign tax authorities, and we are currently undergoing a number of investigations, audits and reviews by taxing authorities throughout the world, including with respect to our tax structure. Any adverse outcome of any such audit or review could have a negative effect on our business, operating results and financial condition, and the ultimate tax outcome may differ from the amounts recorded in our financial statements and may materially affect our financial results in the period or periods for which such determination is made. While we have take reserves based on assumptions and estimates that we believe are reasonable to cover such eventualities, these reserves may prove to be insufficient in the event that any taxing authority is successful in asserting tax positions that are contrary to our positions.

***We depend on the continued growth of online commerce and communications.***

The business of selling goods over the Internet, particularly through online trading, is dynamic and relatively new. Concerns about fraud, privacy, and other problems may discourage additional consumers from adopting the Internet as a medium of commerce. In countries such as the U.S., Germany and the U.K., where our services and online commerce generally have been available for some time and the level of market penetration of our services is high, acquiring new users for our services may be more difficult and costly than it has been in the past. In order to expand our user base, we must appeal to and acquire consumers who historically have used traditional means of commerce to purchase goods and may prefer Internet analogues to such traditional retail means to our offerings, such as the retailer's own website. If these consumers prove to be less active than our earlier users, and we are unable to gain efficiencies in our operating costs, including our cost of acquiring new customers, our business could be adversely impacted.

***Our business depends on the development and maintenance of the Internet infrastructure.***

The success of our services will depend largely on the development and maintenance of the Internet infrastructure. This includes maintenance of a reliable network backbone with the necessary speed, data capacity, and security, as well as timely development of complementary products, for providing reliable Internet access and services. The Internet has experienced, and is likely to continue to experience, significant growth in the numbers of users and amount of traffic. The Internet infrastructure may be unable to support such demands. In addition, increasing numbers of users, increasing bandwidth requirements, or problems caused by "viruses," "worms," malware and similar programs may harm the performance of the Internet. The backbone computers of the Internet have been the targets of such programs. The Internet has experienced a variety of outages and other delays as a result of damage to portions of its infrastructure, and it could face outages and delays in the future. These outages and delays could reduce the level of Internet usage generally as well as the level of usage of our services.

***We may be unable to protect or enforce our own intellectual property rights adequately.***

We regard the protection of our trademarks, copyrights, patents, domain names, trade dress, and trade secrets as critical to our success. We aggressively protect our intellectual property rights by relying on federal, state and common law rights, as well as a variety of administrative procedures. We also rely on contractual restrictions to protect our proprietary rights in products and services. We have entered into confidentiality and invention assignment agreements with our employees and contractors, and confidentiality agreements with parties with whom we conduct business in order to limit access to and disclosure of our proprietary information. These contractual arrangements and the other steps we have taken to protect our intellectual property may not prevent misappropriation of our technology or deter independent development of similar technologies by others. We pursue the registration of our domain names, trademarks, and service marks in the U.S. and internationally. Effective trademark, copyright, patent, domain name, trade dress, and trade secret protection is very expensive to maintain and may require litigation. We must protect our trademarks, patents, and domain names in an increasing number of jurisdictions, a process that is expensive and may not be successful in every location. For example, Skype is in the process of applying to register the Skype name as a trademark worldwide. In the EU, Skype's application is being opposed. If these oppositions to Skype's applications were to be successful, Skype's ability to protect its brand against third-party infringers would be compromised. We have licensed in the past, and expect to license in the future, certain of our proprietary rights, such as trademarks or copyrighted material, to others. These licensees may take actions that diminish the value of our proprietary rights or harm our reputation.

***We are subject to the risks of owning real property.***

We own real property, including land and buildings related to our operations. We have little experience in managing real property. Ownership of this property subjects us to risks, including:

- the possibility of environmental contamination and the costs associated with fixing any environmental problems;

- adverse changes in the value of these properties, due to interest rate changes, changes in the neighborhoods in which the properties are located, or other factors;

- the possible need for structural improvements in order to comply with zoning, seismic, disability act, or other requirements; and

- possible disputes with tenants, neighboring owners, or others.

***Some anti-takeover provisions may affect the price of our common stock.***

Our Board of Directors has the authority to issue up to 10,000,000 shares of preferred stock and to determine the preferences, rights and privileges of those shares without any further vote or action by the stockholders. The rights of the holders of common stock may be harmed by rights granted to the holders of any preferred stock that may be issued in the future. Some provisions of our certificate of incorporation and bylaws could have the effect of making it more difficult for a potential acquirer to acquire a majority of our outstanding voting stock. These include provisions that provide for a classified board of directors, prohibit stockholders from taking action by written consent and restrict the ability of stockholders to call special meetings. We are also subject to provisions of Delaware law that prohibit us from engaging in any business combination with any interested stockholder for a period of three years from the date the person became an interested stockholder, unless certain conditions are met. This restriction could have the effect of delaying or preventing a change of control.

## II. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

### 2.1 Interest Rate Risk

The primary objective of our investment activities is to preserve principal while secondarily maximizing yields without significantly increasing risk. To achieve this objective in the current uncertain global financial markets, as of December 31, 2008, approximately 92% of our total cash and investment portfolio were held in bank deposits and money market funds. As such, changes in interest rates will impact interest income. As of December 31, 2008, we held no direct investments in auction rate securities, collateralized debt obligations, structured investment vehicles or mortgaged-backed securities. Additionally, changes in interest rates will impact our interest sensitive credit agreement and accordingly, impact interest expense or cost of net revenues.

### 2.2 Equity Price Risk

We are exposed to equity price risk on marketable equity instruments due to market volatility. At December 31, 2008, the total fair value of our marketable equity instruments was $133.3 million, which represented approximately 4% of our total cash and investment portfolio.

### 2.3 Investment Risk

As of December 31, 2008, our recorded cost basis and equity investments was $100.7 million. These investments relate primarily to equity-method investments in private companies. We review our investments for impairment when events and circumstances indicate a decline in fair value of such assets below carrying value is other-than-temporary. Our analysis includes review of recent operating results and trends, recent sales/acquisitions of the investee securities, and other publicly available data.

## 2.4 Foreign Currency Exposures

An increasing proportion of our operations conducted outside the U.S. Our foreign currency exposure continues to evolve as we grow internationally. The objective of our foreign exchange exposure management program is to identify material foreign currency exposures and to manage these exposures to minimize the potential effects of currency fluctuations on our reported consolidated cash flow and results of operations.

International net revenues result from transactions by our foreign operations and are typically denominated in the local currency of each country. These operations also incur most of their expenses in the local currency. Accordingly, certain foreign operations use the local currency, which is primarily the Euro, and to a lesser extent, the British pound Australian dollars and Korean won, as their functional currency. Our international operations are subject to risks typical of international operations, including, but not limited to, differing economic conditions, changes in political climate, differing tax structures, other regulations and restrictions, and foreign exchange rate volatility. Accordingly, our future results could be materially adversely impacted by changes in these or other factors.

Our primary foreign currency exposures are transaction, economic and translation:

***Transaction Exposure***

Around the world, we have various assets and liabilities, primarily receivables, investments and accounts payable (including inter-company transactions) that are denominated in currencies other than the relevant entity's functional currency. In certain circumstances, changes in the functional currency value of these assets and liabilities create fluctuations in our reported consolidated financial position, results of operations and cash flows. We may enter into foreign exchange contracts or other instruments to minimize the short-term foreign currency fluctuations on such assets and liabilities. The gains and losses on the foreign exchange contracts offset the transaction gains and losses on certain foreign currency receivables, investments and payables recognized in earnings. As of December 31, 2008, we had outstanding foreign exchange hedge contracts with notional values equivalent to approximately $132.4 million with maturity dates within 34 days. Transaction gains and losses on the contracts and the assets and liabilities are recognized each period in interest and other income, net included in our consolidated statement of income.

***Economic Exposure***

We transact business in various foreign currencies and have significant international revenues as well as costs denominated in foreign currencies, subjecting us to foreign currency risks. In addition, we charge our international subsidiaries on a monthly basis for their use of intellectual property and technology and for certain corporate services provided by eBay and by PayPal. These charges are denominated in Euros and these forecasted inter-company transactions represent a foreign currency cash flow exposure. We purchase foreign exchange contracts, generally with maturities of 12 months or less, to reduce the volatility of cash flows related primarily to forecasted revenue and intercompany transactions denominated in certain foreign currencies. The objective of the foreign exchange contracts is to better ensure that the U.S. dollar-equivalent cash flows are not adversely affected by changes in the U.S. dollar/foreign currency exchange rate. Pursuant to Financial Accounting Standards No. 133 "Accounting for Derivative Instruments and Hedging Activities" (FAS 133), we expect the hedge of certain of these forecasted transactions to be highly effective in offsetting potential changes in cash flows attributed to a change in the U.S. dollar/foreign currency exchange rate. Accordingly, the effective portion of the derivative's gain or loss is initially reported as a component of accumulated other comprehensive income (loss) and subsequently reclassified into the financial statements line item in which the hedged item is recorded in the same period the forecasted transaction affects earnings.

During the year ended December 31, 2008 the realized gains on these hedges were $17.1 million. During the years ended December 31, 2007 and 2006, the realized gains and losses related to these hedges were not significant. The notional amount of our economic hedges designated for hedge accounting

treatment was $428.9 million and $515.7 as of December 31, 2008 and 2007, respectively. As of December 31, 2008, net of losses, our unrealized gains related to economic hedges recorded to accumulated other comprehensive income was $40.5 million. The loss, net of gains, recorded to accumulated other comprehensive income as of December 31, 2007 was not significant. We did not have any economic hedges in place as of December 31, 2006.

***Translation Exposure***

As our international operations grow, fluctuations in the foreign currencies create volatility in our reported results of operations because we are required to consolidate the results of operations of our foreign currency denominated subsidiaries. We may decide to purchase foreign exchange contracts or other instruments to offset the earnings impact of currency fluctuations. Such contracts will be marked-to-market on a monthly basis and any unrealized gain or loss will be recorded in interest and other income, net.

Foreign exchange rate fluctuations may adversely impact our financial position as the assets and liabilities of our foreign operations are translated into U.S. dollars in preparing our consolidated balance sheet. The cumulative effect of foreign exchange rate fluctuations on our consolidated financial position at the end of December 31, 2008, was a net translation gain of approximately $788.2 million. This gain is recognized as an adjustment to stockholders' equity through accumulated other comprehensive income. Additionally, foreign exchange rate fluctuations may adversely impact our operating results as the revenues and expenses of our foreign operations are translated into U.S. dollars in preparing our consolidated statement of income. The effect of foreign exchange rate fluctuations positively impacted our consolidated net revenues and operating income for the year ended December 31, 2008 by approximately $190.9 million and $130.6 million, respectively, compared to the prior year. Impact of foreign currency translation only includes changes between our functional currencies and our U.S. dollar reporting currency.

We consolidate the earnings of our international subsidiaries by converting them into U.S. dollars in accordance with FAS No. 52 "Foreign Currency Translation" (FAS 52). Such earnings will fluctuate when there is a change in foreign currency exchange rates. We enter into transactions to hedge portions of our foreign currency denominated earnings translation exposure using either exchange contracts or other instruments. All contracts that hedge translation exposure mature ratably over the quarter in which they are executed. During the year ended December 31, 2008, the realized gains related to these hedges was approximately $26.3 million.

A hypothetical uniform 10% strengthening or weakening in the value of the U.S. dollar relative to the Euro, British pound, Australian dollar, and Korean won in which our revenues and profits are denominated would result in a decrease/increase to operating income of approximately $153.8 million. There are inherent limitations in the sensitivity analysis presented, due primarily to the assumption that foreign exchange rate movements are linear and instantaneous. As a result, the analysis is unable to reflect the potential effects of more complex market changes that could arise, which may positively or negatively affect income.

## CHAPTER E:
## SUPPLEMENTAL INFORMATION CONCERNING EBAY INC. AND THE ESPP

### I. THE OUTLINE

### 1.1 Purpose of ESPP

The purpose of the ESPP is to provide a convenient method for eligible employees of the Company and its subsidiaries or affiliates designated by the Board to participate in the ESPP and to acquire an equity interest in the Company through payroll deductions, to enhance such employees' sense of participation in the affairs of the Company and its subsidiaries or affiliates, and to provide an incentive for continued employment.

### 1.2 Shares Offered under the ESPP

A total of 7,200,000 Shares were reserved for issuance under the ESPP when originally adopted. On each January 1, the aggregate number of Shares reserved for issuance under the ESPP is automatically increased by the number of Shares purchased under the ESPP in the preceding calendar year, provided that the aggregate number of Shares reserved under the ESPP does not exceed 36,000,000. As of December 31, 2008, an aggregate amount of 15,302,716 Shares had been purchased under the ESPP since its inception. Approximately 3.5 million Shares were purchased under the ESPP in 2008, and the number of Shares available for issuance under the ESPP was increased by that number on January 1, 2009, bringing the total number of Shares reserved for future issuance on January 1, 2009 to approximately 7.2 million. The maximum number of Shares reserved under the ESPP (36,000,000) represents approximately 2.8% of the 1,286,264,017 Shares outstanding as of March 3, 2009. Such number is subject to adjustments effected in accordance with the ESPP. Each Share has a par value of $0.001.

Enrollment by an eligible employee in the ESPP with respect to an Offering Period will constitute the grant (as of the Offering Date) by the Company to such employee of an option to purchase on the Purchase Date up to that number of Shares determined by dividing (a) the amount accumulated in such Participating Employee's payroll deduction account during such Purchase Period by (b) the lower of (i) eighty-five percent (85%) of the fair market value of a Share on the Offering Date (but in no event less than the par value of a Share), or (ii) eighty-five percent (85%) of the fair market value of a Share on the Purchase Date (but in no event less than the par value of a Share), provided, however, that the number of Shares subject to any option granted pursuant to the ESPP shall not exceed the lesser of (x) US$25,000 in fair market value, determined as of the Offering Date (or such other limit as may be imposed by the U.S. Internal Revenue Code) for each calendar year in which the employee participates in the ESPP, or (y) 25,000 shares with respect to the applicable Purchase Date.

Subject to any required action by the stockholders of the Company, the number of Shares covered by each option under the ESPP which has not yet been exercised and the number of Shares which have been authorized for issuance under the ESPP but have not yet been placed under option (collectively, the **"**Reserves"), as well as the price per Share covered by each option under the ESPP which has not yet been exercised, shall be proportionately adjusted for any increase or decrease in the number of issued and outstanding Shares resulting from a stock split or the payment of a stock dividend (but only on the Company common stock) or any other increase or decrease in the number of issued and outstanding Shares effected without receipt of any consideration by the Company; provided, however, that conversion of any convertible securities of the Company shall not be deemed to have been "effected without receipt of consideration." Such adjustment shall be made by the Committee, whose determination shall be final, binding and conclusive. Except as expressly provided in the ESPP, no issue by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, shall affect, and no

adjustment by reason thereof shall be made with respect to, the number or price of Shares subject to an option.

### 1.3 Purchase Period

The Offering Periods of the ESPP are of twenty-four (24) months duration commencing on May 1 and November 1 of each year and ending on April 30 and October 31 of each year. Each Offering Period consists of four (4) six-month Purchase Periods during which payroll deductions or contributions of the Participating Employees are accumulated under the ESPP.[3] The Committee has the power to change the duration of Offering Periods with respect to offerings without stockholder approval if such change is announced at least fifteen (15) days prior to the scheduled beginning of the first Offering Period to be affected. Notwithstanding the foregoing, the Board or the Committee may establish other Offering Periods in addition to those described above, which will be subject to any specific terms and conditions that the Committee approves, including requirements with respect to eligibility, participation, the establishment of Purchase Periods and Purchase Dates and other rights under any such Offering Period. A Participating Employee may be enrolled in only one Offering Period at a time.

If the fair market value on the first day of the current Offering Period in which the Participating Employee is enrolled is higher that the fair market value on the first day of any subsequent Offering Period, the Company will automatically enroll the Participating Employee in the subsequent Offering Period. Any funds accumulated in the Participating Employee's account prior to the first day of the subsequent Offering Period will be applied to the purchase of Shares on the Purchase Date immediately prior to the first day of the subsequent Offering Period. The Participating Employee will not need to file any additional forms with the Company to be automatically enrolled in the subsequent Offering Period.

### 1.4 Purchase Price

The purchase price per Share at which a Share will be sold in any Offering Period shall be eighty-five percent (85%) of the lesser of: (a) the fair market value on the Offering Date; or (b) the fair market value on the Purchase Date.

For purposes of the ESPP, the term "fair market value" on a given date (assuming the Shares are quoted on the Nasdaq) is its closing price on the Nasdaq on the date of determination as reported in *The Wall Street Journal*.

### 1.5 Purchase of Shares

On each Purchase Date, so long as the ESPP remains in effect and provided that the Participating Employee has not, in the time and manner prescribed by the Company, withdrawn from the ESPP and requested to have all funds accumulated in the account maintained on behalf of the Participating Employee returned to the Participating Employee, the Company will apply the funds then in the Participating Employee's account to the purchase of whole Shares reserved under the option granted to such Participating Employee with respect to the Offering Period to the extent that such option is exercisable on the Purchase Date. The purchase price per Share is as specified in Paragraph 1.4 above. Any cash remaining in a Participating Employee's account after such purchase of Shares will be refunded to such Participating Employee in cash, without interest unless local law requires the payment of interest; provided, however that any amount remaining in such Participating Employee's account on a Purchase Date which is less than the amount necessary to purchase a full Share will be carried forward, without interest, unless local law requires the payment of interest, into the next Purchase Period or Offering Period and in the locations where the Board or the Committee have determined that such rollover is available under the ESPP, as the case may be. In the event that the ESPP has been oversubscribed, all funds not used to purchase shares on the Purchase Date will be returned to the Participating Employee, without interest unless local law requires the payment of interest. No Shares will be purchased on a

[3] However, in France, the Offering Periods and Purchase Periods are each six months long and run concurrently.

Purchase Date on behalf of any employee whose participation in the ESPP has terminated prior to such Purchase Date.

### 1.6 Term of the ESPP

The ESPP will continue until the earlier to occur of (a) termination by the Board (which termination may be effected by the Board at any time), (b) issuance of all of the Shares reserved for issuance under the ESPP, or (c) ten (10) years from the adoption of the ESPP (as amended and restated) by the Board on March 28, 2007.

### 1.7 Termination or Amendment of the ESPP

The Board may at any time amend, terminate or extend the term of the ESPP, except that any such termination cannot affect options previously granted under the ESPP, nor may any amendment make any change in an option previously granted which would adversely affect the right of any Participating Employee, nor may any amendment be made without approval of the stockholders of the Company obtained in accordance with the ESPP within twelve (12) months of the adoption of such amendment (or earlier if required by the ESPP) if such amendment would: (a) increase the number of Shares that may be issued under the ESPP; or (b) change the designation of the employees (or class of employees) eligible for participation in the ESPP. Notwithstanding the foregoing, the Board may make such amendments to the ESPP as the Board determines to be advisable, if the continuation of the ESPP or any Offering Period would result in financial accounting treatment for the ESPP that is different from the financial accounting treatment in effect on the date the ESPP is adopted by the Board.

## II. ELIGIBILITY

### 2.1 Eligible Employees

An employee of the Company or its Participating Companies is eligible to participate in an Offering Period under the ESPP except the following:

(a) employees who are not employed by the Company or its Participating Companies ten (10) days before the beginning of such Offering Period;

(b) employees who own stock or hold options to purchase stock possessing five percent (5%) or more of the total combined voting power or value of all classes of stock of the Company or any of its subsidiaries or affiliates; and

(c) individuals who provide services to the Company or any of its Participating Companies as independent contractors who are reclassified as common law employees for any reason except for U.S. federal income and employment tax purposes.

### 2.2 Participation of Eligible Employees

Eligible employees may become Participating Employees in an Offering Period under the ESPP on the first Offering Date after satisfying the eligibility requirements by executing a subscription agreement authorizing payroll deductions or contributions and completing any other Enrollment Documents within the time limits set forth by the Company and announced to eligible employees. An eligible employee who does not execute a subscription agreement and complete any other Enrollment Documents, as required, within the specified time limits set forth by the Company after becoming eligible to participate in such Offering Period shall not participate in that Offering Period or any subsequent Offering Period unless such employee enrolls in the ESPP by executing a subscription agreement and completing any other Enrollment Documents within the time limits set forth by the Company. Once an employee becomes a Participating Employee in an Offering Period, such Participating Employee will automatically participate in

the Offering Period commencing immediately following the last day of the prior Offering Period unless the Participating Employee withdraws or is deemed to withdraw from the ESPP or terminates further participation in the Offering Period as set forth in Paragraph 2.4 below. Such Participating Employee is not required to file any additional subscription agreement in order to continue participation in the ESPP.

In locations where local law prohibits payroll deductions, an eligible employee may elect to participate through contributions to his account under the ESPP in a form acceptable to the Board or the Committee.

### 2.3 Payroll Deductions

The purchase price of the Shares is accumulated by regular payroll deductions or contributions made during each Offering Period. The deductions or contributions are made as a percentage of the Participating Employee's compensation in one percent (1%) increments not less than two percent (2%), nor greater than ten percent (10%) or such lower limit set by the Committee. Payroll deductions or contributions will commence on the first payday of the Offering Period and shall continue to the end of the Offering Period unless sooner altered or terminated as provided in the ESPP.

### 2.4 Discontinuance of Participation of Participating Employees

Each Participating Employee may withdraw from a Purchase Period under the ESPP by signing and delivering to the Treasury Department a written notice to that effect on a form provided for such purpose or by following other withdrawal procedures specified by the Company. Such withdrawal may be elected at any time at least fifteen (15) days prior to the end of a Purchase Period. Upon withdrawal from the ESPP, the accumulated payroll deductions will be returned to the withdrawn Participating Employee, without interest unless local law requires the payment of interest, and his or her interest in the ESPP will terminate. In the event a Participating Employee voluntarily elects to withdraw from the ESPP, he or she may not resume his or her participation in the ESPP during the same Offering Period, but he or she may participate in any Offering Period under the ESPP which commences on a date subsequent to such withdrawal by executing a new authorization for payroll deductions or by commencing to make contributions in the same manner as described above for initial participation in the ESPP.

A Participating Employee may increase or decrease the rate of payroll deductions or contributions during an Offering Period by filing with the Treasury Department a new authorization for payroll deductions (or by following other procedures specified by the Company), in which case the new rate will become effective for the next payroll period commencing more than fifteen (15) days after the receipt of the authorization. Such change in the rate of payroll deductions or contributions may be made at any time during an Offering Period, but not more than one (1) change may be made effective during any Purchase Period. A Participating Employee may increase or decrease the rate of payroll deductions or contributions for any subsequent Offering Period by filing with the Treasury Department a new authorization for payroll deductions or an election for contributions not later than fifteen (15) days before the beginning of such Offering Period (or by following other procedures specified by the Company).

All Participating Employee's payroll deductions or contributions are credited to his or her account under the ESPP and are deposited with the general funds of the Company. No interest accrues on the payroll deductions or contributions unless local law requires that payroll deductions or contributions be held in an interest-bearing account. All payroll deductions or contributions received or held by the Company may be used by the Company for any corporate purpose, and the Company will not be obligated to segregate such payroll deductions or contributions unless segregation of accounts is required by local law.

### 2.5 Termination of Employment of Participating Employees

Termination of a Participating Employee's employment for any reason, including retirement, death or the failure of a Participating Employee to remain an eligible employee of the Company or a Participating Company immediately terminates his or her participation in the ESPP. In such event, the funds credited to the Participating Employee's account will be returned to him or her or, in the case of his or her death, to

his or her legal representative, without interest unless local law requires the payment of interest. For purposes of this Paragraph 2.5, an employee will not be deemed to have terminated employment or failed to remain in the continuous employ of the Company or of a Participating Company in the case of sick leave, military leave, or any other leave of absence approved by the Board; provided that such leave is for a period of not more than ninety (90) days, unless reemployment upon the expiration of such leave is guaranteed by contract or statute or unless provided otherwise pursuant to formal policy adopted from time to time by the Company.

## III. DELIVERY AND SALE OF THE SHARES

As promptly as practicable after the Purchase Date, the Company will issue Shares for the Participating Employee's benefit representing the Shares purchased upon exercise of his or her option. If a Participating Employee dies before receiving his or her Shares, the account will be set up in the name of such Participating Employee's beneficiary, or the Shares will be issued in such beneficiary's name.

During a Participating Employee's lifetime, his or her option to purchase Shares under the ESPP is exercisable only by him or her. The Participating Employee will have no interest or voting right in Shares covered by his or her option until such option has been exercised.

## IV. RIGHTS RELATED TO THE SHARES

### 4.1 Type and the Class of the Securities Being Offered, Including the Security Identification Code

Common stock, par value $0.001 per share ("Common Stock"). As of December 31, 2008, eBay was authorized to issue 3,580,000,000 shares of Common Stock, and 10,000,000 shares of preferred stock, par value $0.001 per share. As of March 3, 2009, there were 1,286,264,017 shares of Common Stock outstanding, and no shares of preferred stock issued or outstanding.

eBay's Common Stock is listed on the Nasdaq Global Select Market under the symbol "EBAY." The CUSIP for the Common Stock is 278642103.

### 4.2 Legislation Under Which the Securities Have Been Created

The shares of Common Stock were created under the General Corporation Law of the State of Delaware (US) (the "DGCL"). Except as otherwise expressly required under the laws of a country, the ESPP and all rights thereunder shall be governed by and construed in accordance with the laws of the state of California, United States of America.

### 4.3 Form of Securities, Name and Address of the Entity in Charge of Keeping the Records

In general, shareholders may hold Shares, at their choosing, either in certificated or street name form. The records are kept by eBay's transfer agent, The Bank of New York Mellon Corporation. The address and telephone number of The Bank of New York Mellon Corporation are:

BNY Mellon Shareowner Services
P.O. Box 358015
Pittsburgh, PA 15252
www.bnymellon.com/shareowner/isd
1-800-305-4605
1-201-680-6578

The Company's designated ESPP broker is E*Trade Financial ("E*Trade"). The address and telephone number of E*Trade are:

E*Trade Financial
P.O. Box 1542
Merrifield, VA 22116-1542
1-800-838-0908
1-650-599-0125 (from outside the US) (Additionally, there are toll-free numbers in certain regions and those numbers are posted on E*Trade's website).

Participating Employees are informed of the number of Shares purchased via a "Confirmation of Purchase" statement which is mailed to their home address by eBay.

Also, depending on the individual preferences in the Participating Employee's E*Trade account – an e-mail "flash alert" will be sent letting the Participating Employee know that Shares have been purchased. This feature is an opt-in or opt-out based on what the Participating Employee prefers.

Commission

The commission charged by eBay's E*Trade broker on ESPP sales is $19.95 per trade.

The SEC imposes a fee on the transfer of shares. This fee is paid to the SEC at the time of sale and is required for all equity trades. Upon selling the Shares, the Participant will be charged a fee equal to US$0.0000056 multiplied by the total principal amount of the sale proceeds. Effective April 10, 2009, the fee rate will increase to US$0.0002570. The SEC will announce the new fee rates for fiscal year 2010 no later than April 30, 2009. These fee rates will become effective October 1, 2009, or after the SEC's fiscal year 2010 appropriation is enacted, whichever is later.

### 4.4 Currency of the Securities Issue

United States Dollar.

### 4.5 Rights Attached to the Securities

No Participating Employee shall have any voting, dividend, or other shareholder rights with respect to any offering under the ESPP until the Shares have been purchased and delivered to the Participating Employee as provided in Section III above. Following such purchase and delivery, the Participating Employee shall be entitled to the rights attached to the Shares, as further described below:

***Dividend Rights***. Dividend rights are not provided for in eBay's Amended and Restated Certificate of Incorporation. Under the DGCL and subject to preferences that may apply to shares of eBay preferred stock outstanding at the time, the holders of outstanding Shares are entitled to receive dividends either (1) out of the surplus, or (2) in case there shall be no such surplus, out of the company's net profits for the fiscal year in which the dividend is declared and/or the preceding fiscal year as eBay's Board may from time to time determine (see Section 170 DGCL). To date, eBay has not paid any cash dividends.

***Voting Rights***. Each holder of Shares is entitled to one vote for each Share held on all matters submitted to a vote of eBay's stockholders. Any action required or permitted to be taken by the stockholders of eBay must be effected at a duly called annual or special meeting of such holders and may not be effected by consent in writing by such stockholders (Article VI, Section D. of the Amended and Restated Certificate of Incorporation of eBay). Special meetings of stockholders of eBay may be called only by either the Board pursuant to a resolution adopted by a majority of the total number of authorized directors (whether or not there exist any vacancies in previously authorized directorships at the time any such resolution is presented to the Board for adoption), the Chairman of the Board or the Chief Executive Officer (Article VI, Section E. of the Amended and Restated Certificate of Incorporation of eBay).

An annual meeting of stockholders shall be held for the election of directors at such date, time and place, either within or without the State of Delaware, as the Board shall each year fix. Any other proper business may be transacted at the annual meeting.

Pursuant to Section 242 of the DGCL, after a corporation has received payment for any of its capital stock, it may amend its certificate of incorporation, from time to time, in any and as many respects as may be desired, so long as its certificate of incorporation as amended would contain only such provisions as it would be lawful and proper to insert in an original certificate of incorporation filed at the time of the filing of the amendment; and, if a change in stock or the rights of stockholders, or an exchange, reclassification, subdivision, combination or cancellation of stock or rights of stockholders is to be made, such provisions as may be necessary to effect such change, exchange, reclassification, subdivision, combination or cancellation. In particular, and without limitation upon such general power of amendment, a corporation may amend its certificate of incorporation, from time to time, so as:

(1) To change its corporate name; or

(2) To change, substitute, enlarge or diminish the nature of its business or its corporate powers and purposes; or

(3) To increase or decrease its authorized capital stock or to reclassify the same, by changing the number, par value, designations, preferences, or relative, participating, optional, or other special rights of the shares, or the qualifications, limitations or restrictions of such rights, or by changing shares with par value into shares without par value, or shares without par value into shares with par value either with or without increasing or decreasing the number of shares, or by subdividing or combining the outstanding shares of any class or series of a class of shares into a greater or lesser number of outstanding shares; or

(4) To cancel or otherwise affect the right of the holders of the shares of any class to receive dividends which have accrued but have not been declared; or

(5) To create new classes of stock having rights and preferences either prior and superior or subordinate and inferior to the stock of any class then authorized, whether issued or unissued; or

(6) To change the period of its duration.

Any or all such changes or alterations may be effected by one certificate of amendment.

The board of directors shall adopt a resolution setting forth the amendment proposed, declaring its advisability, and either calling a special meeting of the stockholders entitled to vote in respect thereof for the consideration of such amendment or directing that the amendment proposed be considered at the next annual meeting of the stockholders. Such special or annual meeting shall be called and held upon notice. The notice shall set forth such amendment in full or a brief summary of the changes to be effected thereby, as the directors shall deem advisable. At the meeting a vote of the stockholders entitled to vote thereon shall be taken for and against the proposed amendment. If a majority of the outstanding stock entitled to vote thereon, and a majority of the outstanding stock of each class entitled to vote thereon as a class has been voted in favor of the amendment, a certificate setting forth the amendment and certifying that such amendment has been duly adopted in accordance with Section 242 of the DGCL shall be executed, acknowledged and filed and shall become effective.

***Right to Receive Liquidation Distributions***. Upon a liquidation, dissolution or winding-up of the company, the assets legally available for distribution to stockholders are distributable ratably among the holders of the eBay Common Stock outstanding at that time after payment of any liquidation preferences on any outstanding preferred stock.

***No Preemptive, Redemptive or Conversion Provisions***. The Common Stock is not entitled to

preemptive rights and is not subject to conversion or redemption.

### 4.6 Transferability

The Shares in this offering under the ESPP are registered on a registration statement on Form S-8 with the U.S. Securities and Exchange Commission and are generally freely transferable.

The ESPP is intended to provide Shares for investment and not for resale. The Company does not, however, intend to restrict or influence any Participating Employee in the conduct of his or her own affairs. A Participating Employee, therefore, may sell Shares purchased under the ESPP at any time he or she chooses, subject to compliance with any applicable securities laws. THE PARTICIPATING EMPLOYEE ASSUMES THE RISK OF ANY MARKET FLUCTUATIONS IN THE PRICE OF THE SHARES.

### 4.7 General Provisions Applying to Business Combinations

eBay is subject to Section 203 of the DGCL, which, subject to certain exceptions, prohibits a Delaware corporation from engaging in any "business combination" with an "interested stockholder" for a period of three years following the time that such stockholder became an interested stockholder, unless:

- the board of directors of the corporation approves either the business combination or the transaction that resulted in the stockholder becoming an interested stockholder, prior to the time the interested stockholder attained that status;

- upon the closing of the transaction that resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced, excluding for purposes of determining the number of shares outstanding those shares owned (i) by persons who are directors and also officers and (ii) by employee stock plans in which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer; or

- at or subsequent to such time, the business combination is approved by the board of directors and authorized at an annual or special meeting of stockholders, and not by written consent, by the affirmative vote of at least two-thirds of the outstanding voting stock that is not owned by the interested stockholder.

With certain exceptions, an "interested stockholder" is a person or group who or which owns 15% or more of the corporation's outstanding voting stock (including any rights to acquire stock pursuant to an option, warrant, agreement, arrangement or understanding, or upon the exercise of conversion or exchange rights, and stock with respect to which the person has voting rights only), or is an affiliate or associate of the corporation and was the owner of 15% or more of such voting stock at any time within the previous three years.

In general, Section 203 defines a business combination to include:

- any merger or consolidation involving the corporation and the interested stockholder;

- any sale, transfer, pledge or other disposition of 10% or more of the assets of the corporation involving the interested stockholder;

- subject to certain exceptions, any transaction that results in the issuance or transfer by the corporation of any stock of the corporation to the interested stockholder;

- any transaction involving the corporation that has the effect of increasing the proportionate share of the stock or any class or series of the corporation beneficially owned by the interested stockholder; or

- the receipt by the interested stockholder of the benefit of any loans, advances, guarantees, pledges or other financial benefits provided by or through the corporation.

A Delaware corporation, such as eBay, may "opt out" of this provision with an express provision in its original certificate of incorporation or an express provision in its certificate of incorporation or bylaws resulting from a stockholders' amendment approved by at least a majority of the outstanding voting shares. However, eBay has not "opted out" of this provision. Section 203 could prohibit or delay mergers or other takeover or change-in-control attempts and, accordingly, may discourage attempts to acquire eBay.

Section 253 of the DGCL authorizes the board of directors of a Delaware corporation that owns 90% or more of each of the outstanding classes of stock of a subsidiary that are entitled to vote on a merger to merge the subsidiary into itself without any requirement for action to be taken by the board of directors of the subsidiary. The reader's attention is also called to the risk factor: "Some anti-takeover provisions may affect the price of our common stock" described in Chapter D of this Prospectus.

## V. STATEMENT OF CAPITALIZATION AND INDEBTEDNESS (AS OF DECEMBER 31, 2008)

### 5.1 Capitalization and Indebtedness (in thousands)

| | |
|---|---|
| Total Current debt | 1,000,000 |
| - Guaranteed | $ - |
| - Secured | - |
| - Unguaranteed/ Unsecured | $ 1,000,000 |
| | |
| Total Non-Current debt (excluding current portion of long-term debt) | |
| - Guaranteed | $ - |
| - Secured | - |
| - Unguaranteed/ Unsecured | - |
| | |
| Shareholders' equity | |
| a. Share capital and Additional paid-in capital (less treasury stock at cost of $5,376,970) | $ 4,210,353 |
| b. Legal reserve | - |
| c. Other reserves | |
| - Retained earnings | 5,970,020 |
| - Accumulated other comprehensive income | 903,485 |
| Total | **$ 11,083,858** |

### 5.2 Net Indebtedness (in thousands)

| | | |
|---|---|---|
| A.+B. | Cash and cash equivalents | $ 3,188,928 |
| C. | Short-term investments | 163,734 |
| **D.** | **Liquidity** (A) + (B) + (C) | **$ 3,352,662** |
| | | |
| **E.** | **Current Financial Receivable** | **-** |
| F. | Current Bank debt | $ 1,000,000 |
| G. | Current portion of non-current debt | - |
| H. | Other current financial debt | - |

| | | |
|---|---|---|
| **I.** | **Other Financial Debt** (F) + (G) + (H) | **$ 1,000,000** |
| | | |
| **J.** | **Net Current Financial Indebtedness** (I) – (E) – (D) | **$ (2,352,662)** |
| | | |
| K. | Non-current Bank loans | - |
| L. | Bonds Issued | - |
| M. | Other non-current loans | - |
| | | |
| **N.** | **Non-current Financial Indebtedness** (K) + (L) + (M) | **-** |
| | | |
| **O.** | **Net Financial Indebtedness** (J) + (N) | **$ (2,352,662)** |

### 5.3 Indirect and Contingent Indebtedness

*Lease Arrangements*

We have lease obligations under certain non-cancelable operating leases. Future minimum rental payments under our non-cancelable operating leases, at December 31, 2008, are as follows (in thousands):

| Year Ending December 31, | Operating Leases |
|---|---|
| 2009 | 77,975 |
| 2010 | 63,190 |
| 2011 | 35,672 |
| 2012 | 22,834 |
| 2013 | 16,755 |
| Thereafter | 23,109 |
| Total minimum lease payments | $ 239,535 |

Rent expense in the years ended December 31, 2006, 2007 and 2008 totaled $31.9 million, $51.4 million, and $78.6 million respectively. There were no material capital leases at December 31, 2007 and 2008.

*Indemnification Provisions*

In the ordinary course of business, we have included limited indemnification provisions in certain of our agreements with parties with whom we have commercial relations, including our standard marketing, promotions and application-programming-interface license agreements. Under these contracts, we generally indemnify, hold harmless, and agree to reimburse the indemnified party for losses suffered or incurred by the indemnified party in connection with claims by a third party with respect to our domain names, trademarks, logos and other branding elements to the extent that such marks are applicable to our performance under the subject agreement. In a limited number of agreements, we have provided an indemnity for other types of third-party claims, which are indemnities mainly related to various intellectual property rights. In our PayPal business, we have provided an indemnity to our payment processors in the event of certain third-party claims or card association fines against the processor arising out of conduct by PayPal or PayPal's customers. It is not possible to determine the maximum potential loss under these indemnification provisions due to our limited history of prior indemnification claims and the unique facts and circumstances involved in each particular provision. To date, no significant costs have been incurred, either individually or collectively, in connection with our indemnification provisions.

## VI. MAXIMUM DILUTION AND NET PROCEEDS

### 6.1 Maximum dilution

The Shares under the ESPP are offered pursuant to this prospectus to 3,333 eligible employees in Estonia, France, Germany, Ireland, the Netherlands and the United Kingdom. As indicated in Section 1.2 above, the maximum rate at which Participating Employees may purchase Shares may not exceed US$25,000 of the fair market value of Shares (determined as of the Offering Date) per calendar year in which the right is outstanding. However, as noted above, there are other limitations on Share purchases (such as no more than 10% of eligible compensation may be contributed to ESPP purchases) which may result in employees not being able to purchase US$25,000 worth of Shares in a calendar year.

Assuming that (i) no other ESPP limitations are exceeded, and (ii) no Participating Employee has carried or will carry over any contributions from the prior calendar year into the following calendar year, Participating Employees would be able to purchase a maximum of 1,665 whole Shares for a maximum of US$15,717.60 in contributions for the 2009 calendar year. These amounts are based on a Share price of US$15.01 on November 3, 2008 (*i.e.*, the first business day of the Offering and Purchase Periods which began on November 1, 2008, at which time the US$25,000 limit will be calculated), a hypothetical Share price of US$11.10 on April 30, 2009 (*i.e.*, the last business day of the Purchase Period which began on November 1, 2008, which was the closing Share price on March 10, 2009), and a hypothetical Purchase Price of US$9.44 (85% of US$11.10). Assuming that all eligible employees participate in the ESPP and each Participating Employee purchases 1,665 Shares in the offer, the maximum number of Shares offered pursuant to this prospectus amounts to 5,549,445 Shares.

Based on the above assumptions, a shareholder of eBay currently holding 1% of the total outstanding share capital of eBay as of March 3, 2009, i.e., 12,862,640 Shares, and who would not participate in the offer would be diluted as indicated in the following dilution table:

| | Percentage of the total outstanding Shares | Total number of outstanding Shares |
|---|---|---|
| Before the offering (as of March 3, 2009) | 1.00 % | 1,286,264,017 |
| After issuance of 5,549,445 Shares under the ESPP | 0.996% | 1,291,813,462 |

### 6.2 Net Proceeds

Assuming that each of the 3,333 eligible employees would purchase the maximum amount of Shares under the ESPP offered pursuant to this prospectus, that is, a total of US$15,717.60 each, then the gross proceeds of eBay in connection with the offer under the ESPP pursuant to this prospectus would be US$52,386,760.80. After deducting legal and accounting expenses in connection with the offer, the net proceeds, based on the above assumptions, would be approximately US$52,236,760.80.

## VII. DIRECTORS AND EXECUTIVE OFFICERS

### 7.1 Board of Directors as of March 3, 2009

| Name | Age |
|---|---|
| William C. Ford, Jr. | 51 |
| Dawn G. Lepore | 54 |

| Name | Age |
|---|---|
| Pierre M. Omidyar | 41 |
| Richard T. Schlosberg, III | 64 |
| Philippe Bourguignon | 61 |
| Thomas J. Tierney | 55 |
| Marc L. Andreessen | 37 |
| Fred D. Anderson | 64 |
| Edward W. Barnholt | 65 |
| Scott D. Cook | 56 |
| David M. Moffett | 57 |
| John J. Donahoe | 48 |

*William C. Ford, Jr.* has served as a director of eBay since July 2005. Mr. Ford has served as Executive Chairman of the Board of Directors of Ford Motor Company, a company that manufactures and distributes automobiles, since September 2006 and has served as Chairman of the Board of Ford since January 1999. Mr. Ford also serves as Chairman of Ford's Finance Committee and as a member of Ford's Environmental and Public Policy Committee. From October 2001 to September 2006, Mr. Ford was Ford's Chief Executive Officer. Mr. Ford has held a number of management positions at Ford since 1979. Mr. Ford serves as Vice Chairman of The Detroit Lions, Inc. and Chairman of the Board of Trustees of The Henry Ford. He is also a Vice Chairman of Detroit Renaissance. Mr. Ford holds a B.A. degree from Princeton University and a M.S. degree in management from the Massachusetts Institute of Technology.

*Dawn G. Lepore* has served as a director of eBay since December 1999. Ms. Lepore has served as Chief Executive Officer and Chairman of the Board of drugstore.com, inc., a leading online provider of health, beauty, vision, and pharmacy solutions, since October 2004. From August 2003 to October 2004, Ms. Lepore served as Vice Chairman of Technology, Active Trader, Operations, Business Strategy, and Administration for the Charles Schwab Corporation and Charles Schwab & Co, Inc., a financial holding company. Prior to this appointment, she held various positions with the Charles Schwab Corporation including: Vice Chairman of Technology, Operations, Business Strategy, and Administration from May 2003 to August 2003; Vice Chairman of Technology, Operations, and Administration from March 2002 to May 2003; Vice Chairman of Technology and Administration from November 2001 to March 2002; and Vice Chairman and Chief Information Officer from July 1999 to November 2001. Ms. Lepore also serves on the board of directors of The New York Times Company. Ms. Lepore holds a B.A. degree from Smith College.

*Pierre M. Omidyar* founded eBay as a sole proprietorship in September 1995. He has been a director and Chairman of the Board since eBay's incorporation in May 1996 and also served as its Chief Executive Officer, Chief Financial Officer, and President from inception to February 1998, November 1997 and August 1996, respectively. Prior to founding eBay, Mr. Omidyar was a developer services engineer at General Magic, a mobile communications platform company, from December 1994 to July 1996. Mr. Omidyar co-founded Ink Development Corp. (later renamed eShop) in May 1991 and served as a software engineer there from May 1991 to September 1994. Prior to co-founding Ink, Mr. Omidyar was a developer for Claris, a subsidiary of Apple Inc., and for other Macintosh-oriented software development companies. Mr. Omidyar is currently co-founder and chairman of Omidyar Network, a philanthropic investment firm committed to creating opportunity for individuals to improve their lives. He serves on the Board of Trustees of Tufts University, Omidyar-Tufts Microfinance Fund, the Santa Fe Institute and the Punahou School, and as a director of Meetup, Inc. Mr. Omidyar holds a B.S. degree in Computer Science from Tufts University.

*Richard T. Schlosberg, III* has served as a director of eBay since March 2004. From May 1999 to January 2004, Mr. Schlosberg served as President and Chief Executive Officer of the David and Lucile Packard Foundation, a private family foundation. Prior to joining the foundation, Mr. Schlosberg was Executive Vice President of The Times Mirror Company and publisher and Chief Executive Officer of the Los Angeles Times. Prior to that, he served in the same role at the Denver Post. Mr. Schlosberg serves on the board of directors of Edison International, and is also a member of the USO World Board of Governors, a trustee of Pomona College and a founding Director of the U.S. Air Force Academy Endowment. Mr. Schlosberg is also Chairman of the Board of the Kaiser Family Foundation. Mr. Schlosberg is a graduate of the United States Air Force Academy and holds an M.B.A. degree from the Harvard Business School.

*Philippe Bourguignon* has served as a director of eBay since December 1999. Mr. Bourguignon has been Vice Chairman of Revolution Resorts, a division of Revolution LLC, a company focused on health, living, and resort investments and operations, since January 2006. From April 2004 to January 2006, Mr. Bourguignon served as Chairman of Aegis Media France, a media communications and market research company. From September 2003 to March 2004, Mr. Bourguignon was Co-Chief Executive Officer of The World Economic Forum (The DAVOS Forum). From August 2003 to October 2003, Mr. Bourguignon served as Managing Director of The World Economic Forum. From April 1997 to January 2003, Mr. Bourguignon served as Chairman of the Board of Club Méditerranée S.A., a resort operator. Prior to his appointment at Club Méditerranée S.A., Mr. Bourguignon was Chief Executive Officer of Euro Disney S.A., the parent company of Disneyland Paris, since 1993, and Executive Vice President of The Walt Disney Company (Europe) S.A. since October 1996. Mr. Bourguignon was named President of Euro Disney in 1992, a post he held through April 1993. He joined The Walt Disney Company in 1988 as head of Real Estate Development. Mr. Bourguignon holds a Masters Degree in Economics at the University of Aix-en-Provence and holds a post-graduate diploma from the Institut d'Administration des Enterprises (IAE) in Paris.

*Thomas J. Tierney* has served as a director of eBay since March 2003. Mr. Tierney is the founder of The Bridgespan Group, a non-profit consulting firm serving the non-profit sector, and has been its Chairman of the Board since late 1999. Prior to founding Bridgespan, Mr. Tierney served as Chief Executive Officer of Bain & Company, a consulting firm, from June 1992 to January 2000. Mr. Tierney holds a B.A. degree in Economics from the University of California at Davis and an M.B.A. degree with distinction from the Harvard Business School. Mr. Tierney is the co-author of a book about organization and strategy called *Aligning the Stars.*

*Marc L. Andreessen* has served as a director of eBay since September 2008. Mr. Andreessen is a co-founder and chairman of Ning Inc., an online platform for people to create their own social networks founded in late 2004. From September 1999 to July 2007, Mr. Andreessen co-founded and served as the Chairman of the board of directors of Opsware, Inc. (formerly known as Loudcloud Inc.). From March 1999 to September 1999, Mr. Andreessen served as Chief Technology Officer of America Online, Inc. From April 1994 to March 1999, Mr. Andreessen was a co-founder of Netscape Communications Corporation, a software company, serving in various positions, including Chief Technology Officer and Executive Vice President of Products. Mr. Andreessen also serves on the board of directors of Facebook Inc., Stanford Hospital and Room to Read. Mr. Andreessen holds a B.S. degree in Computer Science from the University of Illinois at Urbana-Champaign.

*Fred D. Anderson* has served as a director of eBay since July 2003. Mr. Anderson has been a Managing Director of Elevation Partners, a private equity firm focused on the media and entertainment industry, since July 2004. From March 1996 to June 2004, Mr. Anderson served as Executive Vice President and Chief Financial Officer of Apple Inc., a manufacturer of personal computers and related software. Prior to joining Apple Inc., Mr. Anderson was Corporate Vice President and Chief Financial Officer of Automatic Data Processing, Inc., an electronic transaction processing firm, from August 1992 to March 1996. On April 24, 2007, the SEC filed a complaint against Mr. Anderson and another former officer of Apple Inc. The complaint alleged that Mr. Anderson failed to take steps to ensure that the accounting for an option granted in 2001 to certain executives of Apple Inc., including himself, was proper. Simultaneously with the filing of the complaint, Mr. Anderson settled with the SEC, neither admitting nor denying the allegations in the complaint. In connection with the settlement, Mr. Anderson agreed to a permanent injunction from

future violations of Sections 17(a)(2) and 17(a)(3) of the Securities Act of 1933 and Section 16(a) of the Exchange Act and Rules 13b2-2 and 16a-3 thereunder, and from aiding and abetting future violations of Sections 13(a), 13(b)(2)(A), 13(b)(2)(B), and 14(a) of the Exchange Act and Rules 12b-20, 13a-1, 13a-13, and 14a-9 thereunder. He also agreed to disgorge approximately $3.5 million in profits and interest from the option he received and to pay a civil penalty of $150,000. Under the terms of the settlement, Mr. Anderson may continue to act as an officer or director of public companies. Mr. Anderson also serves on the board of directors of Move, Inc. and Palm, Inc. Mr. Anderson holds a B.A. degree from Whittier College and an M.B.A. degree from the University of California, Los Angeles.

*Edward W. Barnholt* has served as a director of eBay since April 2005. Mr. Barnholt served as President and Chief Executive Officer of Agilent Technologies, Inc., a measurement company, from May 1999 until March 2005, and served as Chairman of the Board of Agilent from November 2002 until March 2005. Before being named Agilent's Chief Executive Officer, Mr. Barnholt served as Executive Vice President and General Manager of Hewlett-Packard Company's Measurement Organization from 1998 to 1999. From 1990 to 1998, he served as General Manager of Hewlett-Packard Company's Test and Measurement Organization. He was elected a Senior Vice President of Hewlett-Packard Company in 1993 and an Executive Vice President in 1996. Mr. Barnholt also serves as the Non-Executive Chairman of the Board of KLA-Tencor Corporation, a member of the Board of Directors of Adobe Systems Incorporated, and a member of the Board of Trustees of the David and Lucile Packard Foundation. Mr. Barnholt holds a B.S and an M.S. degree in electrical engineering from Stanford University.

*Scott D. Cook* has served as a director of eBay since June 1998. Mr. Cook is the founder of Intuit Inc., a maker of business and financial management technology solutions, including Quickbooks, Quicken and TurboTax. Mr. Cook has been a director of Intuit since March 1984 and is currently Chairman of the Executive Committee of the Board of Intuit. From March 1993 to July 1998, Mr. Cook served as Chairman of the Board of Intuit. From March 1984 to April 1994, Mr. Cook served as President and Chief Executive Officer of Intuit. Mr. Cook also serves on the board of directors of The Procter & Gamble Company, The Asia Foundation and The Intuit Scholarship Foundation. Mr. Cook holds a B.A. degree in Economics and Mathematics from the University of Southern California and an M.B.A. degree from the Harvard Business School.

*David M. Moffett* has served as a director of eBay since July 2007. Mr. Moffett served as Chief Executive Officer of Federal Home Loan Mortgage Corp. (Freddie Mac) from September 2008 to March 2009, as a director of Freddie Mac from December 2008 to March 2009. Mr. Moffett has more than 30 years of strategic finance and operational experience in banking and payment processing. He joined Star Banc Corporation in 1993 as CFO and played integral roles as Star Banc Corporation acquired Firstar Corporation in 1998, which then acquired U.S. Bancorp in February 2001, retaining the U.S. Bancorp name. Prior to 1993, Mr. Moffett held executive level positions at some of the nation's leading financial services companies, including Bank of America and Security Pacific Corp. Mr. Moffett holds a B.S. degree in Economics from the University of Oklahoma and a Master's degree from Southern Methodist University.

*John J. Donahoe* serves eBay as its President and CEO. He has served in that capacity since March 2008, as a director of eBay since January 2008. From January 2008 to March 2008, Mr. Donahoe served as CEO-designate. From March 2005 to January 2008, Mr. Donahoe served as President, eBay Marketplaces. From January 2000 to February 2005, Mr. Donahoe served as Worldwide Managing Director for Bain & Company, a global business consulting firm. Mr. Donahoe serves on the Board of Trustees for Dartmouth College. Mr. Donahoe holds a B.A. in Economics from Dartmouth College and an M.B.A. degree from the Stanford Graduate School of Business.

