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

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 08-058 dated March 25, 2008, 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 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) the cross-reference lists stipulated in Article 25.4 of the Prospectus Regulation presenting the information in the order stipulated in Annexes I and III of the Prospectus Regulation which, by application of Articles 3, 4, and 6 thereof, are required for this transaction.

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 and the eBay Inc. 2001 Equity Incentive Plan, as amended, (Chapter D) 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;
- Annual Report on Form 10-K for the fiscal year ended December 31, 2007, filed by eBay Inc. with the U.S. Securities and Exchange Commission (the "SEC") on February 29, 2008;
- Consolidated Financial Statements of eBay Inc. as of December 31, 2006 and 2005 and for each of the three years in the period ended December 31, 2006;
- Definitive Proxy Statement filed by eBay Inc. with the SEC on April 30, 2007;
- Current Report on Form 8-K and Amended Current Report on Form 8-K/A filed by eBay Inc. with the SEC on July 16, 2007 and July 18, 2007, respectively;
- Excerpts from the press release dated January 23, 2008, relating to the financial results of eBay Inc. for the fourth quarter and full year ended December 31, 2007;
- Current Report on Form 8-K filed by eBay Inc. with the SEC on January 16, 2008 (including the Amended and Restated Bylaws of eBay Inc. as of January 15, 2008);
- Current Report on Form 8-K filed by eBay Inc. with the SEC on January 25, 2008; and
- Restated Certificate of Incorporation of eBay Inc.

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COMPANY REPRESENTATIVE FOR PROSPECTUS

1.1 Robert H. Swan, Chief Financial Officer, Senior Vice President – Finance, 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 which such firm agrees to the inclusion in this prospectus of its reports dated February 28, 2008 and February 27, 2007 relating to the consolidated financial statements of eBay Inc. included herein. These reports refer to changes in eBay Inc.'s manner of accounting for stock-based compensation in 2006 and (in the case of the February 28, 2008 report) manner of accounting for uncertainty in income taxes in 2007. 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 entire prospectus, including the information relating to the financial condition and the financial statements contained therein.

/s/ Robert H. Swan

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Robert H. Swan, Chief Financial Officer,
Senior Vice President – Finance of eBay Inc.

San Jose, California, March 24, 2008

PROSPECTUS SUMMARY

VISA NUMBER 08-058 DATED MARCH 25, 2008 OF THE AMF

Note to the reader

This summary should be read as an introduction to the prospectus. Any decision to invest in the financial instruments concerned by this transaction should be based on a comprehensive study of the full prospectus. 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 the persons who presented the summary, and any translation thereof, only if the content of the summary is misleading, inaccurate or inconsistent when read with 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

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 eBay Inc. 1998 Equity Incentive Plan, as amended ("1998 EIP"), the eBay Inc. 1999 Global Equity Incentive Plan, as amended ("1999 GEIP"), and/or the eBay Inc. 2001 Equity Incentive Plan, as amended ("2001 EIP") (collectively, "Plans"). The ESPP, the 1998 EIP, the 1999 GEIP and the 2001 EIP 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."

In addition, eBay may also offer selected individuals the right to acquire Shares under any other plan that may be duly adopted by the Company and approved by the Company's stockholders. Any rights to acquire Shares under such a plan would be substantially similar to the rights to acquire Shares that are offered under the Plans.

The offering of the ESPP and/or the Plans 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: Austria, Estonia, France, Germany, Ireland, Netherlands and United Kingdom. The offering of the ESPP and/or the Plans will also be made in the following EEA countries: Belgium, Czech Republic, Italy, Luxembourg, 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 and/or the Plans in the EEA is more than €2.5 million over a 12-month period.

This prospectus will be made available to employees of the subsidiaries of eBay based in the above-named countries where the offering of the ESPP and/or the Plans may be considered a public offering of securities at the respective head offices of their employers.

I. THE ESPP

The ESPP is administered by a committee ("Committee") of eBay's Board of Directors ("Board"). Rights under the ESPP may not be assigned, transferred, pledged or otherwise disposed of in any way (other than by will, the laws of descent and distribution or by an enforceable beneficiary designation).

The ESPP is offered to eligible employees of eBay and its designated subsidiaries or affiliates ("Participating Companies"). To participate in the ESPP, employees must be employed by a Participating Company as of the 10th day before the beginning of an Offering Period (as defined below). Participation is limited to (i) purchases of Shares having an aggregate fair market value on the first day of the Offering Date of not more than US$25,000 per calendar year, and (ii) employees possessing less than 5% of eBay's voting or capital shares. Certain other ESPP limitations will apply.

Generally, eligible employees are offered participation in the ESPP and may decide to enroll in the ESPP ("Participating Employees") by completing a subscription agreement and any other required documents provided by eBay ("Enrollment Documents").

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 Offering Periods contain four successive six-month purchase periods ("Purchase Periods"). The first business day of each Offering Period is referred to as the "Offering Date." In order to participate in the Purchase Period beginning May 1, 2008, eligible employees must enroll by April 23, 2008.

In advance of each Offering Period, Participating Employees authorize payroll deductions of 2% to 10% of their eligible compensation in the Enrollment Documents. A Participating Employee may change the percentage of authorized deductions or withdraw from the ESPP at the time and manner specified by the Committee.

Once enrolled in the ESPP, the accumulated payroll deductions are used to purchase Shares at a discount 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 and (2) the fair market value of a Share on the Purchase Date.

As of January 1, 2008, 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 7.1 of Chapter D of this prospectus, during the next twelve months, a maximum of 2,443,308 Shares will be offered to approximately 3,422 eligible employees in Austria, Estonia, France, Germany, Ireland, the Netherlands and the United Kingdom 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 1998 EIP

Pursuant to the terms of the 1998 EIP, eBay may offer stock options ("Options"), restricted stock ("RS"), restricted stock units ("RSUs") and/or stock bonuses ("SBs") (collectively, the "Awards") to employees, officers, directors, consultants, independent contractors and advisors of eBay or any parent or subsidiary or eBay (the "Awardees"). The Committee decides who shall receive Awards and what the terms of the Awards will be, subject to the restrictions in the 1998 EIP. No Awards are assignable or transferable by an Awardee other than by will, the laws of descent and distribution, or as otherwise determined by the Committee.

Options are the right to purchase Shares on a date in the future at a certain exercise price. Once the Options vest, the employee receiving the Options (the "Optionee") may exercise the Option to purchase Shares. At exercise, the Optionee must pay the exercise price in a manner approved by the Committee at the time of grant. Upon termination of Optionee's employment, the Optionee forfeits unvested Options and may have a certain period of time after termination to exercise vested Options.

RS is an offer by eBay to sell to the Awardee Shares that are subject to restrictions. The Committee determines the Awardee, the number of Shares the Awardee may purchase, the price to be paid, the restrictions to which the Shares will be subject (which may be based on completion of years of service or the achievement of performance goals), and other terms and conditions of the RS. Shares are typically issued to the Awardee at grant and the Awardee obtains voting and dividend rights with regard to the Shares but is not free to transfer or sell the Shares until the Award is vested (i.e., until the restrictions lapse). Upon termination of the employment of the Awardee, any RS that has not vested is typically forfeited.