### 7.2 Executive Officers as of March 3, 2009

| Name | Age | Position with the Company |
|---|---|---|
| John J. Donahoe | 48 | President and Chief Executive Officer |

| Name | Age | Position with the Company |
|---|---|---|
| Elizabeth L. Axelrod | 46 | Senior Vice President, Human Resources |
| Mark T. Carges | 47 | Senior Vice President, Technology |
| Michael R. Jacobson | 54 | Senior Vice President, Legal Affairs, General Counsel and Secretary |
| Alan L. Marks | 46 | Senior Vice President, Corporate Communications |
| Lorrie M. Norrington | 49 | President, eBay Marketplaces |
| Robert H. Swan | 48 | Senior Vice President, Finance and Chief Financial Officer |
| Scott Thompson | 51 | President, PayPal |

*John J. Donahoe* – Please see description contained in Section 7.1 of this Chapter.

*Elizabeth L. Axelrod* serves eBay as Senior Vice President, Human Resources. She has served in that capacity since March 2005. From May 2002 to March 2005, Ms. Axelrod served as the Chief Talent Officer for WPP Group PLC, a global communications services group where she was also an executive director. Ms. Axelrod was a partner at McKinsey & Company, a consulting firm where she worked from October 1989 to April 2002. Ms. Axelrod holds a B.S.E. degree with a concentration in Finance from the Wharton School of the University of Pennsylvania and a Master's degree in Public and Private Management (MPPM) from the Yale School of Management. Ms. Axelrod is a co-author of *The War for Talent* published by Harvard Business School Press in 2001.

*Mark T. Carges* serves eBay as Senior Vice President, Technology. He has served in that capacity since September 2008. From November 2005 to May 2008, Mr. Carges served as Executive Vice President and General Manager of the Business Interaction Division of BEA Systems, Inc. From August 2004 to November 2005, Mr. Carges served as Chief Technology Officer of BEA Systems, Inc. From January 2003 to August 2004, Mr. Carges served as Executive Vice President, Strategic Global Accounts of BEA Systems, Inc. From February 1996 to December 2002, Mr. Carges served as Vice President, General Manager of various product groups of BEA Systems, Inc. Mr. Carges holds a B.A. degree in Computer Science from University of California, Berkeley and a M.S. degree in Computer Science from New York University.

*Michael R. Jacobson* serves eBay as Senior Vice President, Legal Affairs, General Counsel and Secretary. He has served in that capacity or as Vice President, Legal Affairs, General Counsel since August 1998. From 1986 to August 1998, Mr. Jacobson was a partner with the law firm of Cooley Godward Kronish LLP, specializing in securities law, mergers and acquisitions, and other transactions. Mr. Jacobson holds an A.B. degree in Economics from Harvard College and a J.D. degree from Stanford Law School.

*Alan L. Marks* serves eBay as Senior Vice President, Corporate Communications. He has served in that capacity since April 2008. From February 2005 to April 2008, Mr. Marks served as Director, Corporate Media Relations of Nike, Inc. From January 1999 to February 2005, Mr. Marks served as Vice President, Corporate Communications of Gap Inc. Prior to Gap, Mr. Marks was with Avon Products, Inc. for twelve years in a variety of global communication positions. Mr. Marks holds a B.A. degree in Journalism from the University of North Carolina at Chapel Hill and a M.A. degree in Liberal Studies from New York University.

*Lorrie M. Norrington* serves eBay as President, eBay Marketplaces. She has served in that capacity since July 2008. From January 2008 to July 2008, Ms. Norrington served as head of eBay Marketplaces Operations. From June 2006 to January 2008, Ms. Norrington served as President, eBay International. From June 2005 to June 2006, Ms. Norrington served as President and CEO of Shopping.com, Inc. From August 2001 to March 2005, Ms. Norrington served as executive vice president in the office of the

CEO of Intuit, Inc., a business and financial management software company. Prior to joining Intuit, from 1982 to July 2001, she served in a variety of positions at General Electric Corporation, a diversified technology, media and financial services company. Ms. Norrington holds a B.S. degree in Business Administration from University of Maryland and an M.B.A. degree from the Harvard Business School.

*Robert H. Swan* serves eBay as Senior Vice President, Finance and Chief Financial Officer. He has served in that capacity since March 2006. From February 2003 to March 2006, Mr. Swan served as Executive Vice President and Chief Financial Officer of Electronic Data Systems Corporation. From July 2001 to December 2002, Mr. Swan was Executive Vice President and Chief Financial Officer of TRW Inc. Mr. Swan served in executive positions at Webvan Group, Inc. from 1999 to 2001, including Chief Executive Officer from April 2001 to July 2001, Chief Operating Officer from September 2000 to July 2001, and Chief Financial Officer from October 1999 to July 2001. Mr. Swan holds a B.S. from the State University of New York at Buffalo and an M.B.A. from State University of New York at Binghamton.

*Scott Thompson* serves eBay as President, PayPal. He has served in that capacity since January 2008. From February 2005 to January 2008, Mr. Thompson served as PayPal's Senior Vice President, Chief Technology Officer. From September 2001 to February 2005, Mr. Thompson served as Executive Vice President of Technology Solutions at Inovant, LLC, a subsidiary of Visa USA. From 1998 to September 2001, Mr. Thompson was Chief Technology Officer and Executive Vice President of Technology & Support Services for Visa USA. Mr. Thompson also serves on the board of directors of F5 Networks, Inc. Mr. Thompson holds a B.S. degree in Accounting from Stonehill College.

### 7.3 Fraudulent Offences and Bankruptcy, Etc.

Except as disclosed in Section 7.1 of this Chapter with respect to Fred D. Anderson, for at least the previous five years, none of the directors or executive officers of eBay has:

(a) been convicted in relation to fraudulent offences;

(b) been associated with any bankruptcies, receiverships or liquidations when acting in their capacity of directors or executive officers of eBay; or

(c) been subject to any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies) or ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer.

There is no family relationship between any of the executive officers and directors listed above.

### 7.4 Conflicts of Interest

eBay expects its directors, executives, and employees to conduct themselves with the highest degree of integrity, ethics, and honesty. eBay's credibility and reputation depend upon the good judgment, ethical standards, and personal integrity of each director, executive, and employee. In order to better protect eBay and its stockholders, eBay regularly reviews its Code of Business Conduct and related policies to ensure that it provides clear guidance to its directors, executives, and employees.

The Audit Committee of eBay's Board of Directors the "Audit Committee") is charged with reviewing reports relating to (1) compliance program activities, and (2) the adjudication of potential conflict of interest situations under our Code of Business Conduct. The Audit Committee also reviews and approves all transactions with related persons that are required to be disclosed in this section of our proxy statement. The charter of our Audit Committee and our Code of Conduct may be found on our investor relations website at *http://investor.ebay.com/governance*.

eBay's Board has adopted a written policy for the review of related person transactions. For purposes of the policy, a related person transaction includes transactions in which (i) the amount involved is more than $120,000 in any consecutive twelve-month period, (ii) eBay is a participant, and (iii) any related person has a direct or indirect material interest. The policy defines a "related person" to include directors, nominees for director, executive officers, holders of more than 5% of eBay's outstanding common stock and their respective immediate family members. Pursuant to the policy, all related person transactions must be approved by the Audit Committee or, in the event of an inadvertent failure to bring the transaction to the Audit Committee for pre-approval, ratified by the Audit Committee. In the event that a member of the Audit Committee has an interest in a related person transaction, the transaction must be approved or ratified by the disinterested members of the Audit Committee. In deciding whether to approve or ratify a related person transaction, the Audit Committee will consider the following factors:

- whether the terms of the transaction are (1) fair to eBay and (2) at least as favorable to eBay as would apply if the transaction did not involve a related person;

- whether there are demonstrable business reasons for eBay to enter into the transaction;

- whether the transaction would impair the independence of an outside director under eBay's director independence standards; and

- whether the transaction would present an improper conflict of interest for any director or executive officer, taking into account the size of the transaction, the overall financial position of the related person, the direct or indirect nature of the related person's interest in the transaction and the ongoing nature of any proposed relationship, and any other factors the committee deems relevant.

From time to time, eBay has entered into and may continue to enter into commercial arrangements with companies with which eBay's directors or executive officers may have relationships (including as a director or executive officer of such other companies), but with respect to which eBay's directors or executive officers do not have a material interest and, thus, are not required to be disclosed. These commercial arrangements are entered into in the ordinary course of business and on an arm's-length basis.

eBay has entered into indemnification agreements with each of our directors and executive officers. These agreements require eBay to indemnify such individuals, to the fullest extent permitted by Delaware law, for certain liabilities to which they may become subject as a result of their affiliation with eBay.

***Employment Agreements, Change-in-Control Arrangements, and Severance Arrangements with Executive Officers***

In connection with becoming President and CEO of eBay, the compensation arrangements for Mr. Donahoe were modified to include severance arrangements. In addition, in July 2008, Mr. Swan's compensation arrangements were modified to include severance arrangements. Under these arrangements, each is entitled to receive a cash payment equal to two years' target cash compensation (which is defined as annual base salary plus target annual incentive bonus) if he is terminated within two years of his promotion (or in the case of Mr. Swan, within two years of July 16, 2008), one and one-half years' target cash compensation if he is terminated more than two but within three years of his promotion (or in the case of Mr. Swan, more than two but within three years of July 16, 2008), and one year's target cash compensation he is terminated more than three years after his promotion (or in the case of Mr. Swan, more than three years after July 16, 2008).

## VIII. EMPLOYEES

### 8.1 Directors' and Executive Officers' Holdings of Securities

The following table sets forth certain information known to eBay with respect to beneficial ownership of its Common Stock as of March 3, 2009, by (i) each stockholder known by eBay to be the beneficial owner of more than 5% of its Common Stock, (ii) each director and nominee for director, (iii) each of the executive officers, and (iv) all executive officers and directors as a group.

| | Shares Beneficially Owned[1] | |
|---|---|---|
| **Name of Beneficial Owner** | **Number** | **Percent** |
| Pierre M. Omidyar[2] | 167,250,408 | 13.0% |
| Morgan Stanley[3] | 65,770,981 | 5.1 |
| John J. Donahoe[4] | 1,767,102 | * |
| Margaret C. Whitman[5] | 21,731,035 | 1.7 |
| Robert H. Swan[6] | 607,029 | * |
| Elizabeth L. Axelrod[7] | 943,729 | * |
| Lorrie M. Norrington[8] | 738,401 | * |
| Scott Thompson[9] | 1,012,088 | * |
| Rajiv Dutta[10] | 49,233 | * |
| Fred D. Anderson[11] | 67,875 | * |
| Marc L. Andreessen[11] | 0 | * |
| Edward W. Barnholt[11] | 36,375 | * |
| Philippe Bourguignon[11] | 127,875 | * |
| Scott D. Cook[12] | 644,881 | * |
| William C. Ford, Jr.[13] | 143,275 | * |
| Dawn G. Lepore[14] | 419,875 | * |
| David M. Moffett[15] | 5,000 | * |
| Richard T. Schlosberg, III[16] | 67,875 | * |
| Thomas J. Tierney[17] | 115,875 | * |
| All directors and executive officers as a group (19 persons)[18] | 177,384,784 | 13.7 |

* Less than one percent.

(1) This table is based upon information supplied by officers, directors, and principal stockholders and Schedules 13D and 13G filed with the SEC. Beneficial ownership is determined in accordance with the rules of the SEC and generally includes voting or investment power with respect to securities. Unless otherwise indicated in the footnotes to this table, the persons and entities named in the table have sole voting and sole investment power with respect to all shares beneficially owned, subject to community property laws where applicable. Shares of our common stock subject to options that are currently exercisable or exercisable within 60 days of March 3, 2009 are deemed to be outstanding for the purpose of computing the percentage ownership of the person holding those options, but are not treated as outstanding for the purpose of computing the percentage ownership of any other person. The percentage of beneficial ownership is based on 1,286,264,017 shares of common stock outstanding as of March 3, 2009.

(2) Mr. Omidyar is our founder and Chairman of the Board. Includes 100,000 shares held by his spouse as to which he disclaims beneficial ownership, and 37,730,230 shares Mr. Omidyar has pledged as security. The address for Mr. Omidyar is c/o eBay Inc., 2145 Hamilton Avenue, San Jose, California 95125, U.S.A.

(3) The address for Morgan Stanley is 1585 Broadway, New York, New York 10036. This information is based solely upon a Schedule 13G filed by Morgan Stanley on February 17, 2009.

(4) Mr. Donahoe is our President and CEO. Includes 1,680,048 shares Mr. Donahoe has the right to acquire pursuant to outstanding options exercisable within 60 days of March 3, 2009. The address for Mr. Donahoe is c/o eBay Inc., 2145 Hamilton Avenue, San Jose, California 95125, U.S.A.

(5) Ms. Whitman is our former President and CEO, and subsequently served as a special advisor to the President and CEO and a member of the Board until December 31, 2008. Includes 4,000,000 shares pledged as security, 15,210,492 shares held by the Griffith R. Harsh, IV & Margaret C. Whitman TTEES

of Sweetwater Trust U/A/D 10/15/99, 9,584 shares held by the Whitford Limited Partnership and 2,490,000 shares held by the Sheridan Investments Limited Partnership. The Managing General Partner for both is Griffith R. Harsh, IV, not individually but as trustee of the Griffith R. Harsh, IV & Margaret C. Whitman TTEES of Sweetwater Trust U/A/D 10/15/99. The address for Ms. Whitman is c/o eBay Inc., 2145 Hamilton Avenue, San Jose, California 95125, U.S.A.

(6) Mr. Swan is our Senior Vice President, Finance and Chief Financial Officer. Includes 533,167 shares Mr. Swan has the right to acquire pursuant to outstanding options exercisable within 60 days of March 3, 2009. The address for Mr. Swan is c/o eBay Inc., 2145 Hamilton Avenue, San Jose, California 95125, U.S.A.

(7) Ms. Axelrod is our Senior Vice President, Human Resources. Includes 902,215 shares Ms. Axelrod has the right to acquire pursuant to outstanding options exercisable within 60 days of March 3, 2009. The address for Ms. Axelrod is c/o eBay Inc., 2145 Hamilton Avenue, San Jose, California 95125, U.S.A.

(8) Ms. Norrington is our President, eBay Marketplaces. Includes 686,926 shares Ms. Norrington has the right to acquire pursuant to outstanding options exercisable within 60 days of March 3, 2009. The address for Ms. Norrington is c/o eBay Inc., 2145 Hamilton Avenue, San Jose, California 95125, U.S.A.

(9) Mr. Thompson is our President, PayPal. Includes 955,510 shares Mr. Thompson has the right to acquire pursuant to outstanding options exercisable within 60 days of March 3, 2009. The address for Mr. Thompson is c/o eBay Inc., 2145 Hamilton Avenue, San Jose, California 95125, U.S.A.

(10) Mr. Dutta is our former President, eBay Marketplaces. The address for Mr. Dutta is c/o eBay Inc., 2145 Hamilton Avenue, San Jose, California 95125, U.S.A.

(11) Includes, in the case of Mr. Anderson, 61,875 shares Mr. Anderson has the right to acquire pursuant to outstanding options exercisable within 60 days of March 3, 2009, in the case of Mr. Barnholt, 31,875 shares Mr. Barnholt has the right to acquire pursuant to outstanding options exercisable within 60 days of March 3, 2009, and, in the case of Mr. Bourguignon, 121,875 shares Mr. Bourguignon has the right to acquire pursuant to outstanding options exercisable within 60 days of March 3, 2009. The address for each of Messrs. Anderson, Andreessen, Barnholt, and Bourguignon is c/o eBay Inc., 2145 Hamilton Avenue, San Jose, California 95125, U.S.A.

(12) Includes 481,875 shares Mr. Cook has the right to acquire pursuant to outstanding options exercisable within 60 days of March 3, 2009. The address for Mr. Cook is c/o Intuit Inc., 2535 Garcia Avenue, Mountain View, California 94043, U.S.A.

(13) Includes (a) 25 shares held by Mr. Ford's spouse as a custodian for the trust for his children and as to which Mr. Ford disclaims beneficial ownership and (b) 750 shares held in a trust for two of Mr. Ford's children as to which Mr. Ford is trustee and as to which Mr. Ford disclaims beneficial ownership. Includes 17,500 shares Mr. Ford has the right to acquire pursuant to outstanding options exercisable within 60 days of March 3, 2009. The address for Mr. Ford is c/o Ford Motor Company, One American Road, Dearborn, Michigan 48126, U.S.A.

(14) Includes 399,875 shares Ms. Lepore has the right to acquire pursuant to outstanding options exercisable within 60 days of March 3, 2009. The address for Ms. Lepore is c/o drugstore.com, inc., 411 108th Avenue NE, Suite 1400, Bellevue, Washington 98004, U.S.A.

(15) The address for Mr. Moffett is c/o eBay Inc., 2145 Hamilton Avenue, San Jose, California 95125.

(16) Includes 61,875 shares Mr. Schlosberg has the right to acquire pursuant to outstanding options exercisable within 60 days of March 3, 2009. The address for Mr. Schlosberg is Bank of San Antonio, 800 E. Sonterra Blvd., Suite 140, San Antonio, Texas 78257, U.S.A.

(17) Includes 111,875 shares Mr. Tierney has the right to acquire pursuant to outstanding options exercisable within 60 days of March 3, 2009. The address for Mr. Tierney is c/o The Bridgespan Group, 535 Boylston Street, 10th Floor, Boston, Massachusetts 02116, U.S.A.

(18) Includes 8,989,675 shares subject to options exercisable within 60 days of March 3, 2009. Excludes shares beneficially owned by Ms. Whitman and Mr. Dutta because they were not executive officers as of March 3, 2009.

## 8.2 Benefit Plans

***Equity Incentive Plans***

We have equity incentive plans for directors, officers and employees that consist of stock options, restricted stock units, restricted shares and performance based restricted stock units. At December 31, 2008, 627.5 million shares were authorized under our equity incentive plans and 79.4 million shares were available for future grant.

All stock options granted under these plans generally vest 25% one year from the date of grant (or 12.5% six months from the date of grant for grants to existing employees) and the remainder vest at a rate of 2.08% per month thereafter, and generally expire seven to 10 years from the date of grant. The cost of stock options is determined using the Black-Scholes option pricing model on the date of grant.

Restricted stock units and restricted shares are granted to eligible employees under our equity incentive plans. In general, restricted stock units and restricted shares cliff vest over one to five years, are subject to the employees' continuing service to the company and do not have an expiration date. The cost of restricted stock units and restricted shares is determined using the fair value of our common stock on the date of grant.

In 2007 and 2008, certain executives were eligible for performance based restricted stock units. The number of restricted stock units ultimately received depends on our business performance against specified performance targets set by the Compensation Committee. If the performance criteria are satisfied, the performance based restricted stock units will be granted and one-half of the grant will vest in March following the end of the performance period and the remaining half will vest one year later.

***Employee Stock Purchase Plan***

We have an employee stock purchase plan for all eligible employees. Under the plan, shares of our common stock may be purchased over an offering period with a maximum duration of two years at 85% of the lower of the fair market value on the first day of the applicable offering period or on the last day of the six-month purchase period. Employees may purchase shares having a value not exceeding 10% of their gross compensation during an offering period. During the years ended December 31, 2006, 2007, and 2008, employees purchased approximately 1.6 million, 2.0 million, and 3.5 million shares at average prices of $27.32, $26.84 and $17.78 per share, respectively. At December 31, 2008, approximately 3.7 million shares of common stock were reserved for future issuance. Our employee stock purchase plan contains an "evergreen" provision that automatically increases, on each January 1, the number of shares reserved for issuance under the employee stock purchase plan by the number of shares purchased under this plan in the preceding calendar year.

***Employee Savings Plans***

We have a savings plan, which qualifies under Section 401(k) of the Internal Revenue Code. Participating employees may contribute up to 25% of their annual salary, but not more than statutory limits. In 2006 and 2007, we contributed one dollar for each dollar a participant contributed, with a maximum contribution of $1,500 per employee and $2,000 per employee, respectively. In 2008, we contributed one dollar for each dollar a participant contributed, with a maximum contribution of 4% of each employee's salary, with a maximum employer contribution of $9,200 per employee. Our non-U.S. employees are covered by various other savings plans. Our expenses for these plans were $14.9 million in 2006, $20.4 million in 2007 and $34.2 million in 2008.

***Deferred Stock Unit Plan***

Since December 31, 2002, we have granted deferred stock units to non-employee directors (other than Pierre Omidyar) elected to our Board of Directors with each new director receiving a one-time grant of

deferred stock units equal to the result of dividing $150,000 by the fair market value of our common stock on the date of grant. Beginning with our 2008 annual meeting of stockholders, we have granted deferred stock units to each non-employee director (other than Mr. Omidyar) equal to the result of dividing $110,000 by the fair market value of our common stock on the date of grant. Each deferred stock unit constitutes an unfunded and unsecured promise by us to deliver one share of our common stock (or the equivalent value thereof in cash or property at our election). Each deferred stock unit award granted to a new non-employee director upon election to the Board vests 25% one year from the date of grant, and at a rate of 2.08% per month thereafter. If the services of the director are terminated at any time, all rights to the unvested deferred stock units shall also terminate. In addition, directors may elect to receive, in lieu of annual retainer and committee chair fees and at the time these fees would otherwise be payable (i.e., on a quarterly basis in arrears for services provided), fully vested deferred stock units with an initial value equal to the amount based on the fair market value of common stock at the date of grant. Deferred stock units are payable following the termination of a director's tenure as a director. As of December 31, 2008, there were approximately 98,000 deferred stock units outstanding under our equity plans.

## IX. WORKING CAPITAL STATEMENT

As of the date of this prospectus, eBay believes that existing cash and cash equivalents of approximately $3.2 billion, together with cash generated from operations and cash available through its credit agreement, will be sufficient to fund its operating activities, capital expenditures, Bill Me Later loan portfolio, stock repurchases and other obligations (including debt service) for the foreseeable future (including at least for the next twelve months).

## X. SELECTED FINANCIAL INFORMATION

### 10.1 Selected Financial Data

The following selected consolidated financial and supplemental operating data should be read in conjunction with the consolidated financial statements and notes thereto and "Management's Discussion and Analysis of Financial Condition and Results of Operations" appearing respectively on pages 48 – 67 and 76 – 109 of the Form 10-K. The consolidated statement of income and the consolidated balance sheet data for the years ended, and as of, December 31, 2006, 2007 and 2008 have been prepared in accordance with US GAAP and are derived from eBay's audited consolidated financial statements.

| | Years Ended December 31, | | |
|---|---|---|---|
| | 2008[2] | 2007[2] | 2006[2] |
| | (in thousands, except per share amounts) | | |
| **Consolidated Statement of Income Data [1]:** | | | |
| Net revenues | $ 8,541,261 | $ 7,672,329 | $ 5,969,741 |
| Cost of net revenues | 2,228,069 | 1,762,972 | 1,256,792 |
| Gross profit | 6,313,192 | 5,909,357 | 4,712,949 |
| Operating expenses: | | | |
| Sales and marketing | 1,881,551 | 1,882,810 | 1,587,133 |
| Product development | 725,600 | 619,727 | 494,695 |
| General and administrative | 998,871 | 904,681 | 744,363 |
| Provision for transaction and loan losses | 347,453 | 293,917 | 266,724 |
| Amortization of acquired intangible assets | 234,916 | 204,104 | 197,078 |
| Restructuring[3] | 49,119 | - | - |
| Impairment of goodwill[4] | - | 1,390,938 | - |
| Total operating expenses | 4,237,510 | 5,296,177 | 3,289,993 |
| Income from operations | 2,075,682 | 613,180 | 1,422,956 |
| Interest and other income, net | 115,919 | 154,271 | 130,017 |
| Interest expense | (8,037) | (16,600) | (5,916) |
| Income before income taxes | 2,183,564 | 750,851 | 1,547,057 |

| | Years Ended December 31, | | |
|---|---|---|---|
| | 2008[2] | 2007[2] | 2006[2] |
| | (in thousands, except per share amounts) | | |
| Provision for income taxes | (404,090) | (402,600) | (421,418) |
| Net income | $ 1,779,474 | $ 348,251 | $ 1,125,639 |
| | | | |
| Net income per share: | | | |
| Basic | $ 1.37 | $ 0.26 | $ 0.80 |
| Diluted | $ 1.36 | $ 0.25 | $ 0.79 |
| | | | |
| Weighted average shares: | | | |
| Basic | 1,303,454 | 1,358,797 | 1,399,251 |
| Diluted | 1,312,608 | 1,376,174 | 1,425,472 |

| | Years Ended December 31, | | |
|---|---|---|---|
| | 2008 | 2007 | 2006 |
| **Consolidated Balance Sheet Data:** | | (in thousands) | |
| Cash and cash equivalents | $ 3,188,928 | $ 4,221,191 | $ 2,662,792 |
| Short-term investments | 163,734 | 676,264 | 554,841 |
| Long-term investments | 106,178 | 138,237 | 277,853 |
| Working capital[5] | 2,581,503 | 4,022,926 | 2,452,191 |
| Total assets | 15,592,439 | 15,366,037 | 13,494,011 |
| Borrowings under credit agreement (short-term) | 1,000,000 | 200,000 | - |
| Total stockholders' equity | 11,083,858 | 11,704,602 | 10,904,632 |

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(1) These results include acquired company results of operations beginning on the date of acquisition. See "Note 3 — Business Combination, Goodwill and Intangible Assets" to the consolidated financial statements included on pages 88 – 92 of the Form 10-K, for a summary of recent significant acquisitions. Certain prior year amounts have been reclassified to conform to the current year's presentation. For further details regarding reclassified amounts see "Note 1 – The Company and Summary of Significant Accounting Policies" to the consolidated financial statements included on pages 81 – 87 of the Form 10-K.

(2) Consolidated Statement of Income for the years ended December 31, 2006, 2007 and 2008 includes stock-based compensation expense under Statement of Financial Accounting Standards ("SFAS") No. 123 (revised 2004), "Share-Based Payment" ("FAS 123(R)") of $317.4 million, $301.8 million and $353.2 respectively. See "Note 15 — Benefit Plans" to the consolidated financial statements included on pages 103 – 107 of the Form 10-K.

(3) Consolidated Statement of Income for the year ended December 31, 2008 includes restructuring charges of $49.1 million. See "Note — 9 Restructuring" to the consolidated financial statements included on pages 98 – 99 of the Form 10-K.

(4) Consolidated Statement of Income for the year ended December 31, 2007 includes a goodwill impairment charge of $1.4 billion. See "Note 3 — Business Combination, Goodwill and Intangible Assets" to the consolidated financial statements included on pages 88 – 92 of the Form 10-K.

(5) Working capital is calculated as the difference between total current assets and total current liabilities.

### 10.2 Independent Registered Public Accounting Firm

The independent registered public accounting firm of eBay is PricewaterhouseCoopers LLP, San Jose, California, U.S.A. PricewaterhouseCoopers LLP is registered with the Public Company Accounting Oversight Board (United States) and a member of the American Institute of Certified Public Accountants.

## XI. LEGAL PROCEEDINGS

Below is a brief description, as of February 20, 2009, of material pending legal proceedings, other than ordinary routine litigation incidental to the business, to which eBay or any of its subsidiaries is a party or of which any of their property is the subject.

In August 2006, Louis Vuitton Malletier and Christian Dior Couture filed two lawsuits in the Paris Court of Commerce against eBay Inc. and eBay International AG. Among other things, the complaint alleges that we violated French tort law by negligently broadcasting listings posted by third parties offering counterfeit items bearing plaintiffs' trademarks, and by purchasing certain advertising keywords. Around September 2006, Parfums Christian Dior, Kenzo Parfums, Parfums Givenchy, and Guerlain Société also filed a lawsuit in the Paris Court of Commerce against eBay Inc. and eBay International AG. The complaint alleges that we have interfered with the selective distribution network the plaintiffs established in France and the European Union by allowing third parties to post listings offering genuine perfumes and cosmetics for sale on our websites. In June 2008, the Paris Court of Commerce ruled that eBay and eBay International AG were liable for failing to prevent the sale of counterfeit items on its websites that traded on plaintiffs' brand names and for interfering with the plaintiffs' selective distribution network. The court awarded plaintiffs approximately EUR 38.6 million in damages and issued an injunction prohibiting all sales of perfumes and cosmetics bearing the Dior, Guerlain, Givenchy and Kenzo brands over all worldwide eBay sites to the extent that they are accessible from France. We have taken measures to comply with the injunction and have appealed these rulings. However, these and similar suits may force us to modify our business practices, which could lower our revenue, increase our costs, or make our websites less convenient to our customers. Any such results could materially harm our business. Other luxury brand owners have also filed suit against us or have threatened to do so, seeking to hold us liable for, among other things, alleged counterfeit items listed on our websites by third parties, for "tester" and other not for resale consumer products listed on our websites by third parties, for the alleged misuse of trademarks in listings, for alleged violations of selective distribution channel laws, for alleged non-compliance of consumer protection laws or in connection with paid search advertisements. We continue to believe that we have meritorious defenses to these suits and intend to defend ourselves vigorously.

In June 2006, Net2Phone, Inc. filed a lawsuit in the U.S. District Court for the District of New Jersey (No. 06-2469) alleging that eBay Inc., Skype Technologies S.A., and Skype Inc. infringed five patents owned by Net2Phone relating to point-to-point Internet protocol. The suit seeks an injunction against continuing infringement, unspecified damages, including treble damages for willful infringement, and interest, costs, and fees. We have filed an answer and counterclaims asserting that the patents are invalid, unenforceable, and were not infringed. The parties have completed claim construction briefing and attended a pre-trial conference hearing. The claim construction hearing is set for March 2009 and the trial date is not yet set. We believe that we have meritorious defenses and intend to defend ourselves vigorously.

In March 2007, a plaintiff filed a purported antitrust class action lawsuit against eBay in the Western District of Texas alleging that eBay and its wholly owned subsidiary PayPal "monopolized" markets through various anticompetitive acts and tying arrangements. The plaintiff alleges claims under sections 1 and 2 of the Sherman Act, as well as related state law claims. The complaint seeks treble damages and an injunction. In April 2007, the plaintiff re-filed the complaint in the U.S. District Court for the Northern District of California (No. 07-CV-01882-RS), and dismissed the Texas action. In 2007, the case was consolidated with other similar lawsuits (No. 07-CV-01882JF). In June 2007, we filed a motion to dismiss the class action complaint. In March 2008, the court granted the motion to dismiss the tying claims with leave to amend and denied the motion with respect to the monopolization claims. Plaintiffs subsequently decided not to refile the tying claims. The class certification motion is scheduled for June 2009. We believe that we have meritorious defenses and intend to defend ourselves vigorously.

In May 2007, Netcraft Corporation filed a lawsuit in the Western District of Wisconsin (No. 07-C-0254C) alleging that eBay and PayPal infringed two of its patents entitled "Internet billing methods." The suit seeks an injunction against continuing infringement, unspecified damages, and interest, costs, and fees.

In September 2007, we filed a motion for summary judgment of noninfringement on both patents. In December 2007, the U.S. District Court for the Western District of Wisconsin entered a judgment granting our motion for summary judgment of non-infringement on both of the patents that Netcraft asserted against eBay and PayPal. This judgment was affirmed by the Court of Appeals for the Federal Circuit in December 2008.

In October 2007, PartsRiver filed a lawsuit in the Eastern District of Texas (No. 2-07CV-440-DF) alleging that eBay, Microsoft, Yahoo!, Shopzilla, PriceGrabber and PriceRunner infringed its patent relating to search methods. The suit seeks an injunction against continuing infringement, unspecified damages, and interest, costs, and fees. The defendants have moved to transfer venue and the parties are conducting discovery. Fact discovery cutoff is scheduled for July 2009, the claim construction hearing is scheduled for April 2009 and trial is scheduled for October 2009. We believe that we have meritorious defenses and intend to defend ourselves vigorously.

eBay's Korean subsidiary, IAC, has notified a majority of its approximately 20 million users of a data breach involving personally identifiable information including name, address, resident registration number and some transaction and refund data (but not including credit card information or real time banking information). Approximately 141,000 users have sued IAC over this breach in several lawsuits in Korean courts and we expect more to do so in the future. There is some precedent in Korea for a court to grant "consolation money" for data breaches without a specific finding of harm from the breach. Such precedents have involved payments of up to approximately $200 per user. A consumer agency recently made a non-binding recommendation that IAC make payments of 50,000-100,000 Korean won (approximately $35-70) to consumers who had complained to it as a result of such breach. IAC intends to vigorously defend itself in this lawsuit.

Other third parties have from time to time claimed, and others may claim in the future, that we have infringed their intellectual property rights. We are subject to additional patent disputes, and expect that we will increasingly be subject to patent infringement claims as our services expand in scope and complexity. In particular, we expect that we may face additional patent infringement claims involving various aspects of our Marketplaces, Payments and Communications businesses. We have in the past been forced to litigate such claims. We may also become more vulnerable to third-party claims as laws such as the Digital Millennium Copyright Act, the Lanham Act and the Communications Decency Act are interpreted by the courts, and as we become subject to laws in jurisdictions where the underlying laws with respect to the potential liability of online intermediaries like ourselves are either unclear or less favorable. We believe that additional lawsuits alleging that we have violated copyright or trademark laws will be filed against us. Intellectual property claims, whether meritorious or not, are time consuming and costly to resolve, could require expensive changes in our methods of doing business, or could require us to enter into costly royalty or licensing agreements.

From time to time, we are involved in other disputes or regulatory inquiries that arise in the ordinary course of business. The number and significance of these disputes and inquiries are increasing as our business expands and our company grows larger. Any claims or regulatory actions against us, whether meritorious or not, could be time consuming, result in costly litigation, require significant amounts of management time, and result in the diversion of significant operational resources.

## XII. DOCUMENTS ON DISPLAY

eBay's Internet address is *www.ebay.com.* eBay's investor relations website is located at *http://investor.ebay.com.* eBay makes available free of charge on its investor relations website under the heading "SEC Filings" its Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to those reports as soon as reasonably practicable after such materials are electronically filed with (or furnished to) to the SEC. eBay's Definitive Proxy Statement and its Form 10-K, referred to in this prospectus, may be obtained free of charge upon request by an employee.

eBay expects to issue in late April or early May 2009, its earnings release for the quarter ended March 31, 2009. The quarterly report on Form 10-Q for such quarter will be filed with the SEC no later than May 11, 2009. These documents will be available on the investor relations website of eBay indicated above. Information contained on our websites is not incorporated by reference into this Prospectus.

## XIII. TAX CONSEQUENCES

The Company's tax advisors have been engaged to provide Participating Employees, Optionees and Awardees tax information with respect to the ESPP and the Plans in each country in which the plans are offered. Such current tax information is provided below. The Company and its tax advisors will update this information, as needed, and will make this tax information available on eBay's or its affiliates' intranet.

### ESTONIA TAX CONSEQUENCES

The following summary is based on the income and social tax laws in effect in Estonia as of the date of March 9, 2009. Tax laws are complex and can change frequently. As a result, the information below may be out of date at the time the Participating Employee purchases Shares, sells Shares or receives dividends, or when an Optionee exercises Options, sells Shares or receives dividends, or when an Awardee receives an Award, sells Shares or receives dividends.

The following applies only to Participating Employees, Optionees and Awardees who are Estonian tax residents from the date of grant to the date of sale of the underlying shares. If the Participating Employee, Optionee or Awardee is a citizen or resident of another country for local law purposes, the income and social tax as well as payroll information below may not be applicable. Furthermore, this information is general in nature and does not discuss all of the various laws, rules and regulations that may apply. It may not apply to each Participating Employee's, Optionee's or Awardee's particular tax or financial situation, and eBay is not in a position to assure them of any particular tax result.

The Participating Employees, Optionees or Awardees should address any particular questions to a specialized advisor.

#### ESPP

Taxation of stock purchase plans is an area that is very vaguely regulated in Estonia. Different interpretations have existed and there has been no clear guidance from either the Ministry of Finances or the Tax Board.

The following is based on court cases, common practice and discussions with the Ministry of Finances and the Tax Board.

#### Enrollment in the ESPP

The Participating Employee will not be subject to tax when he or she enrolls in the ESPP or a new Purchase Period begins.

#### Purchase of Shares

Until recently, the Estonian tax authorities suggested that purchase of shares below fair market value should be subject to income tax as non-monetary income to the employee. However, the latest unofficial explanations provide a different interpretation in that taxation is deferred until the shares are sold. eBay is taking the position that the shares issued at purchase will not be considered a deemed fringe benefit. As the Estonian tax rules are unclear, please consult with a professional tax advisor.

**Dividends**

Where Shares are acquired under the ESPP, dividends may be paid with respect to those Shares if eBay, in its discretion, declares a dividend.

Dividends received by an Estonian resident individual from abroad are tax exempt if one of the following two conditions is fulfilled:

(i) Corporate income tax has been paid by eBay on the share of profit on the basis of which the dividends are paid, or

(ii) Income tax has been withheld abroad.

According to Estonian Income Tax Act, dividends are considered payments resulting from the net profit or the retained profits from previous years pursuant to a resolution of a competent body of a legal person. Any dividend-like payments are taxable for the employee at regular income tax rates as other income received.

**Sale of Shares**

Under the latest unofficial explanations, when the Participating Employee sells Shares acquired under the ESPP, he or she will be subject to income tax at 21% on the capital gain received. The capital gain is the difference between the acquisition price (including any broker's fees ).

**Withholding and Reporting**

The Participating Employee must report capital gains from the sale of Shares as well as any dividends received by March 31st following the year of sale/dividend payment and pay income taxes by October 1st.

**THE PLANS (OPTIONS)**

Taxation of Options is an area that is very vaguely regulated in Estonia. Different interpretations have existed and there has been no clear guidance from either the Ministry of Finances or the Tax Board.

The following is based on court cases, common practice and discussions with the Ministry of Finances and the Tax Board.

**Grant**

The Optionee will not be subject to tax when Options are granted.

**Exercise**

Until recently, the Estonian tax authorities suggested that purchase of shares below fair market value upon exercise of the option should be subject to income tax as non-monetary income to the employee. However, the latest unofficial explanations provide a different interpretation in that taxation is deferred until the shares are sold. As the Estonian tax rules are unclear, please consult with a professional tax advisor.

**Dividends**

Where Shares are acquired under the Plan, dividends may be paid with respect to those Shares if eBay, in its discretion, declares a dividend.

Dividends received by an Estonian resident individual from abroad are tax exempt if one of the following two conditions is fulfilled:

(i) Corporate income tax has been paid by eBay on the share of profit on the basis of which the dividends are paid, or

(ii) Income tax has been withheld abroad.

According to Estonian Income Tax Act, dividends are considered payments resulting from the net profit or the retained profits from previous years pursuant to a resolution of a competent body of a legal person. Any dividend-like payments are taxable for the employee at regular income tax rates as other income received.

**Sale of Shares**

Under the latest unofficial explanations, when the Optionee sells Shares acquired under the Plan, he or she will be subject to income tax at 21% on the capital gain received. The capital gain is the difference between the acquisition price (including any broker's fees or taxes paid) and the selling price of the Shares.

**Withholding and Reporting**

The Optionee must report capital gains from the sale of Shares as well as any dividends received by March 31st following the year of sale/dividend payment and pay income taxes by October 1st.

**THE PLANS (RSUs)**

**Grant**

The Awardee will not be subject to tax when the RSUs are granted.

**Vesting**

The Awardee will not be subject to income tax or social insurance contributions when the RSUs vest as the shares issued will likely not be considered a deemed fringe benefit.

**Dividends**

If the Awardee vests in the RSUs and is issued Shares, dividends may be paid with respect to those Shares if eBay, in its discretion, declares a dividend.

Dividends received by an Estonian resident individual from abroad are tax exempt if one of the following two conditions is fulfilled:

(i) Corporate income tax has been paid by eBay on the share of profit on the basis of which the dividends are paid, or

(ii) Income tax has been withheld abroad.

According to Estonian Income Tax Act, dividends are considered payments resulting from the net profit or the retained profits from previous years pursuant to a resolution of a competent body of a legal person. Any dividend-like payments are taxable for the employee at regular income tax rates as other income received.

**Sale of Shares**

When the Awardee acquires Shares upon vesting, the Awardee will be subject to income tax of 21% on any capital gains when the Shares are subsequently sold. Since the Shares issued at vesting were not considered a fringe benefit, the Awardee will be taxed on the full amount realized at the time the Shares are sold.

**Withholding and Reporting**

The Awardee must report capital gains from the sale of Shares as well as any dividends received by March 31st following the year of sale/dividend payment and pay income taxes by October 1st.

**THE PLANS (RS)**

**Grant**

The Awardee will not be subject to tax when the RS is granted.

**Vesting**

The Awardee will not be subject to income tax or social insurance contributions when the RS vests as the shares issued will likely not be considered a deemed fringe benefit.

**Dividends**

If the Awardee vests in the RS and is issued Shares, dividends may be paid with respect to those Shares if eBay, in its discretion, declares a dividend.

Dividends received by an Estonian resident individual from abroad are tax exempt if one of the following two conditions is fulfilled:

(i) Corporate income tax has been paid by eBay on the share of profit on the basis of which the dividends are paid, or

(ii) Income tax has been withheld abroad.

According to Estonian Income Tax Act, dividends are considered payments resulting from the net profit or the retained profits from previous years pursuant to a resolution of a competent body of a legal person. Any dividend-like payments are taxable for the employee at regular income tax rates as other income received.

**Sale of Shares**

If the Awardee acquires Shares upon vesting, the Awardee will be subject to income tax of 21% on any capital gains when the Shares are subsequently sold. Since the Shares issued at vesting were not considered a fringe benefit, the Awardee will be taxed on the full amount realized at the time the Shares are sold.

**Withholding and Reporting**

The Awardee must report capital gains from the sale of Shares as well as any dividends received by March 31st following the year of sale/dividend payment and pay income taxes by October 1st.

If the Shares were subject to tax by the Awardee's employer as fringe benefit, the Awardee's employer is required to report the fringe benefit and pay all corresponding taxes (including social insurance contributions).

**FRANCE TAX CONSEQUENCES**

The following summary is based on the income and social tax laws in effect in France as March 5, 2009. Also, Stock Options and Restricted Stock Units are awarded under a qualified French plan unless otherwise noted. Tax laws are complex and can change frequently. As a result, the information below may be out of date at the time the Participating Employee purchases Shares, sells Shares or receives dividends, or when an Optionee exercises Options, sells Shares or receives dividends, or when an Awardee receives an Award, sells Shares or receives dividends.

The following applies only to Participating Employees, Optionees and Awardees who are French tax residents from the date of grant to the date of sale of the underlying shares. If the Participating Employee, Optionee or Awardee is a citizen or resident of another country for local law purposes, the income and social tax as well as the payroll information below may not be applicable. Furthermore, this information is general in nature and does not discuss all of the various laws, rules and regulations that may apply. It may not apply to each Participating Employee's, Optionee's or Awardee's particular tax or financial situation, and eBay is not in a position to assure them of any particular tax result.

The Participating Employees, Optionees or Awardees should address any particular questions to a specialized advisor.

**ESPP**

**Enrollment in the ESPP**

The Participating Employee will not be subject to tax when he or she enrolls in the ESPP or a new Purchase Period begins.

**Purchase of Shares**

When Shares are purchased under the ESPP, the Participating Employee will be subject to tax on the difference (or discount) between the fair market value of the Shares on the Purchase Date and the purchase price. This income will be taxed at his or her marginal income tax rate in effect for the year of purchase.

Social security contributions range from 20% to 26% of the Participating Employee's salary including CSG tax of 7.5% and CRDS tax of 0.5%. Social security contributions are not capped; however, the overall rate decreases as income increases. On compensation in excess of € 274,464 (for 2009 income), only contributions of 0.85% for sickness and 8% for CSG and CRDS taxes are due.

**Dividends**

Where Shares are acquired under the ESPP, dividends may be paid with respect to those Shares if eBay, in its discretion, declares a dividend. Any dividends paid will be subject to tax in France and also to U.S. federal income tax withheld at source. The Participating Employee may be entitled to a tax credit against his or her French income tax for the U.S. federal income tax withheld.

Dividends are subject to income tax at the normal progressive rates after application of a 40% deduction and of an additional lump-sum deduction (which amount varies according to the beneficiary marital situation). The gross amount of dividends is also subject to CSG, CRDS and a social surtax. Alternatively, the beneficiary can opt for a taxation of the gross dividend at a flat rate of 18% (plus social contributions).

As from January 1, 2009 only dividends paid by a company located within EU or in a country which has signed with France a tax treaty including an administrative assistance provision will be eligible to the 40% and lump-sum deductions and to taxation at the flat 18% tax rate.

**Sale of Shares**

When the Participating Employee sells Shares acquired under the ESPP, he or she will be subject to tax on the gain (i.e., the sale price less the fair market value of the Shares at purchase and any broker's fees). The Participating Employee will be subject to tax on the gain realized for proceeds in excess of annual thresholds. However, if the gross proceeds do not exceed the annual threshold, the gain is tax free.

**Withholding and Reporting**

Income tax will not be withheld by the Participating Employee's employer for French tax residents. Social tax will be withheld by the Participating Employee's employer.

For both income and social tax purposes, the Participating Employee's employer must report the income to the French tax authorities. The taxable income must be reported on the monthly pay-slip and on the annual wage report (DADS-U).

At purchase and sale, the Participating Employee is deemed to have received non-monetary income and he or she should declare this by May 31 of the year following the year of purchase/sale. The Participating Employee should pay the taxes due by May 31.

**THE PLANS (QUALIFIED OPTIONS)**

**Grant**

The Optionee will not be subject to tax when Options are granted.

**Exercise**

When the Optionee exercises qualified Options he or she will not be subject to income tax until the shares are sold.

**Dividends**

Where Shares are acquired under the Plan, dividends may be paid with respect to those Shares if eBay, in its discretion, declares a dividend. Any dividends paid will be subject to tax in France and also to U.S. federal income tax withheld at source. The Optionee may be entitled to a tax credit against his or her French income tax for the U.S. federal income tax withheld.

Dividends are subject to income tax at the normal progressive rates after application of a 40% deduction and of an additional lump-sum deduction (which amount varies according to the beneficiary marital situation). The gross amount of dividends is also subject to CSG, CRDS and a social surtax. Alternatively, the beneficiary can opt for a taxation of the gross dividend at a flat rate of 18% (plus social contributions).

As from January 1, 2009 only dividends paid by a company located within EU or in a country which has signed with France a tax treaty including an administrative assistance provision will be eligible to the 40% and lump-sum deductions and to taxation at the flat 18% tax rate.

**Sale of Shares**

When the Optionee sells the Shares acquired under the Plans, provided that Optionee complies with the holding period requirements under the French tax qualified plan rules, he or she will be subject to income tax, including CSG and CRDS, on the difference (or spread) between the fair market value of the Shares on the date of exercise and the exercise price. The income is taxed at a flat rate, which is dependent upon when the Option was granted and how long the acquired Shares were held and the amount of the gain.

For Options exercised on or after January 1, 1997, if the Optionee does not comply with the holding period requirements under the French tax qualified plan rules, the spread will be taxed at his or her marginal income tax rate in effect for the year of sale, including CSG and CRDS.

In addition, when the Optionee sells Shares acquired under the Plans, he or she will be subject to tax on the capital gain, the difference between the sales proceeds and the fair market value of the Shares on the date of exercise. The Optionee will be subject to tax on the gain realized for proceeds in excess of annual thresholds. However, if the gross proceeds do not exceed the annual threshold, the gain is tax free.

If the Optionee has been granted stock options as from October 16, 2007, the taxable income is subject to a 3.4% employee social security contribution at the time of the sale of the underlying shares.

**Withholding and Reporting**

Income tax will not be withheld by the Optionee's employer for France tax residents. Social tax will be withheld at the time of sale. The French employer will report the transaction at the time of exercise and potentially again at sale if the holding period requirement is not met.

At sale, the Optionee is deemed to have received non-monetary income and he or she should declare this by May 31 of the year following the year of sale. The Participating Employee should pay the taxes due by May 31.

**THE PLANS (QUALIFIED RSUs)**

**Grant**

The Awardee will not be subject to tax when the RSUs are granted.

**Vesting**

The Awardee will not be subject to income or social tax until the Shares acquired from a qualified RSU grant are sold.

**Dividends**

If the Awardee vests in the RSUs and is issued Shares, dividends may be paid with respect to those Shares if eBay, in its discretion, declares a dividend. Any dividends paid will be subject to tax in France and also to U.S. federal income tax withheld at source. The Awardee may be entitled to a tax credit against his or her French income tax for the U.S. federal income tax withheld.

Dividends are subject to income tax at the normal progressive rates after application of a 40% deduction and of an additional lump-sum deduction (which amount varies according to the beneficiary marital situation). The gross amount of dividends is also subject to CSG, CRDS and a social surtax. Alternatively, the beneficiary can opt for a taxation of the gross dividend at a flat rate of 18% (plus social contributions).

As from January 1, 2009 only dividends paid by a company located within EU or in a country which has signed with France a tax treaty including an administrative assistance provision will be eligible to the 40% and lump-sum deductions and to taxation at the flat 18% tax rate.

**Sale of Shares**

When the Awardee sells Shares acquired under the Plans, the Awardee will be subject to tax on the fair market value of the Shares at vesting. A flat rate of 41% will apply to the taxable amount at sale. Alternatively, the Optionee may elect to subject the gain to progressive income tax rates. In addition, when the Awardee sells Shares acquired under the Plans, he or she will be subject to tax on the gain. The Awardee will be subject on the gain realized for proceeds in excess of annual thresholds. However, if the gross proceeds do not exceed the annual thresholds, the gain is tax free.

If the Awardee has been granted restricted stock units as from October 16, 2007, the taxable income is subject to a 3.4% employee social security contribution at the time of the sale of the underlying shares.

**Withholding and Reporting**

Income tax will not be withheld by the Awardee's employer for France tax residents. Social tax will be withheld at the time of sale. The French employer will report the transaction at the time of vest and potentially again at sale if the holding period requirement is not met.

At sale, the Awardee is deemed to have received non-monetary income and he or she should declare this by May 31 of the year following the year of sale. The Participating Employee should pay the taxes due by May 31.

**GERMANY TAX CONSEQUENCES**

The following summary is based on the income and social tax laws in effect in Germany as of March 5, 2009. Tax laws are complex and can change frequently. As a result, the information below may be out of date at the time the Participating Employee purchases Shares, sells Shares or receives dividends, or when an Optionee exercises Options, sells Shares or receives dividends, or when an Awardee receives an Award, sells Shares or receives dividends.

The following applies only to Participating Employees, Optionees and Awardees who are Germany tax residents from the date of grant to the date of sale of the underlying shares. If the Participating Employee, Optionee or Awardee is a citizen or resident of another country for local law purposes, the income and social tax as well as payroll information below may not be applicable. Furthermore, this information is general in nature and does not discuss all of the various laws, rules and regulations that may apply. It may not apply to each Participating Employee's, Optionee's or Awardee's particular tax or financial situation, and eBay is not in a position to assure them of any particular tax result.

The Participating Employees, Optionees or Awardees should address any particular questions to a specialized advisor.

**ESPP**

**Enrollment in the ESPP**

The Participating Employee is not subject to tax when he or she enrolls in the ESPP or a new Purchase Period begins.

**Purchase of Shares**

The Participating Employee likely will be subject to tax when the Shares which are purchased for him or her under the ESPP are transferred from eBay's account. The Participating Employee will be subject to income tax at his or her marginal rate on the difference between the fair market value of the Shares on the date on which the Shares are transferred from eBay's account and the purchase price. The Participating Employee also will be subject to social insurance contributions on this amount to the extent he or she has not already exceeded his or her applicable contribution ceilings.

A portion of the benefit may be exempted from tax, provided certain requirements are met. As of April 1, 2009, the maximum tax-free amount is the lesser of the taxable amount or €360 per year (with any excess gain being subject to income tax, solidarity surcharge, church tax and social security contributions if applicable). As this is an annual exemption it will only be available once regardless of the number of plans that offered and the frequency of awards. Note that transitional rules apply.

**Dividends**

If Shares are acquired under the ESPP, dividends may be paid with respect to those Shares if eBay, in its discretion, declares a dividend. Any dividends paid will be subject to tax in Germany and to U.S. federal income tax withheld at source. The Participating Employee may be entitled to a tax credit against his or her German income tax for the U.S. federal income tax withheld.

As of January 1, 2009 the law with respect to dividends changed. The tax for dividends will be a flat 25% income tax, plus 5.5% solidarity surcharge and church tax at 8% or 9% (if applicable). The annual tax-free threshold will be €801 for single taxpayers (or married taxpayers filing separately) and €1,602 for married taxpayers filing jointly.

**Sale of Shares**

The difference between the sales price and the fair market value at transfer/purchase is subject to capital gains tax. Capital gains are not subject to social tax, tax withholding or wage tax reporting.

For shares acquired after 31 December 2008, new capital gains rules apply. As of 1 January 2009 (assuming shares are privately held and constitute a non-material participation), the entire capital gains will be taxed at a flat rate of 25% plus a 5.5% solidarity surcharge, regardless of how long you have held the shares. If applicable, you must also pay church tax at 8% or 9%.

The annual tax-free threshold (for all investment income) will be €801 for single taxpayers (or married taxpayers filing separately) and €1,602 for married taxpayers filing jointly.

**Withholding and Reporting**

The income recognized when the Shares are purchased will be compensation to the Participating Employee and his or her employer will withhold income tax and social insurance contributions (to the extent he or she has not exceeded his or her applicable ceilings for social insurance contributions) on the taxable amount. The employer must report the income in the Participating Employees' electronic payroll tax certificate ("Lohnsteuerbescheinigung").

Participating Employees generally have no additional reporting or remittance obligations in connection with the taxable event where the stock award income is disclosed on the German wage tax card and the taxes withheld are remitted by their employer. Should there be a difference between the actual tax liability and the amount withheld, the tax office may assess additional taxes after review of the Participating Employee's annual tax return.

It is the Participating Employee's responsibility to report and pay taxes resulting from the sale of Shares (if applicable) or receipt of any dividends.

**THE PLANS (OPTIONS)**

**Grant**

The Optionee will not be subject to tax when Options are granted.

**Exercise**

The Optionee likely will be subject to tax when the Shares exercised by the Optionee are transferred from eBay's account. The Optionee will be subject to income tax at his/her marginal rate on the difference between the fair market value of the Shares on the date on which the eBay Shares are transferred from eBay's account and the exercise price. The Optionee will also be subject to social insurance contributions on this amount to the extent he or she has not already exceeded his or her applicable contribution ceilings.

A portion of the benefit may be exempted from tax, provided certain requirements are met. As of April 1, 2009, the maximum tax-free amount is the lesser of the taxable amount or €360 per year (with any excess gain being subject to income tax, solidarity surcharge, church tax and social security contributions if applicable). As this is an annual exemption it will only be available once regardless of the number of plans that offered and the frequency of awards. Note that transitional rules apply.

In addition, provided the period between grant and exercise exceeds 12 months, you are not in the highest marginal income tax bracket and certain other conditions are met, it may be possible to spread the taxable option gain over several years ("Section 34 relief"). Recent decisions by the Supreme Fiscal Court in Germany confirm that Section 34 relief may generally be claimed in connection with share based incentives as long as the period between grant and settlement exceeds 12 months and you were employed by eBay during this entire period. Please consult with a professional tax advisor for further detail and to determine your eligibility.

**Dividends**

If Shares are acquired under the Plan, dividends may be paid with respect to those Shares if eBay, in its discretion, declares a dividend. Any dividends paid will be subject to tax in Germany and to U.S. federal income tax withheld at source. The Optionee may be entitled to a tax credit against his or her German income tax for the U.S. federal income tax withheld.

As of January 1, 2009 the law with respect to dividends changed. The tax for dividends will be a flat 25% income tax, plus 5.5% solidarity surcharge and church tax at 8% or 9% (if applicable). The annual tax-free threshold will be €801 for single taxpayers (or married taxpayers filing separately) and €1,602 for married taxpayers filing jointly.

**Sale of Shares**

The difference between the sales price and the fair market value at transfer/exercise is subject to capital gains tax. Capital gains are not subject to social tax, tax withholding or wage tax reporting.

For shares acquired after 31 December 2008, new capital gains rules apply. As of 1 January 2009 (assuming shares are privately held and constitute a non-material participation), the entire capital gains will be taxed at a flat rate of 25% plus a 5.5% solidarity surcharge, regardless of how long you have held the shares. If applicable, you must also pay church tax at 8% or 9%.

The annual tax-free threshold (for all investment income) will be €801 for single taxpayers (or married taxpayers filing separately) and €1,602 for married taxpayers filing jointly.

**Withholding and Reporting**

The income recognized upon transfer of the Shares will be compensation to the Optionee and the Optionee's employer will withhold income tax and social insurance contributions (to the extent that the Optionee has not exceeded the applicable contributions ceilings) on that income. The employer must report the income in the Participating Employees' electronic payroll tax certificate ("*Lohnsteuerbescheinigung*").

Participating Employees generally have no additional reporting or remittance obligations in connection with the taxable event where the stock award income is disclosed on the German wage tax card and the taxes withheld are remitted by their employer. The Optionee is responsible for paying any difference between the actual tax liability and the amount withheld. It is the Optionee's responsibility to report and pay taxes resulting from the sale of Shares (if applicable) or the receipt of any dividends.

**THE PLANS (RSUs)**

**Grant**

The Awardee will not be subject to tax when RSUs are granted.

**Vesting**

The Awardee will be subject to income tax when the RSUs vest and the Shares are transferred from the brokerage account at his or her marginal rate based on the market value of the Shares on the transfer date. The fair market value as defined above is determined on the date the Shares are transferred from eBay's account for issuance to the Awardee. The Awardee also will be subject to social insurance contributions on this amount to the extent he or she has not already exceeded his or her applicable contribution ceilings.

A portion of the benefit may be exempted from tax, provided certain requirements are met. As of April 1, 2009, the maximum tax-free amount is the lesser of the taxable amount or €360 per year (with any excess gain being subject to income tax, solidarity surcharge, church tax and social security contributions if applicable). As this is an annual exemption it will only be available once regardless of the number of plans that offered and the frequency of awards. Note that transitional rules apply.

In addition, provided the period between grant and vest exceeds 12 months, you are not in the highest marginal income tax bracket and certain other conditions are met, it may be possible to spread the taxable RSU income over several years ("Section 34 relief"). Recent decisions by the Supreme Fiscal Court in Germany confirm that Section 34 relief may generally be claimed in connection with share based incentives as long as the period between grant and settlement exceeds 12 months and you were employed by eBay during this entire period. Please consult with a professional tax advisor for further detail and to determine your eligibility.

**Dividends**

If the Awardee vests in the RSUs and is issued Shares, dividends may be paid with respect to those Shares if eBay, in its discretion, declares a dividend. Any dividends paid will be subject to tax in Germany and to U.S. federal income tax withheld at source. The Awardee may be entitled to a tax credit against his or her German income tax for the U.S. federal income tax withheld.

As of January 1, 2009 the law with respect to dividends changed. The tax for dividends will be a flat 25% income tax, plus 5.5% solidarity surcharge and church tax at 8% or 9% (if applicable). The annual tax-free

threshold will be €801 for single taxpayers (or married taxpayers filing separately) and €1,602 for married taxpayers filing jointly.

**Sale of Shares**

The difference between the sales price and the fair market value at transfer/vest is subject to capital gains tax. Capital gains are not subject to social tax, tax withholding or wage tax reporting.

For shares acquired after 31 December 2008, new capital gains rules apply. As of 1 January 2009 (assuming shares are privately held and constitute a non-material participation), the entire capital gains will be taxed at a flat rate of 25% plus a 5.5% solidarity surcharge, regardless of how long you have held the shares. If applicable, you must also pay church tax at 8% or 9%.

The annual tax-free threshold (for all investment income) will be €801 for single taxpayers (or married taxpayers filing separately) and €1,602 for married taxpayers filing jointly.

**Withholding and Reporting**

The income recognized upon transfer of the Shares will be deemed to be taxable compensation to the Awardee and the Awardee's employer will withhold income tax and social insurance contributions (to the extent that the Awardee has not exceeded the applicable contributions ceilings) on that income. The employer must report the income in the Participating Employees' electronic payroll tax certificate ("Lohnsteuerbescheinigung").

Participating Employees generally have no additional reporting or remittance obligations in connection with the taxable event where the stock award income is disclosed on the German wage tax card and the taxes withheld are remitted by their employer. The Awardee is responsible for paying any difference between the actual tax liability and the amount withheld. It is the Awardee's responsibility to report and pay taxes resulting from the sale of Shares or the receipt of any dividends.

**THE PLANS (RS)**

**Grant**

The Awardee will be subject to tax at grant at his or her marginal rate based on the market value of the Shares on the transfer date. The fair market value as defined above is determined on the date the Shares are transferred from eBay's account for issuance to the Awardee. For restricted stock, these share are typically listed in the shareholder register at the time of grant with dividend and voting rights passing at the time, hence, the taxation occurs on the grant date. The Awardee will also be subject to social insurance contributions on this amount to the extent he or she has not already exceeded his or her applicable contribution ceilings.

A portion of the benefit may be exempted from tax, provided certain requirements are met. As of April 1, 2009, the maximum tax-free amount is the lesser of the taxable amount or €360 per year (with any excess gain being subject to income tax, solidarity surcharge, church tax and social security contributions if applicable). As this is an annual exemption it will only be available once regardless of the number of plans that offered and the frequency of awards. Note that transitional rules apply.

**Vesting**

The Awardee will not be subject to tax when the RS vests.

**Dividends**

If the Awardee is issued Shares at grant, dividends may be paid with respect to those Shares if eBay, in its discretion, declares a dividend. Any dividends paid will be subject to tax in Germany and to U.S. federal income tax withheld at source. The Awardee may be entitled to a tax credit against his or her German income tax for the U.S. federal income tax withheld.

As of January 1, 2009 the law with respect to dividends changed. The tax for dividends will be a flat 25% income tax, plus 5.5% solidarity surcharge and church tax at 8% or 9% (if applicable). The annual tax-free threshold will be €801 for single taxpayers (or married taxpayers filing separately) and €1,602 for married taxpayers filing jointly.

**Sale of Shares**

The difference between the sales price and the fair market value at grant is subject to capital gains tax. Capital gains are not subject to social tax, tax withholding or wage tax reporting.

For shares acquired after 31 December 2008, new capital gains rules apply. As of 1 January 2009 (assuming shares are privately held and constitute a non-material participation), the entire capital gains will be taxed at a flat rate of 25% plus a 5.5% solidarity surcharge, regardless of how long you have held the shares. If applicable, you must also pay church tax at 8% or 9%.

The annual tax-free threshold (for all investment income) will be €801 for single taxpayers (or married taxpayers filing separately) and €1,602 for married taxpayers filing jointly.

**Withholding and Reporting**

The income recognized upon transfer/grant of the Shares will be deemed to be taxable compensation to the Awardee and the Awardee's employer will withhold income tax and social insurance contributions (to the extent that the Awardee has not exceeded the applicable contributions ceilings) on that income. The employer must report the income in the Participating Employees' electronic payroll tax certificate ("Lohnsteuerbescheinigung").

Participating Employees generally have no additional reporting or remittance obligations in connection with the taxable event where the stock award income is disclosed on the German wage tax card and the taxes withheld are remitted by their employer. The Awardee is responsible for paying any difference between the actual tax liability and the amount withheld. It is the Awardee's responsibility to report and pay taxes resulting from the sale of Shares (if applicable) or the receipt of any dividends.

**IRELAND TAX CONSEQUENCES**

The following summary is based on the income and social tax laws in effect in Ireland as of March 5, 2009. Tax laws are complex and can change frequently. As a result, the information below may be out of date at the time the Participating Employee purchases Shares, sells Shares or receives dividends, or when an Optionee exercises Options, sells Shares or receives dividends, or when an Awardee receives an Award, sells Shares or receives dividends.

The following applies only to Participating Employees, Optionees and Awardees who are Ireland tax residents from the date of grant to the date of sale of the underlying shares. If the Participating Employee, Optionee or Awardee is a citizen or resident of another country for local law purposes, the income and social tax as well as payroll information below may not be applicable. Furthermore, this information is general in nature and does not discuss all of the various laws, rules and regulations that may apply. It may not apply to each Participating Employee's, Optionee's or Awardee's particular tax or financial situation, and eBay is not in a position to assure them of any particular tax result.

The Participating Employees, Optionees or Awardees should address any particular questions to a specialized advisor.

**ESPP**

**Enrollment in the ESPP**

The Participating Employee will not be subject to tax when he or she enrolls in the ESPP or a new Purchase Period begins.

**Purchase of Shares**

When Shares are purchased under the ESPP or when the Participating Employee receives the Shares, if later, the Participating Employee will be subject to tax on the difference (or discount) between the fair market value of the Shares on the Purchase/Distribution Date and the purchase price at the higher marginal income tax rate in effect for the year of purchase.

The Participating Employee must account for this income tax within 30 days of purchase along with the prescribed tax return. To the extent the Participating Employee is a standard rate taxpayer, the Participating Employee may make an application to the Irish Revenue to obtain permission to calculate his or her tax liability at his or her standard tax rate. If the Participating Employee does not receive permission within the 30-day period mentioned above, the Participating Employee must calculate his or her tax liability at the highest income tax rate (41% currently) and may seek a refund for the difference.

With effect from January 1, 2009, an income levy will also apply in respect if income arising from an unapproved plan. The levy is charged at the rate of 1%,2% and 3% where total annual gross income exceeds €18,304, €100,100 and €250,120, respectively, and is payable at the time of filing the tax return by 31 October following the end of the tax year in which the taxable event occurred.

The Participating Employee will not be subject to social insurance contributions on the discount when Shares are purchased under the ESPP.

**Dividends**

Where Shares are acquired under the ESPP, dividends may be paid with respect to those Shares if eBay, in its discretion, declares a dividend. Any dividends paid will be subject to tax in Ireland and also to U.S. federal income tax withheld at source.

Dividends are charged to income tax and liable to tax at the individual's marginal rate (ranging up to 41%). A tax credit is allowed for the tax that has been withheld at source from the dividend. Dividends received during a tax year must be declared on the individual's income tax return. (e.g., if an individual receives dividends during the tax year 2008, these must be declared on the individual's 2008 income tax return, which must be submitted to the Irish Revenue by 31 October 2009).

**Sale of Shares**

When the Participating Employee sells Shares acquired under the ESPP, he or she will be subject to capital gains tax. The taxable amount will be calculated as the sale price less the fair market value at purchase/distribution and broker's fees. This amount is subject to capital gains tax to the extent it exceeds the Participating Employee's annual exemption amount.

**Withholding and Reporting**

The Participating Employee's employer is not required to withhold income tax at the time the Shares are purchased or sold. However, the Participating Employee's employer will report the grant of purchase

rights and the purchase of Shares under the ESPP to the Revenue Commissioners. It is the Participating Employee's responsibility to report and pay any taxes resulting from the purchase of the Shares, the sale of Shares or the receipt of any dividends.

**THE PLANS (UNAPPROVED OPTIONS)**

**Grant**

The Optionee will not be subject to tax when Options are granted.

**Exercise**

When the Optionee exercises Options, he or she will be subject to income tax on the difference (or spread) between the fair market value of the Shares on the date of exercise and the exercise price. The Optionee must account for this income tax within 30 days of exercise along with the prescribed tax return. To the extent the Optionee is a standard rate taxpayer, he or she may make an application to the Irish Revenue to obtain permission to calculate his or her tax liability at his or her standard tax rate. If the Optionee does not receive permission within the 30-day period mentioned above, he or she must calculate his or her tax liability at the highest income tax rate (currently 41%) and may seek a refund for the difference.

With effect from January 1, 2009, an income levy will also apply in respect if income arising from an unapproved plan. The levy is charged at the rate of 1%,2% and 3% where total annual gross income exceeds €18,304, €100,100 and €250,120, respectively, and is payable at the time of filing the tax return by 31 October following the end of the tax year in which the taxable event occurred.

No social insurance contributions will be due on the spread at exercise.

**Dividends**

Where Shares are acquired under the Plans, dividends may be paid with respect to those Shares if eBay, in its discretion, declares a dividend. Any dividends paid will be subject to tax in Ireland and also to U.S. federal income tax withheld at source.

Dividends are charged to income tax and liable to tax at the individual's marginal rate (ranging up to 41%). A tax credit is allowed for the tax that has been withheld at source from the dividend. Dividends received during a tax year must be declared on the individual's income tax return. (e.g., if an individual receives dividends during the tax year 2008, these must be declared on the individual's 2008 income tax return, which must be submitted to the Irish Revenue by 31 October 2009).

**Sale of Shares**

If the Optionee acquires Shares upon exercise, he or she will be subject to capital gains tax when he or she subsequently sells the Shares. The taxable amount will be calculated as the sale price less the fair market value of the Shares at exercise. This amount is subject to capital gains tax to the extent it exceeds the Optionee's annual exemption amount.

**Withholding and Reporting**

The Optionee's employer is not required to withhold income tax; however, the Optionee's employer will report the details of the Option to the Revenue Commissioners at the date it is granted and when it is exercised. The Optionee must report and pay any taxes due as a result of the exercise of the Option, the sale of Shares or the receipt of any dividends.

**THE PLANS (RSUs)**

**Grant**

The Awardee will likely not be subject to tax when the RSUs are granted.

**Vesting**

The Awardee likely will be subject to income tax when the RSUs vest or when the Participating Employee receives the Shares, if later. Assuming the Awardee is subject to tax upon vesting/distribution, the taxable amount will be the fair market value of the Shares issued on the date of vesting/distribution.

With effect from January 1, 2009, an income levy will also apply in respect if income arising from an unapproved plan. The levy is charged at the rate of 1%,2% and 3% where total annual gross income exceeds €18,304, €100,100 and €250,120, respectively, and is payable at the time of filing the tax return by 31 October following the end of the tax year in which the taxable event occurred.

No social insurance contributions will be due on the value at vesting, assuming settlement in shares.

**Dividends**

If the Awardee vests in the RSUs and is issued Shares, dividends may be paid with respect to those Shares if eBay, in its discretion, declares a dividend. Any dividends paid will be subject to tax in Ireland and also to U.S. federal income tax withheld at source.

Dividends are charged to income tax and liable to tax at the individual's marginal rate (ranging up to 41%). A tax credit is allowed for the tax that has been withheld at source from the dividend. Dividends received during a tax year must be declared on the individual's income tax return. (e.g., if an individual receives dividends during the tax year 2008, these must be declared on the individual's 2008 income tax return, which must be submitted to the Irish Revenue by 31 October 2009).

**Sale of Shares**

If the Awardee acquires Shares upon vesting, he or she will be subject to capital gains tax when the Shares are subsequently sold. The taxable amount will be calculated as the difference between the sales proceeds less expenses incidental to sale (*e.g.*, brokerage fees) and the fair market value of the Shares at vesting or when ownership of the Shares are transferred, if later. This amount is subject to capital gains tax to the extent it exceeds the Awardee's annual exemption.

**Withholding and Reporting**

The Awardee's employer is not required to withhold income tax. In addition, the Awardee's employer will report the details of his or her RSUs to the Revenue Commissioners at the date they vest/distribute. However, the Awardee must report and pay any taxes due as a result of the vesting of the RSUs, the sale of Shares or the receipt of any dividends.

**THE PLANS (RS)**

**Grant**

The Awardee will be subject to tax when the RS is granted on the fair market value of the Shares on the date of grant.

With effect from January 1, 2009, an income levy will also apply in respect if income arising from an unapproved plan. The levy is charged at the rate of 1%,2% and 3% where total annual gross income

exceeds €18,304, €100,100 and €250,120, respectively, and is payable at the time of filing the tax return by 31 October following the end of the tax year in which the taxable event occurred.

The Awardee will not be subject to social insurance contributions on the Shares granted under the RS Award.

**Vesting**

The Awardee will not be subject to income tax when the RS vests.

**Dividends**

If the Awardee vests in the RS and Shares are acquired under the RS, dividends may be paid with respect to those Shares if eBay, in its discretion, declares a dividend. Any dividends paid will be subject to tax in Ireland and also to U.S. federal income tax withheld at source.

Dividends are charged to income tax and liable to tax at the individual's marginal rate (ranging up to 41%). A tax credit is allowed for the tax that has been withheld at source from the dividend. Dividends received during a tax year must be declared on the individual's income tax return. (e.g., if an individual receives dividends during the tax year 2008, these must be declared on the individual's 2008 income tax return, which must be submitted to the Irish Revenue by 31 October 2009).

**Sale of Shares**

If the Awardee acquires Shares upon vesting, he or she will be subject to capital gains tax when the Shares are subsequently sold. The taxable amount will be calculated as the difference between the sale proceeds less expenses incidental to sale (*e.g.*, brokerage fees) and the fair market value of the Shares at grant. This amount is subject to capital gains tax to the extent it exceeds the Awardee's annual exemption.

**Withholding and Reporting**

The Awardee's employer is not required to withhold income tax; however, the Awardee's employer will report the details of the RS to the Revenue Commissioners at the date it is granted. The Awardee must report and pay any taxes due as a result of the grant of the RS, the sale of Shares or the receipt of any dividends.

**NETHERLANDS TAX CONSEQUENCES**

The following summary is based on the income and social tax laws in effect in the Netherlands as of March 5, 2009. Tax laws are complex and can change frequently. As a result, the information below may be out of date at the time the Participating Employee purchases Shares, sells Shares or receives dividends, or when an Optionee exercises Options, sells Shares or receives dividends, or when an Awardee receives an Award, sells Shares or receives dividends.

The following applies only to Participating Employees, Optionees and Awardees who are Netherlands tax residents from the date of grant to the date of sale of the underlying shares. If the Participating Employee, Optionee or Awardee is a citizen or resident of another country for local law purposes, the income and social tax as well as payroll information below may not be applicable. Furthermore, this information is general in nature and does not discuss all of the various laws, rules and regulations that may apply. It may not apply to each Participating Employee's, Optionee's or Awardee's particular tax or financial situation, and eBay is not in a position to assure them of any particular tax result.

The Participating Employees, Optionees or Awardees should address any particular questions to a specialized advisor.

**ESPP**

**Enrollment in the ESPP**

The Participating Employee is not subject to tax when he or she enrolls in the ESPP or a new Purchase Period begins.

**Purchase of Shares**

The Participating Employee will be subject to income tax and on the difference (or discount) between the fair market value of the Shares on the Purchase Date and the purchase price. The Participating Employee will also be subject to social insurance contributions (both national insurance and employees' social insurance) on the discount at purchase, subject to the applicable wage ceilings.

As of January 1, 2001, the Netherlands operates a net capital assets tax. As such, if the Participating Employee holds his/her eBay shares, these shares will be subject to the deemed yield tax. The deemed yield tax results in an additional tax of 1.2% which is based on an assumed return on investment of 4% on the actual value of the asset (i.e., the shares) taxed at a flat rate of 30%. The actual return on investment, such as dividends, is in principle not taxed in the Netherlands. There is an individual tax-free amount of €20,315 (doubled for married couples or fiscal partners). Further tax advice should be obtained in this regard.

**Dividends**

If Shares are acquired under the ESPP, dividends may be paid with respect to those Shares if eBay, in its discretion, declares a dividend. Any dividends paid will be subject to U.S. federal income tax withheld at source. Dividends are exempt from income taxation in the Netherlands, as mentioned above.

**Sale of Shares**

If the Participating Employee acquires Shares upon purchase, he or she will not be subject to capital gains tax when the Shares are subsequently sold provided that he or she holds less than 5% of eBay's outstanding shares.

**Withholding and Reporting**

The Participating Employee's employer is required to withhold and report income tax and social insurance contributions (to the extent the Participating Employee has not exceeded the applicable contribution ceilings) when the Shares are purchased. If the Participating Employee's actual tax liability differs from the amount withheld, it is the Participating Employee's responsibility to pay the additional tax. It is also the Participating Employee's responsibility to pay any tax due, including any deemed yield tax, and to report any taxable benefit derived from the ESPP on his or her personal income tax return.

**THE PLANS (OPTIONS)**

**Grant**

The Optionee will not be subject to tax when Options are granted.

**Exercise**

For stock options granted on or after January 1, 2005 and/or first vests on or after January 1, 2005, when the Optionee exercises Options, he or she will be subject to tax on the difference (or spread) between the fair market value of the Shares on the date of exercise and the exercise price. The Optionee will also be

subject to social insurance contributions (both national insurance and employees' social insurance) on the spread at exercise, subject to the applicable wage ceilings.

As of January 1, 2001, the Netherlands operates a net capital assets tax. As such, if the Participating Employee holds his/her eBay shares, these shares will be subject to the deemed yield tax. The deemed yield tax results in an additional tax of 1.2% which is based on an assumed return on investment of 4% on the actual value of the asset (i.e., the shares) taxed at a flat rate of 30%. The actual return on investment, such as dividends, is in principle not taxed in the Netherlands. There is an individual tax-free amount of €20,315 (doubled for married couples or fiscal partners). Further tax advice should be obtained in this regard.

**Dividends**

If Shares are acquired under the Plan, dividends may be paid with respect to those Shares if eBay, in its discretion, declares a dividend. Any dividends paid will be subject U.S. federal income tax withheld at source. Dividends are exempt from income taxation in the Netherlands, as mentioned above.

**Sale of Shares**

If the Optionee acquires Shares upon exercise, he or she will not be subject to capital gains tax when the Shares are subsequently sold provided that he or she holds less than 5% of eBay's outstanding shares.

**Withholding and Reporting**

The Optionee's employer is required to withhold and report income tax and social insurance contributions (to the extent the Optionee has not exceeded the applicable contribution ceilings) when the Shares are exercised. If the Optionee's actual tax liability differs from the amount withheld, it is the Optionee's responsibility to pay the additional tax. It is also the Optionee's responsibility to pay any tax due, including any deemed yield tax, and to report any taxable benefit derived from the Options on his or her personal income tax return.

**THE PLANS (RSUs)**

**Grant**

The Awardee will not be subject to tax when the RSUs are granted.

**Vesting**

The Awardee will be subject to income tax and social insurance contributions (to the extent the Awardee has not exceeded the applicable contributions ceilings) when the RSUs vest. The Awardee will be taxed on the fair market value of the Shares issued on the date of vesting.

As of January 1, 2001, the Netherlands operates a net capital assets tax. As such, if the Participating Employee holds his/her eBay shares, these shares will be subject to the deemed yield tax. The deemed yield tax results in an additional tax of 1.2% which is based on an assumed return on investment of 4% on the actual value of the asset (i.e., the shares) taxed at a flat rate of 30%. The actual return on investment, such as dividends, is in principle not taxed in the Netherlands. There is an individual tax-free amount of €20,315 (doubled for married couples or fiscal partners). Further tax advice should be obtained in this regard.

**Dividends**

If the Awardee vests in the RSUs and is issued Shares, dividends may be paid with respect to those Shares if eBay, in its discretion, declares a dividend. Any dividends paid will be subject U.S. federal

income tax withheld at source. Dividends are exempt from income taxation in the Netherlands, as mentioned above.

**Sale of Shares**

If the Awardee acquires Shares upon vesting, he or she will not be subject to capital gains tax when the Shares are subsequently sold provided that he or she holds less than 5% of eBay's outstanding shares.

**Withholding and Reporting**

The Awardee's employer is required to withhold and report income tax and social insurance contributions (to the extent the Awardee has not exceeded the applicable contribution ceilings) when the Shares vest. If the Awardee's actual tax liability differs from the amount withheld, it is the Awardee's responsibility to pay the additional tax. It is also the Awardee's responsibility to pay any tax due, including any deemed yield tax, and to report any taxable benefit derived from the RSUs on his or her personal income tax return.

**THE PLANS (RS)**

**Grant**

The Awardee will be subject to income tax and social insurance contributions (to the extent the Awardee has not exceeded the applicable contributions ceilings) when the RS is granted on the fair market value of the Shares on the date of grant.

As of January 1, 2001, the Netherlands operates a net capital assets tax. As such, if the Participating Employee holds his/her eBay restricted shares (even during the restricted period), these shares will be subject to the deemed yield tax. The deemed yield tax results in an additional tax of 1.2% which is based on an assumed return on investment of 4% on the actual value of the asset (i.e., the shares) taxed at a flat rate of 30%. The actual return on investment, such as dividends, is in principle not taxed in the Netherlands. There is an individual tax-free amount of €20,315 (doubled for married couples or fiscal partners). Further tax advice should be obtained in this regard.

**Vesting**

The Awardee will not be subject to tax when the RS vests.

**Dividends**

If the Awardee is issued Shares at grant, dividends may be paid with respect to those Shares if eBay, in its discretion, declares a dividend. Any dividends paid will be subject U.S. federal income tax withheld at source. Dividends are exempt from income taxation in the Netherlands, as mentioned above.

**Sale of Shares**

The Awardee will not be subject to capital gains tax when the Shares are subsequently sold provided that he or she holds less than 5% of eBay's outstanding shares.

**Withholding and Reporting**

The Awardee's employer is required to withhold and report income tax and social insurance contributions (to the extent the Awardee has not exceeded the applicable contribution ceilings) when the Shares are granted. If the Awardee's actual tax liability differs from the amount withheld, it is the Awardee's responsibility to pay the additional tax. It is also the Awardee's responsibility to pay any tax due, including

any deemed yield tax, and to report any taxable benefit derived from the RS on his or her personal income tax return.

**UNITED KINGDOM TAX CONSEQUENCES**

The following summary is based on the income and social tax laws in effect in the United Kingdom as of March 5, 2009. Such laws are complex and can change frequently. As a result, the information below may be out of date at the time the Participating Employee purchases Shares, sells Shares or receives dividends, or when an Optionee exercises Options, sells Shares or receives dividends, or when an Awardee receives an Award, sells Shares or receives dividends.

The following applies only to Participating Employees, Optionees and Awardees who are resident, ordinarily resident and domiciled in the United Kingdom and will remain so up to the date Shares they received pursuant to any stock based award are sold. If the Participating Employee, Optionee or Awardee is a citizen or resident of another country for local law purposes, or if they are not treated as resident, ordinarily resident and domiciled in the United Kingdom, the income and social tax as well as payroll information below may not be applicable. Furthermore, this information is general in nature and does not discuss all of the various laws, rules and regulations that may apply. It may not apply to each Participating Employee's, Optionee's or Awardee's particular circumstances or tax or financial situation, and eBay is not in a position to assure them of any particular tax result.

The Participating Employees, Optionees or Awardees are strongly advised to consult their own independent personal tax advisor as to how the tax or other laws in their country apply to their specific situation.

**ESPP**

**Enrollment in the ESPP**

The Participating Employee is not subject to tax when he or she enrolls in the ESPP or a new Purchase Period begins.

**Purchase of Shares**

When Shares are purchased under the ESPP, the Participating Employee will be subject to income tax on the difference (or discount) between the fair market value of the Shares on the Purchase Date and the purchase price. In addition, the Participating Employee will be subject to employee's national insurance contribution ("NIC") on the discount. The Participating Employee will also be liable for the employer NIC to the extent a joint election is made, as provided for in the Participating Employee's Enrollment Documents.

The Participating Employee's employer will calculate the income tax, employee's NIC and, if applicable, employer NIC, due when Shares are purchased under the ESPP and will account for these amounts to Her Majesty's Revenue & Customs (HMRC) on the Participating Employee's behalf. The Participating Employee is required to reimburse the employer for these amounts. The employer will withhold income tax and employee NIC and, if applicable, employer NIC under the Pay As You Earn ("PAYE") system when the tax charges become due. The employer will also be entitled to collect the payments due (including employer NIC) by any method permitted in the Participating Employee's ESPP documentation. Such methods could include withholding from other payments due to the Participating Employee from the employer or the sale of Shares.

In the event there is no such withholding, the Participating Employee must reimburse the employer for the income tax due (in excess of the amount withheld from the Participating Employee's salary or covered by the sale of Shares, if any) within 90 days of the date of purchase of the Shares to avoid further tax consequences. If the Participating Employee fails to pay this amount to the employer within that time

limit, the Participating Employee will be treated as having received a deemed benefit-in-kind equal to the amount of tax not paid to the employer and the Participating Employee will have to pay further tax on this benefit. In such case, the employer is not required to withhold tax on the benefit-in-kind, and the Participating Employee must include this in his or her self-assessment tax return for the tax year in which the purchase occurs.

**Dividends**

If the Participating Employee acquires Shares pursuant to the ESPP and eBay, in its discretion, declares a dividend on the Shares, the Participating Employee will be subject to income tax in the U.K. (but not NIC) and to U.S. federal income tax withheld at source. The Participating Employee may be entitled to a U.K. tax credit for the U.S. taxes paid provided certain conditions are met.

**Sale of Shares**

The taxable capital gain (or allowable capital loss) is calculated as the sales proceeds less the cost basis. The cost basis is the amount already subject to income tax with respect of those shares sold as well as any purchase price paid at the time of acquisition of the shares. A deduction will be allowed for some costs of sale (e.g., broker's fees).

The first £9,600 for 2008/09 of gains realized in a year are tax-free. As of 6 April 2008, taper relief is no longer available and capital gains are subject to tax at a flat rate of 18%.

**Withholding and Reporting**

As mentioned above, the Participating Employee's employer will withhold income tax and employee and/or employer (if applicable) NIC on the taxable amount when Shares are purchased under the ESPP. If the amount withheld is not sufficient to cover the Participating Employee's actual liability, the Participating Employee will be responsible for paying the difference and should do so within 90 days of the date of purchase of the Shares under the ESPP to avoid further tax consequences (as discussed above).

The Participating Employee's employer is also required to report the details of the grant of purchase rights and the acquisition of Shares pursuant to the ESPP to HMRC on its Annual U.K. Revenue Tax Return, Annual Share Schemes Return and the Return of Benefits Return it prepares in relation to all benefits received by a Participating Employee for the particular tax year.

The Participating Employee will be responsible for paying and reporting any taxes due as a result of the sale of Shares acquired under the ESPP or the receipt of any dividends.

**THE PLANS (UNAPPROVED & APPROVED OPTIONS)**

**Grant**

The Optionee will not be subject to income tax or employee NIC when the Options are granted or when the Options vest.

**Exercise**

Unapproved stock options:

When the Optionee exercises the Options, the Optionee will be subject to income tax on the difference (or spread) between the fair market value of the Shares acquired pursuant to the Options and the exercise price paid for the Shares. In addition, the Optionee will be required to pay employee NIC on the spread.

The Optionee will also be liable for the employer NIC to the extent a joint election is made, as provided for in the Optionee's Option documents.

The Optionee's employer will calculate the income tax, employee NIC and, if applicable, employer NIC, due on the exercise of the Options and will account for these amounts to HMRC on the Optionee's behalf. The Optionee is required to reimburse the employer for these amounts accounted. The employer will withhold income tax and employee NIC and, if applicable, employer NIC under the PAYE system when the tax charges become due. The Optionee's employer will also be entitled to collect the payments due (including employer NIC) by any method provided for in the Optionee's Option documents. Such methods could include withholding from other payments due to the Optionee from the employer or the sale of Shares.

In the event there is no such withholding, the Optionee must reimburse his or her employer for the income tax due (in excess of the amount withheld from the Optionee's salary or covered by the sale of Shares, if any) within 90 days of the date of exercise of the Options to avoid further tax consequences. If the Optionee fails to pay this amount to the employer within that time limit, the Optionee may be treated as having received a deemed benefit in kind equal to the amount of tax not paid to the employer and the Optionee will have to pay further tax on this benefit. In such case, the employer is not required to withhold tax on the benefit in kind, and the Optionee must include this in his or her self-assessment tax return for the tax year in which the purchase occurs.

Approved stock options:

Under an HMRC approved stock option program, the employee is not subject to income tax or NIC at the time of exercise, assuming that option is exercised on or after three years from the date of grant or within six months of cessation of employment as a result of injury, disability, redundancy or retirement on or after the age specified in the plan rules of not less than 55. If these time period are not respect, the participant is taxed in the same manner as described above for unapproved stock options.

**Dividends**

If the Optionee acquires Shares pursuant to the Plans and eBay, in its discretion, declares a dividend on the Shares, the Optionee will be subject to income tax in the U.K. (but not NIC) and to U.S. federal income tax withheld at source. The Optionee may be entitled to a U.K. tax credit for the U.S. taxes paid provided certain conditions are met.

**Sale of Shares**

The taxable capital gain (or allowable capital loss) is calculated as the sales proceeds less the cost basis. The cost basis is the amount already subject to income tax (for unapproved options) with respect of those shares sold as well as any purchase price paid at the time of acquisition of the shares. A deduction will be allowed for some costs of sale (e.g., broker's fees).

The first £9,600 for 2008/09 of gains realized in a year are tax-free. As of 6 April 2008, taper relief is no longer available and capital gains are subject to tax at a flat rate of 18%.

**Withholding and Reporting**

As mentioned above, the Optionee's employer is required to withhold income tax and employee and/or employer (if applicable) NIC on the spread at exercise of the Option. If the amount withheld is not sufficient to cover the Optionee's actual liability, the Optionee will be responsible for paying the difference and should do so within 90 days of the date of exercise of the Options to avoid further tax consequences (as discussed above). For approved options, there is no withholding obligations if the aforementioned time periods are met upon exercise.

The Optionee's employer is also required to report the details of the Optionee's Option grant and Option exercise to the HM Revenue & Customs on its Annual U.K. Revenue Tax Return, Annual Shares Schemes Return and the Return of Benefits Return it prepares in relation to all benefits received by an Optionee for the particular tax year. Additional reporting may be required for approved stock option awards.

The Optionee will also be required to report the exercise of the Options and the subsequent sale of Shares or the receipt of any dividends on his or her annual UK Tax Return. In addition, the Optionee will be responsible for paying and reporting any taxes due as a result of the sale of Shares or the receipt of dividends.

**THE PLANS (RSUs)**

**Grant**

The Awardee will not be subject to income tax or employee NIC when the RSUs are granted.

**Vesting**

The Awardee will be subject to income tax and employee NIC on the fair market value of the Shares following the vesting of RSUs. If provided for in the Awardee's RSU documents and a joint election is made, the Awardee will also be liable for the employer NIC arising upon the vesting of an RSU settled in Shares.

Where the RSUs are paid out in Shares (or the Awardee has the right to acquire Shares), income tax and employee NIC (and, if applicable, employer NIC) will be due on the date the Awardee acquires the Shares.

The Awardee's employer will calculate the income tax, employee NIC and employer NIC, if applicable, due on vesting of the RSUs and will account for these amounts to HMRC on the Awardee's behalf. The Awardee is required to reimburse the employer for these amounts. The employer will withhold income tax and employee NIC and, if applicable, employer NIC under the PAYE system when the tax charges become due. The Awardee's employer will also be entitled to collect the payments due (including employer NIC) by any method provided for in the Awardee's RSU documents. Such methods could include withholding from other payments due to the Awardee from the employer or the sale of Shares.

In the event there is no such withholding, the Awardee must reimburse his or her employer for the income tax due (in excess of the amount withheld from the Awardee's salary or covered by the sale of Shares, if any) within 90 days of the date of the vesting of the RSU award to avoid further tax consequences. If the Awardee fails to pay this amount to the employer within that time limit, the Awardee may be treated as having received a deemed benefit in kind equal to the amount of tax not paid to the employer and the Awardee will have to pay further tax on this benefit. In such case, the Awardee's employer is not required to withhold tax on the benefit in kind, and the Awardee must include this in his or her self-assessment tax return for the tax year in which the purchase occurs.

**Dividends**

If the Awardee acquires Shares pursuant to his or her RSUs, and eBay, in its discretion, declares a dividend on the Shares, the Awardee will be subject to income tax in the U.K. (but not to NIC) and to U.S. federal income tax withheld at source. The Awardee may be entitled to a U.K. tax credit for the U.S. taxes paid provided certain conditions are met.

**Sale of Shares**

The taxable capital gain (or allowable capital loss) is calculated as the sales proceeds less the cost basis. The cost basis is the amount already subject to income tax with respect of those shares sold. A deduction will be allowed for some costs of sale (e.g., broker's fees).

The first £9,600 for 2008/09 of gains realized in a year are tax-free. As of 6 April 2008, taper relief is no longer available and capital gains are subject to tax at a flat rate of 18%.

**Withholding and Reporting**

As mentioned above, the Awardee's employer will withhold income tax and employee and/or employer (if applicable) NIC on the taxable amount when the RSUs vest. If the amount withheld is not sufficient to cover the Awardee's actual liability, the Awardee will be responsible for paying the difference and should do so within 90 days of the date of vesting of the RSUs to avoid further tax consequences (as discussed above). The Awardee's employer is also required to report the grant of the RSUs and or the acquisition of Shares pursuant to the RSU as well as the tax withheld on its Annual U.K. Revenue Tax Return, Annual Shares Schemes Return and the Return of Benefits Return it prepares in relation to all benefits received by an Awardee for the particular tax year.

It is the Awardee's responsibility to report the details of any tax liability arising with the respect to the acquisition of Shares. The Awardee will also be responsible for paying and reporting any taxes due as a result of the sale of Shares acquired pursuant to their RSUs or the receipt of any dividends.

**THE PLANS (RS)**

This summary assumes that the restrictions on the RS include provisions that relate to forfeiture of the Shares (for a payment which is less than the market value of the Shares on the date of forfeiture) and these restrictions are not capable of lasting for more than five years from the date of the award. If this is not the case, different tax treatment will apply.

**Grant**

The Awardee will not be subject to income tax or employee NIC when RS is granted.

The Awardee can, however, jointly elect with their employer that income tax and NIC will be charged on the date of grant by reference to the full market value of the Shares (disregarding any restrictions attaching to the Shares). In this situation, the Awardee would be liable for income tax and employee NIC on the full market value of Shares on the acquisition of the Shares (and not on the lifting of the restrictions attaching to the Shares).

**Vesting**

The Awardee will be subject to income tax and employee NIC on vesting of the RS as follows:

If no joint election was made at the time the RS was granted, income tax and employee NIC are payable on the difference between the fair market value of the Shares at vesting and the amount (if any) paid for the Shares. If provided for in the Awardee's RS documents and a joint election is made, the Awardee will be liable for the employer NIC arising after the acquisition of the Shares pursuant to their RS.

If the Awardee and his or her employer jointly elected to pay tax on the full market value of the Shares on the date of acquisition less the amount (if any) paid for the Shares, no additional tax charges arise on vesting.

The Awardee's employer will calculate the income tax, employee NIC and, if applicable, employer's NIC due when the tax liability arises and will account for these amounts to HM Revenue & Customs on behalf of the Awardee. The Awardee is required to reimburse the employer for these amounts. The employer will withhold income tax and employee NIC and, if applicable, employer NIC under the PAYE system when the tax charges become due. The Awardee's employer will also be entitled to collect the payments due (including employer NIC, if applicable) by any method provided for in the Awardee's RS documents. Such methods could include withholding from other payments due to the Awardee from the employer or the sale of Shares.

In the event there is no such withholding, the Awardee must reimburse his or her employer for the income tax due (in excess of the amount withheld from the Awardee's salary or covered by the sale of Shares, if any) within 90 days of the tax becoming due to avoid further tax consequences. If the Awardee fails to pay this amount to his or her employer within that time limit, the Awardee will be treated as having received a deemed benefit in kind equal to the amount of tax not paid to the employer and the Awardee will have to pay further tax on this benefit. In such case, the employer is not required to withhold tax on the benefit in kind, and the Awardee must include this in his or her self-assessment tax return for the tax year.

**Dividends**

If the Awardee acquires Shares pursuant to the RS award and eBay (in its discretion) declares a dividend on the Shares, the Awardee will be subject to income tax in the U.K. (but not NIC) and to U.S. federal income tax withheld at source. The Awardee may be entitled to a U.K. tax credit for the U.S. taxes paid provided certain conditions are met.

**Sale of Shares**

When the Awardee subsequently sells the Shares acquired pursuant to his or her RS award, any capital gain will be subject to capital gains tax. If no joint election was made at the time the RS was granted and income tax is paid on the value of the Shares at vesting, any further increase in value of the Shares from vesting is treated as a capital gain. If the Awardee and his or her employer jointly elected to pay tax on the full market value of the Shares at the time the Award is made, the difference between the sale price of the Shares and the market value of the Shares at the date of acquisition is treated as a capital gain.

For disposal of Shares on or after April 6, 2008, capital gains in excess of the annual personal exemption are subject to a flat rate of 18% and taper relief is no longer applicable.

**Withholding and Reporting**

As mentioned above, the Awardee's employer will withhold income tax and employee and/or employer (if applicable) NIC on the taxable amount at the point they become due. If the amount withheld is not sufficient to cover the Awardee's actual liability, the Awardee will be responsible for paying the difference and should do so within 90 days of the tax charge arising to avoid further tax consequences (as discussed above).

The Awardee's employer is also required to report the grant of the RS and/or the acquisition of Shares pursuant to the RS as well as the tax withheld on its Annual U.K. Revenue Tax Return, Annual Shares Schemes Return and the Return of Benefits Return it prepares in relation to all benefits received by an Awardee for the particular tax year.

It is Awardee's responsibility to report the details of any tax liability arising with the respect to the acquisition of Shares. The Awardee will also be responsible for paying and reporting any taxes due as a result of the sale of Shares acquired pursuant to their RS or the receipt of any dividends.

**EXHIBITS**

**EXHIBIT I**

**THE EBAY 1998 EMPLOYEE STOCK PURCHASE PLAN, AS AMENDED**

**eBay Inc.**

**AMENDED AND RESTATED 1998 EMPLOYEE STOCK PURCHASE PLAN**

**Adopted by the Board of Directors on March 28, 2007**
**Approved by the Stockholders on June 14, 2007**

**1. Establishment of Plan.** eBay Inc. (the ***"Company")*** proposes to grant options for purchase of the Company's Common Stock to eligible employees of the Company and its Participating Subsidiaries (as hereinafter defined) pursuant to this Employee Stock Purchase Plan (this ***"Plan"***). For purposes of this Plan, ***"Parent Corporation"*** and ***"Subsidiary"*** shall have the same meanings as "parent corporation" and "subsidiary corporation" in Sections 424(e) and 424(f), respectively, of the Internal Revenue Code of 1986, as amended (the ***"Code"***). ***"Participating Subsidiaries"*** are Parent Corporations or Subsidiaries that the Board of Directors of the Company (the ***"Board"***) designates from time to time as corporations that shall participate in this Plan. The Company intends this Plan to qualify as an "employee stock purchase plan" under Section 423 of the Code (including any amendments to or replacements of such Section), and this Plan shall be so construed. Any term not expressly defined in this Plan but defined for purposes of Section 423 of the Code shall have the same definition herein. A total of 7,200,000[1] shares of the Company's Common Stock were reserved for issuance under this amended and restated Plan when originally adopted. In addition, on each January 1, the aggregate number of shares of the Company's Common Stock reserved for issuance under the Plan shall be increased automatically by the number of shares purchased under this Plan in the preceding calendar year; provided that the aggregate shares reserved under this Plan shall not exceed 36,000,000[1] shares. Such number shall be subject to adjustments effected in accordance with Section 14 of this Plan.

**2. Purpose.** The purpose of this Plan is to provide eligible employees of the Company and its Participating Subsidiaries with a convenient means of acquiring an equity interest in the Company through payroll deductions or contributions, to enhance such employees' sense of participation in the affairs of the Company or Participating Subsidiaries, and to provide an incentive for continued employment. In addition, the Plan authorizes the grant of options and the issuance of the Company's Common Stock which do not qualify under Section 423 of the Code pursuant to sub-plans or special rules adopted by the Board or the Compensation Committee of the Board (as hereinafter defined) designated to achieve desired tax or other objectives in particular locations outside the United States.

**3. Administration.**

(a) This Plan shall be administered by the Compensation Committee of the Board (the ***"Committee"***). Subject to the provisions of this Plan and the limitations of Section 423 of the Code or any successor provision in the Code, all questions of interpretation or application of this

[1] Denotes that such number reflects the stock splits of eBay's common stock occurring in 8/98, 3/99, 5/00, 8/03 and 2/05.

Plan shall be determined by the Committee and its decisions shall be final and binding upon all participants. Members of the Committee shall receive no compensation for their services in connection with the administration of this Plan, other than standard fees as established from time to time by the Board for services rendered by Board members serving on Board committees. All expenses incurred in connection with the administration of this Plan shall be paid by the Company.

(b) The Board or the Committee may adopt rules or procedures relating to the operation and administration of the Plan to accommodate the specific requirements of local laws and procedures. Without limiting the generality of the foregoing, the Board or the Committee is specifically authorized to adopt rules and procedures regarding handling of payroll deductions, contributions, payment of interest, conversion of local currency, payroll tax, withholding procedures and handling of stock certificates which vary with local requirements. The Board or the Committee may adopt such rules, guidelines and forms as the applicable laws allow to accomplish the transfer of secondary Class 1 National Insurance Contributions ***("NIC")*** in the United Kingdom ***("UK")*** from the employer to the participants in the UK and to make such transfer of NIC liability a condition to the exercise of options in the UK.

(c) The Board or the Committee may also adopt sub-plans applicable to particular Participating Subsidiaries or locations, which sub-plans may be designed to be outside the scope of Code Section 423. The rules of such sub-plans may take precedence over other provisions of this Plan, with the exception of Section 1 above, but unless otherwise superseded by the terms of such sub-plan, the provisions of this Plan shall govern the operation of such sub-plan.

**4. Eligibility.** Any employee of the Company or its Participating Subsidiaries is eligible to participate in an Offering Period (as hereinafter defined) under this Plan, subject to Section 19 and except the following:

(a) employees who are not employed by the Company or a Participating Subsidiary (10) days before the beginning of such Offering Period, except that employees who were employed on the Effective Date of the Registration Statement filed by the Company with the Securities and Exchange Commission ***("SEC")*** under the Securities Act of 1933, as amended (the ***"Securities Act"***) registering the initial public offering of the Company's Common Stock were eligible to participate in the first Offering Period under the Plan;

(b) employees who are customarily employed for twenty (20) hours or less per week, unless local law prohibits exclusion of part-time employees;

(c) employees who are customarily employed for five (5) months or less in a calendar year, unless local law prohibits exclusion of such employees; and

(d) employees who, together with any other person whose stock would be attributed to such employee pursuant to Section 424(d) of the Code, own stock or hold options to purchase stock possessing five percent (5%) or more of the total combined voting power or value of all classes of stock of the Company or any of its Participating Subsidiaries or who, as a result of being granted an option under this Plan with respect to such Offering Period, would own stock or hold

options to purchase stock possessing five percent (5%) or more of the total combined voting power or value of all classes of stock of the Company or any of its Participating Subsidiaries.

**5. Offering Dates.** The offering periods of this Plan (each, an ***"Offering Period"***) shall be of twenty-four (24) months duration commencing on May 1 and November 1 of each year and ending on April 30 and October 31 of each year; provided, however, that notwithstanding the foregoing, the first such Offering Period shall commence on the later of November 1, 2007 or the first day of the first calendar month following the calendar month in which the Company's registration statement on Form S-8 is filed with respect to the Plan (the ***"First Offering Date"***) and shall end on April 30, 2008. Except for the first Offering Period, each Offering Period shall consist of four (4) six month purchase periods (individually, a ***"Purchase Period"***) during which payroll deductions or contributions of the participants are accumulated under this Plan. The first Offering Period shall consist of no more than five and no fewer than three Purchase Periods, any of which may be greater or less than six months as determined by the Committee. The first business day of each Offering Period is referred to as the ***"Offering Date".*** The last business day of each Purchase Period is referred to as the ***"Purchase Date".*** The Committee shall have the power to change the duration of Offering Periods with respect to offerings without stockholder approval if such change is announced at least fifteen (15) days prior to the scheduled beginning of the first Offering Period to be affected. Notwithstanding the foregoing, the Board or the Committee may establish other Offering Periods in addition to those described above, which shall be subject to any specific terms and conditions that the Committee approves, including requirements with respect to eligibility, participation, the establishment of Purchase Periods and Purchase Dates and other rights under any such Offering. A participant may be enrolled in only one Offering Period at a time.

**6. Participation in this Plan.**

(a) Eligible employees may become participants in an Offering Period under this Plan on the first Offering Date after satisfying the eligibility requirements by delivering a subscription agreement authorizing payroll deductions or contributions, unless Section 6(b) below applies, to the Company's treasury department (the ***"Treasury Department"***) not later than five (5) days before such Offering Date. Notwithstanding the foregoing, the Committee may set a later time for filing the subscription agreement authorizing payroll deductions or contributions for all eligible employees with respect to a given Offering Period. An eligible employee who does not deliver a subscription agreement to the Treasury Department by such date after becoming eligible to participate in such Offering Period shall not participate in that Offering Period or any subsequent Offering Period unless such employee enrolls in this Plan by filing a subscription agreement with the Treasury Department not later than five (5) days preceding a subsequent Offering Date. Once an employee becomes a participant in an Offering Period, such employee will automatically participate in the Offering Period commencing immediately following the last day of the prior Offering Period unless the employee withdraws or is deemed to withdraw from this Plan or terminates further participation in the Offering Period as set forth in Section 11 below. Such participant is not required to file any additional subscription agreement in order to continue participation in this Plan.