RSUs are a promise by eBay to issue a certain number of Shares to the Awardee, subject to certain vesting restrictions (which may be based on completion of years of service or the achievement of

performance goals). The Committee determines the Awardee, the number of Shares subject to the RSUs and the terms and conditions of the RSUs. Shares are issued to the Awardee when all applicable restrictions have lapsed and no ownership interest in eBay is received until the Shares are issued. Upon termination of the employment of the Awardee, any RSUs that have not vested are typically forfeited.

SBs are awards of Shares (which may consist of RS) which may be awarded for past services to eBay or upon satisfaction of performance goals set forth by the Committee. SBs may also be subject to other criteria determined by the Committee. The Committee has the discretion to settle SBs in cash or Shares or a combination thereof.

As of December 31, 2007, there were 26,197,467 Shares available for issuance under the 1998 EIP on a worldwide basis (out of a maximum of 108,000,000 Shares initially available under the 1998 EIP). Such Shares can be either treasury shares or newly issued shares, at eBay's sole discretion.

III. THE 1999 GEIP

Pursuant to the terms of the 1999 GEIP, eBay may offer Awards to employees or consultants of eBay or its subsidiaries and affiliates (the "Awardees"). The Board (or a committee of one or more members of the Board appointed by the Board to administer the 1999 GEIP) decides who shall receive Awards and what the terms of the Awards will be, subject to the restrictions in the 1999 GEIP. Awards are transferable only to the extent provided in the agreement evidencing the Award. If such agreement does not provide for transferability, then the Award is not transferable by the Awardee other than by will, the laws of descent and distribution, or an enforceable beneficiary designation.

The Awards under the 1999 GEIP generally have the same features as the Awards under the 1998 EIP.

As of December 31, 2007, there were 37,301,234 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). Such Shares can be either treasury shares or newly issued shares, at eBay's sole discretion.

IV. THE 2001 EIP

Pursuant to the terms of the 2001 Equity Incentive Plan (the "2001 EIP"), eBay may offer Options to employees, directors or consultants of eBay and its subsidiaries and affiliates. No Options are transferable by the Optionee other than by will, the laws of descent and distribution, or an enforceable beneficiary designation (unless it is a nonstatutory stock option which provides for transferability in the agreement evidencing the Option).

The Options under the 2001 EIP generally have the same features as the Options under the 1998 EIP and the 1999 GEIP.

As of December 31, 2007, there were 142,552,418 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). Such Shares 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 - IV OF THIS PROSPECTUS.

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, and its other online platforms, such as Shopping.com, StubHub, classifieds, Half.com and Rent.com. eBay's Payments segment, which consists of PayPal, enables individuals or businesses to securely, easily and quickly send and receive payments online. eBay's Communications segment, which consists of Skype, enables Voice over Internet Protocol (VoIP) calls between Skype users and provides low-cost connectivity to traditional fixed-line and mobile telephones.

Net revenue for each of eBay's businesses for the years ended December 31, 2007, 2006 and 2005 was:

	2007	2006	2005
	(in thousands, except percent changes)		
Marketplaces	$ 5,363,891	$ 4,334,290	$ 3,499,137
Percentage of net sales	*69.9%*	*72.6%*	*76.9%*
Payments	1,926,616	1,440,530	1,028,455
Percentage of net sales	*25.1%*	24.1%	*22.6%*
Communications	381,822	194,921	24,809
Percentage of net sales	*5.0%*	*3.3%*	*0.5.%*
Total Net Revenues	$ 7,672,329	$ 5,969,741	$ 4,552,401

II. GENERAL INFORMATION CONCERNING EBAY

As of December 31, 2007, 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 February 22, 2008, there were 1,327,947,115 Shares outstanding, and no shares of preferred stock issued or outstanding.

The following table shows, as of February 15, 2008, beneficial owners known to eBay holding more than 5% of its Shares (percentage based on 1,327,947,115 Shares outstanding as of February 22, 2008).

	Shares Beneficially Owned	
Name of Beneficial Owner	Number	Percent
Pierre M. Omidyar[(1)]	178,045,408	13.4%

(1) Based on the amended statement of acquisition of beneficial ownership on Schedule 13G/A filed by Pierre M. Omidyar with the SEC on February 5, 2008, and a Form 4 filed by Mr. Omidyar with the SEC on February 15, 2008,. This amount does not include 100,000 shares held of record by Pamela K. Omidyar, Mr. Omidyar's spouse, as to which Mr. Omidyar has neither voting nor dispositive power.

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 future results. The full description of these and other risk factors is included on pages 12 – 35 and 62 – 64 of eBay's Annual Report on Form 10-K for the fiscal year ended December 31, 2007, attached as Exhibit V of this prospectus. The risk factors set forth below should be read in conjunction with the other factors in 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

On January 23, 2008, eBay reported financial results for its fourth quarter ("Q4-07") and full year ended December 31, 2007. eBay posted Q4-07 revenue of $2.18 billion, representing a $461 million year-over-year increase. Revenue grew across all businesses highlighted by more robust growth from PayPal, StubHub, Skype, classifieds and advertising. eBay reported net income of $531 million or $0.39 per diluted share. For the full year, eBay posted $7.67 billion in revenue, net income of $348 million or $0.25 per diluted share.

On January 23, 2008, eBay announced the departure of Margaret (Meg) C. Whitman, President and Chief Executive Officer, effective March 31, 2008. eBay also announced several other changes to its management team, including the appointment of John Donahoe to replace Ms. Whitman as President and Chief Executive Officer, the appointment of Rajiv Dutta to replace Mr. Donahoe as President of eBay Marketplaces, and the appointment of Scott Thompson to replace Mr. Dutta as President of its PayPal, Inc. subsidiary. (For further information see Exhibit X).

eBay reorganized certain business functions to align with current business priorities which included the redeployment of its workforce and includes a slight decrease of work force. Some countries such as the United States, Canada, Belgium, Spain and Austria will be more affected than others, but the decrease is expected to affect less than 1% of the worldwide work force.

CHAPTER C:
FINANCIAL INFORMATION CONCERNING EBAY INC. FOR THE FISCAL YEARS ENDED DECEMBER 31, 2007, 2006 AND 2005

The consolidated financial statements of eBay set out in this prospectus have been prepared in accordance with Accounting Principles Generally Accepted in the United States of America ("US GAAP"), as authorized by Article 35(5) of the Prospectus Regulation. The following selected historical financial information of eBay has been derived from the historical consolidated financial statements and should be read in conjunction with the consolidated financial statements and the notes included therein.

For the consolidated balance sheets of eBay and subsidiaries as of December 31, 2007 and 2006, and the related consolidated statements of income, comprehensive income, stockholders' equity and of cash flows for each of the three years in the period ended December 31, 2007, the reader's attention is called to the Annual Report on Form 10-K of eBay for the fiscal year ended December 31, 2007, filed with the SEC on February 29, 2008, which is attached as Exhibit V of this prospectus.

For the financial position of eBay and subsidiaries as of December 31, 2005, the reader's attention is called to the Consolidated Financial Statements of eBay Inc. as of December 31, 2006 and 2005 and for each of the three years in the period ended December 31, 2006, which are attached as Exhibit VI of this prospectus.