(b) Notwithstanding any other provisions of the Plan to the contrary, in locations where local law prohibits payroll deductions, an eligible employee may elect to participate through contributions to his account under the Plan in a form acceptable to the Board or the Committee.

**7. Grant of Option on Enrollment.** Enrollment by an eligible employee in this Plan with respect to an Offering Period will constitute the grant (as of the Offering Date) by the Company to such employee of an option to purchase on the Purchase Date up to that number of shares of Common Stock of the Company determined by dividing (a) the amount accumulated in such employee's payroll deduction account during such Purchase Period by (b) the lower of (i) eighty-five percent (85%) of the fair market value of a share of the Company's Common Stock on the Offering Date (but in no event less than the par value of a share of the Company's Common Stock), or (ii) eighty-five percent (85%) of the fair market value of a share of the Company's Common Stock on the Purchase Date (but in no event less than the par value of a share of the Company's Common Stock), provided, however, that the number of shares of the Company's Common Stock subject to any option granted pursuant to this Plan shall not exceed the lesser of (x) the maximum number of shares which may be purchased pursuant to Section 10(a) with respect to the applicable Purchase Date, or (y) the maximum number of shares set by the Committee pursuant to Section 10(b) below with respect to the applicable Purchase Date. The fair market value of a share of the Company's Common Stock shall be determined as provided in Section 8 below.

**8. Purchase Price.** The purchase price per share at which a share of Common Stock will be sold in any Offering Period shall be eighty-five percent (85%) of the lesser of:

(a) The fair market value on the Offering Date; or

(b) The fair market value on the Purchase Date.

For purposes of this Plan, the term ***"Fair Market Value"*** means, as of any date, any date, the value of a share of the Company's Common Stock determined as follows:

(a) if such Common Stock is then quoted on the Nasdaq National Market, its closing price on the Nasdaq National Market on the date of determination as reported in The Wall Street Journal;

(b) if such Common Stock is publicly traded and is then listed on another national securities exchange, its closing price on the date of determination on the principal national securities exchange on which the Common Stock is listed or admitted to trading as reported in The Wall Street Journal;

(c) if such Common Stock is publicly traded but is not quoted on the Nasdaq National Market nor listed or admitted to trading on another national securities exchange, the average of the closing bid and asked prices on the date of determination as reported in The Wall Street Journal; or

(d) if none of the foregoing is applicable, by the Board in good faith, which in the case of the First Offering Date will be the price per share at which shares of the Company's Common Stock are initially offered for sale to the public by the Company's underwriters in the initial public offering of the Company's Common Stock pursuant to a registration statement filed with the SEC under the Securities Act.

**9. Payment of Purchase Price; Changes in Payroll Deductions; Issuance of Shares.**

(a)(i) The purchase price of the shares is accumulated by regular payroll deductions or contributions made during each Offering Period. The deductions or contributions are made as a percentage of the participant's Compensation in one percent (1%) increments not less than two percent (2%), nor greater than ten percent (10%) or such lower limit set by the Committee. Payroll deductions or contributions shall commence on the first payday of the Offering Period and shall continue to the end of the Offering Period unless sooner altered or terminated as provided in this Plan;

(a)(ii) "Compensation" means total cash wages or salary and performance-based pay actually received or deferred by an eligible employee under this Plan during the applicable Offering Period, including: base wages or salary; overtime; performance bonuses; commissions; shift differentials; payments for paid time off; payments in lieu of notice; compensation deferred under any program or plan, including, without limitation, pursuant to Section 401(k) or Section 125 of the Code; or any other compensation or remuneration approved as "compensation" by the Board or the Compensation Committee in accordance with Section 423 of the Code. For purposes of this Plan, "Compensation" shall not include forms of compensation or remuneration that are not included or covered by the first sentence in this subparagraph (ii), including the following: moving allowances; payments pursuant to a severance agreement; equalization payments; termination pay (including the payout of accrued vacation time in connection with any such termination); relocation allowances; expense reimbursements; meal allowances; commuting allowances; geographical hardship pay; any payments (such as guaranteed bonuses in certain foreign jurisdictions) with respect to which salary reductions are not permitted by the laws of the applicable jurisdiction); automobile allowances; sign-on bonuses; nonqualified executive compensation; any amounts directly or indirectly paid pursuant to this Plan or any other stock-based plan, including without limitation any stock option, stock purchase, deferred stock unit, or similar plan, of the Company or any Subsidiary; or any other compensation or remuneration determined not to be "compensation" by the Board or the Compensation Committee in accordance with Section 423 of the Code.

(b) A participant may increase or decrease the rate of payroll deductions or contributions during an Offering Period by filing with the Treasury Department a new authorization for payroll deductions, in which case the new rate shall become effective for the next payroll period commencing more than fifteen (15) days after the Treasury Department's receipt of the authorization and shall continue for the remainder of the Offering Period unless changed as described below. Such change in the rate of payroll deductions or contributions may be made at any time during an Offering Period, but not more than one (1) change may be made effective during any Purchase Period. A participant may increase or decrease the rate of payroll deductions or contributions for any subsequent Offering Period by filing with the Treasury

Department a new authorization for payroll deductions or an election for contributions not later than fifteen (15) days before the beginning of such Offering Period.

(c) A participant may reduce his or her payroll deduction or contributions percentage to zero during an Offering Period by filing with the Treasury Department a request for cessation of payroll deductions or contributions. Such reduction shall be effective beginning with the next payroll period commencing more than fifteen (15) days after the Treasury Department's receipt of the request and no further payroll deductions or contributions will be made for the duration of the Offering Period. Payroll deductions or contributions credited to the participant's account prior to the effective date of the request shall be used to purchase shares of Common Stock of the Company in accordance with Section (e) below. A participant may not resume making payroll deductions or contributions during the Offering Period in which he or she reduced his or her payroll deductions or contributions to zero.

(d) In countries where local law prohibits payroll deductions, at the time a participant files his or her subscription agreement, instead of authorization for payroll deductions, he or she shall elect to make contributions on each payday during the Offering Period at a rate not exceeding ten percent (10%) of the compensation which he or she receives on such payday, provided that the aggregate of such contributions during the Offering Period shall not exceed ten percent (10%) of the aggregate compensation which he or she would receive during said Offering Period. The Board or the Committee shall determine whether the amount to be contributed is to be designated as a specific dollar amount, or as a percentage of the eligible compensation being paid on such payday, or as either, and may also establish a minimum percentage or amount for such contributions.

(e) All participant's payroll deductions or contributions are credited to his or her account under this Plan and are deposited with the general funds of the Company. No interest accrues on the payroll deductions or contributions unless local law requires that payroll deductions or contributions be held in an interest-bearing account. All payroll deductions or contributions received or held by the Company may be used by the Company for any corporate purpose, and the Company shall not be obligated to segregate such payroll deductions or contributions unless segregation of accounts is required by local law.

(f) On each Purchase Date, so long as this Plan remains in effect and provided that the participant has not submitted a signed and completed withdrawal form before that date which notifies the Company that the participant wishes to withdraw from that Offering Period under this Plan and have all funds accumulated in the account maintained on behalf of the participant as of that date returned to the participant, the Company shall apply the funds then in the participant's account to the purchase of whole shares of Common Stock reserved under the option granted to such participant with respect to the Offering Period to the extent that such option is exercisable on the Purchase Date. The purchase price per share shall be as specified in Section 8 of this Plan. Any cash remaining in a participant's account after such purchase of shares shall be refunded to such participant in cash, without interest unless local law requires the payment of interest; provided, however that any amount remaining in such participant's account on a Purchase Date which is less than the amount necessary to purchase a full share of Common Stock of the Company shall be carried forward, without interest, unless local law requires the

payment of interest into the next Purchase Period or Offering Period and in the locations where the Board or the Committee have determined that such rollover is available under the Plan, as the case may be. In the event that this Plan has been oversubscribed, all funds not used to purchase shares on the Purchase Date shall be returned to the participant, without interest unless local law requires the payment of interest. No Common Stock shall be purchased on a Purchase Date on behalf of any employee whose participation in this Plan has terminated prior to such Purchase Date.

(g) Subject to Section 9(h), as promptly as practicable after the Purchase Date, the Company shall issue shares for the participant's benefit representing the shares purchased upon exercise of his or her option. If a participant dies before receiving his or her shares, the account will be set up in the name of such participant's beneficiary, or the shares will be issued in such beneficiary's name.

(h) If, on the Purchase Date, the Company or a Participating Subsidiary is required by local law to withhold taxes on a participant's exercise of his or her options and such participant's compensation is not sufficient to cover such withholding, the Company will sell the requisite number of shares to raise the necessary funds to make the withholding.

(i) During a participant's lifetime, his or her option to purchase shares hereunder is exercisable only by him or her. The participant will have no interest or voting right in shares covered by his or her option until such option has been exercised.

**10. Limitations on Shares to be Purchased.**

(a) No participant shall be entitled to purchase stock under this Plan at a rate which, when aggregated with his or her rights to purchase stock under all other employee stock purchase plans of the Company or any Participating Subsidiary, exceeds $25,000 in fair market value, determined as of the Offering Date (or such other limit as may be imposed by the Code) for each calendar year in which the employee participates in this Plan. The Company shall automatically suspend the payroll deductions or contributions of any participant as necessary to enforce such limit provided that when the Company automatically resumes making such payroll deductions or accepting contributions, the Company must apply the rate in effect immediately prior to such suspension.

(b) No participant shall be entitled to purchase more than the Maximum Share Amount (as defined below) on any single Purchase Date. Not less than thirty (30) days prior to the commencement of any Offering Period, the Committee may, in its sole discretion, set a maximum number of shares which may be purchased by any employee at any single Purchase Date (hereinafter the ***"Maximum Share Amount"***). Until otherwise determined by the Committee, the Maximum Share Amount shall be 25,000 shares (subject to any adjustment pursuant to Section 14). If a new Maximum Share Amount is set, then all participants must be notified of such Maximum Share Amount prior to the commencement of the next Offering Period. The Maximum Share Amount shall continue to apply with respect to all succeeding Purchase Dates and Offering Periods unless revised by the Committee as set forth above.

(c) If the number of shares to be purchased on a Purchase Date by all employees participating in this Plan exceeds the number of shares then available for issuance under this Plan, then the Company will make a pro rata allocation of the remaining shares in as uniform a manner as shall be reasonably practicable and as the Committee shall determine to be equitable. In such event, the Company shall give written notice of such reduction of the number of shares to be purchased under a participant's option to each participant affected.

(d) Any funds accumulated in a participant's account which are not used to purchase stock due to the limitations in this Section 10 shall be returned to the participant as soon as practicable after the end of the applicable Purchase Period, without interest unless local law requires the payment of interest.

**11. Withdrawal.**

(a) Each participant may withdraw from a Purchase Period under this Plan by signing and delivering to the Treasury Department a written notice to that effect on a form provided for such purpose. Such withdrawal may be elected at any time at least fifteen (15) days prior to the end of a Purchase Period.

(b) Upon withdrawal from this Plan, the accumulated payroll deductions shall be returned to the withdrawn participant, without interest unless local law requires the payment of interest, and his or her interest in this Plan shall terminate. In the event a participant voluntarily elects to withdraw from this Plan, he or she may not resume his or her participation in this Plan during the same Offering Period, but he or she may participate in any Offering Period under this Plan which commences on a date subsequent to such withdrawal by filing a new authorization for payroll deductions or by commencing to make contributions in the same manner as set forth in Section 6 above for initial participation in this Plan.

(c) If the Fair Market Value on the first day of the current Offering Period in which a participant is enrolled is higher than the Fair Market Value on the first day of any subsequent Offering Period, the Company will automatically enroll such participant in the subsequent Offering Period. Any funds accumulated in a participant's account prior to the first day of such subsequent Offering Period will be applied to the purchase of shares on the Purchase Date immediately prior to the first day of such subsequent Offering Period. A participant does not need to file any forms with the Company to automatically be enrolled in the subsequent Offering Period.

**12. Termination of Employment.** Termination of a participant's employment for any reason, including retirement, death or the failure of a participant to remain an eligible employee of the Company or a Participating Subsidiary, immediately terminates his or her participation in this Plan. In such event, the funds credited to the participant's account will be returned to him or her or, in the case of his or her death, to his or her legal representative, without interest unless local law requires the payment of interest. For purposes of this Section 12, an employee will not be deemed to have terminated employment or failed to remain in the continuous employ of the Company or of a Participating Subsidiary in the case of sick leave, military leave, or any other leave of absence approved by the Board; provided that such leave is for a period of not more than

ninety (90) days, unless reemployment upon the expiration of such leave is guaranteed by contract or statute or unless provided otherwise pursuant to formal policy adopted from time to time by the Company.

**13. Return of Payroll Deductions and Contributions.** In the event a participant's interest in this Plan is terminated by withdrawal, termination of employment or otherwise, or in the event this Plan is terminated by the Board, the Company shall deliver to the participant all payroll deductions or contributions credited to such participant's account. Subject to Section 9(e), no interest shall accrue on the payroll deductions or contributions of a participant in this Plan.

**14. Capital Changes.**

(a) In the event that any dividend or other distribution, reorganization, merger, consolidation, combination, repurchase, or exchange of Common Stock or other securities of the Company, or other change in the corporate structure of the Company affecting the Common Stock occurs such that an adjustment is determined by the Committee (in its sole discretion) to be appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan, then the Committee shall, in such manner as it may deem equitable, adjust the number and class of Common Stock which have been authorized for issuance under this Plan but have not yet been placed under option (collectively, the ***"Reserves"***), the Maximum Share Amount, the number and class of Common Stock covered by each outstanding option, the purchase price per share of Common Stock covered by each option which has not yet been exercised.

(b) In connection with the occurrence of any Equity Restructuring, and notwithstanding anything to the contrary in Section 14(a), the number and type of securities subject to each outstanding option and the price per share thereof, if applicable, will be equitably adjusted by the Committee. The adjustments provided under this Section 14(b) shall be nondiscretionary and shall be final and binding on the affected participants and the Company.

(c) "Equity Restructuring" means a non-reciprocal transaction (i.e. a transaction in which the Company does not receive consideration or other resources in respect of the transaction approximately equal to and in exchange for the consideration or resources the Company is relinquishing in such transaction) between the Company and its stockholders, such as a stock split, spin-off, rights offering, nonrecurring stock dividend or recapitalization through a large, nonrecurring cash dividend, that affects the shares of Common Stock (or other securities of the Company) or the share price of Common Stock (or other securities) and causes a change in the per share value of the Common Stock underlying outstanding options.

(d) In the event of the proposed dissolution or liquidation of the Company, the Offering Period will terminate immediately prior to the consummation of such proposed action, unless otherwise provided by the Committee. The Committee may, in the exercise of its sole discretion in such instances, declare that this Plan shall terminate as of a date fixed by the Committee and give each participant the right to purchase shares under this Plan prior to such termination.

(e) In the event of (i) a merger or consolidation in which the Company is not the surviving corporation (other than a merger or consolidation with a wholly-owned subsidiary, a reincorporation of the Company in a different jurisdiction, or other transaction in which there is no substantial change in the stockholders of the Company or their relative stock holdings and the options under this Plan are assumed, converted or replaced by the successor corporation, which assumption will be binding on all participants), (ii) a merger in which the Company is the surviving corporation but after which the stockholders of the Company immediately prior to such merger (other than any stockholder that merges, or which owns or controls another corporation that merges, with the Company in such merger) cease to own their shares or other equity interest in the Company, (iii) the sale of all or substantially all of the assets of the Company or (iv) the acquisition, sale, or transfer of more than 50% of the outstanding shares of the Company by tender offer or similar transaction, unless otherwise provided by the Committee in its sole discretion, the Plan will continue with regard to Offering Periods that commenced prior to the closing of the proposed transaction and shares will be purchased based on the Fair Market Value of the surviving corporation's stock on each Purchase Date. The Committee may, in the exercise of its sole discretion in such instances, declare that this Plan shall terminate as of a date fixed by the Committee and give each participant the right to purchase shares under this Plan prior to such termination.

**15. Nonassignability.** Neither payroll deductions or contributions credited to a participant's account nor any rights with regard to the exercise of an option or to receive shares under this Plan may be assigned, transferred, pledged or otherwise disposed of in any way (other than by will, the laws of descent and distribution or as provided in Section 22 below) by the participant. Any such attempt at assignment, transfer, pledge or other disposition shall be void and without effect.

**16. Reports.** Individual accounts will be maintained for each participant in this Plan. Each participant shall receive promptly after the end of each Purchase Period a report of his or her account setting forth the total funds accumulated in the participant's account, the number of shares purchased, the per share price thereof and the remaining cash balance, if any, carried forward to the next Purchase Period or Offering Period, as the case may be.

**17. Notice of Disposition.** Each participant shall notify the Company in writing if the participant disposes of any of the shares purchased in any Offering Period pursuant to this Plan if such disposition occurs within two (2) years from the Offering Date or within one (1) year from the Purchase Date on which such shares were purchased (the ***"Notice Period"***). The Company may, at any time during the Notice Period, place a legend or legends on any certificate representing shares acquired pursuant to this Plan requesting the Company's transfer agent to notify the Company of any transfer of the shares. The obligation of the participant to provide such notice shall continue notwithstanding the placement of any such legend on the certificates.

**18. No Rights to Continued Employment.** Neither this Plan nor the grant of any option hereunder shall confer any right on any employee to remain in the employ of the Company or any Participating Subsidiary, or restrict the right of the Company or any Participating Subsidiary to terminate such employee's employment.

**19. Equal Rights And Privileges.** All employees who participate in the Plan shall have the same rights and privileges under the Plan except for differences which may be mandated by local law and which are consistent with Code Section 423(b)(5); provided, however, that employees participating in a sub-plan adopted pursuant to Section 3 which is not designed to qualify under Code Section 423 need not have the same rights and privileges as employees participating in the Code Section 423 Plan. The Board or the Committee may impose restrictions on eligibility and participation of employees who are officers and directors to facilitate compliance with federal or state securities laws or foreign laws. This Section 19 shall take precedence over all other provisions in this Plan.

**20. Notices.** All notices or other communications by a participant to the Company under or in connection with this Plan shall be deemed to have been duly given when received in the form specified by the Company at the location, or by the person, designated by the Company for the receipt thereof.

**21. Term; Stockholder Approval.** After this Plan is adopted by the Board, this Plan will become effective on the First Offering Date (as defined above). This Plan shall be approved by the stockholders of the Company, in any manner permitted by applicable corporate law, within twelve (12) months before or after the date this Plan is adopted by the Board. No purchase of shares pursuant to this Plan shall occur prior to such stockholder approval. This Plan shall continue until the earlier to occur of (a) termination of this Plan by the Board (which termination may be effected by the Board at any time), (b) issuance of all of the shares of Common Stock reserved for issuance under this Plan, or (c) ten (10) years from the adoption of this Plan (as amended and restated) by the Board on March 28, 2007.

**22. Designation of Beneficiary.**

(a) A participant may file a written designation of a beneficiary who is to receive any shares and cash, if any, from the participant's account under this Plan in the event of such participant's death subsequent to the end of an Purchase Period but prior to delivery to him of such shares and cash. In addition, a participant may file a written designation of a beneficiary who is to receive any cash from the participant's account under this Plan in the event of such participant's death prior to a Purchase Date.

(b) Such designation of beneficiary may be changed by the participant at any time by written notice. In the event of the death of a participant and in the absence of a beneficiary validly designated under this Plan who is living at the time of such participant's death, the Company shall deliver such shares or cash to the executor or administrator of the estate of the participant, or if no such executor or administrator has been appointed (to the knowledge of the Company), the Company, in its discretion, may deliver such shares or cash to the spouse or to any one or more dependents or relatives of the participant, or if no spouse, dependent or relative is known to the Company, then to such other person as the Company may designate.

**23. Conditions Upon Issuance of Shares; Limitation on Sale of Shares.** Shares shall not be issued with respect to an option unless the exercise of such option and the issuance and delivery of such shares pursuant thereto shall comply with all applicable provisions of law,

domestic or foreign, including, without limitation, the Securities Act, the Securities Exchange Act of 1934, as amended, the rules and regulations promulgated thereunder, and the requirements of any stock exchange or automated quotation system upon which the shares may then be listed, and shall be further subject to the approval of counsel for the Company with respect to such compliance.

**24. Applicable Law.** The Plan shall be governed by the substantive laws (excluding the conflict of laws rules) of the State of California.

**25. Amendment or Termination of this Plan.** The Board may at any time amend, terminate or extend the term of this Plan, except that any such termination cannot affect options previously granted under this Plan, nor may any amendment make any change in an option previously granted which would adversely affect the right of any participant, nor may any amendment be made without approval of the stockholders of the Company obtained in accordance with Section 21 above within twelve (12) months of the adoption of such amendment (or earlier if required by Section 21) if such amendment would:

(a) increase the number of shares that may be issued under this Plan; or

(b) change the designation of the employees (or class of employees) eligible for participation in this Plan.

Notwithstanding the foregoing, the Board may make such amendments to the Plan as the Board determines to be advisable, if the continuation of the Plan or any Offering Period would result in financial accounting treatment for the Plan that is different from the financial accounting treatment in effect on the date this Plan is adopted by the Board.

**EXHIBIT II**

**THE EBAY 1998 EQUITY INCENTIVE PLAN, AS AMENDED**

**EBAY INC.**

**1998 EQUITY INCENTIVE PLAN**

Adopted July 10, 1998
Amended and Restated Effective as of January 10, 2007

**1. PURPOSE**. The purpose of this Plan is to provide incentives to attract, retain and motivate eligible persons whose present and potential contributions are important to the success of the Company, its Parent and Subsidiaries, by offering them an opportunity to participate in the Company's future performance through awards of Options, Restricted Stock and Stock Bonuses. Capitalized terms not defined in the text are defined in Section 24.

**2. SHARES SUBJECT TO THE PLAN**.

2.1 Number of Shares Available. Subject to Sections 2.2 and 19, the total number of Shares reserved and available for grant and issuance pursuant to this Plan will be 108,000,000[1] Shares plus Shares that are subject to: (a) issuance upon exercise of an Option but cease to be subject to such Option for any reason other than exercise of such Option; (b) an Award granted hereunder but are forfeited or are repurchased by the Company at the original issue price; and (c) an Award that otherwise terminates without Shares being issued. In addition, any authorized shares not issued or subject to outstanding grants under the Company's 1996 Stock Option Plan or 1997 Stock Option Plan (the "***Prior Plans***") on the Effective Date (as defined below) and any shares issued under the Prior Plans that are forfeited or repurchased by the Company or that are issuable upon exercise of options granted pursuant to the Prior Plans that expire or become unexercisable for any reason without having been exercised in full, will no longer be available for grant and issuance under the Prior Plans, but will be available for grant and issuance under this Plan. At all times the Company shall reserve and keep available a sufficient number of Shares as shall be required to satisfy the requirements of all outstanding Options granted under this Plan and all other outstanding but unvested Awards granted under this Plan.

2.2 Adjustment of Shares.

(a) In the event that any dividend or other distribution, reorganization, merger, consolidation, combination, repurchase, or exchange of Common Stock or other securities of the Company, or other change in the corporate structure of the Company affecting the Company's Common Stock (other than an Equity Restructuring) occurs such that an adjustment is determined by the Committee (in its sole discretion) to be appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan, then the Committee shall, in such manner as it may deem equitable, adjust the number and class of Common Stock which may be delivered under the Plan, the number of Shares covered by each outstanding Award, the Exercise Price per Share of each outstanding Option, and the numerical limits of Section 2.1.

(b) In connection with the occurrence of any Equity Restructuring, and notwithstanding anything to the contrary in Sections 2.2(a) and 19, the number and type of securities subject to each outstanding Award and the Exercise Price of each outstanding Option will be equitably adjusted by the Committee. The adjustments provided under this Section 2.2(b) shall be nondiscretionary and shall be final and binding on the affected Participant and the Company.

**3. ELIGIBILITY**. ISOs (as defined in Section 5 below) may be granted only to employees (including officers and directors who are also employees) of the Company or of a Parent or Subsidiary of the Com-

[1] Denotes that such share number reflects the stock splits of eBay's common stock occurring in 3/99, 5/00, 8/03, and 2/05.

pany. All other Awards may be granted to employees, officers, directors, consultants, independent contractors and advisors of the Company or any Parent or Subsidiary of the Company; provided such consultants, contractors and advisors render bona fide services not in connection with the offer and sale of securities in a capital-raising transaction. No person will be eligible to receive more than 24,000,000[1] Shares in any calendar year under this Plan pursuant to the grant of Awards hereunder, other than new employees of the Company or of a Parent or Subsidiary of the Company (including new employees who are also officers and directors of the Company or any Parent or Subsidiary of the Company), who are eligible to receive up to a maximum of 48,000,000[1] Shares in the calendar year in which they commence their employment. A person may be granted more than one Award under this Plan.

**4. ADMINISTRATION**.

4.1 Committee Authority. This Plan will be administered by the Committee or by the Board acting as the Committee. Subject to the general purposes, terms and conditions of this Plan, and to the direction of the Board, the Committee will have full power to implement and carry out this Plan. Without limitation, the Committee will have the authority to:

(a) construe and interpret this Plan, any Award Agreement and any other agreement or document executed pursuant to this Plan;

(b) prescribe, amend and rescind rules and regulations relating to this Plan or any Award;

(c) select persons to receive Awards;

(d) determine the form and terms of Awards;

(e) determine the number of Shares or other consideration subject to Awards;

(f) determine whether Awards will be granted singly, in combination with, in tandem with, in replacement of, or as alternatives to, other Awards under this Plan or any other incentive or compensation plan of the Company or any Parent or Subsidiary of the Company;

(g) grant waivers of Plan or Award conditions;

(h) determine the vesting, exercisability and payment of Awards;

(i) correct any defect, supply any omission or reconcile any inconsistency in this Plan, any Award or any Award Agreement;

(j) determine whether an Award has been earned; and

(k) make all other determinations necessary or advisable for the administration of this Plan.

4.2 Committee Discretion. Any determination made by the Committee with respect to any Award will be made in its sole discretion at the time of grant of the Award or, unless in contravention of any express term of this Plan or Award, at any later time, and such determination will be final and binding on the Company and on all persons having an interest in any Award under this Plan. The Committee may delegate to one or more officers of the Company the authority to grant an Award under this Plan to Participants who are not Insiders of the Company.

**5. OPTIONS**. The Committee may grant Options to eligible persons and will determine whether such Options will be Incentive Stock Options within the meaning of the Code (***"ISO"***) or Nonqualified Stock Options (***"NQSOs"***), the number of Shares subject to the Option, the Exercise Price of the Option, the period

during which the Option may be exercised, and all other terms and conditions of the Option, subject to the following:

5.1 Form of Option Grant. Each Option granted under this Plan will be evidenced by an Award Agreement which will expressly identify the Option as an ISO or an NQSO (***"Stock Option Agreement"***), and will be in such form and contain such provisions (which need not be the same for each Participant) as the Committee may from time to time approve, and which will comply with and be subject to the terms and conditions of this Plan.

5.2 Date of Grant. The date of grant of an Option will be the date on which the Committee makes the determination to grant such Option, unless otherwise specified by the Committee. The Stock Option Agreement and a copy of this Plan will be delivered to the Participant within a reasonable time after the granting of the Option.

5.3 Exercise Period. Options may be exercisable within the times or upon the events determined by the Committee as set forth in the Stock Option Agreement governing such Option; provided, however, that no Option will be exercisable after the expiration of ten (10) years from the date the Option is granted; and provided further that no ISO granted to a person who directly or by attribution owns more than ten percent (10%) of the total combined voting power of all classes of stock of the Company or of any Parent or Subsidiary of the Company (***"Ten Percent Stockholder"***) will be exercisable after the expiration of five (5) years from the date the ISO is granted. The Committee also may provide for Options to become exercisable at one time or from time to time, periodically or otherwise, in such number of Shares or percentage of Shares as the Committee determines.

5.4 Exercise Price. The Exercise Price of an Option will be determined by the Committee when the Option is granted and may be not less than 85% of the Fair Market Value of the Shares on the date of grant; provided that: (i) the Exercise Price of an ISO will be not less than 100% of the Fair Market Value of the Shares on the date of grant; and (ii) the Exercise Price of any ISO granted to a Ten Percent Stockholder will not be less than 110% of the Fair Market Value of the Shares on the date of grant. Payment for the Shares purchased may be made in accordance with Section 9 of this Plan.

5.5 Method of Exercise. Options may be exercised only by delivery to the Company of a written stock option exercise agreement (the ***"Exercise Agreement"***) in a form approved by the Committee (which need not be the same for each Participant), stating the number of Shares being purchased, the restrictions imposed on the Shares purchased under such Exercise Agreement, if any, and such representations and agreements regarding Participant's investment intent and access to information and other matters, if any, as may be required or desirable by the Company to comply with applicable securities laws, together with payment in full of the Exercise Price for the number of Shares being purchased.

5.6 Termination. Notwithstanding the exercise periods set forth in the Stock Option Agreement, exercise of an Option will always be subject to the following:

(a) If the Participant is Terminated for any reason except death or Disability, then the Participant may exercise such Participant's Options only to the extent that such Options would have been exercisable upon the Termination Date no later than three (3) months after the Termination Date (or such shorter or longer time period not exceeding five (5) years as may be determined by the Committee, with any exercise beyond three (3) months after the Termination Date deemed to be an NQSO), but in any event, no later than the expiration date of the Options.

(b) If the Participant is Terminated because of Participant's death or Disability (or the Participant dies within three (3) months after a Termination other than for Cause or because of Participant's Disability), then Participant's Options may be exercised only to the extent that such Options would have been exercisable by Participant on the Termination Date and

must be exercised by Participant (or Participant's legal representative or authorized assignee) no later than twelve (12) months after the Termination Date (or such shorter or longer time period not exceeding five (5) years as may be determined by the Committee, with any such exercise beyond (a) three (3) months after the Termination Date when the Termination is for any reason other than the Participant's death or Disability, or (b) twelve (12) months after the Termination Date when the Termination is for Participant's death or Disability, deemed to be an NQSO), but in any event no later than the expiration date of the Options.

(c) Notwithstanding the provisions in paragraph 5.6(a) above, if a Participant is terminated for Cause, neither the Participant, the Participant's estate nor such other person who may then hold the Option shall be entitled to exercise any Option with respect to any Shares whatsoever, after termination of service, whether or not after termination of service the Participant may receive payment from the Company or Subsidiary for vacation pay, for services rendered prior to termination, for services rendered for the day on which termination occurs, for salary in lieu of notice, or for any other benefits. In making such determination, the Board shall give the Participant an opportunity to present to the Board evidence on his behalf. For the purpose of this paragraph, termination of service shall be deemed to occur on the date when the Company dispatches notice or advice to the Participant that his service is terminated.

5.7 Limitations on Exercise. The Committee may specify a reasonable minimum number of Shares that may be purchased on any exercise of an Option, provided that such minimum number will not prevent Participant from exercising the Option for the full number of Shares for which it is then exercisable.

5.8 Limitations on ISO. The aggregate Fair Market Value (determined as of the date of grant) of Shares with respect to which ISO are exercisable for the first time by a Participant during any calendar year (under this Plan or under any other incentive stock option plan of the Company, Parent or Subsidiary of the Company) will not exceed $100,000. If the Fair Market Value of Shares on the date of grant with respect to which ISO are exercisable for the first time by a Participant during any calendar year exceeds $100,000, then the Options for the first $100,000 worth of Shares to become exercisable in such calendar year will be ISO and the Options for the amount in excess of $100,000 that become exercisable in that calendar year will be NQSOs. In the event that the Code or the regulations promulgated thereunder are amended after the Effective Date of this Plan to provide for a different limit on the Fair Market Value of Shares permitted to be subject to ISO, such different limit will be automatically incorporated herein and will apply to any Options granted after the effective date of such amendment.

5.9 Modification, Extension or Renewal. The Committee may modify, extend or renew outstanding Options and authorize the grant of new Options in substitution therefor, provided that any such action may not, without the written consent of a Participant, impair any of such Participant's rights under any Option previously granted. Any outstanding ISO that is modified, extended, renewed or otherwise altered will be treated in accordance with Section 424(h) of the Code. The Committee may reduce the Exercise Price of outstanding Options without the consent of Participants affected by a written notice to them; provided, however, that the Exercise Price may not be reduced below the minimum Exercise Price that would be permitted under Section 5.4 of this Plan for Options granted on the date the action is taken to reduce the Exercise Price.

5.10 No Disqualification. Notwithstanding any other provision in this Plan, no term of this Plan relating to ISO will be interpreted, amended or altered, nor will any discretion or authority granted under this Plan be exercised, so as to disqualify this Plan under Section 422 of the Code or, without the consent of the Participant affected, to disqualify any ISO under Section 422 of the Code.

**6. RESTRICTED STOCK**. A Restricted Stock Award is an offer by the Company to sell to an eligible person Shares that are subject to restrictions. The Committee will determine to whom an offer will be made, the number of Shares the person may purchase, the price to be paid (the ***"Purchase Price"***), the restrictions to

which the Shares will be subject, and all other terms and conditions of the Restricted Stock Award, subject to the following:

6.1 Form of Restricted Stock Award. All purchases under a Restricted Stock Award made pursuant to this Plan will be evidenced by an Award Agreement (***"Restricted Stock Purchase Agreement"***) that will be in such form (which need not be the same for each Participant) as the Committee will from time to time approve, and will comply with and be subject to the terms and conditions of this Plan. The offer of Restricted Stock will be accepted by the Participant's execution and delivery of the Restricted Stock Purchase Agreement and full payment for the Shares to the Company within thirty (30) days from the date the Restricted Stock Purchase Agreement is delivered to the person. If such person does not execute and deliver the Restricted Stock Purchase Agreement along with full payment for the Shares to the Company within thirty (30) days, then the offer will terminate, unless otherwise determined by the Committee.

6.2 Purchase Price. The Purchase Price of Shares sold pursuant to a Restricted Stock Award will be determined by the Committee on the date the Restricted Stock Award is granted, except in the case of a sale to a Ten Percent Stockholder, in which case the Purchase Price will be 100% of the Fair Market Value. Payment of the Purchase Price may be made in accordance with Section 9 of this Plan.

6.3 Terms of Restricted Stock Awards. Restricted Stock Awards shall be subject to such restrictions as the Committee may impose. These restrictions may be based upon completion of a specified number of years of service with the Company or upon completion of the performance goals as set out in advance in the Participant's individual Restricted Stock Purchase Agreement. Restricted Stock Awards may vary from Participant to Participant and between groups of Participants. Prior to the grant of a Restricted Stock Award, the Committee shall: (a) determine the nature, length and starting date of any Performance Period for the Restricted Stock Award; (b) select from among the Performance Factors to be used to measure performance goals, if any; and (c) determine the number of Shares that may be awarded to the Participant. Prior to the payment of any Restricted Stock Award, the Committee shall determine the extent to which such Restricted Stock Award has been earned. Performance Periods may overlap and Participants may participate simultaneously with respect to Restricted Stock Awards that are subject to different Performance Periods and having different performance goals and other criteria.

6.4 Termination During Performance Period. If a Participant is Terminated during a Performance Period for any reason, then such Participant will be entitled to payment (whether in Shares, cash or otherwise) with respect to the Restricted Stock Award only to the extent earned as of the date of Termination in accordance with the Restricted Stock Purchase Agreement, unless the Committee will determine otherwise.

## 7. RESTRICTED STOCK UNITS.

7.1 Awards of Restricted Stock Units. The Committee is authorized to make awards of Restricted Stock Units to any eligible person selected by the Committee in such amounts and subject to such terms and conditions as the Committee shall deem appropriate. On the maturity date of a Restricted Stock Unit, the Company shall transfer to the Participant one unrestricted, fully transferable share of Common Stock for each Restricted Stock Unit scheduled to be paid out on such date and not previously forfeited.

7.2 Form of Restricted Stock Unit Award. All Awards of Restricted Stock Units made pursuant to this Plan will be evidenced by an Award Agreement (***"Restricted Stock Unit Agreement"***) that will be in such form (which need not be the same for each Participant) as the Committee will from time to time approve, and will comply with and be subject to the terms and conditions of this Plan.

7.3 Terms of Restricted Stock Unit Awards. Restricted Stock Units shall be subject to such terms and conditions as the Committee may impose. These terms and conditions may include restrictions based upon completion of a specified period of service with the Company or upon completion of the performance goals as set out in advance in the Participant's individual Restricted Stock Unit Agreement. The terms of Restricted Stock Units may vary from Participant to Participant and between groups of Participants. Prior to the grant of a

Restricted Stock Unit Award, the Committee shall: (a) determine the nature, length and starting date of any Performance Period for the Restricted Stock Unit; (b) select from among the Performance Factors to be used to measure performance goals, if any; and (c) determine the number of Shares that may be awarded to the Participant pursuant to such Restricted Stock Unit. Prior to the issuance of any Shares pursuant to any Restricted Stock Unit, the Committee shall determine the extent to which such Restricted Stock Unit has been earned. Performance Periods may overlap and Participants may participate simultaneously with respect to Restricted Stock Units that are subject to different Performance Periods and having different performance goals and other criteria.

7.4 Termination During Performance Period. If a Participant is Terminated during a Performance Period for any reason, then such Participant will be entitled to payment (whether in Shares, cash or otherwise) with respect to the Restricted Stock Unit only to the extent earned as of the date of Termination in accordance with the Restricted Stock Unit Agreement, unless the Committee will determine otherwise.

## 8. STOCK BONUSES.

8.1 Awards of Stock Bonuses. A Stock Bonus is an award of Shares (which may consist of Restricted Stock) for services rendered to the Company or any Parent or Subsidiary of the Company. A Stock Bonus may be awarded for past services already rendered to the Company, or any Parent or Subsidiary of the Company pursuant to an Award Agreement (the ***"Stock Bonus Agreement"***) that will be in such form (which need not be the same for each Participant) as the Committee will from time to time approve, and will comply with and be subject to the terms and conditions of this Plan. A Stock Bonus may be awarded upon satisfaction of such performance goals as are set out in advance in the Participant's individual Award Agreement (the ***"Performance Stock Bonus Agreement"***) that will be in such form (which need not be the same for each Participant) as the Committee will from time to time approve, and will comply with and be subject to the terms and conditions of this Plan. Stock Bonuses may vary from Participant to Participant and between groups of Participants, and may be based upon the achievement of the Company, Parent or Subsidiary and/or individual performance factors or upon such other criteria as the Committee may determine.

8.2 Terms of Stock Bonuses. The Committee will determine the number of Shares to be awarded to the Participant. If the Stock Bonus is being earned upon the satisfaction of performance goals pursuant to a Performance Stock Bonus Agreement, then the Committee will: (a) determine the nature, length and starting date of any Performance Period for each Stock Bonus; (b) select from among the Performance Factors to be used to measure the performance, if any; and (c) determine the number of Shares that may be awarded to the Participant. Prior to the payment of any Stock Bonus, the Committee shall determine the extent to which such Stock Bonuses have been earned. Performance Periods may overlap and Participants may participate simultaneously with respect to Stock Bonuses that are subject to different Performance Periods and different performance goals and other criteria. The number of Shares may be fixed or may vary in accordance with such performance goals and criteria as may be determined by the Committee. The Committee may adjust the performance goals applicable to the Stock Bonuses to take into account changes in law and accounting or tax rules and to make such adjustments as the Committee deems necessary or appropriate to reflect the impact of extraordinary or unusual items, events or circumstances to avoid windfalls or hardships.

8.3 Form of Payment. The earned portion of a Stock Bonus may be paid currently or on a deferred basis with such interest or dividend equivalent, if any, as the Committee may determine. Payment may be made in the form of cash or whole Shares or a combination thereof, either in a lump sum payment or in installments, all as the Committee will determine.

## 9. PAYMENT FOR SHARE PURCHASES.

9.1 Payment. Payment for Shares purchased pursuant to this Plan may be made in cash (by check) or, where expressly approved for the Participant by the Committee and where permitted by law:

(a) by cancellation of indebtedness of the Company to the Participant;

(b) by surrender of shares that either: (1) have been owned by Participant for more than six (6) months and have been paid for within the meaning of SEC Rule 144 (and, if such shares were purchased from the Company by use of a promissory note, such note has been fully paid with respect to such shares); or (2) were obtained by Participant in the public market;

(c) by tender of a full recourse promissory note having such terms as may be approved by the Committee and bearing interest at a rate sufficient to avoid imputation of income under Sections 483 and 1274 of the Code; provided, however, that Participants who are not employees or directors of the Company will not be entitled to purchase Shares with a promissory note unless the note is adequately secured by collateral other than the Shares;

(d) by waiver of compensation due or accrued to the Participant for services rendered;

(e) with respect only to purchases upon exercise of an Option, and provided that a public market for the Company's stock exists:

(1) through a "same day sale" commitment from the Participant and a broker-dealer that is a member of the National Association of Securities Dealers (an ***"NASD Dealer"***) whereby the Participant irrevocably elects to exercise the Option and to sell a portion of the Shares so purchased to pay for the Exercise Price, and whereby the NASD Dealer irrevocably commits upon receipt of such Shares to forward the Exercise Price directly to the Company; or

(2) through a "margin" commitment from the Participant and a NASD Dealer whereby the Participant irrevocably elects to exercise the Option and to pledge the Shares so purchased to the NASD Dealer in a margin account as security for a loan from the NASD Dealer in the amount of the Exercise Price, and whereby the NASD Dealer irrevocably commits upon receipt of such Shares to forward the Exercise Price directly to the Company; or

(f) by any combination of the foregoing.

9.2 Loan Guarantees. The Committee may help the Participant pay for Shares purchased under this Plan by authorizing a guarantee by the Company of a third-party loan to the Participant.

## 10. WITHHOLDING TAXES.

10.1 Withholding Generally. Whenever Shares are to be issued in satisfaction of Awards granted under this Plan, the Company may require the Participant to remit to the Company an amount sufficient to satisfy federal, state and local withholding tax requirements prior to the delivery of any certificate or certificates for such Shares. Whenever, under this Plan, payments in satisfaction of Awards are to be made in cash, such payment will be net of an amount sufficient to satisfy federal, state, and local withholding tax requirements.

10.2 Stock Withholding. When, under applicable tax laws, a Participant incurs tax liability in connection with the exercise or vesting of any Award that is subject to tax withholding and the Participant is obligated to pay the Company the amount required to be withheld, the Committee may in its sole discretion allow the Participant to satisfy the minimum withholding tax obligation by electing to have the Company withhold from the Shares to be issued that number of Shares having a Fair Market Value equal to the minimum amount required to be withheld, determined on the date that the amount of tax to be withheld is to be determined. All elections by a Participant to have Shares withheld for this purpose will be made in accordance with the requirements established by the Committee and be in writing in a form acceptable to the Committee

**11. PRIVILEGES OF STOCK OWNERSHIP**.

11.1 Voting and Dividends. No Participant will have any of the rights of a stockholder with respect to any Shares until the Shares are issued to the Participant. After Shares are issued to the Participant, the Participant will be a stockholder and have all the rights of a stockholder with respect to such Shares, including the right to vote and receive all dividends or other distributions made or paid with respect to such Shares; provided, that if such Shares are Restricted Stock, then any new, additional or different securities the Participant may become entitled to receive with respect to such Shares by virtue of a stock dividend, stock split or any other change in the corporate or capital structure of the Company will be subject to the same restrictions as the Restricted Stock; provided, further, that the Participant will have no right to retain such stock dividends or stock distributions with respect to Shares that are repurchased at the Participant's Purchase Price or Exercise Price pursuant to Section 13.

11.2 Financial Statements. The Company will provide financial statements to each Participant prior to such Participant's purchase of Shares under this Plan, and to each Participant annually during the period such Participant has Awards outstanding; provided, however, the Company will not be required to provide such financial statements to Participants whose services in connection with the Company assure them access to equivalent information.

**12. TRANSFERABILITY**. Awards granted under this Plan, and any interest therein, will not be transferable or assignable by Participant, and may not be made subject to execution, attachment or similar process, otherwise than by will or by the laws of descent and distribution or as determined by the Committee and set forth in the Award Agreement with respect to Awards that are not ISOs. During the lifetime of the Participant an Award will be exercisable only by the Participant, and any elections with respect to an Award may be made only by the Participant unless otherwise determined by the Committee and set forth in the Award Agreement with respect to Awards that are not ISOs.

**13. RESTRICTIONS ON SHARES**. At the discretion of the Committee, the Company may reserve to itself and/or its assignee(s) in the Award Agreement a right to repurchase a portion of or all Unvested Shares held by a Participant following such Participant's Termination at any time within ninety (90) days after the later of Participant's Termination Date and the date Participant purchases Shares under this Plan, for cash and/or cancellation of purchase money indebtedness, at the Participant's Exercise Price or Purchase Price, as the case may be.

**14. CERTIFICATES**. All certificates for Shares or other securities delivered under this Plan will be subject to such stock transfer orders, legends and other restrictions as the Committee may deem necessary or advisable, including restrictions under any applicable federal, state or foreign securities law, or any rules, regulations and other requirements of the SEC or any stock exchange or automated quotation system upon which the Shares may be listed or quoted.

**15. ESCROW; PLEDGE OF SHARES**. To enforce any restrictions on a Participant's Shares, the Committee may require the Participant to deposit all certificates representing Shares, together with stock powers or other instruments of transfer approved by the Committee, appropriately endorsed in blank, with the Company or an agent designated by the Company to hold in escrow until such restrictions have lapsed or terminated, and the Committee may cause a legend or legends referencing such restrictions to be placed on the certificates. Any Participant who is permitted to execute a promissory note as partial or full consideration for the purchase of Shares under this Plan will be required to pledge and deposit with the Company all or part of the Shares so purchased as collateral to secure the payment of Participant's obligation to the Company under the promissory note; provided, however, that the Committee may require or accept other or additional forms of collateral to secure the payment of such obligation and, in any event, the Company will have full recourse against the Participant under the promissory note notwithstanding any pledge of the Participant's Shares or other collateral. In connection with any pledge of the Shares, Participant will be required to execute and deliver a written pledge agreement in such form as the Committee

will from time to time approve. The Shares purchased with the promissory note may be released from the pledge on a pro rata basis as the promissory note is paid.

**16. EXCHANGE AND BUYOUT OF AWARDS**. The Committee may, at any time or from time to time, authorize the Company, with the consent of the respective Participants, to issue new Awards in exchange for the surrender and cancellation of any or all outstanding Awards. The Committee may at any time buy from a Participant an Award previously granted with payment in cash, Shares (including Restricted Stock) or other consideration, based on such terms and conditions as the Committee and the Participant may agree.

**17. SECURITIES LAW AND OTHER REGULATORY COMPLIANCE**. An Award will not be effective unless such Award is in compliance with all applicable federal and state securities laws, rules and regulations of any governmental body, and the requirements of any stock exchange or automated quotation system upon which the Shares may then be listed or quoted, as they are in effect on the date of grant of the Award and also on the date of exercise or other issuance. Notwithstanding any other provision in this Plan, the Company will have no obligation to issue or deliver certificates for Shares under this Plan prior to: (a) obtaining any approvals from governmental agencies that the Company determines are necessary or advisable; and/or (b) completion of any registration or other qualification of such Shares under any state or federal law or ruling of any governmental body that the Company determines to be necessary or advisable. The Company will be under no obligation to register the Shares with the SEC or to effect compliance with the registration, qualification or listing requirements of any state securities laws, stock exchange or automated quotation system, and the Company will have no liability for any inability or failure to do so.

**18. NO OBLIGATION TO EMPLOY**. Nothing in this Plan or any Award granted under this Plan will confer or be deemed to confer on any Participant any right to continue in the employ of, or to continue any other relationship with, the Company or any Parent or Subsidiary of the Company or limit in any way the right of the Company or any Parent or Subsidiary of the Company to terminate Participant's employment or other relationship at any time, with or without cause.

**19. CORPORATE TRANSACTIONS**.

19.1 Assumption or Replacement of Awards by Successor. In the event of (a) a dissolution or liquidation of the Company, (b) a merger or consolidation in which the Company is not the surviving corporation (other than a merger or consolidation with a wholly-owned subsidiary, a reincorporation of the Company in a different jurisdiction, or other transaction in which there is no substantial change in the stockholders of the Company or their relative stock holdings and the Awards granted under this Plan are assumed, converted or replaced by the successor corporation, which assumption will be binding on all Participants), (c) a merger in which the Company is the surviving corporation but after which the stockholders of the Company immediately prior to such merger (other than any stockholder that merges, or which owns or controls another corporation that merges, with the Company in such merger) cease to own their shares or other equity interest in the Company, (d) the sale of substantially all of the assets of the Company, or (e) the acquisition, sale, or transfer of more than 50% of the outstanding shares of the Company by tender offer or similar transaction, any or all outstanding Awards may be assumed, converted or replaced by the successor corporation (if any), which assumption, conversion or replacement will be binding on all Participants. In the alternative, the successor corporation may substitute equivalent Awards or provide substantially similar consideration to Participants as was provided to stockholders (after taking into account the existing provisions of the Awards). The successor corporation may also issue, in place of outstanding Shares of the Company held by the Participant, substantially similar shares or other property subject to repurchase restrictions no less favorable to the Participant. In the event such successor corporation (if any) refuses to assume or substitute Awards, as provided above, pursuant to a transaction described in this Subsection 19.1, such Awards will expire on such transaction at such time and on such conditions as the Committee will determine. Notwithstanding anything in this Plan to the contrary, the Committee may, in its sole discretion, provide that the vesting of any or all Awards granted pursuant to this Plan will accelerate upon a transaction described in this Section 19. If the Committee exercises such discretion with respect to Options, such Options will become exercisable in full prior to the consummation of such event at such time and on such conditions as the Committee determines, and if such Options are not

exercised prior to the consummation of the corporate transaction, they shall terminate at such time as determined by the Committee.

19.2 Other Treatment of Awards. Subject to any greater rights granted to Participants under the foregoing provisions of this Section 19, in the event of the occurrence of any transaction described in Section 19.1, any outstanding Awards will be treated as provided in the applicable agreement or plan of merger, consolidation, dissolution, liquidation, or sale of assets.

19.3 Assumption of Awards by the Company. The Company, from time to time, also may substitute or assume outstanding awards granted by another company, whether in connection with an acquisition of such other company or otherwise, by either; (a) granting an Award under this Plan in substitution of such other company's award; or (b) assuming such award as if it had been granted under this Plan if the terms of such assumed award could be applied to an Award granted under this Plan. Such substitution or assumption will be permissible if the holder of the substituted or assumed award would have been eligible to be granted an Award under this Plan if the other company had applied the rules of this Plan to such grant. In the event the Company assumes an award granted by another company, the terms and conditions of such award will remain unchanged (except that the exercise price and the number and nature of Shares issuable upon exercise of any such option will be adjusted appropriately pursuant to Section 424(a) of the Code). In the event the Company elects to grant a new Option rather than assuming an existing option, such new Option may be granted with a similarly adjusted Exercise Price.

**20. ADOPTION AND STOCKHOLDER APPROVAL**. This Plan will become effective on the date on which the registration statement filed by the Company with the SEC under the Securities Act registering the initial public offering of the Company's Common Stock is declared effective by the SEC (the ***"Effective Date"***). This Plan shall be approved by the stockholders of the Company (excluding Shares issued pursuant to this Plan), consistent with applicable laws, within twelve (12) months before or after the date this Plan is adopted by the Board. Upon the Effective Date, the Committee may grant Awards pursuant to this Plan; provided, however, that: (a) no Option may be exercised prior to initial stockholder approval of this Plan; (b) no Option granted pursuant to an increase in the number of Shares subject to this Plan approved by the Board will be exercised prior to the time such increase has been approved by the stockholders of the Company; (c) in the event that initial stockholder approval is not obtained within the time period provided herein, all Awards granted hereunder shall be cancelled, any Shares issued pursuant to any Awards shall be cancelled and any purchase of Shares issued hereunder shall be rescinded; and (d) in the event that stockholder approval of such increase is not obtained within the time period provided herein, all Awards granted pursuant to such increase will be cancelled, any Shares issued pursuant to any Award granted pursuant to such increase will be cancelled, and any purchase of Shares pursuant to such increase will be rescinded.

**21. TERM OF PLAN/GOVERNING LAW**. Unless earlier terminated as provided herein, this Plan will terminate ten (10) years from the date this Plan is adopted by the Board or, if earlier, the date of stockholder approval. This Plan and all agreements thereunder shall be governed by and construed in accordance with the laws of the State of California.

**22. AMENDMENT OR TERMINATION OF PLAN**. The Board may at any time terminate or amend this Plan in any respect, including without limitation amendment of any form of Award Agreement or instrument to be executed pursuant to this Plan; provided, however, that the Board will not, without the approval of the stockholders of the Company, amend this Plan in any manner that requires such stockholder approval.