SELECTED FINANCIAL DATA

(Derived from the audited consolidated financial statements of eBay prepared in accordance with US GAAP)

	Years Ended December 31,		
	2007(2)	**2006(2)**	**2005**
	(in thousands, except per share amounts)		
Consolidated Statement of Income Data (1)			
Net revenues	$7,672,329	$5,969,741	$4,552,401
Net income	$348,251	$1,125,639	$1,082,043
Net income per share – Basic	$0.26	$0.80	$0.79
Net income per share – Diluted	$0.25	$0.79	$0.78

	Years Ended December 31,		
	2007	**2006**	**2005**
Consolidated Balance Sheet Data:		**(in thousands)**	
Cash and cash equivalents	$4,221,191	$2,662,792	$1,313,580
Short-term investments	676,264	554,841	804,352
Long-term investments	138,237	277,853	825,667
Working capital (3)	4,022,926	2,452,191	1,698,302
Total assets	15,366,037	13,494,011	11,788,986
Total stockholders' equity	11,704,602	10,904,632	10,047,981

(1), (2), (3) See Notes (1), (2) and (3) on page of 44 of Exhibit V (Annual Report on Form 10-K filed by eBay with the SEC on February 29, 2008).

THE FOLLOWING IS NOT PART OF THE PROSPECTUS SUMMARY

RISK FACTORS

See Exhibit V (Annual Report on Form 10-K filed by eBay with the SEC on February 29, 2008), pages 12 – 35 and 62 – 64.

CHAPTER D:
SUPPLEMENTAL INFORMATION CONCERNING THE ESPP AND PLANS

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, 2007, an aggregate amount of 11,772,941 Shares had been purchased under the ESPP since its inception. Approximately 2.0 million Shares were purchased under the ESPP in 2007, and the number of Shares available for issuance under the ESPP was increased by that number on January 1, 2008, bringing the total number of Shares reserved for future issuance on January 1, 2008 to approximately 7.2 million. The maximum number of Shares reserved under the ESPP (36,000,000) represents approximately 2.7% of the 1,327,947,115 Shares outstanding as of February 22, 2008. 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) the maximum number of Shares set by the Committee (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 Participating Employee at any single Purchase Date) with respect to the applicable Purchase Date, or (y) the maximum number of Shares which may be purchased (no more than two hundred percent (200%) of the number of Shares determined by using eighty-five percent (85%) of the fair market value of a Share on the Offering Date as the denominator may be purchased by a Participating Employee on any single Purchase Date) with respect to the applicable Purchase Date. The fair market value of a Share is determined as provided in Paragraph 1.4 below. In addition, no Participating Employee is entitled to purchase stock under the ESPP 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 subsidiary or affiliate, exceeds 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.

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. 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 submitted a signed and completed withdrawal form before that date which notifies the Company that the Participating Employee wishes to withdraw from that Offering Period under the ESPP and have all funds accumulated in the account maintained on behalf of the Participating Employee as of that date 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 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 delivering a subscription agreement

authorizing payroll deductions or contributions, 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 the ESPP 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 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. 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 filing 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, in which case the new rate will become effective for the next payroll period commencing more than fifteen (15) days after the Treasury Department's receipt of the authorization and will continue for the remainder of the Offering Period unless changed as described in the ESPP. 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.

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, 2007, 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 February 22, 2008, there were 1,327,947,115 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:

The Bank of New York Mellon Corporation
480 Washington Blvd
Jersey City NJ 07310
800-305-4605
1-201-680-6578 (international calling number)

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 (http://teamworks/sites/11339/default.aspx) and on eBay's corporate Intranet site.)

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. In addition, 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 Participating Employee will be charged a fee currently equal to US$0.000011 multiplied by the total principal amount of the sale proceeds. Effective April 1, 2008, the current fee will decrease almost fifty percent (50%) to US$0.0000056 multiplied by the total principal amount of the sale proceeds.

The SEC will announce the FY 2009 fee rate no later than April 30, 2008. The new rate will become effective on October 1, 2008, or after the date on which the SEC's FY 2009 appropriation is enacted, whichever date comes 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.

On January 15, 2008, the bard of directors of eBay amended and restated the bylaws to, among other things, change the plurality vote standard for elections of directors to a majority vote standard in uncontested elections of directors and to set forth the mechanics for acceptance of director resignations by a committee of the board of directors in the case of failed reelections and amend the provisions relating to meetings of the stockholders to clarify the procedures applicable to and voting standards for actions taken at such meetings and to allow such meetings to take place by remote communication.

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" at page 35 of the Annual Report for the fiscal year ended December 31, 2007, filed with the SEC on February 29, 2008, which is attached as Exhibit V of this prospectus.

V. STATEMENT OF CAPITALIZATION AND INDEBTEDNESS (AS OF DECEMBER 31, 2007)

Capitalization and Indebtedness (in thousands)

Total Current debt	$ 200,220
- Guaranteed	–
- Secured	–
- Unguaranteed/ Unsecured	$ 200,220
Total Non-Current debt (excluding current portion of long-term debt)	–
- Guaranteed	–
- Secured	–
- Unguaranteed/ Unsecured	–
Shareholder's equity	
a. Share capital (Capital and additional paid-in capital, less treasury stock at cost)	$ 5,812,780

b. Legal reserve (Retained earnings)	4,190,546
c. Other reserves (Accumulated other comprehensive income)	1,701,276
Total	$ 11,704,602

Net Indebtedness (in thousands)

A. + B Cash and cash equivalents	$ 4,221,191
C. Short-term investments	$ 676,264
D. Liquidity (A) +(B) + (C)	**$ 4,897,455**
E. Current Financial Receivable	–
F. Current Bank debt	$ 200,220
G. Current portion of non current debt	–
H. Other current financial debt	–
I. Current Financial Debt (F) + (G) + (H)	$ 200,220
J. Net Current Financial Indebtedness (I) – (E) – (D)	**$ (4,697,235)**
K. Non current Bank loans	–
L. Bonds Issued	–
M. Other non current loans	–
N. Non current Financial Indebtedness (K) + (L) + (M)	**$ (4,697,235)**
O. Net Financial Indebtedness (J) + (N)	**$ (4,697,235)**

For information relating to eBay's indirect and contingent indebtedness, the reader's attention is called to pages 63 – 64 (Commitments and Contingencies and Indemnification Provisions) of eBay's Annual Report on Form 10-K for the fiscal year ended December 31, 2007, filed by eBay with the SEC on February 29, 2008, attached hereto as Exhibit V.

VI. ORGANIZATIONAL STRUCTURE

eBay is the head of the eBay group. eBay holds, directly or indirectly, 100% of the capital and voting rights of each of the subsidiaries listed in Exhibit 21.01 to the Annual Report on Form 10-K for the fiscal year ended December 31, 2007, filed by eBay with the SEC on February 29, 2008, except as otherwise indicated in such Exhibit 21.01 (see Exhibit V). In addition, eBay has equity investments in craigslist, Inc. MercadoLibre and other companies.

VII. MAXIMUM DILUTION AND NET PROCEEDS

7.1 Maximum dilution

The Shares under the ESPP are offered pursuant to this prospectus to 3,422 eligible employees in Austria, Estonia, France, Germany, Ireland, the Netherlands and the United Kingdom. As indicated in Section 1.2 above, the maximum fair market value of Shares that eligible employees may purchase per calendar year is US$25,000. Taking into account the discount to fair market value referred to in Section 1.4 above, the total maximum contribution of each participating employee is US$21,250. The fair market value of the Shares, as defined in the ESPP, on the November 1, 2007 Offering Date was US$35.00. If the price of the Shares goes up throughout the year and assuming that no Participating Employee has

carried over or will carry over any contributions from the prior calendar year into the next calendar year, each Participating Employee would be entitled to purchase a maximum of 714 shares under the ESPP. Assuming that all of the eligible employees would each purchase 714 Shares in the offer, the maximum number of Shares offered pursuant to this prospectus amounts to 2,443,308 Shares.