**23. NONEXCLUSIVITY OF THE PLAN**. Neither the adoption of this Plan by the Board, the submission of this Plan to the stockholders of the Company for approval, nor any provision of this Plan will be construed as creating any limitations on the power of the Board to adopt such additional compensation arrangements as it may deem desirable, including, without limitation, the granting of stock options and bonuses otherwise than under this Plan, and such arrangements may be either generally applicable or applicable only in specific cases.

**24. DEFINITIONS.** As used in this Plan, the following terms will have the following meanings:

***"Award"*** means any award under this Plan, including any Option, Restricted Stock, Restricted Stock Unit or Stock Bonus.

***"Award Agreement"*** means, with respect to each Award, the signed written agreement between the Company and the Participant setting forth the terms and conditions of the Award.

***"Board"*** means the Board of Directors of the Company.

***"Cause"*** means the commission of an act of theft, embezzlement, fraud, dishonesty or a breach of fiduciary duty to the Company or a Parent or Subsidiary of the Company.

***"Code"*** means the Internal Revenue Code of 1986, as amended.

***"Committee"*** means the Compensation Committee of the Board.

***"Company"*** means eBay Inc. or any successor corporation.

***"Disability"*** means a disability, whether temporary or permanent, partial or total, as determined by the Committee.

***"Equity Restructuring"*** means a non-reciprocal transaction (i.e. a transaction in which the Company does not receive consideration or other resources in respect of the transaction approximately equal to and in exchange for the consideration or resources the Company is relinquishing in such transaction) between the Company and its stockholders, such as a stock split, spin-off, rights offering, nonrecurring stock dividend or recapitalization through a large, nonrecurring cash dividend, that affects the shares of the Company's Common Stock (or other securities of the Company) or the share price of the Company's Common Stock (or other securities) and causes a change in the per share value of the Shares underlying outstanding Awards.

***"Exchange Act"*** means the Securities Exchange Act of 1934, as amended.

***"Exercise Price"*** means the price at which a holder of an Option may purchase the Shares issuable upon exercise of the Option.

***"Fair Market Value"*** means, as of any date, the value of a share of the Company's Common Stock determined as follows:

(a) if such Common Stock is then quoted on the Nasdaq National Market, its closing price on the Nasdaq National Market on the date of determination as reported in The Wall Street Journal***;***

(b) if such Common Stock is publicly traded and is then listed on a national securities exchange, its closing price on the date of determination on the principal national securities exchange on which the Common Stock is listed or admitted to trading as reported in The Wall Street Journal;

(c) if such Common Stock is publicly traded but is not quoted on the Nasdaq National Market nor listed or admitted to trading on a national securities exchange, the average of the closing bid and asked prices on the date of determination as reported in The Wall Street Journal;

(d) in the case of an Award made on the Effective Date, the price per share at which shares of the Company's Common Stock are initially offered for sale to the public by the Company's underwriters in the initial public offering of the Company's Common Stock pursuant to a registration statement filed with the SEC under the Securities Act; or

(d) if none of the foregoing is applicable, by the Committee in good faith.

***"Insider"*** means an officer or director of the Company or any other person whose transactions in the Company's Common Stock are subject to Section 16 of the Exchange Act.

***"Option"*** means an award of an option to purchase Shares pursuant to Section 5.

***"Parent"*** means any corporation (other than the Company) in an unbroken chain of corporations ending with the Company if each of such corporations other than the Company owns stock possessing 50% or more of the total combined voting power of all classes of stock in one of the other corporations in such chain.

***"Participant"*** means a person who receives an Award under this Plan.

***"Performance Factors"*** means the factors selected by the Committee from among the following measures to determine whether the performance goals established by the Committee and applicable to Awards have been satisfied:

(a) Net revenue and/or net revenue growth;

(b) Earnings before income taxes and amortization and/or earnings before income taxes and amortization growth;

(c) Operating income and/or operating income growth;

(d) Net income and/or net income growth;

(e) Earnings per share and/or earnings per share growth;

(f) Total stockholder return and/or total stockholder return growth;

(g) Return on equity;

(h) Operating cash flow return on income;

(i) Adjusted operating cash flow return on income;

(j) Economic value added; and

(k) Individual confidential business objectives.

***"Performance Period"*** means the period of service determined by the Committee, not to exceed five years, during which years of service or performance is to be measured for Restricted Stock Awards. Restricted Stock Units or Stock Bonuses.

***"Plan"*** means this eBay Inc. 1998 Equity Incentive Plan, as amended from time to time.

***"Restricted Stock Award"*** means an award of Shares pursuant to Section 6.

***"Restricted Stock Unit"*** means an Award granted pursuant to Section 7.

***"SEC"*** means the Securities and Exchange Commission.

***"Securities Act"*** means the Securities Act of 1933, as amended.

***"Shares"*** means shares of the Company's Common Stock reserved for issuance under this Plan, as adjusted pursuant to Sections 2 and 19, and any successor security.

***"Stock Bonus"*** means an award of Shares, or cash in lieu of Shares, pursuant to Section 8.

***"Subsidiary"*** means any corporation (other than the Company) in an unbroken chain of corporations beginning with the Company if each of the corporations other than the last corporation in the unbroken chain owns stock possessing 50% or more of the total combined voting power of all classes of stock in one of the other corporations in such chain.

***"Termination"*** or ***"Terminated"*** means, for purposes of this Plan with respect to a Participant, that the Participant has for any reason ceased to provide services as an employee, officer, director, consultant, independent contractor, or advisor to the Company or a Parent or Subsidiary of the Company. An employee will not be deemed to have ceased to provide services in the case of (i) sick leave, (ii) military leave, or (iii) any other leave of absence approved by the Committee, provided, that such leave is for a period of not more than 90 days, unless reemployment upon the expiration of such leave is guaranteed by contract or statute or unless provided otherwise pursuant to formal policy adopted from time to time by the Company and issued and promulgated to employees in writing. In the case of any employee on an approved leave of absence, the Committee may make such provisions respecting suspension of vesting of the Award while on leave from the employ of the Company or a Subsidiary as it may deem appropriate, except that in no event may an Option be exercised after the expiration of the term set forth in the Option agreement. The Committee will have sole discretion to determine whether a Participant has ceased to provide services and the effective date on which the Participant ceased to provide services (the ***"Termination Date"***).

***"Unvested Shares"*** means "Unvested Shares" as defined in the Award Agreement.

***"Vested Shares"*** means "Vested Shares" as defined in the Award Agreement.

**EXHIBIT III**

**THE EBAY INC. 1999 GLOBAL EQUITY INCENTIVE PLAN, AS AMENDED**

**eBay Inc.**

**1999 GLOBAL EQUITY INCENTIVE PLAN, AS AMENDED**

**INITIAL STOCKHOLDER APPROVAL ON MAY 23, 2000**
**AMENDMENT ADOPTED BY THE BOARD OF DIRECTORS ON MARCH 14, 2002**
**STOCKHOLDER APPROVAL OF AMENDMENT ON JUNE 5, 2002**
**AMENDMENT ADOPTED BY THE COMPENSATION COMMITTEE ON MARCH 18, 2004**
**STOCKHOLDER APPROVAL OF AMENDMENT ON JUNE 24, 2004**
**AMENDMENT ADOPTED BY THE BOARD OF DIRECTORS ON SEPTEMBER 9, 2004**
**AMENDMENT ADOPTED BY THE BOARD OF DIRECTORS ON JANUARY 10, 2007**
**AMENDMENT ADOPTED BY THE BOARD OF DIRECTORS ON MARCH 28, 2007**
**STOCKHOLDER APPROVAL OF AMENDMENT ON JUNE 14, 2007**

**TERMINATION DATE: NONE**

## 1. PURPOSES.

(a) *Eligible Stock Award Recipients.* The persons eligible to receive Stock Awards are the Employees and Consultants of the Company and its Affiliates, in particular (but not limited to) those Employees and Consultants who are neither citizens nor residents of the United States of America.

(b) *Available Stock Awards.* The purpose of the Plan is to provide a means by which eligible recipients of Stock Awards may be given an opportunity to benefit from increases in value of the Common Stock through the granting of the following Stock Awards: (i) Stock Options, (ii) stock bonuses, (iii) rights to acquire restricted stock, (iv) restricted stock units, and (v) performance restricted stock units.

(c) *General Purpose.* The Company, by means of the Plan, seeks to retain the services of the group of persons eligible to receive Stock Awards, to secure and retain the services of new members of this group, and to provide incentives for such persons to exert maximum efforts for the success of the Company and its Affiliates.

## 2. DEFINITIONS.

(a) *"Affiliate"* means any parent corporation or subsidiary corporation of the Company, whether now or hereafter existing, as those terms are defined in Sections 424(e) and (f), respectively, of the Code, and any other entity which is controlled, directly or indirectly, by the Company.

(b) *"Board"* means the Board of Directors of the Company.

(c) *"Code"* means the United States Internal Revenue Code of 1986, as amended.

(d) *"Committee"* means a committee of one or more members of the Board appointed by the Board in accordance with subsection 3(c).

(e) *"Common Stock"* means the common stock of the Company.

(f) *"Company"* means eBay Inc., a Delaware corporation.

(g) *"Consultant"* means any natural person, including an advisor, (i) engaged by the Company or an Affiliate to render consulting or advisory services and who is compensated for such services, or (ii) who is a member of the Board of Directors or comparable governing body of an Affiliate and who is compensated for such services. However, the term "Consultant" shall not include Directors who are not compensated by the Company for their services as Directors. In addition, the payment of a director's fee by the Company for services as a Director shall not cause a Director to be considered a "Consultant" for purposes of the Plan.

(h) *"Continuous Service"* means that the Participant's service with the Company or an Affiliate, whether as an Employee, Director or Consultant, is not interrupted or terminated. The Participant's Continuous Service shall not be deemed to have terminated merely because of a change in the capacity in which the Participant renders service to the Company or an Affiliate as an Employee, Consultant or Director or a change in the entity for which the Participant renders such service, provided that there is no interruption or termination of the Participant's Continuous Service. For example, a change in status from an Employee of the Company to a Consultant of an Affiliate or a Director will not constitute an interruption of Continuous Service. The Board or the chief executive officer of the Company, in that party's sole discretion, may determine whether Continuous Service shall be considered interrupted in the case of any leave of absence approved by that party, including sick leave, military leave or any other personal leave.

(i) *"Covered Employee"* means the chief executive officer and the four (4) other highest compensated officers of the Company for whom total compensation is required to be reported to stockholders under the Exchange Act, as determined for purposes of Section 162(m) of the Code.

(j) *"Director"* means a member of the Board of Directors of the Company.

(k) *"Disability"* means the inability of a natural person to continue to perform services for the Company or any Affiliate of the type previously performed prior to the occurrence of such Disability, whether as a result of physical and/or mental illness or injury, as determined by a physician acceptable to the Company, for a period that is expected to be of a duration of no less than six (6) months.

(l) *"Employee"* means any person employed by the Company or an Affiliate. Mere service as a Director or payment of a director's fee by the Company or an Affiliate shall not be sufficient to constitute "employment" by the Company or an Affiliate.

(m) *"Equity Restructuring"* means a non-reciprocal transaction (i.e. a transaction in which the Company does not receive consideration or other resources in respect of the transaction approximately equal to and in exchange for the consideration or resources the Company is relinquishing in such transaction) between the Company and its stockholders, such as a stock split, spin-off, rights offering, nonrecurring stock dividend or recapitalization through a large, nonrecurring cash dividend, that affects the shares of Common Stock (or other securities of the Company) or the share price of Common Stock (or other securities) and causes a change in the per share value of the Stock underlying outstanding Stock Awards.

(n) *"Exchange Act"* means the United States Securities Exchange Act of 1934, as amended.

(o) *"Fair Market Value"* means, as of any date, the value of the Common Stock determined as follows:

(i) If the Common Stock is listed on any established stock exchange or traded on the Nasdaq National Market or the Nasdaq SmallCap Market, the Fair Market Value of a share of Common Stock shall be the closing sales price for such stock (or the closing bid, if no sales were reported) as quoted on such exchange or market (or the exchange or market with the greatest volume of trading in the Common Stock) on the last market trading day prior to the day of determination, as reported in *The Wall Street Journal* or such other source as the Board deems reliable.

(ii) In the absence of such markets for the Common Stock, the Fair Market Value shall be determined in good faith by the Board.

(p) *"Non-Employee Director"* means a Director who either (i) is not a current Employee or officer of the Company or an Affiliate, does not receive compensation, either directly or indirectly, from the Company or an Affiliate for services rendered as a Consultant or in any capacity other than as a Director (except for an amount as to which disclosure would not be required under Item 404(a) of Regulation S-K promulgated pursuant to the Securities Act ("Regulation S-K")), does not possess an interest in any other transaction for which disclosure would be required under Item 404(a) of Regulation S-K, and is not engaged in a business relationship for which disclosure would be required pursuant to Item 404(b) of Regulation S-K; or (ii) is otherwise considered a "non-employee director" for purposes of Rule 16b-3.

(q) *"Option"* means an option granted pursuant to Section 6 of the Plan.

(r) *"Option Agreement"* means a written agreement between the Company and an Optionholder evidencing the terms and conditions of an individual Option grant. Each Option Agreement shall be subject to the terms and conditions of the Plan.

(s) *"Optionholder"* means a person to whom an Option is granted pursuant to the Plan or, if applicable, such other person who holds an outstanding Option.

(t) *"Outside Director"* means a Director who either (i) is not a current employee of the Company or an "affiliated corporation" (within the meaning of Treasury Regulations promulgated under Section 162(m) of the Code), is not a former employee of the Company or an "affiliated corporation" who receives compensation for prior services (other than benefits under a tax-qualified retirement plan) during the taxable year, has not been an officer of the Company or an "affiliated corporation", and does not receive remuneration from the Company or an "affiliated corporation," either directly or indirectly, in any capacity other than as a Director or (ii) is otherwise considered an "outside director" for purposes of Section 162(m) of the Code.

(u) *"Participant"* means a person to whom a Stock Award is granted pursuant to the Plan or, if applicable, such other person who holds an outstanding Stock Award.

(v) *"Performance Criteria"* means the criteria that the Committee selects for purposes of establishing the Performance Goal or Performance Goals for a Participant for a Performance Period. The Performance Criteria that will be used to establish Performance Goals are limited to the following: trading volume, users, gross merchandise volume, total payment volume, revenue, operating income, EBITDA and/or net earnings, net income (either before or after taxes), earnings per share, return on net assets, return on gross assets, return on equity, return on invested capital, cash flow (including, but not limited to, operating cash flow and free cash flow), net or operating margins, economic profit, Common Stock price appreciation, total stockholder returns, employee productivity, customer satisfaction metrics, debt to equity ratio, market capitalization, market capitalization to employee ratio, and market capitalization to revenue ratio, any of which may be measured in absolute terms, in terms of growth, as compared to any incremental increase, or as compared to results of a peer group, and may be calculated on a pro forma basis or in accordance with generally accepted accounting principles. The Committee shall define in an objective fashion the manner of calculating the Performance Criteria it selects to use for such Performance Period for such Participant.

(w) *"Performance Goals"* means, for a Performance Period, the goals established in writing by the Committee for the Performance Period based upon the Performance Criteria. Depending on the Performance Criteria used to establish such Performance Goals, the Performance Goals may be expressed in terms of overall Company performance or the performance of a division, business unit, or an individual. The Committee, in its discretion, may, within the time prescribed by Section 162(m) of the Code, adjust or modify the calculation of Performance Goals for such Performance Period in order to prevent the dilution or enlargement of the rights of Participants (a) in the event of, or in anticipation of, any unusual or extraordinary corporate item, transaction, event, or development, or (b) in recognition of, or in anticipation of, any other unusual or nonrecurring events affecting the Company, or the financial statements of the Company, or in response to, or in anticipation of, changes in applicable laws, regulations, accounting principles, or business conditions.

(x) *"Performance Period"* means the one or more periods of time, which may be of varying and overlapping durations, as the Committee may select, over which the attainment of one or more Performance Goals will be measured for the purpose of determining a Participant's right to, and the payment of, a Performance-Based Award.

(y) *"Plan"* means this eBay Inc. 1999 Global Equity Incentive Plan, as it may be duly amended from time to time.

(z) *"Rule 16b-3"* means Rule 16b-3 promulgated under the Exchange Act of any successor to Rule 16b-3, as in effect from time to time.

(aa) *"Securities Act"* means the United States Securities Act of 1933, as amended.

(bb) *"Stock Award"* means any right granted under the Plan, including an option, a stock bonus, a right to acquire restricted stock and a restricted stock unit award.

(cc) *"Stock Award Agreement"* means a written agreement between the Company and a holder of a Stock Award evidencing the terms and conditions of an individual Stock Award grant. Each Stock Award Agreement shall be subject to the terms and conditions of the Plan.

**3. ADMINISTRATION.**

(a) *Administration by Board.* The Board shall administer the Plan unless and until the Board delegates administration to a Committee, as provided in subsection 3(c).

(b) *Powers of Board.* The Board shall have the power, subject to, and within the limitations of, the express provisions of the Plan:

(i) To determine from time to time which of the persons eligible under the Plan shall be granted Stock Awards; when and how each Stock Award shall be granted; what type or combination of types of Stock Award shall be granted; the provisions of each Stock Award granted (which need not be identical), including the time or times when a person shall be permitted to receive Common Stock pursuant to a Stock Award; and the number of shares of Common Stock with respect to which a Stock Award shall be granted to each such person.

(ii) To construe and interpret the Plan and Stock Awards granted under it, and to establish, amend and revoke rules and regulations for its administration. The Board, in the exercise of this power, may correct any defect, omission or inconsistency in the Plan or in any Stock Award Agreement, in a manner and to the extent it shall deem necessary or expedient in its sole discretion to make the Plan fully effective.

(iii) To amend the Plan or a Stock Award as provided in Section 12.

(iv) To terminate or suspend the Plan as provided in Section 13.

(v) Generally, to exercise such powers and to perform such acts as the Board deems necessary or expedient in its sole discretion to promote the best interests of the Company, which are not in conflict with the provisions of the Plan.

(c) *Delegation to Committee.*

(i) *General.* The Board may delegate administration of the Plan to a Committee or Committees of one (1) or more members of the Board, and the term "Committee" shall apply to any person or persons to whom such authority has been delegated. If administration is delegated to a Committee, the Committee shall have, in connection with the administration of the Plan, the powers theretofore possessed by the Board, including the power to delegate to a subcommittee of one (1) or more members of the Board any of the administrative powers the Committee is authorized to exercise (and references in this Plan to the Board shall thereafter be to the Committee or subcommittee), subject, however, to such resolutions, not inconsistent with the provisions of the Plan, as may be adopted from time to time by the Board. The Board may abolish the Committee at any time and revest in the Board the administration of the Plan.

(ii) *Section 162(m) and Rule 16b-3 Compliance.* In the sole discretion of the Board, a Committee may consist solely of two or more Outside Directors, in accordance with Section 162(m) of the Code, and/or solely of two or more Non-Employee Directors, in accordance with Rule 16b-3. Within the scope of such authority, the Board or the Committee may (1) delegate to a committee of one or more members of the Board who are not Outside Directors the authority to grant Stock Awards to eligible persons who are either (a) not then Covered Employees and are not expected to be Covered Employees at the time of recognition of income resulting from such Stock Award or (b) not persons with respect to whom the Company wishes to comply with Section 162(m) of the Code and/or (2) delegate to a committee of one or more members of the Board who are not Non-Employee Directors the authority to grant Stock Awards to eligible persons who are not then subject to Section 16 of the Exchange Act.

(d) *Effect of Board's Decision.* All determinations, interpretations and constructions made by the Board in good faith shall not be subject to review by anyone and shall be final, binding and conclusive on all Participants and any other person having an interest in such determination, interpretation or construction.

## 4. SHARES SUBJECT TO THE PLAN.

(a) *Share Reserve.* Subject to the provisions of Section 11 relating to adjustments upon changes in Common Stock, the Common Stock that may be issued pursuant to Stock Awards shall not exceed in the aggregate fifty two million (52,000,000)[1] shares of Common Stock. No more than two million (2,000,000)[2] of such shares of Common Stock

[1] Denotes that such share number reflects the stock splits of eBay's common stock occurring in 5/00, 8/03 and 2/05.
[2] Denotes that such share number reflects the stock split of eBay's common stock occurring only in 2/05 because this provision was approved in 2004.

(subject to adjustment as provided in Section 11) may be awarded under the Plan in the aggregate in respect of the Stock Awards pursuant to Section 7 for which a Participant pays less than Fair Market Value per share on the date of grant.

(b) *Reversion of Shares to the Share Reserve.* If any Stock Option shall for any reason expire or otherwise terminate, in whole or in part, without having been exercised in full, the shares of Common Stock not acquired under such Stock Option shall revert to and again become available for issuance under the Plan.

(c) *Source of Shares.* The shares of Common Stock subject to the Plan may be unissued shares or reacquired shares, bought on the market or otherwise.

## 5. ELIGIBILITY.

(a) *Eligibility for Specific Stock Awards.* Stock Awards may be granted to Employees and Consultants.

(b) *Consultants.*

(i) Consultant shall not be eligible for the grant of a Stock Award if, at the time of grant, a Form S-8 Registration Statement under the Securities Act ("Form S-8") is not available to register either the offer or the sale of the Company's securities to such Consultant because of the nature of the services that the Consultant is providing to the Company, or because the Consultant is not a natural person, or as otherwise provided by the rules governing the use of Form S-8.

(ii) Form S-8 generally is available to consultants and advisors only if (i) they are natural persons; (ii) they provide bona fide services to the issuer, its parents, its majority-owned subsidiaries or majority-owned subsidiaries of the issuer's parent; and (iii) the services are not in connection with the offer or sale of securities in a capital-raising transaction, and do not directly or indirectly promote or maintain a market for the issuer's securities.

(c) *Section 162(m) Limitation.* Notwithstanding the provisions of subsection 5(a) hereof and subject to the provisions of Section 11 relating to adjustments upon changes in the shares of Common Stock, no Employee shall be eligible to be granted Stock Awards covering more than four million (4,000,000)[3] shares of Common Stock during any calendar year.

## 6. OPTION PROVISIONS.

Each Option shall be in such form and shall contain such terms and conditions as the Board shall deem appropriate. The provisions of separate Options need not be identical, but each Option shall include (through incorporation of provisions hereof by reference in the Option or otherwise) the substance of each of the following provisions:

[3] Denotes that such share number reflects the stock split of eBay's common stock occurring in 8/03 and 2/05.

(a) *Exercise Price.* The exercise price of each Option shall not be less than one hundred percent (100%) of the Fair Market Value of the Common Stock subject to the Option on the date the Option is granted. Notwithstanding the foregoing, an Option may be granted with an exercise price lower than that set forth in the preceding sentence if such Option is granted pursuant to an assumption or substitution for another option in a manner satisfying the provisions of Section 424(a) of the Code.

(b) *Consideration.* The purchase price of Common Stock acquired pursuant to an Option shall be paid, to the extent permitted by applicable statutes and regulations, either (i) in cash at the time the Option is exercised, or (ii) at the discretion of the Board: (1) by delivery to the Company, or attestation to the Company of ownership, of other Common Stock, (2) according to a deferred payment or other similar arrangement with the Optionholder, whether through the use of a promissory note or otherwise, or (3) in any other form of legal consideration that may be acceptable to the Board; provided, however, that at any time that the Company is incorporated in Delaware, payment of the Common Stock's "par value," as defined in the Delaware General Corporation Law, shall not be made by deferred payment.

Unless otherwise specifically provided, the purchase price of Common Stock acquired pursuant to an Option that is paid by delivery to the Company, or attestation to the Company of ownership, of other Common Stock shall be paid only by shares of the Common Stock of the Company that have been held for more than six (6) months (or such longer or shorter period of time required to avoid a charge to earnings for financial accounting purposes).

(c) *Transferability.* An Option shall be transferable to the extent provided in the Option Agreement. If the Option does not provide for transferability, then the Option shall not be transferable except by will or by the laws of descent and distribution and shall be exercisable during the lifetime of the Optionholder only by the Optionholder. Notwithstanding the foregoing, the Optionholder may, by delivering written notice to the Company, in a form satisfactory to the Company, designate a third party who, in the event of the death of the Optionholder, shall thereafter be entitled to exercise the Option.

(d) *Vesting Generally.* The total number of shares of Common Stock subject to an Option may, but need not, vest and therefore become exercisable in periodic installments that may, but need not, be equal. The Option may be subject to such other terms and conditions on the time or times when it may be exercised (which may be based on performance or other criteria) as the Board may deem appropriate. The vesting provisions of individual Options may vary. The provisions of this subsection 6(d) are subject to any Option provisions governing the minimum number of shares of Common Stock as to which an Option may be exercised.

(e) *Termination of Continuous Service.* In the event an Optionholder's Continuous Service terminates (other than upon the Optionholder's death or Disability), the Optionholder may exercise his or her Option (to the extent that the Optionholder was

entitled to exercise such Option as of the date of termination) but only within such period of time ending on the earlier of (i) the date three (3) months following the termination of the Optionholder's Continuous Service (or such longer or shorter period specified in the Option Agreement), or (ii) the expiration of the term of the Option as set forth in the Option Agreement. If, after termination, the Optionholder does not exercise his or her Option within the time specified in the Option Agreement, the Option shall terminate.

(f) *Extension of Termination Date.* An Optionholder's Option Agreement may also provide that if the exercise of the Option following the termination of the Optionholder's Continuous Service (other than upon the Optionholder's death or Disability) would be prohibited at any time solely because the issuance of shares of Common Stock would violate the registration requirements under the Securities Act, then the Option shall terminate on the earlier of (i) the expiration of the term of the Option, or (ii) the expiration of a period of three (3) months after the termination of the Optionholder's Continuous Service during which the exercise of the Option would not be in violation of such registration requirements.

(g) *Disability of Optionholder.* In the event that an Optionholder's Continuous Service terminates as a result of the Optionholder's Disability, the Optionholder may exercise his or her Option (to the extent that the Optionholder was entitled to exercise such Option as of the date of termination), but only within such period of time ending on the earlier of (i) the date twelve (12) months following such termination (or such longer or shorter period specified in the Option Agreement), or (ii) the expiration of the term of the Option as set forth in the Option Agreement. If, after termination, the Optionholder does not exercise his or her Option within the time specified herein, the Option shall terminate.

(h) *Death of Optionholder.* In the event (i) an Optionholder's Continuous Service terminates as a result of the Optionholder's death or (ii) the Optionholder dies within the period (if any) specified in the Option Agreement after the termination of the Optionholder's Continuous Service for a reason other than death, then the Option may be exercised (to the extent the Optionholder was entitled to exercise such Option as of the date of death) by the Optionholder's estate, by a person who acquired the right to exercise the Option by bequest or inheritance or by a person designated to exercise the option upon the Optionholder's death, but only within the period ending on the earlier of (1) the date eighteen (18) months following the date of death (or such longer or shorter period specified in the Option Agreement), or (2) the expiration of the term of such Option as set forth in the Option Agreement. If, after death, the Option is not exercised within the time specified herein, the Option shall terminate.

(i) *Early Exercise.* The Option may, but need not, include a provision whereby the Optionholder may elect at any time before the Optionholder's Continuous Service terminates to exercise the Option as to any part or all of the shares of Common Stock subject to the Option prior to the full vesting of the Option. Any unvested shares of Common Stock so purchased may be subject to a repurchase option in favor of the Company or to any other restriction the Board determines to be appropriate. The

Company will not exercise its repurchase option until at least six (6) months (or such longer or shorter period of time required to avoid a charge to earnings for financial accounting purposes) have elapsed following exercise of the Option unless the Board otherwise specifically provides in the Option.

## 7. PROVISIONS OF STOCK AWARDS OTHER THAN OPTIONS.

(a) *Stock Bonus Awards.* Each stock bonus agreement shall be in such form and shall contain such terms and conditions as the Board shall deem appropriate. The terms and conditions of stock bonus agreements may change from time to time, and the terms and conditions of separate stock bonus agreements need not be identical, but each stock bonus agreement shall include (through incorporation of provisions hereof by reference in the agreement or otherwise) the substance of each of the following provisions:

(i) *Consideration.* A stock bonus may be awarded in consideration for past services actually rendered to the Company or an Affiliate for its benefit.

(ii) Vesting. Shares of Common Stock awarded under the stock bonus agreement may, but need not, be subject to a share reacquisition right or option in favor of the Company in accordance with a vesting schedule to be determined by the Board.

(iii) *Termination of Participant's Continuous Service.* In the event a Participant's Continuous Service terminates, the Company may reacquire any or all of the shares of Common Stock held by the Participant which have not vested as of the date of termination under the terms of the stock bonus agreement.

(iv) *Transferability.* Rights to acquire shares under the stock bonus agreement shall be transferable by the Participant only upon such terms and conditions as are set forth in the stock bonus agreement, as the Board shall determine in its discretion, so long as Common Stock awarded under the stock bonus agreement remains subject to the terms of the stock bonus agreement.

(b) *Restricted Stock Purchase Awards.* Each restricted stock purchase agreement shall be in such form and shall contain such terms and conditions as the Board shall deem appropriate. The terms and conditions of the restricted stock purchase agreements may change from time to time, and the terms and conditions of separate restricted stock purchase agreements need not be identical, but each restricted stock purchase agreement shall include (through incorporation of provisions hereof by reference in the agreement or otherwise) the substance of each of the following provisions:

(i) *Purchase Price.* The purchase price under each restricted stock purchase agreement shall be such amount as the Board shall determine and designate in such restricted stock purchase agreement.

(ii) *Consideration.* The purchase price of Common Stock acquired pursuant to the restricted stock purchase agreement shall be paid either: (i) in cash at the time of

purchase; (ii) at the discretion of the Board, according to a deferred payment or other similar arrangement with the Participant, whether through the use of a promissory note or otherwise; or (iii) in any other form of legal consideration that may be acceptable to the Board in its discretion; provided, however, that at any time that the Company is incorporated in Delaware, then payment of the Common Stock's "par value," as defined in the Delaware General Corporation Law, shall not be made by deferred payment.

(iii) *Vesting.* Shares of Common Stock acquired under the restricted stock purchase agreement may, but need not, be subject to a share repurchase option in favor of the Company in accordance with a vesting schedule to be determined by the Board.

(iv) *Termination of Participant's Continuous Service.* In the event a Participant's Continuous Service terminates, the Company may repurchase or otherwise reacquire any or all of the shares of Common Stock held by the Participant which have not vested as of the date of termination under the terms of the restricted stock purchase agreement.

(v) *Transferability.* Rights to acquire shares under the restricted stock purchase agreement shall be transferable by the Participant only upon such terms and conditions as are set forth in the restricted stock purchase agreement, as the Board shall determine in its discretion, so long as Common Stock awarded under the restricted stock purchase agreement remains subject to the terms of the restricted stock purchase agreement.

(c) *Restricted Stock Unit Awards.* The Board, or the Committee, if delegated by the Board, is authorized to make awards of restricted stock units to any Employee or Consultant selected by the Board in such amounts and subject to such terms and conditions as the Board shall deem appropriate. On the maturity date of a restricted stock unit, unless otherwise noted in the restricted stock unit agreement, the Company shall transfer to the Participant one unrestricted, fully transferable share of Common Stock for each restricted stock unit scheduled to be paid out on such date and not previously forfeited.

(i) *Consideration.* Restricted stock units may be awarded in consideration for past services actually rendered to the Company or an Affiliate for its benefit.

(ii) *Form of Restricted Stock Unit Award.* All awards of restricted stock units made pursuant to this Plan will be evidenced by a restricted stock unit agreement and will comply with and be subject to the terms and conditions of this Plan.

(iii) *Terms of Restricted Stock Unit Awards.* Restricted stock units shall be subject to such terms and conditions as the Board may impose. These terms and conditions may include restrictions based upon completion of a specified period of service with the Company or an Affiliate, or upon completion of the performance goals as set out in advance in the Participant's individual restricted stock unit agreement. The terms of restricted stock units may vary from Participant to Participant and between groups of Participants. Prior to the grant of a restricted stock unit award, the Board shall: (a) determine the nature, length and starting date of any performance period for the

restricted stock unit; (b) select from among the performance factors to be used to measure performance goals, if any; and (c) determine the number of shares of Common Stock that may be awarded to the Participant pursuant to such restricted stock unit. Prior to the issuance of any shares of Common Stock pursuant to any restricted stock unit, the Board shall determine the extent to which performance goals have been met. Performance periods may overlap and Participants may participate simultaneously with respect to restricted stock units that are subject to different performance periods and have different performance goals and other criteria.

(iv) *Termination During Performance Period.* In the event a Participant's Continuous Service terminates during a performance period for any reason, then such Participant will be entitled to payment (whether in shares of Common Stock, cash or otherwise, at the Committee's sole discretion) with respect to the restricted stock unit only to the extent performance goals are met as of the date of termination of the Participant's Continuous Service in accordance with the restricted stock unit agreement, unless the Board will determine otherwise.

(v) *Form and Timing of Settlement of Restricted Stock Units.* Settlement of restricted stock units shall be made as soon as practicable after vesting and/or the expiration of the applicable performance period. The Board, in its sole discretion, may settle restricted stock units in the form of cash, in shares of Common Stock (which have an aggregate Fair Market Value equal to the value of the earned restricted stock units), or in a combination thereof.

(d) *Performance Restricted Stock Units.* Any Employee selected by the Committee may be granted one or more Performance Restricted Stock Unit awards which shall be denominated in unit equivalent of shares of Stock and/or units of value including dollar value of shares of Stock and which may be linked to any one or more of the Performance Criteria or other specific performance criteria determined appropriate by the Committee, in each case on a specified date or dates or over any period or periods determined by the Committee. In making such determinations, the Committee shall consider (among such other factors as it deems relevant in light of the specific type of award) the contributions, responsibilities and other compensation of the particular Participant.

(i) *Procedures with Respect to Performance Restricted Stock Units.* To the extent necessary to comply with the Qualified Performance-Based Compensation requirements of Section 162(m)(4)(C) of the Code, with respect to any award of Performance Restricted Stock Units which may be granted to one or more Covered Employees, no later than ninety (90) days following the commencement of any fiscal year in question or any other designated fiscal period or period of service (or such other time as may be required or permitted by Section 162(m) of the Code), the Committee shall, in writing, (a) designate one or more Covered Employees, (b) select the Performance Criteria applicable to the Performance Period, (c) establish the Performance Goals, and amounts of such awards of Performance Restricted Stock Units, as applicable, which may be earned for such Performance Period, and (d) specify the relationship between Performance Criteria and the Performance Goals and the amounts of such Awards, as

applicable, to be earned by each Covered Employee for such Performance Period. Following the completion of each Performance Period, the Committee shall certify in writing whether the applicable Performance Goals have been achieved for such Performance Period. In determining the amount earned by a Covered Employee, the Committee shall have the right to reduce or eliminate (but not to increase) the amount payable at a given level of performance to take into account additional factors that the Committee may deem relevant to the assessment of individual or corporate performance for the Performance Period.

(ii) *Payment of Performance Restricted Stock Units.* Unless otherwise provided in the applicable Stock Award Agreement, a Participant must be employed by the Company on the day a Performance Restricted Stock Unit for such Performance Period is paid to the Participant. Furthermore, a Participant shall be eligible to receive payment pursuant to a Performance Restricted Stock Unit for a Performance Period only if the Performance Goals for such period are achieved. In determining the amount earned under am award of Performance Restricted Stock Units, the Committee may reduce or eliminate the amount of the Performance Restricted Stock Units earned for the Performance Period, if in its sole and absolute discretion, such reduction or elimination is appropriate.

(iii) *Additional Limitations.* Notwithstanding any other provision of the Plan, any award of Performance Restricted Stock Units which is granted to a Covered Employee and is intended to constitute Qualified Performance-Based Compensation shall be subject to any additional limitations set forth in Section 162(m) of the Code (including any amendment to Section 162(m) of the Code) or any regulations or rulings issued thereunder that are requirements for qualification as qualified performance-based compensation as described in Section 162(m)(4)(C) of the Code, and the Plan shall be deemed amended to the extent necessary to conform to such requirements.

## 8. COVENANTS OF THE COMPANY.

(a) *Availability of Shares.* During the terms of the Stock Awards, the Company shall keep available at all times the number of shares of Common Stock required to satisfy such Stock Awards.

(b) *Securities Law Compliance.* The Company shall seek to obtain from each regulatory commission or agency having jurisdiction over the Plan such authority as may be required to grant Stock Awards and to issue and sell shares of Common Stock upon exercise of the Stock Awards; provided, however, that this undertaking shall not require the Company to register under the Securities Act the Plan, any Stock Award or any Common Stock issued or issuable pursuant to any such Stock Award. If, after reasonable efforts, the Company is unable to obtain from any such regulatory commission or agency the authority which counsel for the Company deems necessary for the lawful issuance and sale of Common Stock under the Plan, the Company shall be relieved from any liability for failure to issue and sell Common Stock upon exercise or vesting of such Stock Awards unless and until such authority is obtained.

## 9. USE OF PROCEEDS FROM STOCK.

Proceeds from the sale of Common Stock pursuant to Stock Awards shall constitute general funds of the Company.

## 10. MISCELLANEOUS.

(a) *Acceleration of Exercisability and Vesting.* The Board shall have the power to accelerate the time at which a Stock Option may first be exercised or the time during which a Stock Award or any part thereof will vest in accordance with the Plan, notwithstanding the provisions in the Stock Award stating the time at which it may first be exercised or the time during which it will vest.

(b) *Stockholder Rights.* No Participant shall be deemed to be the holder of, or to have any of the rights of a holder with respect to, any shares of Common Stock subject to such Stock Award unless and until such Participant has satisfied all requirements for exercise of the Stock Option or receipt of other type of Stock Award pursuant to its terms.

(c) *No Employment or other Service Rights.* Nothing in the Plan or any instrument executed or Stock Award granted pursuant thereto shall confer upon any Participant any right to continue to serve the Company or an Affiliate in the capacity in effect at the time the Stock Award was granted or shall affect the right of the Company or an Affiliate to terminate (i) the employment of an Employee with or without notice and with or without cause, for any reason or no reason, (ii) the service of a Consultant pursuant to the terms of such Consultant's agreement with the Company or an Affiliate, or (iii) the service of a Director pursuant to the Bylaws of the Company or an Affiliate, and any applicable provisions of the corporate law of the jurisdiction in which the Company or the Affiliate is incorporated, as the case may be.

(d) *Investment Assurances.* The Company may require a Participant, as a condition of exercising a Stock Option or acquiring Common Stock under any Stock Award, (i) to give written assurances satisfactory to the Company as to the Participant's knowledge and experience in financial and business matters and/or to employ a purchaser representative reasonably satisfactory to the Company who is knowledgeable and experienced in financial and business matters and that he or she is capable of evaluating, alone or together with the purchaser representative, the merits and risks of exercising the Stock Award; (ii) to give written assurances satisfactory to the Company stating that the Participant is acquiring Common Stock subject to the Stock Award for the Participant's own account and not with any present intention of selling or otherwise distributing the Common Stock; and/or (iii) to give such other written assurances as the Company shall determine are necessary, desirable or appropriate to comply with applicable securities regulation and other governing law. The Company may, upon advice of counsel to the Company, place legends on stock certificates issued under the Plan as such counsel deems necessary or appropriate in order to comply with applicable securities laws, including, but not limited to, legends restricting the transfer of the Common Stock.

(e) *Withholding Obligations.* To the extent provided by the terms of a Stock Award Agreement, the Participant may satisfy any tax and social insurance withholding obligation arising under the laws or regulations of any country, state or local jurisdiction relating to the exercise of a Stock Option or acquisition of Common Stock under a Stock Award by any of the following means (in addition to the Company's or Affiliate's right to withhold from any compensation paid to the Participant by the Company or the Affiliate) or by a combination of such means: (i) tendering a cash payment; (ii) authorizing the Company to withhold shares of Common Stock from the shares of Common Stock otherwise issuable to the Participant as a result of the exercise or acquisition of Common Stock under the Stock Award; provided, however, that no shares of Common Stock are withheld with a value exceeding the minimum amount of tax required to be withheld by law (or such lesser amount as may be required to avoid variable award accounting); or (iii) delivering to the Company owned and unencumbered shares of the Common Stock; or (iv) authorizing the sale of shares of Common Stock by the Company's designated broker equal to the amount of taxes due.

## 11. ADJUSTMENTS UPON CHANGES IN STOCK.

(a) *Capitalization Adjustments.* In the event that any dividend or other distribution, reorganization, merger, consolidation, combination, repurchase, or exchange of Common Stock or other securities of the Company, or other change in the corporate structure of the Company affecting the Common Stock (other than an Equity Restructuring) occurs such that an adjustment is determined by the Board (in its sole discretion) to be appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan, then the Board shall, in such manner as it may deem equitable, adjust the number and class of Common Stock which may be delivered under the Plan, the number of shares covered by each outstanding Stock Award, the exercise price or grant price per share of such outstanding Stock Awards, if applicable, and the numerical limits of Sections 4(a) and 4(c). The Company is not responsible for any tax consequences to the Participant resulting from such adjustment.

(b) *Dissolution or Liquidation.* In the event of a dissolution or liquidation of the Company, then all outstanding Stock Awards shall terminate immediately prior to such event.

(c) *Corporate Transaction.* In the event of (i) a sale, lease or other disposition of all or substantially all of the assets of the Company, (ii) a merger or consolidation in which the Company is not the surviving corporation, or (iii) a reverse merger in which the Company is the surviving corporation but the shares of Common Stock outstanding immediately preceding the merger are converted by virtue of the merger into other property, whether in the form of securities, cash or otherwise, then any surviving corporation or acquiring corporation shall assume or continue any Stock Awards outstanding under the Plan or shall substitute similar stock awards (including an award to acquire the same consideration paid to the stockholders in the transaction described in this subsection 11(c)) for those outstanding under the Plan. In the event any surviving

corporation or acquiring corporation refuses to assume or continue such Stock Awards or to substitute similar stock awards for those outstanding under the Plan, then with respect to Stock Awards held by Participants whose Continuous Service has not terminated, the vesting of such Stock Awards (and, if applicable, the time during which such Stock Awards may be exercised) shall be accelerated in full, and the Stock Awards shall terminate if not exercised (if applicable) at or prior to such event. With respect to any other Stock Awards outstanding under the Plan, such Stock Awards shall terminate if not exercised (if applicable) at or prior to such event.

(d) *Equity Restructuring Adjustments.* In connection with the occurrence of any Equity Restructuring, and notwithstanding anything to the contrary in Sections 11(a) and 11(c) the number and type of securities subject to each outstanding Stock Award and the exercise price or grant price thereof, if applicable, will be equitably adjusted by the Committee. The adjustments provided under this Section 11(d) shall be nondiscretionary and shall be final and binding on the affected Participant and the Company.

## 12. AMENDMENT OF THE PLAN AND STOCK AWARDS.

(a) *Amendment of Plan.* The Board at any time, and from time to time, may amend the Plan. However, except as provided in Section 11 relating to adjustments upon changes in Common Stock, no amendment shall be effective unless approved by the stockholders of the Company to the extent stockholder approval is necessary under applicable laws or regulations or to the extent that such amendment constitutes a material amendment to the Plan.

(b) *Stockholder Approval.* The Board may, in its sole discretion, submit any amendment to the Plan for stockholder approval, including, but not limited to, amendments to the Plan intended to satisfy the requirements of Section 162(m) of the Code and the regulations thereunder regarding the exclusion of performance-based compensation from the limit on corporate deductibility of compensation paid to Covered Employees. Notwithstanding any provision of the Plan to the contrary, the Board shall not, without prior stockholder approval, (A) reduce the exercise price of any outstanding Option under the Plan, (B) cancel any outstanding Option under the Plan and grant in substitution therefor, on either an immediate or delayed basis, a new Option under the Plan covering the same or a different number of shares of Common Stock or cash, or (C) take any other action with respect to any outstanding Option under the Plan that is treated as a repricing of such Option pursuant to generally accepted accounting principles.

(c) *No Impairment of Rights.* Rights under any Stock Award granted before amendment of the Plan shall not be impaired by any amendment of the Plan unless (i) the Company requests the consent of the Participant and (ii) the Participant consents in writing.

(d) *Amendment of Stock Awards.* The Board at any time, and from time to time, may amend the terms of any one or more Stock Awards; provided, however, that the rights under any Stock Award shall not be impaired by any such amendment unless (i) the Company requests the consent of the Participant, and (ii) the Participant consents in writing.

## 13. TERMINATION OR SUSPENSION OF THE PLAN.

(a) *Plan Term.* The Board may suspend or terminate the Plan at any time. No Stock Awards may be granted under the Plan while the Plan is suspended or after it is terminated.

(b) *No Impairment of Rights.* Suspension or termination of the Plan shall not impair rights and obligations under any Stock Award granted while the Plan is in effect, except with the written consent of the Participant.

## 14. EFFECTIVE DATE OF PLAN.

The Plan shall become effective upon adoption by the Board.

## 15. CHOICE OF LAW.

The law of the State of Delaware shall govern all questions concerning the construction, validity and interpretation of this Plan, without regard to such state's conflict of laws rules.

**EXHIBIT IV**

**THE EBAY INC. 2001 EQUITY INCENTIVE PLAN, AS AMENDED**

**eBay Inc.**
**2001 EQUITY INCENTIVE PLAN, AS AMENDED**

**Initial Stockholder Approval on May 25, 2001**
**Amendment Adopted by the Board of Directors on March 14, 2002**
**Stockholder Approval of Amendment on June 5, 2002**
**Amendment Adopted by the Compensation Committee as of March 18, 2003**
**Stockholder Approval of Amendment on June 26, 2003**
**Amendment Adopted by the Compensation Committee on March 18, 2004**
**Stockholder Approval of Amendment on June 24, 2004**
**Amendment Adopted By the Compensation Committee on March 21, 2006**
**Stockholder Approval of Amendment on June 13, 2006**
**Amendment Adopted By the Compensation Committee on January 10, 2007**

**TERMINATION DATE: MARCH 21, 2011**

## 1. PURPOSES.

**(a) Eligible Option Recipients.** The persons eligible to receive Options are the Employees, Directors and Consultants of the Company and its Affiliates.

**(b) Available Options.** The purpose of the Plan is to provide a means by which eligible recipients of Options may be given an opportunity to benefit from increases in value of the Common Stock through the granting of (i) Incentive Stock Options and (ii) Nonstatutory Stock Options.

**(c) General Purpose.** The Company, by means of the Plan, seeks to retain the services of the group of persons eligible to receive Options, to secure and retain the services of new members of this group and to provide incentives for such persons to exert maximum efforts for the success of the Company and its Affiliates.

## 2. DEFINITIONS.

**(a)** ***"Affiliate"*** means any parent corporation or subsidiary corporation of the Company, whether now or hereafter existing, as those terms are defined in Sections 424(e) and (f), respectively, of the Code, and any other entity which is controlled, directly or indirectly, by the Company.

**(b)** ***"Board"*** means the Board of Directors of the Company.

**(c)** ***"Code"*** means the United States Internal Revenue Code of 1986, as amended.

**(d)** ***"Committee"*** means a committee of one or more members of the Board appointed by the Board in accordance with subsection 3(c).

**(e)** ***"Common Stock"*** means the common stock of the Company.

**(f)** ***"Company"*** means eBay Inc., a Delaware corporation.

**(g)** ***"Consultant"*** means any natural person, including an advisor, (i) engaged by the Company or an Affiliate to render consulting or advisory services and who is

compensated for such services, or (ii) who is a member of the Board of Directors or comparable governing body of an Affiliate and who is compensated for such services. However, the term "Consultant" shall not include Directors who are not compensated by the Company for their services as Directors. In addition, the payment of a director's fee by the Company for services as a Director shall not cause a Director to be considered a "Consultant" for purposes of the Plan.

**(h)** ***"Continuous Service"*** means that the Optionholder's service with the Company or an Affiliate, whether as an Employee, Director or Consultant, is not interrupted or terminated. The Optionholder's Continuous Service shall not be deemed to have terminated merely because of a change in the capacity in which the Optionholder renders service to the Company or an Affiliate as an Employee, Consultant or Director or a change in the entity for which the Optionholder renders such service, provided that there is no interruption or termination of the Optionholder's service with the Company or an Affiliate. For example, a change in status from an Employee of the Company to a Consultant of an Affiliate or a Director will not constitute an interruption of Continuous Service. The Board or the chief executive officer of the Company, in that party's sole discretion, may determine whether Continuous Service shall be considered interrupted in the case of any leave of absence approved by that party, including sick leave, military leave or any other personal leave.

**(i)** ***"Covered Employee"*** means the chief executive officer and the four (4) other highest compensated officers of the Company for whom total compensation is required to be reported to stockholders under the Exchange Act, as determined for purposes of Section 162(m) of the Code.

**(j)** ***"Director"*** means a member of the Board of Directors of the Company.

**(k)** ***"Disability"*** means the inability of a natural person to continue to perform services for the Company or any Affiliate of the type previously performed prior to the occurrence of such Disability, whether as a result of physical and/or mental illness or injury, as determined by a physician acceptable to the Company, for a period that is expected to be of a duration of no less than six (6) months.

**(l)** ***"Employee"*** means any person employed for tax purposes by the Company or an Affiliate. Mere service as a Director or payment of a director's fee by the Company or an Affiliate shall not be sufficient to constitute "employment" by the Company or an Affiliate.

**(m)** "***Equity Restructuring***" means a non-reciprocal transaction (i.e. a transaction in which the Company does not receive consideration or other resources in respect of the transaction approximately equal to and in exchange for the consideration or resources the Company is relinquishing in such transaction) between the Company and its stockholders, such as a stock split, spin-off, rights offering, nonrecurring stock dividend or recapitalization through a large, nonrecurring cash dividend, that affects the shares of Common Stock (or other securities of the Company) or the share price of Common Stock

(or other securities) and causes a change in the per share value of the Common Stock underlying outstanding Options.

**(n)** ***"Exchange Act"*** means the United States Securities Exchange Act of 1934, as amended.

**(o)** ***"Fair Market Value"*** means, as of any date, the value of the Common Stock determined as follows:

**(i)** If the Common Stock is listed on any established stock exchange or traded on the Nasdaq National Market or the Nasdaq SmallCap Market, the Fair Market Value of a share of Common Stock shall be the closing sales price for such stock (or the closing bid, if no sales were reported) as quoted on such exchange or market (or the exchange or market with the greatest volume of trading in the Common Stock) on the last market trading day prior to the day of determination, as reported in *The Wall Street Journal* or such other source as the Board deems reliable.

**(ii)** In the absence of such markets for the Common Stock, the Fair Market Value shall be determined in good faith by the Board.

**(p)** ***"Incentive Stock Option"*** means an Option intended to qualify as an incentive stock option within the meaning of Section 422 of the Code and the regulations promulgated thereunder.

**(q)** ***"Non-Employee Director"*** means a Director who either (i) is not a current Employee or Officer of the Company or its parent or a subsidiary, does not receive compensation (directly or indirectly) from the Company or its parent or a subsidiary for services rendered as a consultant or in any capacity other than as a Director (except for an amount as to which disclosure would not be required under Item 404(a) of Regulation S-K promulgated pursuant to the Securities Act ("Regulation S-K")), does not possess an interest in any other transaction as to which disclosure would be required under Item 404(a) of Regulation S-K and is not engaged in a business relationship as to which disclosure would be required under Item 404(b) of Regulation S-K; or (ii) is otherwise considered a "non-employee director" for purposes of Rule 16b-3.

**(r)** ***"Nonstatutory Stock Option"*** means an Option not intended to qualify as an Incentive Stock Option.

**(s)** ***"Officer"*** means a person who is an officer of the Company within the meaning of Section 16 of the Exchange Act and the rules and regulations promulgated thereunder.

**(t)** ***"Option"*** means an Incentive Stock Option or a Nonstatutory Stock Option granted pursuant to Section 6 of the Plan.

**(u)** ***"Option Agreement"*** means a written agreement between the Company and an Optionholder evidencing the terms and conditions of an individual Option grant. Each Option Agreement shall be subject to the terms and conditions of the Plan.

**(v)** ***"Optionholder"*** means a person to whom an Option is granted pursuant to the Plan or, if applicable, such other person who holds an outstanding Option.

**(w)** ***"Outside Director"*** means a Director who either (i) is not a current employee of the Company or an "affiliated corporation" (within the meaning of Treasury Regulations promulgated under Section 162(m) of the Code), is not a former employee of the Company or an "affiliated corporation" receiving compensation for prior services (other than benefits under a tax qualified pension plan), was not an officer of the Company or an "affiliated corporation" at any time and is not currently receiving direct or indirect remuneration from the Company or an "affiliated corporation" for services in any capacity other than as a Director or (ii) is otherwise considered an "outside director" for purposes of Section 162(m) of the Code.

**(x)** ***"Plan"*** means this eBay Inc. 2001 Equity Incentive Plan, as amended.

**(y)** ***"Rule 16b-3"*** means Rule 16b-3 promulgated under the Exchange Act or any successor to Rule 16b-3, as in effect from time to time.

**(z)** ***"Securities Act"*** means the United States Securities Act of 1933, as amended.

**(aa)** ***"Ten Percent Stockholder"*** means a person who owns (or is deemed to own pursuant to Section 424(d) of the Code) stock possessing more than ten percent (10%) of the total combined voting power of all classes of stock of the Company or of any of its Affiliates.

**3. ADMINISTRATION.**

**(a) Administration by Board.** The Board shall administer the Plan unless and until the Board delegates administration to a Committee, as provided in subsection 3(c).

**(b) Powers of Board.** The Board shall have the power, subject to, and within the limitations of, the express provisions of the Plan:

**(i)** To determine from time to time which of the persons eligible under the Plan shall be granted Options; when and how each Option shall be granted; what type or combination of types of Option shall be granted; the provisions of each Option granted (which need not be identical), including the time or times when a person shall be permitted to receive Common Stock pursuant to an Option; and the number of shares of Common Stock with respect to which an Option shall be granted to each such person.

**(ii)** To construe and interpret the Plan and Options granted under it, and to establish, amend and revoke rules and regulations for its administration. The Board, in the exercise of this power, may correct any defect, omission or inconsistency in the Plan or in any Option Agreement, in a manner and to the extent it shall deem necessary or expedient to make the Plan fully effective.

**(iii)** To amend the Plan or an Option as provided in Section 11.

**(iv)** To terminate or suspend the Plan as provided in Section 12.

**(v)** Generally, to exercise such powers and to perform such acts as the Board deems necessary or expedient in its sole discretion to promote the best interests of the Company and its stockholders that are not in conflict with the provisions of the Plan.

**(c) Delegation to Committee.**

**(i) General.** The Board may delegate administration of the Plan to a Committee or Committees of one (1) or more members of the Board, and the term "Committee" shall apply to any person or persons to whom such authority has been delegated. If administration is delegated to a Committee, the Committee shall have, in connection with the administration of the Plan, the powers theretofore possessed by the Board, including the power to delegate to a subcommittee of one (1) or more members of the Board any of the administrative powers the Committee is authorized to exercise (and references in this Plan to the Board shall thereafter be to the Committee or subcommittee), subject, however, to such resolutions, not inconsistent with the provisions of the Plan, as may be adopted from time to time by the Board. The Board may abolish the Committee at any time and revest in the Board the administration of the Plan.

**(ii) Committee Composition when Common Stock is Publicly Traded.** At such time as the Common Stock is publicly traded, in the discretion of the Board, a Committee may consist solely of two (2) or more Outside Directors, in accordance with Section 162(m) of the Code, and/or solely of two or more Non-Employee Directors, in accordance with Rule 16b-3. Within the scope of such authority, the Board or the Committee may (1) delegate to a committee of one or more members of the Board who are not Outside Directors the authority to grant Options to eligible persons who are either (a) not then Covered Employees and are not expected to be Covered Employees at the time of recognition of income resulting from such Option or (b) not persons with respect to whom the Company wishes to comply with Section 162(m) of the Code and/or (2) delegate to a committee of one or more members of the Board who are not Non-Employee Directors the authority to grant Options to eligible persons who are not then subject to Section 16 of the Exchange Act.

**(d) Effect of Board's Decision.** All determinations, interpretations and constructions made by the Board in good faith shall not be subject to review by anyone and shall be final, binding and conclusive on all Optionholders and any other person having an interest in such determination, interpretation or construction.

## 4. SHARES SUBJECT TO THE PLAN.

**(a) Share Reserve.** Subject to the provisions of Section 10 relating to adjustments upon changes in Common Stock, the Common Stock that may be issued pursuant to Options shall not exceed in the aggregate Two Hundred Twenty Two Million (222,000,000)(1) shares of Common Stock.

**(b) Reversion of Shares to the Share Reserve.** If any Option shall for any reason expire or otherwise terminate, in whole or in part, without having been exercised in full, the shares of Common Stock not acquired under such Option shall revert to and again become available for issuance under the Plan.

**(c) Source of Shares.** The shares of Common Stock subject to the Plan may be unissued shares or reacquired shares, bought on the market or otherwise.

**5. ELIGIBILITY.**

**(a) Eligibility for Specific Options**. Incentive Stock Options may be granted only to Employees. Nonstatutory Stock Options may be granted to Employees, Directors and Consultants.

**(b) Non-Employee Directors.** Notwithstanding the provisions of subsection 5(a) hereof, a Director who is not an Employee only may be granted nondiscretionary Options that the Stockholders have approved as to the following option provisions: Number of shares, date of automatic grant, term, exercise price, consideration, vesting schedule, exercise schedule, and the post-termination exercise periods.

**(c) Ten Percent Stockholders.** Notwithstanding the provisions of subsection 5(a) hereof, a Ten Percent Stockholder shall not be granted an Incentive Stock Option unless the exercise price of such Option is at least one hundred ten percent (110%) of the Fair Market Value of the Common Stock at the date of grant and the Option is not exercisable after the expiration of five (5) years from the date of grant.

**(d) Section 162(m) Limitation.** Notwithstanding the provisions of subsection 5(a) hereof and subject to the provisions of Section 10 relating to adjustments upon changes in the shares of Common Stock, no Employee shall be eligible to be granted Options covering more than Four Million (4,000,000)[1] shares of Common Stock during any calendar year.

**(e) Consultants.** Notwithstanding the provisions of subsection 5(a) hereof, a Consultant shall not be eligible for the grant of an Option if, at the time of grant, a Form S-8 Registration Statement under the Securities Act ("Form S-8") is not available to register either the offer or the sale of the Company's securities to such Consultant because of the nature of the services that the Consultant is providing to the Company, or because the Consultant is not a natural person, or as otherwise provided by the rules governing the use of Form S-8.

**6. OPTION PROVISIONS.**

Each Option shall be in such form and shall contain such terms and conditions as the Board shall deem appropriate. All Options shall be separately designated Incentive Stock

[1] Denotes that such share number reflects the stock split of eBay's common stock occurring in 8/03 and /05.

Options or Nonstatutory Stock Options at the time of grant, and, if certificates are issued, a separate certificate or certificates will be issued for shares of Common Stock purchased on exercise of each type of Option. The provisions of separate Options need not be identical, but each Option shall include (through incorporation of provisions hereof by reference in the Option or otherwise) the substance of each of the following provisions:

**(a) Term.** Subject to the provisions of subsection 5(c) regarding Ten Percent Stockholders, no Option shall be exercisable after the expiration of ten (10) years from the date it was granted.

**(b) Exercise Price.**

**(i)** Subject to the provisions of subsection 5(c) regarding Ten Percent Stockholders and subsection 6(b)(ii) below, the exercise price of each Option shall be not less than one hundred percent (100%) of the Fair Market Value of the Common Stock subject to the Option on the date the Option is granted.

**(ii)** An Option may be granted with an exercise price lower than that set forth in subsection 6(b)(i) above if such Option is granted pursuant to an assumption or substitution for another option in a manner satisfying the provisions of Section 424(a) of the Code.

**(c) Consideration.**

**(i)** The purchase price of Common Stock acquired pursuant to an Option shall be paid, to the extent permitted by applicable statutes and regulations, either (i) in cash at the time the Option is exercised or (ii) at the discretion of the Board at the time of the grant of the Option (or subsequently in the case of a Nonstatutory Stock Option) (1) by delivery to the Company, or attestation to the Company of ownership, of other Common Stock or (2) in any other form of legal consideration that may be acceptable to the Board.

**(ii)** Unless otherwise specifically provided, the purchase price of Common Stock acquired pursuant to an Option that is paid by delivery to the Company, or attestation to the Company of ownership, of other Common Stock shall be paid only by shares of the Common Stock of the Company that have been held for more than six (6) months (or such longer or shorter period of time required to avoid a charge to earnings for financial accounting purposes).

**(d) Transferability of an Incentive Stock Option.** An Incentive Stock Option shall not be transferable except by will or by the laws of descent and distribution and shall be exercisable during the lifetime of the Optionholder only by the Optionholder. Notwithstanding the foregoing, the Optionholder may, by delivering written notice to the Company, in a form satisfactory to the Company, designate a third party who, in the event of the death of the Optionholder, shall thereafter be entitled to exercise the Option.

**(e) Transferability of a Nonstatutory Stock Option.** A Nonstatutory Stock Option shall be transferable to the extent provided in the Option Agreement. If the Nonstatutory Stock Option does not provide for transferability, then the Nonstatutory Stock Option shall not be transferable except by will or by the laws of descent and distribution and shall be exercisable during the lifetime of the Optionholder only by the Optionholder. Notwithstanding the foregoing, the Optionholder may, by delivering written notice to the Company, in a form satisfactory to the Company, designate a third party who, in the event of the death of the Optionholder, shall thereafter be entitled to exercise the Option.

**(f) Vesting Generally.** The total number of shares of Common Stock subject to an Option may, but need not, vest and therefore become exercisable in periodic installments that may, but need not, be equal. The Option may be subject to such other terms and conditions on the time or times when it may be exercised (which may be based on performance or other criteria) as the Board may deem appropriate. The vesting provisions of individual Options may vary. The provisions of this subsection 6(f) are subject to any Option provisions governing the minimum number of shares of Common Stock as to which an Option may be exercised.

**(g) Termination of Continuous Service.** In the event an Optionholder's Continuous Service terminates (other than upon the Optionholder's death or Disability), the Optionholder may exercise his or her Option (to the extent that the Optionholder was entitled to exercise such Option as of the date of termination) but only within such period of time ending on the earlier of (i) the date three (3) months following the termination of the Optionholder's Continuous Service (or such longer or shorter period specified in the Option Agreement), or (ii) the expiration of the term of the Option as set forth in the Option Agreement. If, after termination, the Optionholder does not exercise his or her Option within the time specified in the Option Agreement, the Option shall terminate.

**(h) Extension of Termination Date.** An Optionholder's Option Agreement may also provide that if the exercise of the Option following the termination of the Optionholder's Continuous Service (other than upon the Optionholder's death or Disability) would be prohibited at any time solely because the issuance of shares of Common Stock would violate the registration requirements under the Securities Act, then the Option shall terminate on the earlier of (i) the expiration of the term of the Option or (ii) the expiration of a period of three (3) months after the termination of the Optionholder's Continuous Service during which the exercise of the Option would not be in violation of such registration requirements.

**(i) Disability of Optionholder.** In the event that an Optionholder's Continuous Service terminates as a result of the Optionholder's Disability, the Optionholder may exercise his or her Option (to the extent that the Optionholder was entitled to exercise such Option as of the date of termination), but only within such period of time ending on the earlier of (i) the date twelve (12) months following such termination (or such longer or shorter period specified in the Option Agreement), or (ii) the expiration of the term of the Option as set forth in the Option Agreement. If, after termination, the Optionholder

does not exercise his or her Option within the time specified herein, the Option shall terminate.

**(j) Death of Optionholder.** In the event (i) an Optionholder's Continuous Service terminates as a result of the Optionholder's death or (ii) the Optionholder dies within the period (if any) specified in the Option Agreement after the termination of the Optionholder's Continuous Service for a reason other than death, then the Option may be exercised (to the extent the Optionholder was entitled to exercise such Option as of the date of death) by the Optionholder's estate, by a person who acquired the right to exercise the Option by bequest or inheritance or by a person designated to exercise the option upon the Optionholder's death, but only within the period ending on the earlier of (1) the date eighteen (18) months following the date of death (or such longer or shorter period specified in the Option Agreement) or (2) the expiration of the term of such Option as set forth in the Option Agreement. If, after death, the Option is not exercised within the time specified herein, the Option shall terminate.

## 7. COVENANTS OF THE COMPANY.

**(a) Availability of Shares.** During the terms of the Options, the Company shall keep available at all times the number of shares of Common Stock required to satisfy such Options.

**(b) Securities Law Compliance.** The Company shall seek to obtain from each regulatory commission or agency having jurisdiction over the Plan such authority as may be required to grant Options and to issue and sell shares of Common Stock upon exercise of the Options; provided, however, that this undertaking shall not require the Company to register under the Securities Act the Plan, any Option or any Common Stock issued or issuable pursuant to any such Option. If, after reasonable efforts, the Company is unable to obtain from any such regulatory commission or agency the authority which counsel for the Company deems necessary for the lawful issuance and sale of Common Stock under the Plan, the Company shall be relieved from any liability for failure to issue and sell Common Stock upon exercise of such Options unless and until such authority is obtained.

## 8. USE OF PROCEEDS FROM STOCK.

Proceeds from the sale of Common Stock pursuant to Options shall constitute general funds of the Company.

## 9. MISCELLANEOUS.

**(a) Stockholder Rights.** No Optionholder shall be deemed to be the holder of, or to have any of the rights of a holder with respect to, any shares of Common Stock subject to such Option unless and until such Optionholder has satisfied all requirements for exercise of the Option pursuant to its terms.

**(b) No Employment or other Service Rights.** Nothing in the Plan or any instrument executed or Option granted pursuant thereto shall confer upon any Optionholder any right to continue to serve the Company or an Affiliate in the capacity in effect at the time the

Option was granted or shall affect the right of the Company or an Affiliate to terminate (i) the employment of an Employee with or without notice and with or without cause, for any reason or no reason, (ii) the service of a Consultant pursuant to the terms of such Consultant's agreement with the Company or an Affiliate or (iii) the service of a Director pursuant to the Bylaws of the Company or an Affiliate, and any applicable provisions of the corporate law of the jurisdiction in which the Company or the Affiliate is incorporated, as the case may be.

**(c) Incentive Stock Option $100,000 Limitation.** To the extent that the aggregate Fair Market Value (determined at the time of grant) of Common Stock with respect to which Incentive Stock Options are exercisable for the first time by any Optionholder during any calendar year (under all plans of the Company and its Affiliates) exceeds one hundred thousand dollars ($100,000), the Options or portions thereof which exceed such limit (according to the order in which they were granted) shall be treated as Nonstatutory Stock Options.

**(d) Investment Assurances**. The Company may require an Optionholder, as a condition of exercising an Option or acquiring Common Stock under any Option, (i) to give written assurances satisfactory to the Company as to the Optionholder's knowledge and experience in financial and business matters and/or to employ a purchaser representative reasonably satisfactory to the Company who is knowledgeable and experienced in financial and business matters and that he or she is capable of evaluating, alone or together with the purchaser representative, the merits and risks of exercising the Option; (ii) to give written assurances satisfactory to the Company stating that the Optionholder is acquiring Common Stock subject to the Option for the Optionholder's own account and not with any present intention of selling or otherwise distributing the Common Stock; and/or (iii) to give such other written assurances as the Company shall determine are necessary, desirable or appropriate to comply with applicable securities regulation and other governing law. The Company may, upon advice of counsel to the Company, place legends on stock certificates issued under the Plan as such counsel deems necessary or appropriate in order to comply with applicable securities laws, including, but not limited to, legends restricting the transfer of the Common Stock.

**(e) Withholding Obligations.** To the extent provided by the terms of an Option Agreement, the Optionholder may satisfy any tax withholding obligation arising under the laws or regulations of any country, state or local jurisdiction relating to the exercise or acquisition of Common Stock under an Option by any of the following means (in addition to the Company's right to withhold from any compensation paid to the Optionholder by the Company) or by a combination of such means: (i) tendering a cash payment; (ii) authorizing the Company to withhold shares of Common Stock from the shares of Common Stock otherwise issuable to the Optionholder as a result of the exercise or acquisition of Common Stock under the Option; provided, however, that no shares of Common Stock are withheld with a value exceeding the minimum amount of tax required to be withheld by law (or such lesser amount as may be required to avoid variable award accounting); or (iii) delivering to the Company owned and unencumbered shares of Common Stock.

## 10. ADJUSTMENTS UPON CHANGES IN STOCK.

**(a) Capitalization Adjustments**. In the event that any dividend or other distribution, reorganization, merger, consolidation, combination, repurchase, or exchange of Common Stock or other securities of the Company, or other change in the corporate structure of the Company affecting the Common Stock (other than an Equity Restructuring) occurs such that an adjustment is determined by the Committee (in its sole discretion) to be appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan, then the Committee shall, in such manner as it may deem equitable, adjust the number and class of Common Stock which may be delivered under the Plan, the exercise price per share and the number of shares covered by each Option which has not been exercised, and the numerical limits of Sections 4(a) and 5(d).

**(b) Dissolution or Liquidation.** In the event of a dissolution or liquidation of the Company, then all outstanding Options shall terminate immediately prior to such event.

**(c) Corporate Transaction.** In the event of (i) a sale, lease or other disposition of all or substantially all of the assets of the Company, (ii) a merger or consolidation in which the Company is not the surviving corporation, or (iii) a reverse merger in which the Company is the surviving corporation but the shares of Common Stock outstanding immediately preceding the merger are converted by virtue of the merger into other property, whether in the form of securities, cash or otherwise, then any surviving corporation or acquiring corporation shall assume or continue any Options outstanding under the Plan or shall substitute similar stock awards (including an award to acquire the same consideration paid to the stockholders in the transaction described in this subsection 10(c)) for those outstanding under the Plan. In the event any surviving corporation or acquiring corporation refuses to assume or continue such Options or to substitute similar stock awards for those outstanding under the Plan, then with respect to Options held by Optionholders whose Continuous Service has not terminated, the vesting of such Options (and, if applicable, the time during which such Options may be exercised) shall be accelerated in full, and the Options shall terminate if not exercised (if applicable) at or prior to such event. With respect to any other Options outstanding under the Plan, such Options shall terminate if not exercised (if applicable) at or prior to such event.

**(d) Equity Restructuring Adjustments.** In connection with the occurrence of any Equity Restructuring, and notwithstanding anything to the contrary in Section 10(a) and 10(c) the number and type of securities subject to each outstanding Option and the exercise price thereof will be equitably adjusted by the Committee. The adjustments provided under this Section 10(d) shall be nondiscretionary and shall be final and binding on the affected Optionholder and the Company.

## 11. AMENDMENT OF THE PLAN AND OPTIONS.

**(a) Amendment of Plan.** The Board at any time, and from time to time, may amend the Plan. However, except as provided in Section 10 relating to adjustments upon changes in Common Stock, no amendment shall be effective unless approved by the stockholders of the Company to the extent stockholder approval is necessary under applicable laws or regulations or to the extent that such amendment constitutes a material amendment of the Plan.

**(b) Stockholder Approval.** The Board may, in its sole discretion, submit any other amendment to the Plan for stockholder approval, including, but not limited to, amendments to the Plan intended to satisfy the requirements of Section 162(m) of the Code and the regulations thereunder regarding the exclusion of performance-based compensation from the limit on corporate deductibility of compensation paid to certain executive officers. Notwithstanding any other provision of the Plan to the contrary, the Board shall not, without prior stockholder approval, (A) reduce the exercise price of any outstanding Option under the Plan, (B) cancel any outstanding Option under the Plan and grant in substitution therefor, on either an immediate or delayed basis, a new Option under the Plan covering the same or a different number of shares of Common Stock or cash, or (C) take any other action with respect to any outstanding Option under the Plan that is treated as a repricing of such Option pursuant to generally accepted accounting principles.

**(c) Contemplated Amendments.** It is expressly contemplated that the Board may amend the Plan in any respect the Board deems necessary or advisable to provide eligible Employees with the maximum benefits provided or to be provided under the provisions of the Code and the regulations promulgated thereunder relating to Incentive Stock Options and/or to bring the Plan and/or Incentive Stock Options granted under it into compliance therewith.

**(d) No Impairment of Rights.** Rights under any Option granted before amendment of the Plan shall not be impaired by any amendment of the Plan unless (i) the Company requests the consent of the Optionholder and (ii) the Optionholder consents in writing.

**(e) Amendment of Options.** The Board at any time, and from time to time, may amend the terms of any one or more Options; provided, however, that the rights under any Option shall not be impaired by any such amendment unless (i) the Company requests the consent of the Optionholder and (ii) the Optionholder consents in writing.

## 12. TERMINATION OR SUSPENSION OF THE PLAN.

**(a) Plan Term.** The Board may suspend or terminate the Plan at any time. Unless sooner terminated, the Plan shall terminate on the day before the tenth (10th) anniversary of the date the Plan is adopted by the Board or approved by the stockholders of the Company, whichever is earlier. No Options may be granted under the Plan while the Plan is suspended or after it is terminated.

**(b) No Impairment of Rights.** Suspension or termination of the Plan shall not impair rights and obligations under any Option granted while the Plan is in effect except with the written consent of the Optionholder.

## 13. EFFECTIVE DATE OF PLAN.

The Plan shall become effective as determined by the Board, but no Option shall be exercised unless and until the Plan has been approved by the stockholders of the Company, which approval shall be within twelve (12) months before or after the date the Plan is adopted by the Board.

## 14. CHOICE OF LAW.

The law of the State of Delaware shall govern all questions concerning the construction, validity and interpretation of this Plan, without regard to such state's conflict of laws rules.

**EXHIBIT V**

**THE EBAY INC. 2003 DEFERRED STOCK UNIT PLAN, AS AMENDED**

**eBay Inc.**

# 2003 DEFERRED STOCK UNIT PLAN, AS AMENDED

**INITIAL STOCKHOLDER APPROVAL ON JUNE 26, 2003**

**AMENDED AND RESTATED EFFECTIVE AS OF JANUARY 10, 2007**

**TERMINATION DATE: MARCH 17, 2013**

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**eBay Inc.**
**2003 DEFERRED STOCK UNIT PLAN, AS AMENDED**
**INITIAL STOCKHOLDER APPROVAL ON JUNE 26, 2003**
**AMENDMENT ADOPTED BY THE COMPENSATION COMMITTEE ON MARCH 16, 2005**
**TERMINATION DATE: MARCH 17, 2013**

ARTICLE I
GENERAL

1.1 *Purpose*

The purpose of the eBay Inc. 2003 Deferred Stock Unit Plan is to retain and motivate members of the eBay board of directors and such other officers or employees as are selected to participate, to compensate them for their contributions to the long-term growth and profits of the Company, and to encourage them to acquire a proprietary interest in the success of the Company including by providing a convenient means for them to acquire shares of Common Stock from the Company at fair market value.

1.2 *Definitions of Certain Terms*

"*eBay*" means eBay Inc. or a successor entity contemplated by Section 3.5.

"*Annual Retainer*" shall have the meaning set forth in Section 1.4.2.

"*Award*" means an award made pursuant to the Plan.

"*Award Agreement*" means the written document by which each Award is evidenced.

"*Board*" means the Board of Directors of eBay.

"*Cash Payment Date*" shall have the meaning set forth in Section 1.4.2.

"*Code*" means the Internal Revenue Code of 1986, as amended from time to time, and the applicable rulings and regulations thereunder.

"*Committee*" means the committee established pursuant to Section 1.3.1.

"*Common Stock*" means the common stock of eBay, par value $0.001 per share.

"*Company*" means eBay and its subsidiaries.

"*Electing Director*" shall have the meaning set forth in Section 1.4.2.

"*Eligibility Date*" shall have the meaning set forth in Section 1.4.2.

"*Equity Restructuring*" means a non-reciprocal transaction (i.e. a transaction in which the Company does not receive consideration or other resources in respect of the transaction approximately equal to and in exchange for the consideration or resources the Company is relinquishing in such transaction) between the Company and its stockholders, such as a stock split, spin-off, rights offering, nonrecurring stock dividend or recapitalization through a large, nonrecurring cash dividend, that affects the shares of Common Stock (or other securities of the Company) or the share price of Common Stock (or other securities) and causes a change in the per share value of the Common Stock underlying outstanding Awards.

"*Exchange Act*" means the Securities Exchange Act of 1934, as amended from time to time, and the applicable rules and regulations thereunder.

"*Fair Market Value*" means, as of any date, the value of a share of Common Stock determined as follows: (a) if such Common Stock is then quoted on the Nasdaq National Market, its closing price on the Nasdaq National Market on the date of determination as reported in The Wall Street Journal; (b) if such Common Stock is publicly traded and is then listed on a national securities exchange other than the Nasdaq National Market, its closing price on the date of determination on the principal national securities exchange on which the Common Stock is listed or admitted to trading as reported in The Wall Street Journal; (c) if such Common

Stock is publicly traded but is not quoted on the Nasdaq National Market nor listed or admitted to trading on a national securities exchange, the average of the closing bid and asked prices on the date of determination as reported in The Wall Street Journal; and (d) if none of the foregoing is applicable, then the value determined by the Committee in good faith.

"*New Director*" shall have the meaning set forth in Section 1.4.1.

"*Plan*" means the eBay Inc. 2003 Deferred Stock Unit Plan, as described herein and as hereafter amended from time to time.

1.3 *Administration*

1.3.1 Except as otherwise provided herein, the Plan shall be administered by the Compensation Committee of the Board (the ***"Committee"***). The Committee is authorized, subject to the provisions of the Plan, to establish such rules and regulations as it deems necessary for the proper administration of the Plan (including with respect to setting terms and conditions of further voluntary deferral of Awards beyond the delivery date, which further deferrals shall comply with the provisions of Section 409A of the Code) and to make such determinations and interpretations and to take such action in connection with the Plan and any Award granted thereunder as it deems necessary or advisable. All determinations and interpretations made by the Committee shall be final, binding and conclusive on all grantees and on their legal representatives and beneficiaries. The Committee shall have the authority, in its absolute discretion, to determine the persons who shall receive Awards, the time when Awards shall be granted, the terms of such Awards and the number of shares of Common Stock, if any, which shall be subject to such Awards. Unless otherwise provided in an Award Agreement or as would otherwise subject the holder of an Award to an excise tax under Section 409A of the Code, the Committee shall have the authority to (i) amend any outstanding Award Agreement in any respect, whether or not the rights of the grantee of such Award are adversely affected, including, without limitation, to accelerate the time or times at which the Award becomes vested, unrestricted or may be exercised, waive or amend any goals, restrictions or conditions set forth in such Award Agreement, or impose new goals, restrictions and conditions, or reflect a change in the grantee's circumstances and (ii) determine whether, to what extent and under what circumstances and method or methods (A) Awards may be (1) settled in cash, shares of Common Stock, other securities, other Awards or other property or (2) canceled, forfeited or suspended, (B) shares of Common Stock, other securities, other Awards or other property, and other amounts payable with respect to an Award may be deferred at the election of the grantee thereof with the consent of the Committee or at the election of the Committee and (C) Awards may be settled by the Company or any of its designees. Notwithstanding anything to the contrary contained herein, the Board may, in its sole discretion, at any time and from time to time, grant Awards (including grants to members of the Board who are not employees of the Company) or administer the Plan, in which case the Board shall have all of the authority and responsibility granted to the Committee herein.

1.3.2 Actions of the Committee may be taken by the vote of a majority of its members. The Committee may allocate among its members and delegate to any person who is not a member of the Committee any of its administrative responsibilities.

1.4 *Persons Eligible for Awards*

1.4.1 Awards under the Plan shall be made to each new member of the Board upon the later of (i) their election to service as a member of the Board after December 31, 2002; and (ii) the adoption of this plan by the stockholders (a ***"New Director"***).

1.4.2 Awards under the Plan shall be made to Electing Directors (as defined below) on the date on which they otherwise would be entitled to receive a cash payment (the ***"Cash Payment Date"***) in respect of their annual retainer for their services on the Board (including, if applicable, as "Lead Director") and, to the extent applicable, on any committees thereof (the ***"Annual Retainer"***), which annual retainer is payable quarterly in arrears. An ***"Electing Director"*** is any member of the Board who, with respect to a particular taxable year has made an election to have all of his or her Annual Retainer for services performed in such taxable year paid in the form of Awards under the Plan, rather than in the form of quarterly cash payments as described above. Such election must be in a form approved by the Committee and must be delivered to the Committee (or a person

designated by the Committee to receive such election) prior to the end of the preceding taxable year or as otherwise prescribed by law; provided, however, that during the first taxable year during which any member of the Board is eligible to elect to receive Awards under this Section 1.4.2, such election shall be made within thirty days of the ***"Eligibility Date"*** with respect to services to be performed subsequent to the election but during such taxable year. With respect to individuals who are members of the Board on March 16, 2005, the Eligibility Date is March 16, 2005; with respect to individuals who become members of the Board after March 16, 2005, the Eligibility Date is the date on which such individual becomes a member of the Board. Notwithstanding the foregoing, for an election to be effective with respect to a quarter during the first taxable year in which a member of the Board is eligible to participate hereunder, such election shall be made within 30 days of the Eligibility Date and prior to the start of such quarter, which means that in the case of individuals who are members of the Board on March 16, 2005, such election must be made on or prior to March 31, 2005 in order for such election to be effective with respect to that portion of the Annual Retainer earned during the second quarter of 2005.

1.4.3 Awards under the Plan may also be made to such officers and employees (including prospective employees) of the Company as the Committee may select.

1.5 *Types of Awards Under Plan*

Awards may be made under the Plan in the form of (a) deferred stock units and (b) dividend equivalent rights.

1.6 *Shares of Common Stock Available for Awards*

1.6.1 *Common Stock Subject to the Plan.* Subject to adjustment as provided in Section 1.6.2 hereof, the maximum number of shares underlying deferred stock units that may be reserved for issuance are 4,000,000[1] shares of Common Stock. Such shares of Common Stock may, in the discretion of the Committee, be either authorized but unissued shares or shares previously issued and reacquired by eBay. If any Award shall expire, terminate or otherwise lapse, in whole or in part, any shares of Common Stock subject to such Award (or portion thereof) shall again be available for issuance under the Plan.

1.6.2 *Capitalization Adjustments.* In the event that any dividend or other distribution, reorganization, merger, consolidation, combination, repurchase, or exchange of Common Stock or other securities of the Company, or other change in the corporate structure of the Company affecting the Common Stock (other than an Equity Restructuring) occurs such that an adjustment is determined by the Committee (in its sole discretion) to be appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan, then the Committee shall, in such manner as it may deem equitable, adjust the number and class of Common Stock which may be delivered under the Plan, the number of shares of Common Stock covered by each outstanding Award, and the numerical limits of Section 1.6.1.

1.6.3 *Equity Restructuring Adjustments.* In connection with the occurrence of any Equity Restructuring, and notwithstanding anything to the contrary in Section 1.6.2 the number and type of securities subject to each outstanding Award and the grant price thereof, if applicable, will be equitably adjusted by the Committee. The adjustments provided under this Section 1.6.3 shall be nondiscretionary and shall be final and binding on the affected Participant and the Company.

## ARTICLE II

## AWARDS UNDER THE PLAN

2.1 *Agreements Evidencing Awards*

Each Award granted under the Plan shall be evidenced by a written document which shall contain such provisions and conditions as the Committee deems appropriate. The Committee may grant Awards in tandem with or in substitution for any other Award or Awards granted under this Plan or any award granted under any

[1] Denotes that such share number reflects the stock splits of eBay's common stock occurring in 8/03 and in 02/05.

other plan of the Company. By accepting an Award pursuant to the Plan, a grantee agrees that the Award shall be subject to all of the terms and provisions of the Plan and the applicable Award Agreement.

2.2 *No Rights as a Stockholder*

No grantee of an Award shall have any of the rights of a stockholder of eBay with respect to shares of Common Stock subject to such Award until the delivery of such shares. Except as otherwise provided in Section 1.6.2, no adjustments shall be made for dividends, distributions or other rights (whether ordinary or extraordinary, and whether in cash, Common Stock, other securities or other property) for which the record date is prior to the date such shares are delivered.

2.3 *Grant of Deferred Stock Units*

2.3.1 Each New Director shall receive a one-time grant of deferred stock units equal to the result of dividing (i) $150,000 by (ii) the Fair Market Value on the date of grant, rounded down to the nearest whole share. A grantee of a deferred stock unit will have only the rights of a general unsecured creditor of eBay until delivery of shares of Common Stock, cash or other securities or property is made as specified in the applicable Award Agreement. As soon as practicable following the delivery date specified in the Award Agreement, the grantee of each deferred stock unit not previously forfeited or terminated shall receive one share of Common Stock, or cash, securities or other property equal in value to the Fair Market Value of a share of Common Stock on the delivery date specified in the Award Agreement or a combination thereof, as specified by the Committee.

2.3.2 On each Cash Payment Date with respect to a taxable year in which a member of the Board is an Electing Director pursuant to Section 1.4.2, such Electing Director shall receive a grant of deferred stock units equal to the result of dividing (i) the amount of cash the Electing Director would have received on such Cash Payment Date if he or she had not elected to become an Electing Director by (ii) the Fair Market Value on the date of grant, rounded down to the nearest whole share. A grantee of a deferred stock unit will have only the rights of a general unsecured creditor of eBay until delivery of shares of Common Stock, cash or other securities or property is made as specified in the applicable Award Agreement. As soon as practicable following the delivery date specified in the Award Agreement, the grantee of each deferred stock unit not previously forfeited or terminated shall receive one share of Common Stock, or cash, securities or other property equal in value to the Fair Market Value of a share of Common Stock on the delivery date specified in the Award Agreement or a combination thereof, as specified by the Committee.

2.3.3 The Committee may grant deferred stock units in such amounts and subject to such terms and conditions as the Committee shall determine to such other persons eligible to be selected for an Award pursuant to Section 1.4.3.

2.4 *Grant of Dividend Equivalent Rights*

The Committee may include in the Award Agreement with respect to any Award a dividend equivalent right entitling the grantee to receive amounts equal to all or any portion of the dividends that would be paid on the shares of Common Stock covered by such Award if such shares had been delivered pursuant to such Award. The grantee of a dividend equivalent right will have only the rights of a general unsecured creditor of eBay until payment of such amounts is made as specified in the applicable Award Agreement. In the event such a provision is included in an Award Agreement, the Committee shall determine whether such payments shall be made in cash, in shares of Common Stock or in another form, whether they shall be conditioned upon the exercise of the Award to which they relate, the time or times at which they shall be made, and such other terms and conditions as the Committee shall deem appropriate.

ARTICLE III

MISCELLANEOUS

3.1 *Amendment of the Plan*

The Committee may from time to time suspend, discontinue, revise or amend the Plan in any respect whatsoever; provided, however, that such action shall not materially adversely affect the rights and obligations of a grantee under an Award previously granted.

3.2 *Tax Withholding*

As a condition to the delivery of any shares of Common Stock pursuant to any Award or the lifting or lapse of restrictions on any Award, or in connection with any other event that gives rise to a federal or other governmental tax withholding obligation on the part of the Company relating to an Award (including, without limitation, FICA tax), (a) the Company may deduct or withhold (or cause to be deducted or withheld) from any payment or distribution to a grantee whether or not pursuant to the Plan; (b) the Committee shall be entitled to require that the grantee remit cash to the Company (through payroll deduction or otherwise), in each case in an amount sufficient in the opinion of the Company to satisfy such withholding obligation; or (c) if the event giving rise to the withholding obligation involves a transfer of shares of Common Stock, then at the discretion of the Committee, the grantee may satisfy the withholding obligation by electing to have the Company withhold shares of Common Stock (not in excess of the statutory minimum rate) or by tendering previously owned shares of Common Stock, in each case having a Fair Market Value equal to the amount of tax to be withheld (or by any other mechanism as may be required or appropriate to conform with local tax and other rules). For this purpose, Fair Market Value shall be determined as of the date on which the amount of tax to be withheld is determined (and the Company may cause any fractional share amount to be settled in cash).

3.3 *Required Consents and Legends*

3.3.1 If the Committee shall at any time determine that any consent (as hereinafter defined) is necessary or desirable as a condition of, or in connection with, the granting of any Award, the delivery of shares of Common Stock or the delivery of any cash, securities or other property under the Plan, or the taking of any other action thereunder (each such action being hereinafter referred to as a "plan action"), then such plan action shall not be taken, in whole or in part, unless and until such consent shall have been effected or obtained to the full satisfaction of the Committee. The Committee may direct that any certificate evidencing shares delivered pursuant to the Plan shall bear a legend setting forth such restrictions on transferability as the Committee may determine to be necessary or desirable, and may advise the transfer agent to place a stop transfer order against any legended shares.

3.3.2 By accepting an Award, each grantee expressly provides consent to the items described in Section 3.3.3 below.

3.3.3 The term "consent" as used in this Section 3.3 with respect to any plan action includes (a) any and all listings, registrations or qualifications in respect thereof upon any securities exchange or under any federal, state, or local law, or law, rule or regulation of a jurisdiction outside the United States, (b) any and all written agreements and representations by the grantee with respect to the disposition of the shares, or with respect to any other matter, which the Committee may deem necessary or desirable to comply with the terms of any such listing, registration or qualification or to obtain an exemption from the requirement that any such listing, qualification or registration be made, (c) any and all other consents, clearances and approvals in respect of a plan action by any governmental or other regulatory body or any stock exchange or self-regulatory agency and (d) any and all consents required by the Committee. Nothing herein shall require eBay to list, register or qualify shares of Common Stock on any securities exchange.

3.4 *Nonassignability; No Hedging*

Except to the extent otherwise expressly provided in the applicable Award Agreement or determined by the Committee, no Award (or any rights and obligations thereunder) granted to any person under the Plan may be sold, exchanged, transferred, assigned, pledged, hypothecated or otherwise disposed of or hedged, in any

manner (including through the use of any cash-settled instrument), whether voluntarily or involuntarily and whether by operation of law or otherwise, other than by will or by the laws of descent and distribution. Any sale, exchange, transfer, assignment, pledge, hypothecation, or other disposition in violation of the provisions of this Section 3.4 shall be null and void and any Award which is hedged in any manner shall immediately be forfeited. All of the terms and conditions of this Plan and the Award Agreements shall be binding upon any permitted successors and assigns.

3.5 *Successor Entity*

Unless otherwise provided in the applicable Award Agreement and except as otherwise determined by the Committee, in the event of a merger, consolidation, mandatory share exchange or other similar business combination of eBay with or into any other entity ("successor entity") or any transaction in which another person or entity acquires all of the issued and outstanding Common Stock of eBay, or all or substantially all of the assets of eBay, outstanding Awards may be assumed or a substantially equivalent award may be substituted by such successor entity or a parent or subsidiary of such successor entity.

3.6 *Right of Discharge Reserved*

Nothing in the Plan or in any Award Agreement shall confer upon any grantee the right to continued service as a member of the Board or any committee thereof or to future compensation as a member of the Board or any committee thereof or affect any right which the Company or Board may have to terminate such service.

3.7 *Nature of Payments*

3.7.1 Any and all grants of Awards and deliveries of Common Stock, cash, securities or other property under the Plan shall be in consideration of services performed or to be performed for the Company by the grantee. Awards under the Plan may, in the discretion of the Committee, be made in substitution in whole or in part for cash or other compensation otherwise payable to a participant in the Plan. Only whole shares of Common Stock shall be delivered under the Plan. Awards shall, to the extent reasonably practicable, be aggregated in order to eliminate any fractional shares. Fractional shares shall be rounded down to the nearest whole share and any such fractional shares shall be forfeited.

3.7.2 All such grants and deliveries shall constitute a special discretionary incentive payment to the grantee and shall not be required to be taken into account in computing the amount of salary or compensation of the grantee for the purpose of determining any contributions to or any benefits under any pension, retirement, profit-sharing, bonus, life insurance, severance or other benefit plan of the Company or under any agreement with the grantee, unless the Company specifically provides otherwise.

3.8 *Other Payments or Awards*

Nothing contained in the Plan shall be deemed in any way to limit or restrict the Company from making any award or payment to any person under any other plan, arrangement or understanding, whether now existing or hereafter in effect.

3.9 *Plan Headings*

The headings in this Plan are for the purpose of convenience only and are not intended to define or limit the construction of the provisions hereof.

3.10 *Termination of Plan*

The Committee reserves the right to terminate the Plan at any time; *provided, however*, that in any case, the Plan shall terminate on March 17, 2013, and *provided further*, that all Awards made under the Plan prior to its termination shall remain in effect until such Awards have been satisfied or terminated in accordance with the terms and provisions of the Plan and the applicable Award Agreements.

3.11 *Governing Law*

**THIS PLAN SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF DELAWARE, WITHOUT REGARD TO PRINCIPLES OF CONFLICT OF LAWS.**

3.12 *Severability; Entire Agreement*

If any of the provisions of this Plan or any Award Agreement is finally held to be invalid, illegal or unenforceable (whether in whole or in part), such provision shall be deemed modified to the extent, but only to the extent, of such invalidity, illegality or unenforceability and the remaining provisions shall not be affected thereby; *provided*, that if any of such provisions is finally held to be invalid, illegal, or unenforceable because it exceeds the maximum scope determined to be acceptable to permit such provision to be enforceable, such provision shall be deemed to be modified to the minimum extent necessary to modify such scope in order to make such provision enforceable hereunder. The Plan and any Award Agreements contain the entire agreement of the parties with respect to the subject matter thereof and supersede all prior agreements, promises, covenants, arrangements, communications, representations and warranties between them, whether written or oral with respect to the subject matter thereof.

3.13 *No Third Party Beneficiaries*

Except as expressly provided therein, neither the Plan nor any Award Agreement shall confer on any person other than the Company and the grantee of any Award any rights or remedies thereunder.

3.14 *Successors and Assigns of eBay*

The terms of this Plan shall be binding upon and inure to the benefit of eBay and any successor entity contemplated by Section 3.5.

3.15 *Date of Adoption*

The Plan was adopted on March 18, 2003 by the Committee and was amended by the Committee on March 16, 2005 to provide a convenient means for members of the eBay board of directors to acquire shares of Common Stock from the Company at fair market value.

**EXHIBIT VI**

**THE EBAY INC. 2008 EQUITY INCENTIVE AWARD PLAN**

**EBAY INC.**

**2008 EQUITY INCENTIVE AWARD PLAN**

**INITIAL STOCKHOLDER APPROVAL ON JUNE 19, 2008**
**AMENDMENT AND RESTATEMENT ADOPTED BY THE BOARD OF DIRECTORS ON MARCH 4, 2009**
**STOCKHOLDER APPROVAL OF AMENDMENT AND RESTATEMENT ON , 2009**

## ARTICLE 1.

## PURPOSE

The purpose of the eBay Inc. 2008 Equity Incentive Award Plan, as amended and restated herein (the " Plan "), is to promote the success and enhance the value of eBay Inc. (the " Company ") by linking the personal interests of the members of the Board, Employees, and Consultants (each as defined below) to those of Company stockholders and by providing such individuals with an incentive for outstanding performance to generate superior returns to Company stockholders. The Plan is further intended to provide flexibility to the Company in its ability to motivate, attract, and retain the services of members of the Board, Employees, and Consultants upon whose judgment, interest, and special effort the successful conduct of the Company's operation is largely dependent.

## ARTICLE 2.

## DEFINITIONS AND CONSTRUCTION

Wherever the following terms are used in the Plan they shall have the meanings specified below, unless the context clearly indicates otherwise. The singular pronoun shall include the plural where the context so indicates.

2.1 " *Award* " means an Option, a Restricted Stock award, a Stock Appreciation Right award, a Performance Share award, a Performance Stock Unit award, a Dividend Equivalents award, a Stock Payment award, a Deferred Stock Unit award, a Restricted Stock Unit award, a Performance Bonus Award, or a Performance-Based Award granted to a Participant pursuant to the Plan.

2.2 " *Award Agreement* " means any written agreement, contract, or other instrument or document evidencing an Award, including through electronic medium.

2.3 " *Board* " means the Board of Directors of the Company.

2.4 " *Change in Control* " means and includes each of the following:

(a) A transaction or series of transactions (other than an offering of Stock to the general public through a registration statement filed with the Securities and Exchange Commission) whereby any "person" or related "group" of "persons" (as such terms are used in Sections 13(d) and 14(d)(2) of the Exchange Act) (other than the Company, any of its subsidiaries, an employee benefit plan maintained by the Company or any of its subsidiaries or a "person" that, prior to such transaction, directly or indirectly controls, is controlled by, or is under common control with, the Company) directly or indirectly acquires beneficial ownership (within the meaning of Rule 13d-3 under the Exchange Act) of securities of the Company possessing more than 50% of the total combined voting power of the Company's securities outstanding immediately after such acquisition; or

(b) During any period of two consecutive years, individuals who, at the beginning of such period, constitute the Board together with any new director(s) (other than a director designated by a person who shall have entered into an agreement with the Company to effect a transaction described in Section 2.4(a) or Section 2.4(c)) whose election by the Board or nomination for election by the Company's stockholders was approved by a vote of at least two-thirds of the directors then still in office who either were directors at the beginning of the two-year period or whose election or nomination for election was previously so approved, cease for any reason to constitute a majority thereof; or

(c) The consummation by the Company (whether directly involving the Company or indirectly involving the Company through one or more intermediaries) of (x) a merger, consolidation, reorganization, or business combination or (y) a sale or other disposition of all or substantially all of the Company's assets in any single transaction or series of related transactions or (z) the acquisition of assets or stock of another entity, in each case other than a transaction:

(i) Which results in the Company's voting securities outstanding immediately before the transaction continuing to represent (either by remaining outstanding or by being converted into voting securities of the Company or the person that, as a result of the transaction, controls, directly or indirectly, the Company or owns, directly or indirectly, all or substantially all of the Company's assets or otherwise succeeds to the business of the Company (the Company or such person, the " Successor Entity ")) directly or indirectly, at least a majority of the combined voting power of the Successor Entity's outstanding voting securities immediately after the transaction, and

(ii) After which no person or group beneficially owns voting securities representing 50% or more of the combined voting power of the Successor Entity; *provided, however,* that no person or group shall be treated for purposes of this Section 2.4(c)(ii) as beneficially owning 50% or more of combined voting power of the Successor Entity solely as a result of the voting power held in the Company prior to the consummation of the transaction; or

(d) The Company's stockholders approve a liquidation or dissolution of the Company.

In addition, if the Change in Control constitutes a payment event with respect to any Award which provides for the deferral of compensation and is subject to Section 409A of the Code, to the extent required, the transaction or event described in subsection (a), (b), (c) or (d) with respect to such Award must also constitute a "change in control event" as defined in Treasury Regulation § 1.409A-3(i)(5). The Committee shall have full and final authority, which shall be exercised in its discretion, to determine conclusively whether a Change in Control of the Company has occurred pursuant to the above definition, and the date of the occurrence of such Change in Control and any incidental matters relating thereto.

2.5 " *Code* " means the Internal Revenue Code of 1986, as amended.

2.6 " *Committee* " means the committee of the Board described in Article 13.

2.7 " *Consultant* " means any consultant or adviser if: (a) the consultant or adviser renders bona fide services to the Company or any Subsidiary; (b) the services rendered by the consultant or adviser are not in connection with the offer or sale of securities in a capital-raising transaction and do not directly or indirectly promote or maintain a market for the Company's securities; and (c) the consultant or adviser is a natural person.

2.8 " *Covered Employee* " means an Employee who is, or could be, a "covered employee" within the meaning of Section 162(m) of the Code.

2.9 " *Deferred Stock Unit* " means a right to receive a specified number of shares of Stock during specified time periods pursuant to Section 8.5.

2.10 " *Director* " means a member of the Board.

2.11 " *Disability* " means that the Participant qualifies to receive long-term disability payments under the Company's long-term disability insurance program, as it may be amended from time to time, or if Participant is otherwise ineligible to participate in the Company's long-term disability insurance program or resides outside the United States and no such program exists, means that the Participant is unable to perform his or her duties with the Company or its Subsidiary by reason of a medically determinable physical or mental impairment, as determined by a physician acceptable to the Company, which is permanent in character or which is expected to last for a continuous period of more than six (6) months.

2.12 " *Dividend Equivalent* " means a right granted to a Participant pursuant to Section 8.3 to receive the equivalent value (in cash or Stock) of dividends paid on Stock.

2.13 " *DRO* " shall mean a domestic relations order as defined by the Code or Title I of the Employee Retirement Income Security Act of 1974, as amended from time to time, or the rules thereunder.

2.14 " *Effective Date* " shall have the meaning set forth in Section 14.1.

2.15 " *Eligible Individual* " means any person who is an Employee, a Consultant or an Independent Director, as determined by the Committee.

2.16 " *Employee* " means any officer or other employee (as defined in accordance with Section 3401(c) of the Code) of the Company or any Subsidiary.

2.17 " *Equity Restructuring* " shall mean a nonreciprocal transaction between the company and its stockholders, such as a stock dividend, stock split, spin-off, rights offering or recapitalization through a large, nonrecurring cash dividend, that affects the shares of Stock (or other securities of the Company) or the share price of Stock (or other securities) and causes a change in the per share value of the Stock underlying outstanding Awards.

2.18 " *Exchange Act* " means the Securities Exchange Act of 1934, as amended.

2.19 " *Fair Market Value* " means, as of any given date, (a) if Stock is traded on any established stock exchange, the closing price of a share of Stock as reported in the *Wall Street Journal* (or such other source as the Company may deem reliable for such purposes) for such date, or if no sale occurred on such date, the first trading date immediately prior to such date during which a sale occurred; or (b) if Stock is not traded on an exchange but is quoted on a national market or other quotation system, the last sales price on such date, as reported in the *Wall Street Journal* (or such other source as the Company may deem reliable for such purposes), or if no sales occurred on such date, then on the date immediately prior to such date on which sales prices are reported; or (c) if Stock is not publicly traded, the fair market value of a share of Stock as established by the Committee acting in good faith.

2.20 " *Full Value Award* " means any Award other than an Option, Stock Appreciation Right or other Award for which the Participant pays the intrinsic value existing at the date of grant (whether directly or by forgoing a right to receive a payment from the Company or any Subsidiary).

2.21 " *Incentive Stock Option* " means an Option that is intended to meet the requirements of Section 422 of the Code or any successor provision thereto.

2.22 " *Independent Director* " means a Director of the Company who is not an Employee.

2.23 " *Non-Employee Director* " means a Director of the Company who qualifies as a "Non-Employee Director" as defined in Rule 16b-3(b)(3) under the Exchange Act, or any successor rule.

2.24 " *Non-Qualified Stock Option* " means an Option that is not intended to be an Incentive Stock Option.

2.25 " *Option* " means a right granted to a Participant pursuant to Article 5 of the Plan to purchase a specified number of shares of Stock at a specified price during specified time periods. An Option may be either an Incentive Stock Option or a Non-Qualified Stock Option.

2.26 " *Participant* " means any Eligible Individual who, as a member of the Board, Consultant or Employee, has been granted an Award pursuant to the Plan.

2.27 " *Performance-Based Award* " means an Award granted to selected Covered Employees pursuant to Section 8.7, but which is subject to the terms and conditions set forth in Article 9. All Performance-Based Awards are intended to qualify as Qualified Performance-Based Compensation.

2.28 " *Performance Bonus Award* " has the meaning set forth in Section 8.7.

2.29 " *Performance Criteria* " means the criteria that the Committee selects for purposes of establishing the Performance Goal or Performance Goals for a Participant for a Performance Period, determined as follows:

(a) The Performance Criteria that will be used to establish Performance Goals are limited to the following: trading volume, users, gross merchandise volume, total payment volume, revenue, operating income, EBITDA and/or net earnings (either before or after interest, taxes, depreciation and amortization), net

income (either before or after taxes), earnings per share, earnings as determined other than pursuant to United States generally accepted accounting principles ( " *GAAP* " ), multiples of price to earnings, multiples of price/earnings to growth, return on net assets, return on gross assets, return on equity, return on invested capital, cash flow (including, but not limited to, operating cash flow and free cash flow), net or operating margins, economic profit, Stock price appreciation, total stockholder returns, employee productivity, market share, volume and customer satisfaction metrics, any of which may be measured with respect to the Company, or any Subsidiary, affiliate or other business unit of the Company, either in absolute terms, terms of growth or as compared to any incremental increase, as compared to results of a peer group.

(b) The Committee may, in its discretion, provide that one or more objectively determinable adjustments shall be made to one or more of the Performance Goals. Such adjustments may include one or more of the following: (i) items related to a change in accounting principle; (ii) items relating to financing activities; (iii) expenses for restructuring or productivity initiatives; (iv) other non-operating items; (v) items related to acquisitions; (vi) items attributable to the business operations of any entity acquired by the Company during the Performance Period; (vii) items related to the disposal of a business or segment of a business; (viii) items related to discontinued operations that do not qualify as a segment of a business under GAAP; (ix) items attributable to any stock dividend, stock split, combination or exchange of shares occurring during the Performance Period; or (x) any other items of significant income or expense which are determined to be appropriate adjustments; (xi) items relating to unusual or extraordinary corporate transactions, events or developments, (xii) items related to amortization of acquired intangible assets; (xiii) items that are outside the scope of the Company's core, on-going business activities; or (xiv) items relating to any other unusual or nonrecurring events or changes in applicable laws, accounting principles or business conditions. For all Awards intended to qualify as Qualified Performance-Based Compensation, such determinations shall be made within the time prescribed by, and otherwise in compliance with, Section 162(m) of the Code.