Based on the above assumptions, a shareholder of eBay currently holding 1% of the total outstanding share capital of eBay as of February 22, 2008, i.e., 13,279,471 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 February 22, 2008)	1.00 %	1,327,947,115
After issuance of 2,443,308 Shares under the ESPP	0.998%	1,330,390,423

7.2 Net Proceeds

Assuming that each of 3,422 eligible employees would purchase the maximum amount of Shares under the ESPP offered pursuant to this prospectus, that is, a total of $21,241.50 each, then the gross proceeds of eBay in connection with the offer under the ESPP pursuant to this prospectus would be US$72,688,413. After deducting legal and accounting expenses in connection with the offer, the net proceeds, based on the above assumptions, would be approximately US$72,538,413.

VIII. DIRECTORS AND EXECUTIVE OFFICERS

8.1 Board of Directors as of January 31, 2008

Name	Age
William C. Ford	50
Dawn G. Lepore	53
Pierre M. Omidyar	40
Richard T. Schlosberg, III	63
Philippe Bourguignon	60
Thomas J. Tierney	53
Margaret C. Whitman	51
Fred D. Anderson	63
Edward W. Barnholt	64
Scott D. Cook	55

Name	Age
Robert C. Kagle	52
David Moffett	55
John Donahoe	47
Rajiv Dutta	46

8.2 Executive Officers as of January 31, 2008

Name	Age	Position with the Company
Margaret C. Whitman[1]	51	President and Chief Executive Officer
Elizabeth L. Axelrod	45	Senior Vice President, Human Resources
William C. Cobb[2]	51	President, eBay Marketplaces North America
John J. Donahoe[1]	47	CEO-designate
Rajiv Dutta[1]	46	President, eBay Marketplaces
Michael R. Jacobson	53	Senior Vice President Legal Affairs, General Counsel and Secretary
Robert H. Swan	47	Senior Vice President, Finance and Chief Financial Officer
Scott Thompson	50	President, PayPal

Except as disclosed on page 14 of Exhibit VII 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.

[1] On January 23, 2008, eBay announced the departure of Margaret (Meg) C. Whitman, President and Chief Executive Officer, effective March 31, 2008. eBay also announced several other changes to its management team, including the appointment of John Donahoe to replace Ms. Whitman as President and Chief Executive Officer, the appointment of Rajiv Dutta to replace Mr. Donahoe as President of eBay Marketplaces, and the appointment of Scott Thompson to replace Mr. Dutta as President of its PayPal, Inc. subsidiary. (For further information see Exhibit X).

[2] On January 23, 2008, eBay announced that William C. Cobb, President, eBay Marketplaces North America, planned to retire from the Company at the end of 2008. (For further information see Exhibit X).

IX. EMPLOYEES

The below chart sets forth historical information regarding the approximate number of eBay's employees and their geographical breakdown as of December 31, 2007, 2006 and 2005:

	FY 2007	**FY 2006**	**FY 2005**
United States	9,500 (including 400 temporary employees)	7,900 (including 300 temporary employees)	6,500 (excluding 400 temporary employees)
Outside United States	6,000 (including 300 temporary employees)	5,300 (including 300 temporary employees)	5,100 (excluding 600 temporary employees)
Total	**15,500 (including 700 temporary employees)**	**13,200 (including 600 temporary employees)**	**11,600 (excluding 1,000 temporary employees)**

X. WORKING CAPITAL STATEMENT

As of the date of this prospectus, eBay believes that existing cash, cash equivalents and investments of approximately $5.0 billion, together with cash generated from operations and cash available through the existing credit agreement, will be sufficient to fund its operating activities, capital expenditures, stock repurchases and other obligations (including debt service) for the foreseeable future (including at least for the next twelve months).

IX. 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.

AUSTRIA TAX CONSEQUENCES

The following summary is based on the income and social tax laws in effect in Austria as of the date of this prospectus. 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 Austrian tax residents. If the Participating Employee, Optionee or Awardee is a citizen or resident of another country for local law purposes, the income and social tax 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 market value of the Shares on the Purchase Date and the purchase price at his or her marginal income tax rate in effect for the year of purchase.

The Participating Employee will be subject to social insurance contributions on the discount when Shares are purchased under the ESPP, subject to the applicable wage ceiling.

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 Austria 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 Austrian income tax for the U.S. federal income tax withheld.

Sale of Shares

The Participating Employee will not be subject to tax when he or she subsequently sells Shares purchased under the ESPP provided that: (1) the Participating Employee owns the Shares for at least 12 months; and (2) does not own 1% or more of eBay's stated capital (and has not owned 1% or more at any time in the last five years). If the Participating Employee is subject to tax upon sale, the Participating Employee will be subject to tax on the gain realized (calculated as the sale proceeds less the purchase price), less the sales-related expenses.

Withholding and Reporting

The Participating Employee's employer is required to withhold income tax and social insurance contributions at the time the Shares are purchased. The Participating Employee's employer will report the purchase of shares under the ESPP to the Tax Authorities. It is the Participating Employee's responsibility to report and pay any taxes resulting from the sale of Shares, and the receipt of any dividends.

THE PLANS (OPTIONS)

Grant

The Optionee will not be subject to tax when an Option is granted under the Plans.

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 at his or her marginal income tax rate in effect for the year of exercise.

Social insurance contributions will be due on the spread at exercise, subject to the applicable wage ceiling.

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 Austria and also to U.S. federal income tax withheld at source. The Optionee may be entitled to a tax credit against his or her Austrian income tax for the U.S. federal income tax withheld.

Sale of Shares

The Optionee will not be subject to tax when he or she subsequently sells Shares acquired upon exercise provided that: (1) the Optionee owns the Shares for at least 12 months; and (2) does not own 1% or more of eBay's stated capital (and has not owned 1% or more at any time in the last five years). If the Optionee is subject to tax upon sale, the Optionee will be subject to tax on the gain realized (calculated as the sale proceeds less the fair market value of the Shares at the date of exercise), less the sales-related expenses.

Withholding and Reporting

The Optionee's employer is required to withhold income tax and social insurance contributions at the time the Shares are exercised. The Optionee's employer will report the exercise of Shares to the Tax Authorities. It is the Optionee's responsibility to report and pay any taxes resulting from the sale of Shares, and 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. eBay may choose to pay vested RSUs either in Shares or the cash equivalent. Assuming the Awardee is subject to tax upon vesting, the taxable amount will be the fair market value of the Shares issued on the date of vesting, or the amount of the cash equivalent payment, as applicable. The Awardee must pay tax on this amount.

Social insurance contributions will be due on the fair market value of the Shares at vesting, subject to the applicable wage ceiling.

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 Austria and also to U.S. federal income tax withheld at source. The Awardee may be entitled to a tax credit against his or her Austrian income tax for the U.S. federal income tax withheld.