2.30 " *Performance Goals* " means, for a Performance Period, the goals established in writing by the Committee for the Performance Period based upon the Performance Criteria. Depending on the Performance Criteria used to establish such Performance Goals, the Performance Goals may be expressed in terms of overall Company performance or the performance of a division, business unit, or an individual. The Committee, in its discretion, may, within the time prescribed by Section 162(m) of the Code, adjust or modify the calculation of Performance Goals for such Performance Period in order to prevent the dilution or enlargement of the rights of Participants (a) in the event of, or in anticipation of, any unusual or extraordinary corporate item, transaction, event, or development, or (b) in recognition of, or in anticipation of, any other unusual or nonrecurring events affecting the Company, or the financial statements of the Company, or in response to, or in anticipation of, changes in applicable laws, regulations, accounting principles, or business conditions.

2.31 " *Performance Period* " means the one or more periods of time, which may be of varying and overlapping durations, as the Committee may select, over which the attainment of one or more Performance Goals will be measured for the purpose of determining a Participant's right to, and the payment of, a Performance-Based Award.

2.32 " *Performance Share* " means a right granted to a Participant pursuant to Section 8.1, to receive Stock, the payment of which is contingent upon achieving certain Performance Goals or other performance-based targets established by the Committee.

2.33 " *Performance Stock Unit* " means a right granted to a Participant pursuant to Section 8.2, to receive Stock, the payment of which is contingent upon achieving certain Performance Goals or other performance-based targets established by the Committee.

2.34 " *Plan* " means this eBay Inc. 2008 Equity Incentive Award Plan, as amended and restated herein and as it may be amended from time to time.

2.35 " *Qualified Performance-Based Compensation* " means any compensation that is intended to qualify as "qualified performance-based compensation" as described in Section 162(m)(4)(C) of the Code.

2.36 " *Restricted Stock* " means Stock awarded to a Participant pursuant to Article 6 that is subject to certain restrictions and may be subject to risk of forfeiture.

2.37 " *Restricted Stock Unit* " means an Award granted pursuant to Section 8.6.

2.38 " *Securities Act* " shall mean the Securities Act of 1933, as amended.

2.39 " *Stock* " means the common stock of the Company, par value $0.001 per share, and such other securities of the Company that may be substituted for Stock pursuant to Article 12.

2.40 " *Stock Appreciation Right* " or " *SAR* " means a right granted pursuant to Article 7 to receive a payment equal to the excess of the Fair Market Value of a specified number of shares of Stock on the date the SAR is exercised over the Fair Market Value on the date the SAR was granted as set forth in the applicable Award Agreement.

2.41 " *Stock Payment* " means (a) a payment in the form of shares of Stock, or (b) an option or other right to purchase shares of Stock, as part of any bonus, deferred compensation or other arrangement, made in lieu of all or any portion of a benefit or compensation, granted pursuant to Section 8.4.

2.42 " *Subsidiary* " means any entity (other than the Company), whether domestic or foreign, in an unbroken chain of entities beginning with the Company if, at the time of the determination, each of the entities other than the last entity in the unbroken chain beneficially owns securities or interests representing more than fifty percent (50%) of the total combined voting power of all classes of securities or interests in one of the other entities in such chain.

2.43 " *Substitute Award* " shall mean an Option granted under the Plan upon the assumption of, or in substitution for, outstanding equity awards previously granted by a company or other entity in connection with a corporate transaction, such as a merger, combination, consolidation or acquisition of property or stock; provided , however , that in no event shall the term "Substitute Award" be construed to refer to an award made in connection with the cancellation and repricing of an Option.

2.44 " *Termination of Service* " shall mean,

(a) As to a Consultant, the time when the engagement of a Participant as a Consultant to the Company or a Subsidiary is terminated for any reason, with or without cause, including, without limitation, by resignation, discharge, death or retirement, but excluding a termination where there is a simultaneous commencement of employment with the Company or any Subsidiary.

(b) As to a Non-Employee Director or Independent Director, the time when a Participant who is a Non-Employee Director or Independent Director ceases to be a Director for any reason, including, without limitation, a termination by resignation, failure to be elected, death or retirement, but excluding: (i) a termination where there is simultaneous employment by the Company (or a Subsidiary) of such person and (ii) a termination which is followed by the simultaneous establishment of a consulting relationship by the Company or a Subsidiary with such person.

(c) As to an Employee, the time when the Participant has ceased to actively be employed by or to provide services to the Company or any Subsidiary for any reason, without limitation, including resignation, discharge, death, disability or retirement; but excluding: (i) a termination where there is a simultaneous reemployment or continuing employment of a Participant by the Company or any Subsidiary, (ii) a termination which is followed by the simultaneous establishment of a consulting relationship by the Company or a Subsidiary with the former employee, and (iii) a termination where a Participant simultaneously becomes an Independent Director.

(d) The Committee, in its absolute discretion, shall determine the effect of all matters and questions relating to Termination of Service, including, without limitation, questions relating to the nature and type of Termination of Service, and all questions of whether particular leaves of absence constitute Termination of Service; provided , however , that, with respect to Incentive Stock Options, unless the Committee otherwise provides in the terms of the Award Agreement, a leave of absence, change in status from an employee to an independent contractor or other change in the employee-employer relationship shall constitute a Termination of Service if, and to the extent that, such leave of absence, change in status or other change interrupts employment for the purposes of Section 422(a)(2) of the Code and the then applicable regulations and revenue rulings under said Section. For purposes of the Plan, a Participant shall be deemed to have a Termination of

Service in the event that the Subsidiary employing or contracting with such Participant ceases to remain a Subsidiary following any merger, sale of stock or other corporate transaction or event (including, without limitation, a spin-off).

## ARTICLE 3.

## SHARES SUBJECT TO THE PLAN

3.1 *Number of Shares.*

(a) Subject to Article 12 and Section 3.1(b), the aggregate number of shares of Stock which may be issued or transferred pursuant to Awards under the Plan is 85,000,000 shares of Stock.

(b) To the extent that an Award terminates, expires, or lapses for any reason, or an Award is settled in cash without delivery of shares to the Participant, then any shares of Stock subject to the Award shall again be available for the grant of an Award pursuant to the Plan. Additionally, any shares of Stock tendered or withheld to satisfy the grant or exercise price or tax withholding obligation (including any shifting of employer tax liability to the Participant) pursuant to any Award shall again be available for the grant of an Award pursuant to the Plan. To the extent permitted by applicable law or any exchange rule, shares of Stock issued in assumption of, or in substitution for, any outstanding awards of any entity acquired in any form of combination by the Company or any Subsidiary shall not be counted against shares of Stock available for grant pursuant to this Plan. The payment of Dividend Equivalents in cash in conjunction with any outstanding Awards shall not be counted against the shares available for issuance under the Plan. Notwithstanding the provisions of this Section 3.1(b), no shares of Stock may again be optioned, granted or awarded if such action would cause an Incentive Stock Option to fail to qualify as an incentive stock option under Section 422 of the Code.

3.2 *Stock Distributed.* Any Stock distributed pursuant to an Award may consist, in whole or in part, of authorized and unissued Stock, treasury Stock or Stock purchased on the open market.

3.3 *Limitation on Number of Shares Subject to Awards.* Notwithstanding any provision in the Plan to the contrary, and subject to Article 12, the maximum number of shares of Stock with respect to one or more Awards that may be granted to any one Participant during any calendar year shall be 1,000,000 and the maximum amount that may be paid in cash during any calendar year with respect to any Performance-Based Award (including, without limitation, any Performance Bonus Award) shall be $3,000,000.

## ARTICLE 4.

## ELIGIBILITY AND PARTICIPATION

4.1 *Participation.* Subject to the provisions of the Plan, the Committee may, from time to time, and in its sole discretion, select from among all Eligible Individuals, those to whom Awards shall be granted and shall determine the nature and amount of each Award. No Eligible Individual shall have any right to be granted an Award pursuant to this Plan.

4.2 *Foreign Participants.* Notwithstanding any provision of the Plan to the contrary, in order to comply with the laws in other countries in which the Company and its Subsidiaries operate or have Eligible Individuals, the Committee, in its sole discretion, shall have the power and authority to: (i) determine which Subsidiaries shall be covered by the Plan; (ii) determine which Eligible Individuals outside the United States are eligible to participate in the Plan; (iii) modify the terms and conditions of any Award granted to Eligible Individuals outside the United States to comply with applicable foreign laws; (iv) establish subplans and modify exercise procedures and other terms and procedures, to the extent such actions may be necessary or advisable (any such subplans and/or modifications shall be attached to this Plan as appendices); *provided, however* , that no such subplans and/or modifications shall increase the share limitations contained in Sections 3.1 and 3.3 of the Plan; and (v) take any action, before or after an Award is made, that it deems advisable to obtain approval or comply with any necessary local governmental regulatory exemptions or approvals. Notwithstanding the foregoing, the Committee may not

take any actions hereunder, and no Awards shall be granted, that would violate the Exchange Act, the Code, any securities law or governing statute or any other applicable law.

## ARTICLE 5.

## STOCK OPTIONS

5.1 *General.* The Committee is authorized to grant Options to Eligible Individuals on the following terms and conditions:

(a) *Exercise Price.* The exercise price per share of Stock subject to an Option shall be determined by the Committee and set forth in the Award Agreement; *provided* , that, subject to Section 5.2(c), the exercise price for any Option shall not be less than 100% of the Fair Market Value of a share of Stock on the date of grant.

(b) *Time and Conditions of Exercise.* The Committee shall determine the time or times at which an Option may be exercised in whole or in part; *provided* that the term of any Option granted under the Plan shall not exceed ten years. The Committee shall determine the time period, including the time period following a Termination of Service, during which the Participant has the right to exercise the vested Options, which time period may not extend beyond the term of the Option. Except as limited by the requirements of Section 409A or Section 422 of the Code and regulations and rulings thereunder, the Committee may extend the term of any outstanding Option, and may extend the time period during which vested Options may be exercised, in connection with any Termination of Service of the Participant, and may amend any other term or condition of such Option relating to such a Termination of Service. The Committee shall also determine the performance or other conditions, if any, that must be satisfied before all or part of an Option may be exercised.

(c) *Evidence of Grant.* All Options shall be evidenced by an Award Agreement between the Company and the Participant. The Award Agreement shall include such additional provisions as may be specified by the Committee.

5.2 *Incentive Stock Options.* Incentive Stock Options shall be granted only to Employees and the terms of any Incentive Stock Options granted pursuant to the Plan, in addition to the requirements of Section 5.1, must comply with the provisions of this Section 5.2.

(a) *Expiration.* Subject to Section 5.2(c), an Incentive Stock Option shall expire and may not be exercised to any extent by anyone after the first to occur of the following events:

(i) Ten years from the date it is granted, unless an earlier time is set in the Award Agreement;

(ii) Three months after the Participant's termination of employment as an Employee; and

(iii) One year after the date of the Participant's termination of employment or service on account of Disability or death. Upon the Participant's Disability or death, any Incentive Stock Options exercisable at the Participant's Disability or death may be exercised by the Participant's legal representative or representatives, by the person or persons entitled to do so pursuant to the Participant's last will and testament, or, if the Participant fails to make testamentary disposition of such Incentive Stock Option or dies intestate, by the person or persons entitled to receive the Incentive Stock Option pursuant to the applicable laws of descent and distribution.

(b) *Dollar Limitation.* The aggregate Fair Market Value (determined as of the time the Option is granted) of all shares of Stock with respect to which Incentive Stock Options are first exercisable by a Participant in any calendar year may not exceed $100,000 or such other limitation as imposed by Section 422(d) of the Code, or any successor provision. To the extent that Incentive Stock Options are first exercisable by a Participant in excess of such limitation, the excess shall be considered Non-Qualified Stock Options.

(c) *Ten Percent Owners.* An Incentive Stock Option shall be granted to any individual who, at the date of grant, owns stock possessing more than ten percent of the total combined voting power of all classes of Stock of the Company only if such Option is granted at a price that is not less than 110% of Fair Market Value on the date of grant

(or the date the Option is modified, extended or renewed for purposes of Section 424(h) of the Code) and the Option is exercisable for no more than five years from the date of grant.

(d) *Notice of Disposition.* The Participant shall give the Company prompt notice of any disposition of shares of Stock acquired by exercise of an Incentive Stock Option within (i) two years from the date of grant of such Incentive Stock Option or (ii) one year after the transfer of such shares of Stock to the Participant.

(e) *Right to Exercise.* During a Participant's lifetime, an Incentive Stock Option may be exercised only by the Participant.

(f) *Failure to Meet Requirements.* Any Option (or portion thereof) purported to be an Incentive Stock Option, which, for any reason, fails to meet the requirements of Section 422 of the Code shall be considered a Non-Qualified Stock Option.

5.3 *Substitution of Stock Appreciation Rights.* Subject to Section 10.8, the Committee may provide in the Award Agreement evidencing the grant of an Option that the Committee, in its sole discretion, shall have to right to substitute a Stock Appreciation Right for such Option at any time prior to or upon exercise of such Option; *provided,* that such Stock Appreciation Right shall be exercisable with respect to the same number of shares of Stock for which such substituted Option would have been exercisable.

5.4 *Substitute Awards.* Notwithstanding the foregoing provisions of this Article 5 to the contrary, in the case of an Option that is a Substitute Award, the exercise price per share of the shares subject to such Option may be less than the Fair Market Value per share on the date of grant, provided , that the excess of: (a) the aggregate Fair Market Value (as of the date such Substitute Award is granted) of the shares subject to the Substitute Award, over (b) the aggregate exercise price thereof does not exceed the excess of: (x) the aggregate fair market value (as of the time immediately preceding the transaction giving rise to the Substitute Award, such fair market value to be determined by the Committee) of the shares of the predecessor entity that were subject to the grant assumed or substituted for by the Company, over (y) the aggregate exercise price of such shares.

## ARTICLE 6.

## RESTRICTED STOCK AWARDS

6.1 *Grant of Restricted Stock.*

(a) The Committee is authorized to make Awards of Restricted Stock to any Eligible Individual selected by the Committee in such amounts and subject to such terms and conditions as determined by the Committee. All Awards of Restricted Stock shall be evidenced by an Award Agreement.

(b) The Committee shall establish the purchase price, if any, and form of payment for Restricted Stock; provided , however , that such purchase price shall be no less than the par value of the Stock to be purchased, unless otherwise permitted by applicable state law. In all cases, legal consideration shall be required for each issuance of Restricted Stock.

6.2 *Issuance and Restrictions.* All shares of Restricted Stock (including any shares received by Participants thereof with respect to shares of Restricted Stock as a result of stock dividends, stock splits or any other form of recapitalization) shall, in the terms of each individual Award Agreement, be subject to such restrictions on transferability and other restrictions and vesting requirements as the Committee shall provide. Such restrictions may include, without limitation, restrictions concerning voting rights and transferability and such restrictions may lapse separately or in combination at such times and pursuant to such circumstances or based on such criteria as selected by the Committee, including, without limitation, criteria based on the Participant's duration of employment, directorship or consultancy with the Company, Performance Criteria, Company performance, individual performance or other criteria selected by the Committee. By action taken after the Restricted Stock is issued, the Committee may, on such terms and conditions as it may determine to be appropriate, accelerate the vesting of such Restricted Stock by removing any or all of the restrictions imposed by the terms of the Award Agreement. Restricted Stock may not be sold or encumbered until all restrictions are terminated or expire.

6.3 *Repurchase or Forfeiture of Restricted Stock.* If no price was paid by the Participant for the Restricted Stock, upon a Termination of Service the Participant's rights in unvested Restricted Stock then subject to restrictions shall lapse, and such Restricted Stock shall be surrendered to the Company without consideration. If a price was paid by the Participant for the Restricted Stock, upon a Termination of Service the Company shall have the right to repurchase from the Participant the unvested Restricted Stock then subject to restrictions at a cash price per share equal to the price paid by the Participant for such Restricted Stock or such other amount as may be specified in the Award Agreement The Committee in its discretion may provide that in the event of certain events, including a Change in Control, the Participant's death, retirement or disability or any other specified Termination of Service or any other event, the Participant's rights in unvested Restricted Stock shall not lapse, such Restricted Stock shall vest and, if applicable, the Company shall not have a right of repurchase.

6.4 *Certificates for Restricted Stock.* Restricted Stock granted pursuant to the Plan may be evidenced in such manner as the Committee shall determine. If certificates representing shares of Restricted Stock are registered in the name of the Participant, certificates must bear an appropriate legend referring to the terms, conditions, and restrictions applicable to such Restricted Stock, and the Company may, at its discretion, retain physical possession of the certificate until such time as all applicable restrictions lapse.

6.5 *Section 83(b) Election.* If a Participant makes an election under Section 83(b) of the Code to be taxed with respect to the Restricted Stock as of the date of transfer of the Restricted Stock rather than as of the date or dates upon which the Participant would otherwise be taxable under Section 83(a) of the Code, the Participant shall be required to deliver a copy of such election to the Company promptly after filing such election with the Internal Revenue Service.

## ARTICLE 7.

## STOCK APPRECIATION RIGHTS

7.1 *Grant of Stock Appreciation Rights.*

(a) A Stock Appreciation Right may be granted to any Eligible Individual selected by the Committee. A Stock Appreciation Right shall be subject to such terms and conditions not inconsistent with the Plan as the Committee shall impose and shall be evidenced by an Award Agreement.

(b) A Stock Appreciation Right shall entitle the Participant (or other person entitled to exercise the Stock Appreciation Right pursuant to the Plan) to exercise all or a specified portion of the Stock Appreciation Right (to the extent then exercisable pursuant to its terms) and to receive from the Company an amount equal to the product of (i) the excess of (A) the Fair Market Value of the Stock on the date the Stock Appreciation Right is exercised over (B) the Fair Market Value of the Stock on the date the Stock Appreciation Right was granted and (ii) the number of shares of Stock with respect to which the Stock Appreciation Right is exercised, subject to any limitations the Committee may impose. Except as described in (c) below, the exercise price per share of Stock subject to each Stock Appreciation Right shall be set by the Committee, but shall not be less than 100% of the Fair Market Value on the date the Stock Appreciation Right is granted.

(c) Notwithstanding the foregoing provisions of Section 7.1(b) to the contrary, in the case of an Stock Appreciation Right that is a Substitute Award, the price per share of the shares subject to such Stock Appreciation Right may be less than the Fair Market Value per share on the date of grant, provided , that the excess of: (a) the aggregate Fair Market Value (as of the date such Substitute Award is granted) of the shares subject to the Substitute Award, over (b) the aggregate exercise price thereof does not exceed the excess of: (x) the aggregate fair market value (as of the time immediately preceding the transaction giving rise to the Substitute Award, such fair market value to be determined by the Committee) of the shares of the predecessor entity that were subject to the grant assumed or substituted for by the Company, over (y) the aggregate exercise price of such shares.

7.2 *Payment and Limitations on Exercise.*

(a) Subject to Sections 7.2(b) payment of the amounts determined under Sections 7.1(b) above shall be in cash, in Stock (based on its Fair Market Value as of the date the Stock Appreciation Right is exercised) or a

combination of both, as determined by the Committee in the Award Agreement and subject to any tax withholding requirements.

(b) To the extent any payment under Section 7.1(b) is effected in Stock, it shall be made subject to satisfaction of all provisions of Article 5 above pertaining to Options.

## ARTICLE 8.

## OTHER TYPES OF AWARDS

8.1 *Performance Share Awards.* Any Eligible Individual selected by the Committee may be granted one or more Performance Share awards which shall be denominated in a number of shares of Stock and which may be linked to any one or more of the Performance Criteria or other specific performance criteria determined appropriate by the Committee, in each case on a specified date or dates or over any period or periods determined by the Committee. In making such determinations, the Committee shall consider (among such other factors as it deems relevant in light of the specific type of award) the contributions, responsibilities and other compensation of the particular Participant.

8.2 *Performance Stock Units.* Any Eligible Individual selected by the Committee may be granted one or more Performance Stock Unit awards which shall be denominated in unit equivalent of shares of Stock and/or units of value including dollar value of shares of Stock and which may be linked to any one or more of the Performance Criteria or other specific performance criteria determined appropriate by the Committee, in each case on a specified date or dates or over any period or periods determined by the Committee. In making such determinations, the Committee shall consider (among such other factors as it deems relevant in light of the specific type of award) the contributions, responsibilities and other compensation of the particular Participant.

8.3 *Dividend Equivalents.*

(a) Any Eligible Individual selected by the Committee may be granted Dividend Equivalents based on the dividends declared on the shares of Stock that are subject to any Award, to be credited as of dividend payment dates, during the period between the date the Award is granted and the date the Award is exercised, vests or expires, as determined by the Committee. Such Dividend Equivalents shall be converted to cash or additional shares of Stock by such formula and at such time and subject to such limitations as may be determined by the Committee.

(b) Notwithstanding the foregoing, no Dividend Equivalents shall be payable with respect to Options or SARs.

8.4 *Stock Payments.* Any Eligible Individual selected by the Committee may receive Stock Payments in the manner determined from time to time by the Committee. The number of shares shall be determined by the Committee and may be based upon the Performance Criteria or other specific performance criteria determined appropriate by the Committee, determined on the date such Stock Payment is made or on any date thereafter.

8.5 *Deferred Stock Units.* Any Eligible Individual selected by the Committee may be granted an award of Deferred Stock Units in the manner determined from time to time by the Committee. The number of shares of Deferred Stock Units shall be determined by the Committee and may be linked to the Performance Criteria or other specific performance criteria determined to be appropriate by the Committee, including service to the Company or any Subsidiary, in each case on a specified date or dates or over any period or periods determined by the Committee. Stock underlying a Deferred Stock Unit award will not be issued until the Deferred Stock Unit award has vested, pursuant to a vesting schedule or performance criteria set by the Committee. Unless otherwise provided by the Committee, a Participant awarded Deferred Stock Units shall have no rights as a Company stockholder with respect to such Deferred Stock Units until such time as the Deferred Stock Unit Award has vested and the Stock underlying the Deferred Stock Unit Award has been issued.

8.6 *Restricted Stock Units.* The Committee is authorized to make Awards of Restricted Stock Units to any Eligible Individual selected by the Committee in such amounts and subject to such terms and conditions as determined by the Committee. At the time of grant, the Committee shall specify the date or dates on which the Restricted Stock Units shall become fully vested and nonforfeitable, and may specify such conditions to vesting as it deems appropriate. The Committee shall specify, or permit the Participant to elect, the conditions and dates upon

which the shares of Stock underlying the Restricted Stock Units shall be issued, which dates shall not be earlier than the date as of which the Restricted Stock Units vest and become nonforfeitable and which conditions and dates shall be subject to compliance with Section 409A of the Code. On the distribution dates, the Company shall, subject to Section 10.6(b), transfer to the Participant one unrestricted, fully transferable share of Stock for each Restricted Stock Unit scheduled to be paid out on such date and not previously forfeited.

8.7 *Performance Bonus Awards.* Any Eligible Individual selected by the Committee may be granted one or more Performance-Based Awards in the form of a cash bonus (a " Performance Bonus Award ") payable upon the attainment of Performance Goals that are established by the Committee and relate to one or more of the Performance Criteria, in each case on a specified date or dates or over any period or periods determined by the Committee. Any such Performance Bonus Award paid to a Covered Employee shall be based upon objectively determinable bonus formulas established in accordance with Article 9.

8.8 *Term.* Except as otherwise provided herein, the term of any Award of Performance Shares, Performance Stock Units, Dividend Equivalents, Stock Payments, Deferred Stock Units or Restricted Stock Units shall be set by the Committee in its discretion.

8.9 *Exercise or Purchase Price.* The Committee may establish the exercise or purchase price, if any, of any Award of Performance Shares, Performance Stock Units, Deferred Stock Units, Stock Payments or Restricted Stock Units; *provided, however* , that such price shall not be less than the par value of a share of Stock on the date of grant, unless otherwise permitted by applicable state law.

8.10 *Exercise upon Termination of Service.* An Award of Performance Shares, Performance Stock Units, Dividend Equivalents, Deferred Stock Units, Stock Payments and Restricted Stock Units shall only be exercisable or payable while the Participant is an Employee, Consultant or Director, as applicable; *provided, however* , that the Committee in its sole and absolute discretion may provide that an Award of Performance Shares, Performance Stock Units, Dividend Equivalents, Stock Payments, Deferred Stock Units or Restricted Stock Units may be exercised or paid subsequent to a Termination of Service, as applicable, or following a Change in Control of the Company, or because of the Participant's retirement, death or disability, or otherwise; *provided, however* , that any such provision with respect to Performance Shares or Performance Stock Units shall be subject to the requirements of Section 162(m) of the Code that apply to Qualified Performance-Based Compensation.

8.11 *Form of Payment.* Payments with respect to any Awards granted under this Article 8 shall be made in cash, in Stock or a combination of both, as determined by the Committee.

8.12 *Award Agreement.* All Awards under this Article 8 shall be subject to such additional terms and conditions as determined by the Committee and shall be evidenced by an Award Agreement.

## ARTICLE 9.

## PERFORMANCE-BASED AWARDS

9.1 *Purpose.* The purpose of this Article 9 is to provide the Committee the ability to qualify Awards other than Options and SARs and that are granted pursuant to Articles 6 and 8 as Qualified Performance-Based Compensation. If the Committee, in its discretion, decides to grant a Performance-Based Award to a Covered Employee, the provisions of this Article 9 shall control over any contrary provision contained in the Plan; *provided, however* , that the Committee may in its discretion grant Awards to Covered Employees that are based on Performance Criteria or Performance Goals but that do not satisfy the requirements of this Article 9.

9.2 *Applicability.* This Article 9 shall apply only to those Covered Employees selected by the Committee to receive Performance-Based Awards. The designation of a Covered Employee as a Participant for a Performance Period shall not in any manner entitle the Participant to receive an Award for the period. Moreover, designation of a Covered Employee as a Participant for a particular Performance Period shall not require designation of such Covered Employee as a Participant in any subsequent Performance Period and designation of one Covered Employee as a Participant shall not require designation of any other Covered Employees as a Participant in such period or in any other period.

9.3 *Types of Awards.* Notwithstanding anything in the Plan to the contrary, the Committee may grant any Award to a Covered Employee intended to qualify as Performance-Based Compensation, including, without limitation, Restricted Stock the restrictions with respect to which lapse upon the attainment of specified Performance Goals and any other performance or incentive Awards that vest or becomes exercisable or payable upon the attainment of one or more specified Performance Goals.

9.4 *Procedures with Respect to Performance-Based Awards.* To the extent necessary to comply with the Qualified Performance-Based Compensation requirements of Section 162(m)(4)(C) of the Code, with respect to any Award granted under Articles 6 or 8 which may be granted to one or more Covered Employees, no later than ninety (90) days following the commencement of any fiscal year in question or any other designated fiscal period or period of service (or such other time as may be required or permitted by Section 162(m) of the Code), the Committee shall, in writing, (a) designate one or more Covered Employees, (b) select the Performance Criteria applicable to the Performance Period, (c) establish the Performance Goals, and amounts of such Awards, as applicable, which may be earned for such Performance Period, and (d) specify the relationship between Performance Criteria and the Performance Goals and the amounts of such Awards, as applicable, to be earned by each Covered Employee for such Performance Period. Following the completion of each Performance Period, the Committee shall certify in writing whether the applicable Performance Goals have been achieved for such Performance Period. In determining the amount earned by a Covered Employee, the Committee shall have the right to reduce or eliminate (but not to increase) the amount payable at a given level of performance to take into account additional factors that the Committee may deem relevant to the assessment of individual or corporate performance for the Performance Period.

9.5 *Payment of Performance-Based Awards.* Unless otherwise provided in the applicable Award Agreement, a Participant must be employed by the Company or a Subsidiary on the day a Performance-Based Award for such Performance Period is paid to the Participant. Furthermore, a Participant shall be eligible to receive payment pursuant to a Performance-Based Award for a Performance Period only if the Performance Goals for such period are achieved. In determining the amount earned under a Performance-Based Award, the Committee may reduce or eliminate the amount of the Performance-Based Award earned for the Performance Period, if in its sole and absolute discretion, such reduction or elimination is appropriate.

9.6 *Additional Limitations.* Notwithstanding any other provision of the Plan, any Award which is granted to a Covered Employee and is intended to constitute Qualified Performance-Based Compensation shall be subject to any additional limitations set forth in Section 162(m) of the Code (including any amendment to Section 162(m) of the Code) or any regulations or rulings issued thereunder that are requirements for qualification as qualified performance-based compensation as described in Section 162(m)(4)(C) of the Code, and the Plan and the applicable Award Agreement shall be deemed amended to the extent necessary to conform to such requirements.

## ARTICLE 10.

## PROVISIONS APPLICABLE TO AWARDS

10.1 *Stand-Alone and Tandem Awards.* Awards granted pursuant to the Plan may, in the discretion of the Committee, be granted either alone, in addition to, or in tandem with, any other Award granted pursuant to the Plan. Awards granted in addition to or in tandem with other Awards may be granted either at the same time as or at a different time from the grant of such other Awards.

10.2 *Award Agreement.* Awards under the Plan shall be evidenced by Award Agreements that set forth the terms, conditions and limitations for each Award which may include the term of an Award, the provisions applicable in the event the Participant's employment or service terminates, and the Company's authority to unilaterally or bilaterally amend, modify, suspend, cancel or rescind an Award.

10.3 *Payment.* The Committee shall determine the methods by which payments by any Participant with respect to any Awards granted under the Plan may be paid, the form of payment, including, without limitation: (i) cash, (ii) shares of Stock (including, in the case of payment of the exercise price of an Award, shares of Stock issuable pursuant to the exercise of the Award) held for such period of time as may be required by the Committee in order to avoid adverse accounting consequences and having a Fair Market Value on the date of delivery equal to the

aggregate payments required, or (iii) other property acceptable to the Committee (including through the delivery of a notice that the Participant has placed a market sell order with a broker with respect to shares of Stock then issuable upon exercise or vesting of an Award, and that the broker has been directed to pay a sufficient portion of the net proceeds of the sale to the Company in satisfaction of the aggregate payments required; *provided* that payment of such proceeds is then made to the Company upon settlement of such sale). The Committee shall also determine the methods by which shares of Stock shall be delivered or deemed to be delivered to Participants. Notwithstanding any other provision of the Plan to the contrary, no Participant who is a Director or an "executive officer" of the Company within the meaning of Section 13(k) of the Exchange Act shall be permitted to pay the exercise price of an Option with a loan from the Company or a loan arranged by the Company in violation of Section 13(k) of the Exchange Act.

10.4 *Limits on Transfer.*

(a) Except as otherwise provided in Section 10.4(b):

(i) No Award under the Plan may be sold, pledged, assigned or transferred in any manner other than by will or the laws of descent and distribution or, subject to the consent of the Committee, pursuant to a DRO, unless and until such Award has been exercised, or the shares underlying such Award have been issued, and all restrictions applicable to such shares have lapsed;

(ii) No Award or interest or right therein shall be liable for the debts, contracts or engagements of the Participant or his successors in interest or shall be subject to disposition by transfer, alienation, anticipation, pledge, hypothecation, encumbrance, assignment or any other means whether such disposition be voluntary or involuntary or by operation of law by judgment, levy, attachment, garnishment or any other legal or equitable proceedings (including bankruptcy), and any attempted disposition thereof shall be null and void and of no effect, except to the extent that such disposition is permitted by the preceding sentence; and

(iii) During the lifetime of the Participant, only the Participant may exercise an Award (or any portion thereof) granted to him under the Plan, unless it has been disposed of pursuant to a DRO; after the death of the Participant, any exercisable portion of an Award may, prior to the time when such portion becomes unexercisable under the Plan or the applicable Award Agreement, be exercised by his personal representative or by any person empowered to do so under the deceased Participant's will or under the then applicable laws of descent and distribution.

(b) Notwithstanding Section 10.4(a), the Committee, in its sole discretion, may determine to permit a Participant to transfer an Award other than an Incentive Stock Option to any one or more Permitted Transferees (as defined below), subject to the following terms and conditions: (i) an Award transferred to a Permitted Transferee shall not be assignable or transferable by the Permitted Transferee other than by will or the laws of descent and distribution; (ii) an Award transferred to a Permitted Transferee shall continue to be subject to all the terms and conditions of the Award as applicable to the original Participant (other than the ability to further transfer the Award); and (iii) the Participant and the Permitted Transferee shall execute any and all documents requested by the Committee, including, without limitation documents to (A) confirm the status of the transferee as a Permitted Transferee, (B) satisfy any requirements for an exemption for the transfer under applicable federal, state and foreign securities laws and (C) evidence the transfer. For purposes of this Section 10.4(b), " Permitted Transferee " shall mean, with respect to a Participant, any "family member" of the Participant, as defined under the instructions to use of the Form S-8 Registration Statement under the Securities Act, or any other transferee specifically approved by the Committee after taking into account any state, federal, local or foreign tax and securities laws applicable to transferable Awards.

10.5 *Beneficiaries.* Notwithstanding Section 10.4 and unless otherwise provided in the applicable Award Agreement, a Participant may, in the manner determined by the Committee, designate a beneficiary to exercise the rights of the Participant and to receive any distribution with respect to any Award upon the Participant's death. A beneficiary, legal guardian, legal representative, or other person claiming any rights pursuant to the Plan is subject to all terms and conditions of the Plan and any Award Agreement applicable to the Participant, except to the extent the Plan and Award Agreement otherwise provide, and to any additional restrictions deemed necessary or appropriate by the Committee. If the Participant is married and resides in a community property state, a designation of a person other than the Participant's spouse as his or her beneficiary with respect to more than 50% of the

Participant's interest in the Award shall not be effective without the prior written consent of the Participant's spouse. If no beneficiary has been designated or survives the Participant, payment shall be made to the person entitled thereto pursuant to the Participant's will or the laws of descent and distribution. Subject to the foregoing, a beneficiary designation may be changed or revoked by a Participant at any time provided the change or revocation is filed with the Committee.

10.6 *Stock Certificates; Book Entry Procedures.*

(a) Notwithstanding anything herein to the contrary, the Company shall not be required to issue or deliver any certificates or make any book entries evidencing shares of Stock pursuant to the exercise of any Award, unless and until the Board has determined, with advice of counsel, that the issuance and delivery of such shares is in compliance with all applicable laws, regulations of governmental authorities and, if applicable, the requirements of any exchange on which the shares of Stock are listed or traded. All Stock certificates delivered pursuant to the Plan are subject to any stop-transfer orders and other restrictions as the Committee deems necessary or advisable to comply with federal, state, or foreign jurisdiction, securities or other laws, rules and regulations and the rules of any national securities exchange or automated quotation system on which the Stock is listed, quoted, or traded. The Committee may place legends on any Stock certificate to reference restrictions applicable to the Stock. In addition to the terms and conditions provided herein, the Board may require that a Participant make such reasonable covenants, agreements, and representations as the Board, in its discretion, deems advisable in order to comply with any such laws, regulations, or requirements. The Committee shall have the right to require any Participant to comply with any timing or other restrictions with respect to the settlement or exercise of any Award, including a window-period limitation, as may be imposed in the discretion of the Committee.

(b) Notwithstanding any other provision of the Plan, unless otherwise determined by the Committee or required by any applicable law, rule or regulation, the Company shall not deliver to any Participant certificates evidencing shares of Stock issued in connection with any Award and instead such shares of Stock shall be recorded in the books of the Company (or, as applicable, its transfer agent or stock plan administrator).

10.7 *Paperless Administration.* In the event that the Company establishes, for itself or using the services of a third party, an automated system for the documentation, granting or exercise of Awards, such as a system using an internet website or interactive voice response, then the paperless documentation, granting or exercise of Awards by a Participant may be permitted through the use of such an automated system.

10.8 *Prohibition on Repricing.* Subject to Section 12.1, the Committee shall not, without the approval of the stockholders of the Company, authorize the amendment of any outstanding Award to reduce its price per share. Furthermore, subject to Section 12.1, no Award shall be canceled and replaced or substituted for with the grant of an Award having a lesser price per share without the further approval of stockholders of the Company. Subject to Section 12.1, the Committee shall have the authority, without the approval of the stockholders of the Company, to amend any outstanding award to increase the price per share or to cancel and replace or substitute for an Award with the grant of an Award having a price per share that is greater than or equal to the price per share of the original Award. Subject to Section 12.1, absent the approval of the stockholders of the Company, the Committee shall not offer to buyout for a payment in cash, an Option or Stock Appreciation Right previously granted.

10.9 *Full Value Award Vesting Limitations.* Notwithstanding any other provision of the Plan to the contrary, Full Value Awards made to Employees or Consultants shall become vested over a period of not less than three years (or, in the case of vesting based upon the attainment of Performance Goals or other performance-based objectives, over a period of not less than one year measured from the commencement of the period over which performance is evaluated) following the date the Award is made; *provided, however,* that, notwithstanding the foregoing, Full Value Awards that result in the issuance of an aggregate of up to 5% of the shares of Stock available pursuant to Section 3.1(a) may be granted to any one or more Participants without respect to such minimum vesting provisions. Notwithstanding anything in this Section 10.9 to the contrary, Full Value Awards granted as replacements or in substitution for cancelled Awards in connection with a stock option exchange permitted under the terms of this Plan, as may be amended with stockholder approval at the 2009 Annual Meeting of Stockholders, shall not be subject to the minimum vesting provisions of this Section 10.9.

ARTICLE 11.

INDEPENDENT DIRECTOR AWARDS

11.1 The Board may grant Awards to Independent Directors, subject to the limitations of the Plan, pursuant to a written non-discretionary formula established by the Committee, or any successor committee thereto carrying out its responsibilities on the date of grant of any such Award (the " Independent Director Equity Compensation Policy "). The Independent Director Equity Compensation Policy shall set forth the type of Award(s) to be granted to Independent Directors, the number of shares of Stock to be subject to Independent Director Awards, the conditions on which such Awards shall be granted, become exercisable and/or payable and expire, and such other terms and conditions as the Committee (or such other successor committee as described above) shall determine in its discretion.

ARTICLE 12.

CHANGES IN CAPITAL STRUCTURE

12.1 *Adjustments.*

(a) In the event of any stock dividend, stock split, combination or exchange of shares, merger, consolidation or other distribution (other than normal cash dividends) of Company assets to stockholders, or any other change affecting the shares of Stock or the share price of the Stock other than an Equity Restructuring, the Committee shall make such equitable adjustments, if any, as the Committee in its discretion may deem appropriate to reflect such change with respect to (i) the aggregate number and kind of shares that may be issued under the Plan (including, but not limited to, adjustments of the limitations in Sections 3.1 and 3.3); (ii) the number and kind of shares (or other securities or property) subject to outstanding Awards; (iii) the terms and conditions of any outstanding Awards (including, without limitation, any applicable performance targets or criteria with respect thereto); and (iv) the grant or exercise price per share for any outstanding Awards under the Plan. Any adjustment affecting an Award intended as Qualified Performance-Based Compensation shall be made consistent with the requirements of Section 162(m) of the Code.

(b) In the event of any transaction or event described in Section 12.1 or any unusual or nonrecurring transactions or events affecting the Company, any affiliate of the Company, or the financial statements of the Company or any affiliate, or of changes in applicable laws, regulations or accounting principles, the Committee, in its sole and absolute discretion, and on such terms and conditions as it deems appropriate, either by the terms of the Award or by action taken prior to the occurrence of such transaction or event and either automatically or upon the Participant's request, is hereby authorized to take any one or more of the following actions whenever the Committee determines that such action is appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan or with respect to any Award under the Plan, to facilitate such transactions or events or to give effect to such changes in laws, regulations or principles:

(i) To provide for either (A) termination of any such Award in exchange for an amount of cash, if any, equal to the amount that would have been attained upon the exercise of such Award or realization of the Participant's rights (and, for the avoidance of doubt, if as of the date of the occurrence of the transaction or event described in this Section 12.1 the Committee determines in good faith that no amount would have been attained upon the exercise of such Award or realization of the Participant's rights, then such Award may be terminated by the Company without payment) or (B) the replacement of such Award with other rights or property selected by the Committee in its sole discretion;

(ii) To provide that such Award be assumed by the successor or survivor corporation, or a parent or subsidiary thereof, or shall be substituted for by similar options, rights or awards covering the stock of the successor or survivor corporation, or a parent or subsidiary thereof, with appropriate adjustments as to the number and kind of shares and prices;

(iii) To make adjustments in the number and type of shares of Stock (or other securities or property) subject to outstanding Awards, and in the number and kind of outstanding Restricted Stock or Deferred Stock

Units and/or in the terms and conditions of (including the grant or exercise price), and the criteria included in, outstanding options, rights and awards and options, rights and awards which may be granted in the future;

(iv) To provide that such Award shall be exercisable or payable or fully vested with respect to all shares covered thereby, notwithstanding anything to the contrary in the Plan or the applicable Award Agreement; and

(v) To provide that the Award cannot vest, be exercised or become payable after such event.

(c) In connection with the occurrence of any Equity Restructuring, and notwithstanding anything to the contrary in Sections 12.1(a) and 12.1(b):

(i) The number and type of securities subject to each outstanding Award and the exercise price or grant price thereof, if applicable, will be equitably adjusted. The adjustments provided under this Section 12.1(c)(i) shall be nondiscretionary and shall be final and binding on the affected Participant and the Company.

(ii) The Committee shall make such equitable adjustments, if any, as the Committee in its discretion may deem appropriate to reflect such Equity Restructuring with respect to the aggregate number and kind of shares that may be issued under the Plan (including, but not limited to, adjustments of the limitations in Sections 3.1 and 3.3).

(iii) To the extent that such equitable adjustments result in tax consequences to the Participant, the Participant shall be responsible for payment of such taxes and shall not be compensated for such payments by the Company or its Subsidiaries.

(d) The existence of the Plan, the Award Agreement and the Awards granted hereunder shall not affect or restrict in any way the right or power of the Company or the stockholders of the Company to make or authorize any adjustment, recapitalization, reorganization or other change in the Company's capital structure or its business, any merger or consolidation of the Company, any issue of stock or of options, warrants or rights to purchase stock or of bonds, debentures, preferred or prior preference stocks whose rights are superior to or affect the Stock or the rights thereof or which are convertible into or exchangeable for Stock, or the dissolution or liquidation of the company, or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding, whether of a similar character or otherwise.

12.2 *Acceleration Upon a Change in Control.* Notwithstanding Section 12.1, and except as may otherwise be provided in any applicable Award Agreement or other written agreement entered into between the Company and a Participant, if a Change in Control occurs and a Participant's Awards are not converted, assumed, or replaced by a successor entity, then immediately prior to the Change in Control such Awards shall become fully exercisable and all forfeiture restrictions on such Awards shall lapse. Upon, or in anticipation of, a Change in Control, the Committee may cause any and all Awards outstanding hereunder to terminate at a specific time in the future, including but not limited to the date of such Change in Control, and shall give each Participant the right to exercise such Awards during a period of time as the Committee, in its sole and absolute discretion, shall determine. In the event that the terms of any agreement between the Company or any Company subsidiary or affiliate and a Participant contains provisions that conflict with and are more restrictive than the provisions of this Section 12.2, this Section 12.2 shall prevail and control and the more restrictive terms of such agreement (and only such terms) shall be of no force or effect. Further, to the extent that there are tax consequences to the Participant as a result of the acceleration or lapsing of forfeiture restriction upon a Change in Control, the Participant shall be responsible for payment of such taxes and shall not be compensated for such payment by the Company or its Subsidiaries.

12.3 *No Other Rights.* Except as expressly provided in the Plan, no Participant shall have any rights by reason of any subdivision or consolidation of shares of stock of any class, the payment of any dividend, any increase or decrease in the number of shares of stock of any class or any dissolution, liquidation, merger, or consolidation of the Company or any other corporation. Except as expressly provided in the Plan or pursuant to action of the Committee under the Plan, no issuance by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number of shares of Stock subject to an Award or the grant or exercise price of any Award.

ARTICLE 13.

ADMINISTRATION

13.1 *Committee.* Unless and until the Board delegates administration of the Plan to a Committee as set forth below, the Plan shall be administered by the full Board, and for such purposes the term "Committee" as used in this Plan shall be deemed to refer to the Board. The Board, at its discretion or as otherwise necessary to comply with the requirements of Section 162(m) of the Code, Rule 16b-3 promulgated under the Exchange Act or to the extent required by any other applicable rule or regulation, may delegate administration of the Plan to a Committee consisting of two or more members of the Board. Unless otherwise determined by the Board, the Committee shall consist solely of two or more members of the Board each of whom is an "outside director," within the meaning of Section 162(m) of the Code, a Non-Employee Director and an "independent director" under the rules of the Nasdaq Stock Market (or other principal securities market on which shares of Stock are traded); provided that any action taken by the Committee shall be valid and effective, whether or not members of the Committee at the time of such action are later determined not to have satisfied the requirements for membership set forth in this Section 13.1 or otherwise provided in any charter of the Committee. Notwithstanding the foregoing: (a) the full Board, acting by a majority of its members in office, shall conduct the general administration of the Plan with respect to all Awards granted to Independent Directors and for purposes of such Awards the term "Committee" as used in this Plan shall be deemed to refer to the Board and (b) the Committee may delegate its authority hereunder to the extent permitted by Section 13.5. In its sole discretion, the Board may at any time and from time to time exercise any and all rights and duties of the Committee under the Plan except with respect to matters which under Rule 16b-3 under the Exchange Act or Section 162(m) of the Code, or any regulations or rules issued thereunder, are required to be determined in the sole discretion of the Committee. Except as may otherwise be provided in any charter of the Committee, appointment of Committee members shall be effective upon acceptance of appointment; Committee members may resign at any time by delivering written notice to the Board; and vacancies in the Committee may only be filled by the Board.

13.2 *Action by the Committee.* Unless otherwise established by the Board or in any charter of the Committee, a majority of the Committee shall constitute a quorum and the acts of a majority of the members present at any meeting at which a quorum is present, and acts approved in writing by a majority of the Committee in lieu of a meeting, shall be deemed the acts of the Committee. Each member of the Committee is entitled to, in good faith, rely or act upon any report or other information furnished to that member by any officer or other employee of the Company or any Subsidiary, the Company's independent certified public accountants, or any executive compensation consultant or other professional retained by the Company to assist in the administration of the Plan.

13.3 *Authority of Committee.* Subject to any specific designation in the Plan, the Committee has the exclusive power, authority and discretion to:

(a) Designate Participants to receive Awards;

(b) Determine the type or types of Awards to be granted to each Participant;

(c) Determine the number of Awards to be granted and the number of shares of Stock to which an Award will relate;

(d) Determine the terms and conditions of any Award granted pursuant to the Plan, including, but not limited to, the exercise price, grant price, or purchase price, any restrictions or limitations on the Award, any schedule for vesting, lapse of forfeiture restrictions or restrictions on the exercisability of an Award, and accelerations or waivers thereof, any provisions related to non-competition and recapture of gain on an Award, based in each case on such considerations as the Committee in its sole discretion determines; *provided, however* , that the Committee shall not have the authority to accelerate the vesting or waive the forfeiture of any Performance-Based Awards;

(e) Determine whether, to what extent, and pursuant to what circumstances an Award may be settled in, or the exercise price of an Award may be paid in, cash, Stock, other Awards, or other property, or an Award may be canceled, forfeited, or surrendered;

(f) Prescribe the form of each Award Agreement, which need not be identical for each Participant;

(g) Decide all other matters that must be determined in connection with an Award;

(h) Establish, adopt, or revise any rules and regulations as it may deem necessary or advisable to administer the Plan;

(i) Interpret the terms of, and any matter arising pursuant to, the Plan or any Award Agreement; and

(j) Make all other decisions and determinations that may be required pursuant to the Plan or as the Committee deems necessary or advisable to administer the Plan.

13.4 *Decisions Binding.* The Committee's interpretation of the Plan, any Awards granted pursuant to the Plan, any Award Agreement and all decisions and determinations by the Committee with respect to the Plan are final, binding, and conclusive on all parties.

13.5 *Delegation of Authority.* To the extent permitted by applicable law, the Board may from time to time delegate to a committee of one or more members of the Board or one or more officers of the Company the authority to grant or amend Awards to Participants other than (a) Employees who are subject to Section 16 of the Exchange Act, (b) Covered Employees, or (c) officers of the Company (or Directors) to whom authority to grant or amend Awards has been delegated hereunder. Any delegation hereunder shall be subject to the restrictions and limits that the Board specifies at the time of such delegation, and the Board may at any time rescind the authority so delegated or appoint a new delegatee. At all times, the delegatee appointed under this Section 13.5 shall serve in such capacity at the pleasure of the Board.

## ARTICLE 14.

## EFFECTIVE AND EXPIRATION DATE

14.1 *Effective Date.* The Plan is effective as of the date the Plan is approved by the Company's stockholders (the " Effective Date "). The Plan will be deemed to be approved by the stockholders if it is approved either:

(a) By a majority of the votes cast at a duly held stockholder's meeting at which a quorum representing a representing a majority of outstanding voting stock is, either in person or by proxy, present and voting on the plan; or

(b) By a method and in a degree that would be treated as adequate under Delaware law in the case of an action requiring stockholder approval.

14.2 *Expiration Date.* The Plan will expire on, and no Award may be granted pursuant to the Plan after the tenth anniversary of the Effective Date, except that no Incentive Stock Options may be granted under the Plan after the earlier of the tenth anniversary of (a) the date the Plan is approved by the Board or (b) the Effective Date. Any Awards that are outstanding on the tenth anniversary of the Effective Date shall remain in force according to the terms of the Plan and the applicable Award Agreement.

## ARTICLE 15.

## AMENDMENT, MODIFICATION, AND TERMINATION

15.1 *Amendment, Modification, and Termination.* Subject to Section 16.15, with the approval of the Board, at any time and from time to time, the Committee may terminate, amend or modify the Plan; *provided, however* , that (a) to the extent necessary and desirable to comply with any applicable law, regulation, or stock exchange rule, the Company shall obtain stockholder approval of any Plan amendment in such a manner and to such a degree as required, and (b) stockholder approval shall be required for any amendment to the Plan that (i) increases the number of shares available under the Plan (other than any adjustment as provided by Article 12), (ii) permits the Committee to grant Options with an exercise price that is below Fair Market Value on the date of grant, or (iii) permits the Committee to extend the exercise period for an Option beyond ten years from the date of grant.

15.2 *Awards Previously Granted.* Except with respect to amendments made pursuant to Section 16.15, no termination, amendment, or modification of the Plan shall adversely affect in any material way any Award previously granted pursuant to the Plan without the prior written consent of the Participant.

## ARTICLE 16.
## GENERAL PROVISIONS

16.1 *No Rights to Awards.* No Eligible Individual or other person shall have any claim to be granted any Award pursuant to the Plan, and neither the Company nor the Committee is obligated to treat Eligible Individuals, Participants or any other persons uniformly.

16.2 *No Stockholders Rights.* Except as otherwise provided herein, a Participant shall have none of the rights of a stockholder with respect to shares of Stock covered by any Award until the Participant becomes the record owner of such shares of Stock.

16.3 *Withholding.* The Company or any Subsidiary shall have the authority and the right to deduct or withhold, or require a Participant to remit to the Company or a Subsidiary, an amount sufficient to satisfy federal, state, local and foreign taxes (including the Participant's employment tax obligations) required by law to be withheld and any employer tax liability shifted to a Participant with respect to any taxable event concerning a Participant arising as a result of this Plan. The Committee may in its discretion and in satisfaction of the foregoing requirement allow a Participant to elect to have the Company withhold shares of Stock otherwise issuable under an Award (or allow the return of shares of Stock) having a Fair Market Value equal to the sums required to be withheld. Notwithstanding any other provision of the Plan, the number of shares of Stock which may be withheld with respect to the issuance, vesting, exercise or payment of any Award (or which may be repurchased from the Participant of such Award within six months (or such other period as may be determined by the Committee) after such shares of Stock were acquired by the Participant from the Company) in order to satisfy the Participant's federal, state, local and foreign income and payroll tax liabilities with respect to the issuance, vesting, exercise or payment of the Award shall be limited to the number of shares which have a Fair Market Value on the date of withholding or repurchase equal to the aggregate amount of such liabilities based on the minimum statutory withholding rates for federal, state, local and foreign income tax and payroll tax purposes that are applicable to such supplemental taxable income.

16.4 *No Right to Employment or Services.* Nothing in the Plan or any Award Agreement shall interfere with or limit in any way the right of the Company or any Subsidiary to terminate any Participant's employment or services at any time, nor confer upon any Participant any right to continue in the employ or service of the Company or any Subsidiary.