Sale of Shares

The Awardee will not be subject to tax when he or she subsequently sells Shares acquired upon vesting provided that: (1) the Awardee owns the Shares for at least 12 months; and (2) does not own 1% or more of eBay's stated capital (and has not owned 1% or more at any time in the last five years). If the Awardee is subject to tax upon sale, the Awardee will be subject to tax on the gain realized (calculated as the sale proceeds less the fair market value of the Shares at the date of vesting), less the sales-related expenses.

Withholding and Reporting

The Awardee's employer is required to withhold income tax and social insurance contributions at the time the Shares are vested. The Awardee's employer will report the vesting of Shares to the Tax Authorities. It is the Awardee's responsibility to report and pay any taxes resulting from the sale of Shares, and the receipt of any dividends.

ESTONIA TAX CONSEQUENCES

The following summary is based on the income and social tax laws in effect in Estonia as of the date of this prospectus. 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. If the Participating Employee, Optionee or Awardee is a citizen or resident of another country for local law purposes, the income and social tax 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

The tax legislation is unclear in Estonia. It is possible that when the Participating Employee purchases Shares, he or she may 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.

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 Estonia 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 Estonian income tax for the U.S. federal income tax withheld.

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).

Withholding and Reporting

Tax will not be withheld by the Participating Employee's employer.

At purchase and sale, the Participating Employee is deemed to have received non-monetary income and he or she should declare this by March 31 of the year following the year of purchase/sale. The Participating Employee should pay the taxes due by July 1.

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

The tax legislation is unclear in Estonia. It is possible that when the Optionee exercises his or her Option, he or she may be subject to tax on the difference (or spread) between the fair market value of the Shares on the exercise date and the exercise price, less any broker's fees.

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 Estonia and also to U.S. federal income tax withheld at source. The Optionee may be entitled to a tax credit against his or her Estonian income tax for the U.S. federal income tax withheld.

Sale of Shares

When the Optionee sells Shares acquired under the Plans, 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 exercise and any broker's fees).

Withholding and Reporting

Tax will not be withheld by the Optionee's employer.

At exercise and sale, the Optionee is deemed to have received taxable income and he or she should declare this by March 31 of the year following the year of exercise/sale. The Optionee should pay the taxes due by July 1.

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 (assuming such income is not considered a fringe benefit, as discussed below).

If the Shares issued at vesting are deemed a fringe benefit, income tax and social insurance contributions will apply to the fair market value of the Shares at vesting, and will be payable by the Awardee's employer. The RSUs will likely be deemed a fringe benefit if the local subsidiary (i) is involved in making the RSU grants or in the administration of the Plans, or (ii) reimburses eBay for the cost of the RSUs (which currently is not the case).

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 Estonia and also to U.S. federal income tax withheld at source. The Awardee may be entitled to a tax credit against his or her Estonian income tax for the U.S. federal income tax withheld.

Sale of Shares

If the Awardee acquires Shares upon vesting, the Awardee will be subject to tax on any gain when the Shares are subsequently sold. If the Shares issued at vesting were not considered a fringe benefit, the Awardee will be taxed on the full amount realized at sale. If the Shares issued at vesting were deemed a fringe benefit, the Awardee will be taxed on the difference between the sale price and the fair market value of the Shares at vesting.

Withholding and Reporting

The Awardee's responsibility to report all income received under the Plan and pay any corresponding taxes. To the extent the grant of RSUs is considered a fringe benefit, the Awardee's employer is required to report the benefit provided and pay all corresponding taxes (including social insurance contributions).

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 (assuming such income is not considered a fringe benefit, as discussed below).

If the Shares issued at vesting are deemed a fringe benefit, income tax and social insurance contributions will apply to the fair market value of the Shares at vesting and will be payable by the Awardee's employer. The RS will likely be deemed a fringe benefit if the local subsidiary (i) is involved in making the RS grants or in the administration of the Plans, or (ii) reimburses eBay for the cost of the RS (which currently is not the case).

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. Any dividends paid will be subject to tax in Estonia and also to U.S. federal income tax withheld at source. The Awardee may be entitled to a tax credit against his or her Estonian income tax for the U.S. federal income tax withheld.

Sale of Shares

If the Awardee acquires Shares upon vesting, he or she will be subject to tax on any gain when the Shares are subsequently sold. If the Shares issued at vesting were not considered a fringe benefit, the Awardee will be taxed on the full amount realized at sale. If the Shares issued at vesting were deemed a fringe benefit, the Awardee will be taxed on the difference between the sale price and the fair market value of the Shares at vesting.

Withholding and Reporting

It is the Awardee's responsibility to report all income received under the Plan and pay any corresponding taxes. To the extent the grant of RS is considered a fringe benefit, the Awardee's employer is required to report the benefit provided 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 of the date of this prospectus. Also, Stock Options and Restricted Stock Units are awarded under a tax 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. If the Participating Employee, Optionee or Awardee is a citizen or resident of another country for local law purposes, the income and social tax 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 may be subject to tax on the difference (or discount) between the market value of the Shares on the Purchase Date and the purchase price at his or her marginal income tax rate in effect for the year of purchase.

The Participating Employee may be subject to social insurance contributions on the discount when Shares are purchased under the ESPP, subject to the applicable wage ceiling.

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.

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 on the gain realized for proceeds in excess of EUR 25,000. However, if the gross proceeds do not exceed the EUR 25,000 threshold, the gain is tax free.

Withholding and Reporting

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

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 (OPTIONS)

Grant

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

Exercise

When the Optionee exercises Options, he or she will not be subject to income or social 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.

Sale of Shares

When the Optionee sells the Shares acquired under the Plans, 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 at his or her marginal income tax rate in effect for the year of exercise. The tax rate will vary depending on the timing of the sale of shares, whether at least four years from the date of grant, at least six years from the grant date and/or less than two years from the date of an option exercise, or at least six years from the date of grant and two years from the date of exercise. In addition, when the Optionee sells Shares acquired under the Plans, he or she will be subject to tax on the difference between the sale proceeds and the fair market value of the shares at exercise (the 'capital gain') if the capital gain exceeds EUR 25,000. However, if the gross proceeds do not exceed the EUR 25,000 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 2.5% employee social security contribution at the time of the sale of the underlying shares.

Withholding and Reporting

Income and social tax will not be withheld by the Optionee's employer for France tax residents to the extent the Optionee held the options for at least four years from the date of grant (or meets the minimum

holding period as required under the French tax qualified plan rules at the time of exercise). Otherwise, social tax will be withheld at the time of sale.

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 (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 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.

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. 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 EUR 25,000. However, if the gross proceeds do not exceed the EUR 25,000 threshold, 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 2.5% employee social security contribution at the time of the sale of the underlying shares.

Withholding and Reporting

Income and social tax will not be withheld by the Awardee's employer for France tax residents to the extent the Awardee meets the holding period under the French tax qualified plan rules. Otherwise, social tax will be withheld at the time of sale.

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 the date of this prospectus. 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. If the Participating Employee, Optionee or Awardee is a citizen or resident of another country

for local law purposes, the income and social tax 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 debited from eBay's books. 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 debited from eBay's books 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 ceiling.

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.