16.5 *Unfunded Status of Awards.* The Plan is intended to be an "unfunded" plan for incentive compensation. With respect to any payments not yet made to a Participant pursuant to an Award, nothing contained in the Plan or any Award Agreement shall give the Participant any rights that are greater than those of a general creditor of the Company or any Subsidiary.

16.6 *Indemnification.* To the extent allowable pursuant to applicable law, each member of the Committee or of the Board shall be indemnified and held harmless by the Company from any loss, cost, liability, or expense that may be imposed upon or reasonably incurred by such member in connection with or resulting from any claim, action, suit, or proceeding to which he or she may be a party or in which he or she may be involved by reason of any action or failure to act pursuant to the Plan and against and from any and all amounts paid by him or her in satisfaction of judgment in such action, suit, or proceeding against him or her; *provided* he or she gives the Company an opportunity, at its own expense, to handle and defend the same before he or she undertakes to handle and defend it on his or her own behalf. The foregoing right of indemnification shall not be exclusive of any other rights of indemnification to which such persons may be entitled pursuant to the Company's Certificate of Incorporation or Bylaws, as a matter of law, or otherwise, or any power that the Company may have to indemnify them or hold them harmless.

16.7 *Relationship to Benefits.* No payment pursuant to the Plan shall be taken into account in determining any benefits pursuant to any severance, resignation, termination, redundancy, end of service payments, long-term service awards, pension, retirement, savings, profit sharing, group insurance, welfare or benefit plan of the

Company or any Subsidiary except to the extent otherwise expressly provided in writing in such other plan or an agreement thereunder.

16.8 *Effect of Plan upon Compensation Plans.* The adoption of the Plan shall not affect any compensation or incentive plans in effect for the Company or any Subsidiary. Nothing in the Plan shall be construed to limit the right of the Company or any Subsidiary: (a) to establish any forms of incentives or compensation for Employees, Directors or Consultants of the Company or any Subsidiary, or (b) to grant or assume options or other rights or awards otherwise than under the Plan in connection with any proper corporate purpose including without limitation, the grant or assumption of options in connection with the acquisition by purchase, lease, merger, consolidation or otherwise, of the business, stock or assets of any corporation, partnership, limited liability company, firm or association.

16.9 *Expenses.* The expenses of administering the Plan shall be borne by the Company and its Subsidiaries.

16.10 *Titles and Headings.* The titles and headings of the Sections in the Plan are for convenience of reference only and, in the event of any conflict, the text of the Plan, rather than such titles or headings, shall control.

16.11 *Fractional Shares.* No fractional shares of Stock shall be issued and the Committee shall determine, in its discretion, whether cash shall be given in lieu of fractional shares or whether such fractional shares shall be eliminated by rounding up or down as appropriate.

16.12 *Limitations Applicable to Section 16 Persons.* Notwithstanding any other provision of the Plan, the Plan, and any Award granted or awarded to any Participant who is then subject to Section 16 of the Exchange Act, shall be subject to any additional limitations set forth in any applicable exemptive rule under Section 16 of the Exchange Act (including any amendment to Rule 16b-3 under the Exchange Act) that are requirements for the application of such exemptive rule. To the extent permitted by applicable law, the Plan and Awards granted or awarded hereunder shall be deemed amended to the extent necessary to conform to such applicable exemptive rule.

16.13 *Compliance with Laws.* The Plan, the granting and vesting of Awards under the Plan and the issuance and delivery of shares of Stock and the payment of money under the Plan or under Awards granted or awarded hereunder are subject to compliance with all applicable federal, state, local and foreign laws, rules and regulations (including but not limited to state, federal and foreign securities law and margin requirements) and to such approvals by any listing, regulatory or governmental authority as may, in the opinion of counsel for the Company, be necessary or advisable in connection therewith. The Company shall have no obligation to issue or deliver shares of Stock prior to obtaining any approvals from listing, regulatory or governmental authority that the Company determines are necessary or advisable. Any securities delivered under the Plan shall be subject to such restrictions, and the person acquiring such securities shall, if requested by the Company, provide such assurances and representations to the Company as the Company may deem necessary or desirable to assure compliance with all applicable legal requirements. The Company shall be under no obligation to register pursuant to the Securities Act, as amended, any of the shares of Stock paid pursuant to the Plan. To the extent permitted by applicable law, the Plan and Awards granted or awarded hereunder shall be deemed amended to the extent necessary to conform to such laws, rules and regulations.

16.14 *Governing Law.* The Plan and all Award Agreements shall be construed in accordance with and governed by the laws of the State of Delaware, without regard to the principles of conflict of laws of that State.

16.15 *Section 409A.* To the extent that the Committee determines that any Award granted under the Plan is subject to Section 409A of the Code, the Award Agreement evidencing such Award shall incorporate the terms and conditions required by Section 409A of the Code. To the extent applicable, the Plan and Award Agreements shall be interpreted in accordance with Section 409A of the Code and Department of Treasury regulations and other interpretive guidance issued thereunder, including without limitation any such regulations or other guidance that may be issued after the Effective Date. Notwithstanding any provision of the Plan to the contrary, in the event that following the Effective Date the Committee determines that any Award may be subject to Section 409A of the Code and related Department of Treasury guidance (including such Department of Treasury guidance as may be issued after the Effective Date), the Committee may adopt such amendments to the Plan and the applicable Award Agreement or adopt other policies and procedures (including amendments, policies and procedures with retroactive effect), or take any other actions, that the Committee determines are necessary or appropriate to (a) exempt the

Award from Section 409A of the Code and/or preserve the intended tax treatment of the benefits provided with respect to the Award, or (b) comply with the requirements of Section 409A of the Code and related Department of Treasury guidance and thereby avoid the application of any penalty taxes under such Section.

* * * * *

I hereby certify that the foregoing Plan was duly adopted by the Board of Directors of eBay Inc. on March 4, 2009.

* * * * *

I hereby certify that the foregoing Plan was approved by the stockholders of eBay Inc. on , 2009.

Executed on this day of , 2009.

Corporate Secretary

**EXHIBIT VII**

**CURRENT REPORT ON FORM 8-K FILED BY EBAY INC. WITH THE SEC ON MARCH 12, 2009**

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

# FORM 8-K

## CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of Earliest Event Reported): March 11, 2009

# eBay Inc.

(Exact name of registrant as specified in its charter)

| Delaware | 000-24821 | 77-0430924 |
|---|---|---|
| (State or other jurisdiction of incorporation) | (Commission File Number) | (I.R.S. Employer Identification No.) |

| 2145 Hamilton Avenue, San Jose, California | 95125 |
|---|---|
| (Address of principal executive offices) | (Zip Code) |

Registrant's telephone number, including area code: (408) 376-7400

Not Applicable

Former name or former address, if changed since last report

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

[ ] Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
[ ] Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
[ ] Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
[ ] Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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**Item 8.01 Other Events.**

On March 11, 2009, eBay Inc. ("eBay") provided a overview of its growth plans through 2011 at a company-held meeting. A copy of eBay's press release entitled "eBay Inc. Announces Three-Year Roadmap for Growth" is attached as an exhibit to this Current Report on Form 8-K. An archive of eBay's webcast of the meeting will be publicly available on eBay Inc.’s Investor Relations page at http://investor.ebay.com for 30 days following the meeting.

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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

eBay Inc.

*March 11, 2009*

*By: Brian H. Levey*

*Name: Brian H. Levey*
*Title: Vice President, Deputy General Counsel, Corporate and Assistant Secretary*

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Exhibit Index

| Exhibit No. | Description |
| --- | --- |
| 99.1 | Press Release dated March 11, 2009. |

**EXHIBIT 99.1**

**EBAY INC. ANNOUNCES THREE-YEAR ROADMAP FOR GROWTH**

***Company provides long-term financial outlook at analyst meeting***

**San Jose, Calif., – March 11, 2009 –** eBay Inc. (NASDAQ: EBAY) today shared with investors at a company-held meeting a roadmap of its growth plans through 2011. The company provided details of its strategies to drive leadership in the company's two core businesses — its PayPal global online payments business and its ecommerce marketplace and other ecommerce formats that connect buyers and sellers.

eBay Inc. continues to rapidly extend its global leadership in online payments through PayPal. John Donahoe, eBay Inc. president and chief executive officer, stressed the enormous potential of PayPal. Donahoe said PayPal has become a second core business for the company, with an opportunity bigger than eBay Marketplaces because PayPal targets all of ecommerce.

"We expect PayPal to become the next leading online global payments network," Donahoe said. "Increasingly for online consumers, there's no paper, no plastic – there's just PayPal. We believe this business is one of the most exciting and high-potential opportunities anywhere online today."

The company also provided details of its plans to stabilize and return its eBay Marketplaces business to ecommerce market growth rates. At the same time, eBay is diversifying across a range of formats such as classifieds and advertising that are expected to grow faster than ecommerce and help eBay connect buyers and sellers locally, nationally and globally.

"We are aggressively remaking and transforming our eBay Marketplace and diversifying the ways in which we compete in ecommerce," Donahoe said. "We operate in what is still a young and rapidly evolving ecommerce landscape, and as the pace of change in ecommerce accelerates, we are not here to mimic or follow. We are here to lead and innovate. We are positioning this company to compete and win across a range of profitable ecommerce platforms focused on connecting buyers and sellers across the platform of their choice."

**Outlook**
Based on current business trends and expectations, the company provided the following financial outlook for 2011:

- Total company revenues are expected to reach $10 billion to $12 billion in 2011, up from $8.5 billion in 2008, led by strong PayPal growth, Skype and other ecommerce formats.
- Earnings are expected to grow in the mid-single digit range in 2011.
- Free cash flow is anticipated to be between $6 billion and $7 billion over the three-year period from 2009-2011.
- PayPal is expected to significantly increase revenue to $4 billion to $5 billion, in 2011, up from $2.4 billion in 2008, driven by continued penetration on eBay, strong growth off eBay through its merchant services business and expansion into mobile and non-retail payments.
- The company's eBay Marketplaces business is expected to achieve revenues of $5 billion to $7 billion, in 2011, with a continued shift toward more fixed price sales, a smaller online auction business, and more growth in other ecommerce formats such as classifieds and advertising. To drive long-term incremental growth, eBay Marketplaces also is more aggressively targeting the $500 billion global "secondary" market, which includes liquidation, out of season, excess and off-price inventory. We believe this is a fast-growing segment uniquely suited to eBay's strengths.
- Skype is expected to more than double its revenue to over $1.0 billion in 2011. With more than 400 million registered users currently, Skype's metrics continue to accelerate as the company further establishes leadership in free and paid internet-based voice and video communications, with growth opportunities in core consumer, mobile, businesses and platform. Skype's leadership position has strengthened over the past year, driven by a new management team and the launch of many innovative products.

***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 Measure***

This press release includes the following financial measure defined as "non-GAAP financial measures" by the Securities and Exchange Commission, or SEC: free cash flow. This measure 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. eBay's free cash flow represents operating cash flows less net purchases of property and equipment.

***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: recent global economic events and the global downturn; 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.


| | | |
|---|---|---|
| Investor Relations Contact: | Vandana Hariharan | 408-376-5877 |
| Media Relations Contact: | Jose Mallabo | 408-376-7458 |
| Investor Information Request: | 408-376-7493 | |
| Company News: | http://www.businesswire.com | |
| Investor Relations Web site: | http://investor.ebay.com | |

**CROSS-REFERENCE LISTS**

**ANNEX I**

**MINIMUM DISCLOSURE REQUIREMENTS FOR THE SHARE REGISTRATION DOCUMENT (SCHEDULE)**

(Page numbering refers to the page contained in the relevant document)

| **Item #** | **Item contents** | **Chapter/Exhibit** | **Page** |
|---|---|---|---|
| **1.** | **Persons Responsible** | | |
| 1.1. | All persons responsible for the information given in the prospectus | Prospectus | 5 (Company Representative for Prospectus) |
| 1.2. | A declaration by those responsible for the prospectus | Prospectus | 5 (Company Representative for Prospectus) |
| **2.** | **Statutory Auditors** | | |
| 2.1. | Names and addresses of the issuer's auditors | Chapter E | 68 (10.2 Independent Registered Public Accounting Firm) |
| 2.2. | If auditors have resigned, been removed or not been re-appointed during the period covered by the historical financial information, indicate details if material. | Not applicable | Not applicable |
| **3.** | **Selected Financial Information** | | |
| 3.1. | Selected historical financial information | Chapter E | 67 – 68 (10.1 Selected Financial Data) |
| 3.2. | Interim periods | Chapter E | 67 – 68 (10.1 Selected Financial Data) |
| **4.** | **Risk Factors** | Chapter D | 13 – 46 (Risk Factors) |
| **5.** | **Information about the Issuer** | | |
| **5.1.** | **History and Development of the Issuer** | | |

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| 5.1.1. | the legal and commercial name of the issuer; | Chapter A | 7 (Introduction) |
| **12.** | **Trend Information** | | |
| 12.1. | Significant trends that affected production, sales and inventory, and costs and selling prices since the end of the last financial year to the date of the prospectus. | Not applicable | Not applicable |
| 12.2. | Trends, uncertainties or events that are likely to affect the issuer for at least the current financial year. | Chapter D | 13 – 46 (Risk Factors) |
| | | Exhibit VII | All pages |
| **13.** | **Profit Forecasts or Estimates** | Not applicable | Not applicable |
| **14.** | **Administrative, Management, Supervisory Bodies and Senior Management** | | |
| 14.1. | Names, business addresses and functions in the issuer of the following persons and an indication of the principal activities performed by them outside the issuer where these are significant with respect to that issuer:<br><br>a) members of the administrative, management or supervisory bodies; | Chapter E | 57 – 60 (7.1 Board of Directors as of March 3, 2009) |
| | b) partners with unlimited liability, in the case of a limited partnership with a share capital; | Not applicable | Not applicable |
| | c) founders, if the issuer has been established for fewer than five years and | Not applicable | Not applicable |
| | d) any senior manager who is relevant to establishing that the issuer has the appropriate expertise and experience for the management of the issuer's business. | Chapter E | 60 – 62 (7.2 Executive Officers as of March 3, 2009) |
| | The nature of any family relationship between any of those persons. | Chapter E | 62 (7.3 Fraudulent Offences and Bankruptcy, Etc.) |

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| | In the case of each member of the administrative, management or supervisory bodies of the issuer and each person mentioned in points (b) and (d) of the first subparagraph, details of that person's relevant management expertise and experience and the following information:<br><br>(a) the nature of all companies and partnerships of which such person has been a member of the administrative, management and supervisory bodies or partner at any time in the previous five years, indicating whether or not the individual is still a member of the administrative, management or supervisory bodies or partner. It is not necessary to list all the subsidiaries of an issuer of which the person is also a member of the administrative, management or supervisory bodies or partner. It is not necessary to list all the subsidiaries of an issuer of which the person is also a member of the administrative, management or supervisory bodies. | Chapter E | 57 – 60 (7.1 Board of Directors as of March 3, 2009) and<br><br>60 – 62 (7.2 Executive Officers as of March 3, 2009) |
| | (b) any convictions in relation to fraudulent offences for at least the previous five years;<br><br>(c) details of any bankruptcies, receiverships or liquidations with which a person described in (a) and (d) of the first subparagraph who was acting in the capacity of any of the positions set out in (a) and (d) of the first subparagraph was associated for at least the previous five years;<br><br>(d) details of any official public incrimination and/or sanctions of such person by statutory or regulatory authorities (including designated professional bodies) and whether such person has ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer for at least the previous five years.<br><br>If there is no such information to be disclosed, a statement to that effect is to be made. | Chapter E | 62 (7.3 Fraudulent Offences and Bankruptcy, Etc.) |
| 14.2. | Administrative, management, and supervisory bodies and senior management conflicts of interests. | Chapter E | 62 – 63 (7.4 Conflicts of Interest) |
| **17.** | **Employees** | | |

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| 17.2. | Shareholdings and stock options with respect to each person referred to in points (a) and (d) of the first subparagraph of item 14.1. | Chapter E | 64 – 65 (8.1 Directors' and Executive Officers' Holdings of Securities) |
| 17.3 | Description of any arrangements for involving the employees in the capital of the issuer. | Exhibits I, II, III, IV, V and VI | All sections |
| | | Chapter E | 66 – 67 (8.2 Benefit Plans) |
| **20.7.** | **Dividend policy, etc.** | | |
| 20.7.1. | The amount of the dividend per share for each financial year for the period covered by the historical financial information | Chapter E | 52 (Dividend Rights) |
| 20.8. | Legal and arbitration proceedings | Chapter E | 69 – 70(XI. Legal Proceedings) |
| 20.9. | Significant change in the issuer's financial or trading position since the end of the last financial period | Not Applicable | Not Applicable |
| **23.** | **Third Party Information and Statement by Experts and Declarations of Any Interest** | | |
| 23.1. | Where a statement or report attributed to a person as an expert is included in the Registration Document, provide such person's name, business address, qualifications and material interest if any in the issuer. | Not applicable | Not applicable |
| 23.2. | Where information has been sourced from a third party, provide a confirmation that this information has been accurately reproduced. | Not applicable | Not applicable |
| **24.** | **Documents on Display** | Chapter E | 70 – 71 (XII. Documents on Display) |

**ANNEX III**

**MINIMUM DISCLOSURE REQUIREMENTS FOR THE SHARE SECURITIES NOTE (SCHEDULE)**

(Page numbering refers to the page contained in the relevant document)

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|---|---|---|---|
| **1.** | **Persons Responsible** | | |
| 1.1. | All persons responsible for the information given in the prospectus. | Prospectus | 5 (Company Representative for Prospectus) |
| 1.2. | A declaration by those responsible for the prospectus | Prospectus | 5 (Company Representative for Prospectus) |
| 2. | **Risk Factors** | Chapter D | 13 – 46 (Risk Factors) |
| **3.** | **Key Information** | | |
| 3.1 | Working capital statement | Chapter E | 67 (IX. Working Capital Statement) |
| 3.2 | Capitalization and indebtedness | Chapter E | 55 – 56 (V. Statement of Capitalization and Indebtedness as of December 31, 2008) |
| 3.4 | Reasons for the offer and use of proceeds | Chapter E | 47 (1.1 Purpose of the ESPP) |
| | | Exhibit I | Section 2 |
| | | Exhibit II | Section 1 |
| | | Exhibit III | Section 1 |
| | | Exhibit IV | Section 1 |
| | | Exhibit V | Section 1.1 |
| | | Exhibit VI | Article 1 |
| **4.** | **Information Concerning the Securities to be** | | |

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| | **Offered/ Admitted to Trading** | | |
| 4.1 | Type and the class of the securities being offered, including the security identification code. | Chapter E | 51 (4.1 Type and Class of the Securities being Offered, Including the Security Identification Code) |
| | | Exhibit I | Section 1 |
| | | Exhibit II | Section 2.1 |
| | | Exhibit III | Section 4 |
| | | Exhibit IV | Section 4 |
| | | Exhibit V | Section 1.6 |
| | | Exhibit VI | Article 3 |
| 4.2 | Legislation under which the securities have been created. | Chapter E | 51 (4.2 Legislation Under which the Securities Have Been Created) |
| | | Exhibit I | Section 24 |
| | | Exhibit II | Section 20 |
| | | Exhibit III | Section 15 |
| | | Exhibit IV | Section 14 |
| | | Exhibit V | Section 3.11 |
| | | Exhibit VI | Section 16.14 |
| 4.3 | Form of securities, name and address of the entity in charge of keeping the records. | Chapter E | 51 – 52 (4.3 Form of Securities, Name and address of the Entity in Charge of Keeping the Records) |

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| 4.4 | Currency of the securities issue. | Chapter E | 52 (4.4 Currency of the Securities Issue) |
| 4.5 | Rights attached to the securities | Chapter E | 52 – 54 (4.5 Rights Attached to the Securities) |
| 4.6 | Statement of the resolutions, authorizations and approvals by virtue of which the securities have been or will be created and/or issued. | Chapter E | 47 (1.1 Purpose of the ESPP) |
| | | Exhibit I | Section 1 (subheader) |
| | | Exhibit II | Section 1 (subheader) |
| | | Exhibit III | Section 1 (subheader) |
| | | Exhibit IV | Section 1 (subheader) |
| | | Exhibit V | Article 1 (subheader) |
| | | Exhibit VI | Article 1 (subheader) |
| 4.7 | Expected issue date of the securities. | Chapter E | 48 (1.3 Purchase Period) |
| 4.8 | Description of any restrictions on the free transferability of the securities. | Chapter E | 51 (III. Delivery and Sale of the Shares) and<br><br>54 (4.6 Transferability) |
| | | Exhibit I | Sections 15, 19, 23 |
| | | Exhibit II | Sections 11 – 12 |
| | | Exhibit III | Sections 6(c) and 7(a)(iv) |

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| | | Exhibit IV | Sections 6(d) and (e) |
| | | Exhibit V | Section 3.4 |
| | | Exhibit VI | Section 10.4 |
| 4.9 | Mandatory takeover bids and/or squeeze-out and sell-out rules in relation to the securities. | Chapter E | 54 – 55 (4.7 General Provisions Applying to Business Combinations) |
| 4.11 | Information on taxes on the income from the securities withheld at source | Chapter E | 71 – 96 (XIII. Tax Consequences) |
| **5.** | **TERMS AND CONDITIONS OF THE OFFER** | | |
| 5.1 | Conditions, offer statistics, expected timetable and action required to apply for the offer | | |
| 5.1.1 | Conditions to which the offer is subject. | Chapter E | 47 – 51 (I. The Outline, II. Eligibility and III. Delivery and Sale of the Shares) |
| | | Exhibit I | All sections |
| | | Exhibit II | All sections |
| | | Exhibit III | All sections |
| | | Exhibit IV | All sections |
| | | Exhibit V | All sections |
| | | Exhibit VI | All sections |
| 5.1.2 | Total amount of the issue/offer. | Chapter E | 57 (6.2 Net Proceeds) |
| | | Exhibit I | Section 1 |
| | | Exhibit II | Section 3 |
| | | Exhibit III | Section 5(c) |

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| | | Exhibit IV | Sections 5(c) and (d) |
| | | Exhibit V | Section 1.6.1 |
| | | Exhibit VI | Section 3.3 |
| 5.1.3 | Time period during which the offer will be open and description of the application process. | Chapter E | 47 – 51 (I. The Outline, II. Eligibility and III. Delivery and Sale of the Shares) |
| | | Exhibit I | Section 5 |
| | | Exhibit II | Sections 5.2, 6.1 and 7.1 |
| | | Exhibit III | Sections 6 and 7(a) |
| | | Exhibit IV | Section 6 |
| | | Exhibit V | Sections 2.3, 2.4 |
| | | Exhibit VI | Sections 5.1 (b), 6.1 and 7.1 |
| 5.1.4 | Circumstances under which the offer may be revoked or suspended and whether revocation can occur after dealing has begun. | Chapter E | 49 (1.7 Termination or Amendment of the ESPP) and<br><br>50 – 51 (2.5 Termination of Employment of Participating Employees) |
| | | Exhibit I | Sections 12 and 25 |
| | | Exhibit II | Sections 5.6 and 6.4 |
| | | Exhibit III | Sections 6(e)(f)(g)(h), 7(a)(iii) and 7(b)(iv) |

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| | | Exhibit IV | Sections 6(g)(h)(i) and(j) |
| | | Exhibit V | Sections 3.1 and 3.10 |
| | | Exhibit VI | Article 15 |
| 5.1.5 | Possibility to reduce subscriptions and the manner for refunding excess amount paid by applicants. | Chapter E | 50 (2.4 Discontinuance of Participation of Participating Employees) |
| 5.1.6 | Minimum and/or maximum amount of application. | Chapter E | 47 – 48 (1.2 Common Stock Offered Under the ESPP) and<br><br>49 – 50 (2.2 Participation of Eligible Employees) |
| | | Exhibit I | Section 4 |
| | | Exhibit II | Section 3 |
| | | Exhibit III | Section 5 |
| | | Exhibit IV | Section 5 |
| | | Exhibit V | Section 1.4 |
| | | Exhibit VI | Article 4 |
| 5.1.7 | Period during which an application may be withdrawn. | Chapter E | 50 (2.4 Discontinuance of Participation of Participating Employees |
| | | Exhibit I | Section 11 |
| 5.1.8 | Method and time limits for paying up the securities and for delivery of the securities. | Chapter E | 50 (2.3 Payroll Deductions) and<br><br>51 (III. Delivery and Sale of the Shares) |

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| | | Exhibit I | Section 9 |
| | | Exhibit II | Section 8 |
| | | Exhibit III | Sections 6(a)(b) and 7(a)(b) |
| | | Exhibit IV | Section 6(c) |
| | | Exhibit V | Section 2.3 |
| | | Exhibit VI | Sections 6.2 and 6.4 |
| 5.3 | Pricing | | |
| 5.3.1. | An indication of the price at which the securities will be offered. | Chapter E | 48 (1.4 Purchase Price) |
| | | Exhibit I | Section 8 |
| | | Exhibit II | Section 5.4, 6.2, 7.3 |
| | | Exhibit III | Sections 6(a), 7(a) and 7(b)(i) |
| | | Exhibit IV | Section 6(b) |
| | | Exhibit V | Section 3.7 |
| | | Exhibit VI | Sections 5.1 (a) and 8.9 |
| 5.3.2. | Process for the disclosure of the offer price. | Chapter E | 48 (1.4 Purchase Price) and<br><br>51 – 52 (4.3 Form of Securities, Name and Address of the Entity in Charge of Keeping the Records) |
| | | Exhibit I | Section 8 |

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| | | Exhibit II | Sections 5.4, 6.2 and 7.3 |
| | | Exhibit III | Sections 6(a), 7(a) and 7(b)(i) |
| | | Exhibit IV | Section 6(b) |
| | | Exhibit V | Section 3.7 |
| | | Exhibit VI | Sections 5.1 (a) and 8.9 |
| 5.3.3. | If the issuer's equity holders have pre-emptive purchase rights and this right is restricted or withdrawn. | Chapter E | 53 – 54 (No Preemptive, Redemptive or Conversion Provisions) |
| 5.3.4 | Where there is or could be a material disparity between the public offer price and the effective cash cost to members of the administrative, management or supervisory bodies or senior management, or affiliated persons, of securities acquired by them in transactions during the past year. | Not applicable | Not applicable |
| **5.4.** | **Placing and Underwriting** | | |
| 5.4.2 | Name and address of any paying agents and depository agents in each country. | Chapter E | 51 – 52 (4.3 Form of Securities, Name and Address of the Entity in Charge of Keeping the Records) |
| **6.** | **Admission to Trading and Dealing Arrangements** | | |
| 6.1 | Whether the securities offered are or will be the object of an application for admission to trading. | Chapter E | 51 (4.1 Type and Class of the Securities being Offered, Including the Security Identification Code) |
| 6.2 | Regulated markets or equivalent markets on which securities of the same class of the securities to be offered or admitted to trading are already admitted to | Chapter E | 51 (4.1 Type and Class of the Securities |

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| | trading. | | being Offered, Including the Security Identification Code) |
| **8.** | **Expense of the Issue/Offer** | | |
| 8.1. | The total net proceeds and an estimate of the total expenses of the issue/offer. | Chapter E | 57 (6.2 Net Proceeds) |
| **9.** | **Dilution** | | |
| 9.1. | The amount and percentage of immediate dilution resulting from the offer. | Chapter E | 57 (6.1 Maximum Dilution) |
| 9.2. | In the case of a subscription offer to existing equity holders, the amount and percentage of immediate dilution if they do not subscribe to the new offer. | Not applicable | Not applicable |
| **10.** | **Additional Information** | | |
| 10.1. | If advisors connected with an issue are mentioned in the Securities Note, a statement of the capacity in which the advisors have acted. | Not applicable | Not applicable |
| 10.3. | Where a statement or report attributed to a person as an expert is included in the Securities Note, provide such persons' name, business address, qualifications and material interest if any in the issuer. | Not applicable | Not applicable |
| 10.4. | Where information has been sourced from a third party. | Not applicable | Not applicable |

**eBay Inc.**
2145 Hamilton Avenue
San Jose, California 95125, USA

**eBay Inc. 1998. a töötajate aktsiaoptsiooniplaan koos muudatustega**

**eBay Inc. 1998. a kapitaliosaluse preemiasüsteem koos muudatustega**

**eBay Inc. 1999. a globaalne kapitaliosaluse preemiasüsteem koos muudatustega**

**eBay Inc. 2001. a kapitaliosaluse preemiasüsteem koos muudatustega**

**eBay Inc. 2003. a edasilükatud aktsia osakute plaan koos muudatustega**

**eBay Inc. 2008. a kapitaliosaluse preemiasüsteem**

**Prospekt eBay Inc. Euroopa Majanduspiirkonna (“EMP”) teatud tütarettevõtjate töötajatele, mis igas riigis allub selles riigis kohaldatavale regulatsioonile**

**MÄRKUS PROSPEKTI KOKKUVÕTTE JUURDE**

**AMF VIISA NUMBER 09-066, 26. MÄRTS 2009**

**Teade lugejale**

Käesolevat kokkuvõtet tuleb käsitleda prospekti sissejuhatusena. Igat väärtpaberitesse investeerimise otsust peaks investor tegema võttes arvesse kogu prospekti tervikuna. Kui prospektis sisalduva informatsiooniga seonduv nõue esitatakse lahendamiseks kohtule, võib hagejast investor vastavalt Euroopa Ühenduse liikmesriikide või Euroopa Majanduspiirkonna lepinguriikide kohalikule seadusandlusele olla kohustatud kandma prospekti tõlkimise kulud enne kohtumenetluse algust. Tsiviilvastutus kohaldub nende isikute suhtes, kes on esitanud käesoleva kokkuvõtte ning selle mis tahes tõlke ja taotlenud selle teatavaks tegemist, kuid üksnes juhul, kui kokkuvõte on prospekti teiste osadega koos lugedes eksitav, ebatäpne või vastuoluline.

**PEATÜKK A:**
**EBAY INC. 1998. A TÖÖTAJATE AKTSIAOPTSIOONIPLAAN KOOS MUUDATUSTEGA,**
**EBAY INC. 1998. A KAPITALIOSALUSE PREEMIASÜSTEEM KOOS MUUDATUSTEGA,**
**EBAY INC. 1999. A GLOBAALNE KAPITALIOSALUSE PREEMIASÜSTEEM KOOS MUUDATUSTEGA,**
**EBAY INC. 2001. A KAPITALIOSALUSE PREEMIASÜSTEEM KOOS MUUDATUSTEGA,**
**EBAY INC. 2003. A EDASILÜKATUD AKTSIA OSAKUTE PLAAN KOOS MUUDATUSTEGA**
**JA EBAY INC. 2008. KAPITALIOSALUSE PREEMIASÜSTEEM**

eBay Inc. („eBay" või „Äriühing"), Delaware'i korporatsioon, mille peakontor asub 2145 Hamilton Avenue, San Jose, California, USA, annab Äriühingu ja tema tütarettevõtjate teatud tingimustele vastavatele töötajatele õiguse osta Äriühingu lihtaktsiaid nimiväärtusega 0,001 dollarit aktsia kohta („Aktsiad") kooskõlas „eBay Inc. 1998. a töötajate aktsiaoptsiooniplaaniga koos muudatustega" („TAOP"). Samuti annab eBay Äriühingu ja tema tütarettevõtjate valitud töötajatele (ja mõnedel juhtudel ka juhtkonna liikmetele, direktoritele, konsultantidele, töövõtjatele ja nõustajatele) õiguse omandada Aktsiaid järgmiste eBay Inc. kapitaliosaluse plaanide ja nende vastavate muudatuste kohaselt: 1998. a kapitaliosaluse preemiasüsteem („1998 KPS"), 1999. a globaalne kapitaliosaluse preemiasüsteem („1999 GKPS"), 2001. a kapitaliosaluse preemiasüsteem („2001 KPS''), 2003. a edasilükatud aktsia osakute plaan („2003 EAOP") ja/või 2008. a kapitaliosaluse preemiasüsteem („2008 KPS") (koos nimetatud „Süsteemid"). TAOP ja Süsteemid on eraldiseisvad töötajate kapitaliosaluse süsteemid ning neid pakutakse teineteisest eraldi. Äriühingu Aktsiad on noteeritud Nasdaq Global Select börsil („Nasdaq") tähise all „EBAY". Käesolevas Prospektis tähistavad viited sõnadele „meie" või „eBay" praegust Delaware'i korporatsiooni (eBay Inc.) ja selle California eelkäijat, samuti selle kõiki konsolideeritud tütarettevõtjaid.

Äriühingu aktsionäride poolt 29. aprillil 2009. a toimuval aktsionäride korralisel üldkoosolekul vastava heakskiidu andmisel võib eBay lisaks pakkuda teatud töötajatele võimaluse vahetada välja antud Optsioonid (vt määratlust allpool), sõltumata sellest, kas need on välja teenitud või mitte, mille realiseerimishind aktsia kohta on võrdne või ületab Aktsiate kõrgeimat kauplemishinda aktsia kohta Vahetuspakkumisele (vt määratlust allpool) vahetult eelnenud 52-nädalase perioodi jooksul (selliseid optsioone nimetatakse edaspidi „Sobilikud Optsioonid"), teatud arvu PAO-de (vt määratlust allpool) vastu („Uued PAO-d") vastavalt pakkumisele vahetada Sobilikud Optsioonid Uute PAO-de vastu („Vahetuspakkumine"). Iga Sobilike Optsioonide vastu vahetamise käigus omandatud Uue PAO suhtes hakkab kehtima täiendav väljateenimisperiood vahemikus 12 kuni 48 kuud sõltuvalt ajast, millal Sobilikud Optsioonid oleks muidu täies mahus välja teenitud.

Vahetuspakkumise tegemisel antakse töötajatele Vahetuspakkumise kohta detailsemat teavet ja valikuformularid, mille nad peavad ette nähtud perioodi jooksul esitama, kui nad soovivad Vahetuspakkumises osaleda. Täiendav Vahetuspakkumist puudutav informatsioon sisaldub eBay selgitavas esinduse teatises (*Definitive Proxy Statement*) alapunktis „Ettepanek 2 – Heakskiit meie teatud olemasolevate kapitaliosaluse preemiasüsteemide muudatustele, millega nähakse ette ühekordne optsioonide vahetamise programm töötajatele, kes ei kuulu valitavate juhtkonna liikmete või direktorite hulka".

TAOP-i ja Süsteemide pakkumist ja/või Vahetuspakkumist võidakse lugeda väärtpaberite avalikuks pakkumiseks vastavalt Euroopa Parlamendi ja Nõukogu 4. novembri 2003. a direktiivile 2003/71/EÜ („Prospektidirektiiv'') alljärgnevates EMP riikides nende riikide kohaliku seadusandluse kohaselt: Eesti, Prantsusmaa, Saksamaa, Iirimaa, Holland ja Ühendatud Kuningriik. Ülalnimetatud riikides asuvate tütarettevõtjate töötajatele võimaldatakse tutvuda käesoleva prospektiga nende tööandjate vastavates peakontorites, samuti avaldatakse Prospekt eBay intranetis.

TAOP-i ja Süsteemide pakkumine ja/või Vahetuspakkumine tehakse samuti alljärgnevates EMP riikides: Belgia, Tšehhi, Taani, Itaalia, Luksemburg, Norra, Poola, Hispaania ja Rootsi. Nendes riikides kehtiv

Prospektidirektiivi rakendav seadusandlus ei loe sellist pakkumist väärtpaberite avalikuks pakkumiseks ja/või ei kohusta avalikustama pakkumise prospekti. TAOP-i, Süsteemide ja/või Vahetuspakkumise kogumaksumus EMP-s on rohkem kui 2,5 miljonit eurot 12-kuuse perioodi jooksul.

## I. TAOP

TAOP loodi, et luua eBay ja selle teatud tütarettevõtjate või filiaalide (igaüks eraldi „Osalev Äriühing"), millest osa asub EMP riikides, töötajatele võimalus omandada Aktsiaid allahindlusega. TAOP-i korraldab Äriühingu juhtorgani („Juhtorgan") poolt määratud komitee („Komitee").

TAOP koosneb pakkumisperioodidest, mille kestus on 24 kuud („Pakkumisperioodid") ja mis algavad iga aasta 1. mail ja 1. novembril ning lõpevad iga aasta 30. aprillil ja 31. oktoobril. Iga Pakkumisperioodi esimene tööpäev on „Pakkumise Päev". Pakkumisperioodid sisaldavad nelja järjestikust kuuekuulist ostuperioodi („Ostuperioodid").[1]

TAOP-s osalemiseks peavad töötajad töötama Osaleva Äriühingu juures 10. päeval enne Pakkumise Päeva. Ükski töötaja ei ole õigustatud TAOP-i raames omandama aktsiaid, mille õiglane turuhind Pakkumise Päeva seisuga ületab 25 000 USA dollarit. Kehtivad ka teatud teised piirangud.

Tingimustele vastavad töötajad võivad liituda TAOP-ga, saades seeläbi „Osalevateks Töötajateks", sõlmides märkimislepingu ja mis tahes muud vajalikud dokumendid („Osalusdokumendid"). Viimasteks liitumiskuupäevadeks Pakkumisperioodide puhul, mis algavad 1. mail ja 1. novembril 2009. a, on vastavalt 24. aprill 2009. a ja 26. oktoober 2009. a.

Osalevad Töötajad annavad Osalusdokumentides volituse mahaarvamiste tegemiseks (vahemikus 2% kuni 10% nende saadaolevast töötasust), mida kasutatakse Aktsiate ostmiseks iga Ostuperioodi viimasel tööpäeval („Ostukuupäev"). Aktsia ostuhind on tavaliselt 85% kas (1) Aktsia õiglasest turuväärtusest Pakkumise Päeval või (2) Aktsia õiglasest turuväärtusest Ostukuupäeval, olenevalt sellest, kumb on madalam.

1. jaanuari 2009. a seisuga oli ülemaailmselt ligikaudu 7,2 miljonit Aktsiat, mille võiks anda TAOP-i alusel (maksimaalsest 36 000 000 Aktsiast, mis on võimalik anda TAOP-i kestvuse jooksul). Vastavalt käesoleva prospekti peatüki E alapunktis 6.1 kirjeldatud eeldustele, pakutakse järgneva 12 kuu jooksul ligikaudu 3033 tingimustele vastavale töötajale vastavalt käesolevale prospektile kuni 5 049 945 Aktsiat. Sellised Aktsiad võivad eBay valikul olla kas oma aktsiad või uued väljalastavad aktsiad. TAOP on töötaja eraldiseisev kapitaliosaluse süsteem ja seda pakutakse sõltumata Süsteemidest.

## II. SÜSTEEMID

Vastavalt ühe või mitme Süsteemi tingimustele võib eBay pakkuda aktsiaoptsioone („Optsioonid"), piiratud aktsiaid („PA"), piiratud aktsiate osakuid („PAO") ja/või teisi kapitaliosalusel baseeruvaid preemiaid (koos nimetatud „Preemiad") eBay või selle mis tahes emaettevõtjate või tütarettevõtjate töötajatele, juhtkonna liikmetele, direktoritele, konsultantidele, töövõtjatele ja/või nõustajatele („Preemiasaajad"). Juhtorgan või Komitee määrab Preemiasaajad ja Preemia andmise tingimused. Reeglina Preemiasaaja töölt lahkumisel välja teenimata jäänud Preemiad tühistatakse.

Optsioonid annavad Preemiasaajale („Optsioonisaaja") õiguse osta Aktsiaid kindlaksmääratud realiseerimishinnaga vastavalt teatud väljateenimispiirangutele.

PA on Aktsiate pakkumine, mille suhtes kehtivad aja- või täitmispiirangud. Aktsiad emiteeritakse Preemiasaajale reeglina preemia andmisel ning Preemiasaaja omandab Aktsiatega seotud hääleõiguse

[1] Sellele vaatamata kestavad Pakkumis- ja Ostuperioodid Prantsusmaal mõlemad kuus kuud, kulgedes samaaegselt.

ja õiguse dividendile; siiski ei ole Preemiasaajal õigust Aktsiaid vabalt müüa või võõrandada kuni piirangud on kehtivuse kaotanud.

PAO-d on sarnased PA-dega, ainsa erinevusega, et Aktsiad emiteeritakse ja osalus eBay-s kantakse üle Preemiasaajale üksnes pärast seda, kui piirangud on kehtivuse kaotanud.

31. detsembri 2008. a seisuga oli ülemaailmselt 0 Aktsiat, mille võiks anda 1998 KPS-i, mis kaotas kehtivuse 18. juunil 2008. a, alusel; 6 388 095 Aktsiat, mille võiks anda 1999 GKPS-i alusel (maksimaalsest 52 000 000 Aktsiast, mis oli algselt võimalik anda 1999 GKPS-i alusel); 44 112 584 Aktsiat, mille võiks anda 2001 KPS-i alusel (maksimaalsest 222 000 000 Aktsiast, mis oli algselt võimalik anda 2001 KPS-i alusel); 791 620 Aktsiat, mille võiks anda 2003 EAOP alusel (maksimaalsest 4 000 000 Aktsiast, mis oli algselt võimalik anda 2003 EAOP alusel); ja 28 151 825 Aktsiat, mille võiks anda 2008 KPS-i alusel (maksimaalsest 35 000 000 Aktsiast, mis oli algselt võimalik anda 2008 KPS-i alusel).[2] Süsteemide alusel antavad Aktsiad võivad eBay valikul olla kas oma aktsiad või uued väljalastavad aktsiad.

**TAOP-I JA SÜSTEEMIDE TÄIELIK KIRJELDUS SISALDUB SÜSTEEMIDE DOKUMENTIDES, MIS ON LISATUD PROSPEKTI LISADENA I - VI.**

[2] 29. aprillil 2009. a toimuval eBay aktsionäride korralisel üldkoosolekul tehakse aktsionäridele ettepanek heaks kiita täiendava 50 000 000 Aktsia emiteerimine 2008 KPS-i alusel ning juhul, kui see ettepanek kiidetakse heaks, korrigeeritakse vastavalt siinkohal nimetatud 2008 plaani arvnäitajaid ja (ii) 2001 KPS-i alusel antavate Aktsiate arvu vähendatakse ligikaudu 16 miljoni aktsia võrra ja (iii) sõltuvalt aktsionäride heakskiidust ja 2008 KPS-i muutmisest ja kinnitamisest, ei tee eBay uusi väljalaskeid 1999 GKPS-i alusel.

## PEATÜKK B:
## EBAY INC. ORGANISATSIOON JA TEGEVUS

### I. EBAY ÜLDKIRJELDUS

eBay tegutseb kolmel peamisel tegevusalal: turukeskkonnad, maksed ja kommunikatsioonid. eBay turukekskonnad pakuvad infrastruktuuri globaalsele *online*-kaubandusele mitmete platvormide kaudu, hõlmates nii traditsioonilist eBay.com platvormi, teisi *online*-platvorme, nagu näiteks *online*-ärikataloogid, piletite müügikeskkond (StubHub), *online*-ostuvõrdluste veebileht (Shopping.com), eluasemekuulutuste teenuse platvorm (Rent.com), kuid samuti ka fikseeritud hinnaga meedia müügikeskkond (Half.com). eBay maksete segment koosneb selle *online*-makselahendustest PayPal ja Bill Me Later (mille eBay omandas 2008. a). eBay kommunikatsiooniharu, mis koosneb Skype'ist, võimaldab VoIP kõnesid Skype'i kasutajate vahel ning pakub madala hinnaga ühendust traditsiooniliste tavatelefonide ja mobiiltelefonidega.

Ettevõttevälistele klientide kogu müügitulu eBay tegevusalade kaupa aastatel, mis lõppesid 31. detsembril 2008. a, 2007. a ja 2006. a, oli järgmine:

| | 2008 | 2007 | 2006 |
|---|---|---|---|
| | (tuhandetes, välja arvatud protsendid) | | |
| Turukeskkonnad | $ 5 586 751 | $ 5 363 891 | $ 4 334 290 |
| *Protsent müügitulust* | *65,4%* | *69,9%* | *72,6%* |
| Maksed | 2 403 669 | 1 926 616 | 1 440 530 |
| *Protsent müügitulust* | *28,1%* | *25,1%* | *24,1%* |
| Kommunikatsioonid | 550 841 | 381 822 | 194 921 |
| *Protsent müügitulust* | *6,5%* | *5,0%* | *3,3%* |
| Kogu müügitulu (neto) | $ 8 541 261 | $ 7 672 329 | $ 5 969 741 |

### II. EBAY AKTSIAKAPITALI PUUDUTAV ÜLDINE INFORMATSIOON

31. detsembri 2008. a seisuga oli eBayl 3 580 000 000 Aktsia väljalaskmise õigus ning 10 000 000 eelisaktsia väljalaskmise õigus, nimiväärtusega 0,001 dollarit aktsia kohta. 3. märtsi 2009. a seisuga oli välja lastud 1 286 264 017 Aktsiat ning välja ei olnud lastud ühtegi eelisaktsiat. Alljärgnevas tabelis on toodud 3. märtsi 2009. a seisuga eBayle teadaolevad tegelikud omanikud, kellele kuulub üle viie protsendi (5%) eBay Aktsiatest.

| | Tegelikule omanikule kuuluvad aktsiad[1] | |
|---|---|---|
| **Tegeliku omaniku nimi** | **Number** | **Protsent** |
| Pierre M. Omidyar[2]<br>c/o eBay Inc.<br>2145 Hamilton Avenue<br>San Jose, California 95125, USA | 167 250 408 | 13,0% |
| Morgan Stanley[3]<br>1585 Broadway<br>New York, NY 10036, USA | 65 770 981 | 5,1% |

(1), (2), (3) Vt märkused (1), (2) ja (3) peatüki E leheküljel 64.

Ühelgi eBayle teadaolevatest tegelikest omanikest, kellele kuulub üle 5% eBay lihtaktsiatest, ei ole erinevaid hääleõigusi.

## III. RISKIFAKTORID

Alljärgnevalt on toodud kokkuvõtted riskidest, määramatustest ja teistest faktoritest, mis võivad mõjutada eBay tulemusi tulevikus. Käesolevate ja teiste riskifaktorite täielikud kirjeldused sisalduvad käesoleva prospekti peatükis D. Alljärgnevaid riskifaktoreid tuleks lugeda koos teiste riskifaktoritega, mis on toodud peatükis D:

- Piraat- või võltsitud kauba pakkumine või müük eBay kasutajate poolt võib kahjustada tema majandustegevust.
- Suutmatus efektiivselt tegeleda pettustehingute ning kliendivaidlustega võib tõsta eBay kahjumimäära ja kahjustada tema äritegevust.
- eBay tegevusega kaasnevad *online*-turvalisuse riskid, sealhulgas turvalisuse rikkumine ja identiteedivargus.
- Uued ja olemasolevad regulatsioonid võivad eBay äritegevust kahjustada.
- eBay tegevusalal on väga suur konkurents ning teised ettevõtjad või valitsusasutused võivad väita, et eBay käitumine on vastuolus konkurentsireeglitega.

## IV. VIIMASED ARENGUD

Nagu avalikustatud dokumendis Form 10-K (vt määratlust allpool) 31. detsembril 2008. a lõppenud majandusaasta kohta, oli eBay müügitulu 8,54 miljardit USA dollarit, puhaskasum 1,78 miljardit USA dollarit, lahustatud tulu aktsia kohta 1,36 USA dollarit ja põhitegevuse rahavoog 1,9 miljardit USA dollarit, kõik kajastatuna USA heade raamatupidamistavade („US GAAP") kohaselt.

11. märtsil 2009. a toimunud Äriühingu poolt korraldatud koosolekul arutas eBay investoritega oma strateegilisi laienemisplaane aastani 2011 ning andis üksikasjaliku ülevaate strateegiatest kindlustamaks liidripositsiooni äriühingu kahes peamises tegevusharus – PayPal ülemaailmne *online* makseteenuste tegevusharu ja e-kaubanduse turukeskkond ning muud müüjaid ja ostjaid ühendavad e-kaubanduse viisid. Tuginedes praegustele äritrendidele ja ootustele, esitles eBay samuti finantsülevaadet aastani 2011 ja märkis, et kogu äriühingu müügitulu kasvab 2011 aastal eelduslikult 10-12 miljardi USA dollarini. Dokumendi Form 8-K täisversiooniga ja sellega kaasneva 11. märtsi 2009. a pressiteatega pealkirjaga „eBay Inc avalikustab kolme aasta kasvustrateegia: Äriühing esitleb analüütikute koosolekul pikaajalist finantsülevaadet" on võimalik tutvuda Lisas VII.

## V. AVALIKUSTATAVAD DOKUMENDID

eBay internetiaadress on *www.ebay.com.* eBay investorsuhete veebileht asub aadressil *http://investor.ebay.com.* eBay teeb oma investorsuhete veebilehel pealkirja all „SEC Filings" tasuta kättesaadavaks majandusaasta aruanded (Form 10-K), kvartaliaruanded (Form 10-Q), jooksvad aruanded (Form 8-K) ja nende muudatused nii kiiresti, kui see on mõistlikult võimalik pärast selliste materjalide elektroonilist edastamist (või esitamist) SEC-le. eBay selgitav esinduse teatis (*Definitive Proxy Statement*) ja SEC-le 20. veebruaril 2009. a esitatud majandusaastaaruanne 31. detsembril 2008. a lõppenud majandusaasta kohta („Form 10-K"), millele viidatakse käesolevas prospektis, on tasuta kättesaadavad töötaja poolt vastavasisulise avalduse esitamisel.

eBay kavatseb 2009. a aprilli lõpus või mai alguses avaldada tuluaruande 31. märtsil 2009. a lõppenud kvartali kohta. Kvartaliaruanne selle kvartali kohta (Form 10-Q) esitatakse SEC-le mitte hiljem kui 11. mail 2009. a. Nimetatud dokumendid tehakse kättesaadavaks eespool märgitud eBay investorsuhete veebilehel. Meie internetilehekülgedel sisalduv informatsioon ei ole käsitletav käesoleva Prospekti osana.

**PEATÜKK C:**
**31. DETSEMBRIL 2008, 2007 JA 2006**
**LÕPPENUD MAJANDUSAASTATE**
**FINANTSINFORMATSIOON EBAY INC. KOHTA**

Alljärgnevat valitud konsolideeritud finantsinformatsiooni ja täiendavaid andmeid tegevuse kohta tuleb vaadata koos konsolideeritud finantsaruannetega ja nende lisadega ning „Juhtkonna käsitluse ja analüüsiga finantsseisu ja tegevustulemuste kohta", mis on avaldatud vastavalt Form 10-K lehekülgedel 48-67 ja 76-109. Konsolideeritud kasumiaruanne ja konsolideeritud bilanss aastate kohta, mis lõppesid 31. detsembril 2006. a, 2007. a ja 2008. a, on koostatud vastavuses US GAAP-ga ja need põhinevad eBay auditeeritud konsolideeritud finantsaruannetel.

**VALITUD FINANTSINFORMATSIOON**

| | 31 detsembril lõppenud aastad, | | |
|---|---|---|---|
| | **2008[2]** | **2007[2]** | **2006[2]** |
| | **(tuhandetes, välja arvatud aktsia kohta toodud suurused)** | | |
| **Konsolideeritud kasumiaruande informatsioon[1]:** | | | |
| Kogu müügitulu | $ 8 541 261 | $ 7 672 329 | $ 5 969 741 |
| Kogu müügitulu teenimise kulud | 2 228 069 | 1 762 972 | 1 256 792 |
| Müügikasum | 6 313 192 | 5 909 357 | 4 712 949 |
| Kogu põhitegevuse kulud | 4 237 510 | 5 296 177 | 3 289 993 |
| Põhitegevuse kasum | 2 075 682 | 613 180 | 1 422 956 |
| Puhaskasum | $ 1 779 474 | $ 348 251 | $ 1 125 639 |
| | | | |
| Puhaskasum aktsia kohta: | | | |
| Üldine | $ 1,37 | $ 0,26 | $ 0,80 |
| Lahustatud | $ 1,36 | $ 0,25 | $ 0,79 |

| | 31 detsembril lõppenud aastad, | | |
|---|---|---|---|
| | **2008** | **2007** | **2006** |
| **Konsolideeritud bilansi informatsioon:** | | **(tuhandetes)** | |
| Raha ja raha ekvivalendid | $ 3 188 928 | $ 4 221 191 | $ 2 662 792 |
| Lühiajalised investeeringud | 163 734 | 676 264 | 554 841 |
| Pikaajalised investeeringud | 106 178 | 138 237 | 277 853 |
| Käibevara[5] | 2 581 503 | 4 022 926 | 2 452 191 |
| Koguvara | 15 592 439 | 15 366 037 | 13 494 011 |
| Laenud krediidilepingute alusel (lühiajalised) | 1 000 000 | 200 000 | - |
| Aktsionäride kogukapital | 11 083 858 | 11 704 602 | 10 904 632 |

(1), (2), (5) Vt märkused (1), (2) ja (5) peatüki E leheküljel 69.