Sale of Shares

The Participating Employee will not be subject to tax when he or she subsequently sells Shares purchased under the ESPP provided that: (1) the Participating Employee owns the Shares for more than 12 months; (2) does not own 1% or more of eBay's stated capital (and has not owned 1% or more at any time in the last five years); and (3) the Shares are not held as business assets (this requirement should be met since the Shares are issued to the Participating Employee as an employee). If the Participating Employee is subject to tax upon sale, the Participating Employee will be subject to tax on one-half of the gain (calculated as the sale proceeds less the purchase price) as capital gain, less one-half of the sales-related expenses. Furthermore, the Participating Employee will be subject to tax only if the Participating Employee's total capital gain exceeds a certain exempt amount in the relevant tax year. If this amount is exceeded, the Participating Employee will be taxed on the full gain (and not only the gain in excess of the exempt amount).

As of January 1, 2009 the law with respect to capital gains will change and the above rules will not apply for shares purchased after December 31, 2008. For shares acquired on or after January 1, 2009: The difference between your sale price and the fair market value of the shares on the date of exercise will be subject to capital gains tax at rates of 25% (plus the 5.5% solidarity surcharge). No discount will be applicable, regardless of how long you hold the shares.

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 ceiling for social insurance contributions) on the

taxable amount. 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 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 debited from eBay's books. 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 debited from eBay's books and the purchase price. The Optionee 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 ceiling.

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.

Sale of Shares

The Optionee will not be subject to tax when he or she subsequently sells Shares exercised under the Plan provided: (1) the Optionee owns the eBay Shares for more than 12 months; (2) does not own 1% or more of eBay's stated capital (and has not owned 1% or more at any time in the last five years); and (3) the Shares are not held as business assets (this requirement should be met since the Shares under the Plan are granted to the Optionee as an employee). If the Optionee is subject to tax upon sale, the Optionee will be subject to tax on one-half of the gain (calculated as the sale proceeds less the fair market value of the Shares at exercise) as capital gain, less one-half of the sales-related expenses. Furthermore, the Optionee will be subject to tax only if the Optionee's total capital gain exceeds a certain exempt amount in the relevant tax year. If this amount is exceeded, the Optionee will be taxed on the full gain (and not only the gain in excess of the exempt amount).

As of January 1, 2009 the law with respect to capital gains will change and the above rules will not apply for shares purchased after December 31, 2008. For shares acquired on or after January 1, 2009: The difference between your sale price and the fair market value of the shares on the date of exercise will be subject to capital gains tax at rates of 25% (plus the 5.5% solidarity surcharge). No discount will be applicable, regardless of how long you hold the shares.

Withholding and Reporting

The income recognized at exercise 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 ceiling) on that income. 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 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 RSU shares are transferred to the Awardee's brokerage account, at his or her marginal rate on the lowest quoted price of the shares at a stock exchange on the transfer date. The fair market value as defined above is determined on the date the Shares are debited from eBay's books 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 ceiling.

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.

Sale of Shares

The Awardee will not be subject to tax when he or she subsequently sells Shares issued at vesting provided: (1) the Awardee owns the Shares for more than 12 months; (2) does not own 1% or more of eBay's stated capital (and has not owned 1% or more at any time in the last five years); and (3) the Shares are not held as business assets (this requirement should be met since the Shares are issued to the Awardee as an employee). If the Awardee is subject to tax upon sale, the Awardee will be subject to tax on one-half of the gain (calculated as the sale proceeds less the fair market value of the Shares at vesting) as capital gain, less one-half of the sales-related expenses. Furthermore, the Awardee will be subject to tax only if the Awardee's total capital gain exceeds a certain exempt amount in the relevant tax year. If this amount is exceeded, the Awardee will be taxed on the full gain (and not only the gain in excess of the exempt amount).

As of January 1, 2009 the law with respect to capital gains will change and the above rules will not apply for shares purchased after December 31, 2008. For shares acquired on or after January 1, 2009: The difference between your sale price and the fair market value of the shares on the date of exercise will be subject to capital gains tax at rates of 25% (plus the 5.5% solidarity surcharge). No discount will be applicable, regardless of how long you hold the shares.

Withholding and Reporting

The income recognized at vesting 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 ceiling) on that income. 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 on the lowest quoted price of the shares at a stock exchange on the transfer date. The fair market value as defined above is determined on the date the Shares are debited from eBay's books 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 ceiling.

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.

Sale of Shares

The Awardee will not be subject to tax when he or she subsequently sells Shares issued at grant provided: (1) the Awardee owns the Shares for more than 12 months; (2) does not own 1% or more of eBay's stated capital (and has not owned 1% or more at any time in the last five years); and (3) the Shares are not held as business assets (this requirement should be met since the Shares are issued to the Awardee as an employee). If the Awardee is subject to tax upon sale, the Awardee will be subject to tax on one-half of the gain (calculated as the sale proceeds less the fair market value of the Shares at grant) as capital gain, less one-half of the sales-related expenses. Furthermore, the Awardee will be subject to tax only if the Awardee's total capital gain exceeds a certain exempt amount in the relevant tax year. If this amount is exceeded, the Awardee will be taxed on the full gain (and not only the gain in excess of the exempt amount).

As of January 1, 2009 the law with respect to capital gains will change and the above rules will not apply for shares purchased after December 31, 2008. For shares acquired on or after January 1, 2009: The difference between your sale price and the fair market value of the shares on the date of exercise will be subject to capital gains tax at rates of 25% (plus the 5.5% solidarity surcharge). No discount will be applicable, regardless of how long you hold the shares.

Withholding and Reporting

The income recognized at grant 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 ceiling) on that income. 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.

IRELAND TAX CONSEQUENCES

The following summary is based on the income and social tax laws in effect in Ireland as of the date of this prospectus. 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. If the Participating Employee, Optionee or Awardee is a citizen or resident of another country for local law purposes, the income and social tax 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 market value of the Shares on the Purchase 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 higher income tax rate and may seek a refund for the difference.

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. The Participating Employee may be entitled to a tax credit against his or her Irish income tax for the U.S. federal income tax withheld.

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 purchase price 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 or social insurance contributions 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 or the sale of Shares.

THE PLANS (OPTIONS)

Grant

The Optionee will not be subject to tax when an Option is granted under the Plans.

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 at the higher marginal income tax rate in effect for the year of exercise. 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 higher income tax rate and may seek a refund for the difference.

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. The Optionee may be entitled to a tax credit against his or her Irish income tax for the U.S. federal income tax withheld.

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 and the sale of Shares.

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. eBay may choose to pay vested RSUs either in Shares or the cash equivalent. Assuming the Awardee is subject to tax upon vesting, the taxable amount will be the fair market value of the Shares issued on the date of vesting, or the amount of the cash equivalent payment, as applicable. The Awardee must pay tax on this amount.

The Awardee will not be subject to social insurance contributions on this amount unless the RSUs are paid out in cash.

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. The Awardee may be entitled to a tax credit against his or her Irish income tax for the U.S. federal income tax withheld.

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. 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 will withhold income tax and social insurance contributions if the RSUs are settled in cash. If the RSUs are paid out in Shares, 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. However, the Awardee must report and pay any taxes due as a result of the vesting of the RSUs, the sale of shares, and 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.

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. The Awardee may be entitled to a tax credit against his or her Irish income tax for the U.S. federal income tax withheld.

Sale of Shares

If the Awardee's Shares become non-forfeitable 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.

NETHERLANDS TAX CONSEQUENCES

The following summary is based on the income and social tax laws in effect in the Netherlands as of the date of this prospectus. 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. If the Participating Employee, Optionee or Awardee is a citizen or resident of another country for local law purposes, the income and social tax 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 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 ceiling.

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 U.S. federal income tax withheld at source. Dividends are exempt from taxation in the Netherlands. The Participating Employee may be entitled to a tax credit against his or her Dutch income tax for the U.S. federal income tax withheld.

Sale of Shares

The Participating Employee will not be subject to tax when he or she subsequently sells Shares purchased under the ESPP.

Investment Tax

The Participating Employee is subject to an investment yield tax of 1.2% (4% average value of total assets subject to net capital assets tax subject to a flat rate of 30%) (Box III income) based on the average of the value of all assets owned by the Participating Employee at the end of the year (including shares of eBay's stock). An exemption is available on the first €20,014 (2007) of the average value of the assets held during the relevant calendar year.

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 ceiling) 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 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

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 ceiling.

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 taxation in the Netherlands. The Participating Employee may be entitled to a tax credit against his or her Dutch income tax for the U.S. federal income tax withheld.

Sale of Shares

If the Optionee holds shares after exercise, he or she will not be subject to capital gains tax when the Shares are subsequently sold.

Investment Tax

The Optionee is subject to an investment yield tax of 1.2% (4% average value of total assets subject to net capital assets tax subject to a flat rate of 30%) (Box III income) based on the average of the value of all assets owned by the Participating Employee at the end of the year (including shares of eBay's stock, but not including any Options). An exemption is available on the first €20,014 (2007) of the average value of the assets held during the relevant calendar year.

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 ceiling) when the Shares are purchased. 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 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 ceiling) when the RSUs vest. eBay may choose to pay vested RSUs to the Awardee in Shares, the cash equivalent, or a combination of the two.

The Awardee will be taxed on the fair market value of the Shares issued on the date of vesting, or the amount of the cash equivalent payment, as applicable.

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 taxation in the Netherlands. The Participating Employee may be entitled to a tax credit against his or her Dutch income tax for the U.S. federal income tax withheld.

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.

Investment Tax

The Awardee is subject to an investment yield tax of 1.2% (4% average value of total assets subject to net capital assets tax subject to a flat rate of 30%) (Box III income) based on the average of the value of all assets owned by the Participating Employee at the end of the year (including shares of eBay's stock, but not including any unvested RSUs). An exemption is available on the first €20,014 (2007) of the average value of the assets held during the relevant calendar year.

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 ceiling) due on the taxable income. 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 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 tax when the RS is granted on the fair market value of the Shares on the date of grant.

Vesting

The Awardee will not be subject to income 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 taxation in the Netherlands. The Participating Employee may be entitled to a tax credit against his or her Dutch income tax for the U.S. federal income tax withheld.

Sale of Shares

If the Awardee acquires unrestricted Shares upon vesting, he or she will not be subject to capital gains tax when the Shares are subsequently sold.

Investment Tax

The Optionee is subject to an investment yield tax of 1.2% (4% average value of total assets subject to net capital assets tax subject to a flat rate of 30%) (Box III income) based on the average of the value of all assets owned by the Participating Employee at the end of the year (including shares of eBay's stock). An exemption is available on the first €20,014 (2007) of the average value of the assets held during the relevant calendar year.

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 ceiling) due on the taxable income. 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 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 the date of this prospectus. 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 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 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 contributions ("NICs") on this amount. If noted in the Participating Employee's Enrollment Documents, the Participating Employee may also be responsible for employer NICs.

The Participating Employee's employer will calculate the income tax and employee's NICs due when Shares are purchased under the ESPP and will account for these amounts to HM Revenue & Customs 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 NICs, when Shares are purchased for the Participating Employee under the ESPP, by deductions from the Participating Employee's salary or by any other 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 may 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 NICs) 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

When the Participating Employee subsequently sells the Shares acquired under the ESPP, any capital gain (i.e., the difference between the sale price and the fair market value of the Shares on the Purchase Date) will be subject to capital gains tax.

Capital gains are subject to taper relief, pursuant to which the amount of any gain subject to capital gains tax is reduced with reference to the number of years the Participating Employee holds the Shares prior to sale and whether the Participating Employee continues to be employed by eBay or a related company at the time of sale. In addition, capital gains tax is only payable on gains from all sources in excess of the annual personal exemption in any tax year.

If the Participating Employee acquires other Shares in eBay, the Participating Employee will need to take into account the share identification rules in calculating his or her capital gains tax liability.

The UK Government has announced sweeping reforms to UK capital gains tax. The current proposals are for disposals on or after April 6, 2008 to be subject to capital gains tax at a flat rate of 18% and that taper relief be abolished. The proposals have not yet been enacted and are still subject to change.

Withholding and Reporting

As mentioned above, the Participating Employee's employer will withhold income tax and NICs 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 HM Revenue & Customs 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 (OPTIONS)

Grant

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

Exercise

When the Optionee exercises the Options, the Optionee will be subject to income tax on the difference between the market value of the Shares acquired pursuant to the Options and the exercise price paid for the Shares (the spread). In addition, the Optionee will be required to pay employee NICs on this amount. The Optionee will be liable for the employer NICs, if this is provided for in the Optionee's Option documents.

The Optionee's employer will calculate the income tax, employee NICs and, if applicable, employer NICs, due on exercise of the Options and will account for these amounts to HM Revenue & Customs 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 NICs and, if applicable, employer NICs under the Pay As You Earn ("PAYE") system when the tax charges become due. The Optionee's employer will also be entitled to collect the payments due (including employer NICs) 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.

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 NICs) 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

When the Optionee subsequently sells the Shares acquired under the Plans, any capital gain (i.e., difference between the sale price of the Shares and the market value of the Shares on the date of exercise) will be subject to capital gains tax.

Capital gains are subject to taper relief, pursuant to which the amount of any gain subject to capital gains tax is reduced with reference to the number of years the Optionee holds the Shares (following the exercise of the Options) prior to sale and whether the Optionee continues to be employed by eBay or a related company at the time of sale. In addition, capital gains tax is only payable on gains from all sources in excess of the annual personal exemption in any tax year.

If the Optionee acquires other Shares in eBay, the Optionee will need to take into account the share identification rules in calculating his or her capital gains tax liability.

The UK Government has announced sweeping reforms to UK capital gains tax. The current proposals are for disposals on or after April 6, 2008 to be subject to capital gains tax at a flat rate of 18% and that taper relief be abolished. The proposals have not yet been enacted and are still subject to change.

Withholding and Reporting

As mentioned above, the Optionee's employer is required to withhold income tax and NICs 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).

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.

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 NICs when the RSUs are granted.

Vesting

The Awardee will be subject to income tax and NICs on the market value of the Shares following the vesting of RSUs paid in Shares or in cash. If provided for in the Awardee's RSU documents, the Awardee will be liable for the employer NICs 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 NICs (and, if applicable, employer NICs) will be due on (and taxed by reference to) the date the Awardee acquires the Shares. Where the RSUs are paid out in a cash payment, income tax and employee NICs will be due on the date of vesting (by reference to the amount the Awardee is entitled to receive), unless it is clear from the RSU documentation that the Awardee has no right to payment until the date of payment.

The Awardee's employer will calculate the income tax, employee NICs and (if applicable in relation to an RSU to be settled by the transfer of Shares) employer NICs due on vesting of the RSUs and will account for these amounts to HM Revenue & Customs on the Awardee's behalf. The Awardee is required to reimburse the employer for these amounts. The employer will withhold income tax and employee NICs and, if applicable, employer NICs 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 NICs) 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.

If the Awardee's RSUs are paid out in cash, the Awardee will not become a shareholder in eBay. As such, the sections below regarding the tax treatment occurring on the receipt of dividends and the sale of Shares acquired pursuant to the RSU will not apply.

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 NICs) 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 Shares acquired pursuant to his or her RSUs, any capital gain (i.e., the difference between the sale price of the Shares and the value of the Shares at vesting of the RSU) will be subject to capital gains tax.

Capital gains are subject to taper relief, pursuant to which the amount of any gain subject to capital gains tax is reduced with reference to the number of years the Awardee holds the Shares (following vesting) prior to sale and whether the Awardee continues to be employed by eBay or a related company at the time of sale. In addition, capital gains tax is only payable on gains from all sources in excess of the annual personal exemption in any tax year.

The UK Government has announced sweeping reforms to UK capital gains tax. The current proposals are for disposals on or after April 6, 2008 to be subject to capital gains tax at a flat rate of 18% and that taper relief be abolished. The proposals have not yet been enacted and are still subject to change.

Withholding and Reporting

As mentioned above, the Awardee's employer will withhold income tax and NICs 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 NICs when RS is granted.

The Awardee can, however, jointly elect with their employer that income tax and NICs 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 NICs 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 NICs on vesting of the RS as follows:

If no joint election was made at the time the RS was granted, income tax and NICs are payable on the difference between the market value of the Shares at vesting and the amount (if any) paid for the Shares.

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 tax charges arise on vesting.

If provided for in the Awardee's RS documents, the Awardee will be liable for the employer NICs arising after the acquisition of the Shares pursuant to their RS.

The Awardee’s employer will calculate the income tax, employee NICs and, if applicable, employer's NICs 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 NICs and, if applicable, employer NICs 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 NICs, 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 NICs) 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.

Capital gains are subject to taper relief, pursuant to which the amount of any gain subject to capital gains tax is reduced with reference to the number of years the Awardee holds the Shares acquired and whether the Awardee continues to be employed by eBay or a related company at the time of sale. In addition, capital gains tax is only payable on gains from all sources in excess of the annual personal exemption in any tax year.

The UK Government has announced sweeping reforms to UK capital gains tax. The current proposals are for disposals on or after April 6, 2008 to be subject to capital gains tax at a flat rate of 18% and that taper relief be abolished. The proposals have not yet been enacted and are still subject to change.

Withholding and Reporting

As mentioned above, the Awardee's employer will withhold income tax and NICs 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

ANNUAL REPORT ON FORM 10-K FOR THE FISCAL YEAR ENDED DECEMBER 31, 2007, FILED BY EBAY INC. WITH THE SEC ON FEBRUARY 29, 2008

The consolidated balance sheets of eBay and subsidiaries as of December 31, 2007 and 2006, and the related consolidated statements of income, comprehensive income, stockholders' equity and of cash flows for each of the three years in the period ended December 31, 2007 are contained in this Exhibit V of this prospectus. The Report of Independent Registered Public Accounting Firm on this information is on page 69.

For the consolidated balance sheet of eBay and subsidiaries as of December 31, 2005, and the report of the independent registered public accounting firm on the consolidated financial statements of eBay and subsidiaries as of December 31, 2006 and 2005 and for each of the three years in the period ended December 31, 2006, the reader's attention is called to the Consolidated Financial Statements of eBay Inc. as of December 31, 2006 and 2005 and for each of the three years in the period ended December 31, 2006, which are attached as Exhibit VI to this prospectus.

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-K

☑ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended December 31, 2007.

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the Transition Period from to .

Commission file number 000-24821

eBay Inc.

(Exact name of registrant as specified in its charter)

Delaware	**77-0430924**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification Number)*
2145 Hamilton Avenue San Jose, California	**95125**
(Address of principal executive offices)	*(Zip Code)*

Registrant's telephone number, including area code:
(408) 376-7400

Securities registered pursuant to Section 12(b) of the Securities Exchange Act of 1934:

Title of each class	**Name of exchange on which registered**
Common stock	**The Nasdaq Global Select Market**

Securities registered pursuant to Section 12(g) of the Securities Exchange Act of 1934:
None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☑ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes ☐ No ☑

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. Yes ☑ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☑	Accelerated filer ☐
Non-accelerated filer ☐ (Do not check if a smaller reporting company)	Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☑

As of June 29, 2007, the aggregate market value of the registrant's common stock held by non-affiliates of the registrant was $34,609,300,000 based on the closing sale price as reported on The Nasdaq Global Select Market.

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date.

Class	**Outstanding as of February 22, 2008**
Common Stock, $0.001 par value per share	1,327,947,115 shares

eBay Inc.

Form 10-K
For the Fiscal Year Ended December 31, 2007

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PART I

FORWARD LOOKING STATEMENTS

This Annual Report on Form 10-K contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, including statements that involve expectations, plans or intentions (such as those relating to future business or financial results, new features or services, or management strategies). You can identify these forward-looking statements by words such as "may," "will," "should," "could," "expect," "anticipate," "believe," "estimate," "intend," "plan" and other similar expressions. These forward-looking statements involve risks and uncertainties that could cause our actual results to differ materially from those expressed or implied in our forward-looking statements. Such risks and uncertainties include, among others, those discussed in "Item 1A: Risk Factors," of this Annual Report on Form 10-K as well as our consolidated financial statements, related notes, and the other financial information appearing elsewhere in this report and our other filings with the Securities and Exchange Commission, or the SEC. We do not intend, and undertake no obligation, to update any of our forward-looking statements after the date of this report to reflect actual results or future events or circumstances. Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements.

ITEM 1: *BUSINESS*

Overview

eBay Inc. was formed as a sole proprietorship in September 1995 and was incorporated in California in May 1996. In April 1998, we reincorporated in Delaware, and in September 1998, we completed the initial public offering of our common stock. Our principal executive offices are located at 2145 Hamilton Avenue, San Jose, California 95125, and our telephone number is (408) 376-7400. When we refer to "we," "our" or "eBay" in this Annual Report on Form 10-K, we mean the current Delaware corporation (eBay Inc.) and its California predecessor, as well as all of our consolidated subsidiaries. When we refer to "eBay.com," we mean the online marketplace located at *www.ebay.com* and its localized counterparts. When we refer to "PayPal," we mean the online payments platform located at *www.paypal.com* and its localized counterparts. When we refer to "Skype," we mean the Voice over Internet Protocol, or VoIP, offerings provided by our subsidiary Skype Technologies S.A.

Our purpose is to pioneer new communities around the world built on commerce, sustained by trust and inspired by opportunity. We provide online marketplaces for the sale of goods and services as well as other online commerce, or ecommerce, platforms, online payments services and online communications offerings to a diverse community of individuals and businesses.

We have three operating segments: Marketplaces, Payments and Communications. Our Marketplaces segment enables online commerce through a variety of platforms, including the traditional eBay.com platform and our other online platforms, such as our classifieds websites, as well as Half.com, Rent.com, Shopping.com and StubHub. The wide array of websites that comprise our Marketplaces segment brings together millions of buyers and sellers every day on a local, national and international basis. Our Payments segment, which consists of PayPal, enables individuals and businesses to securely, easily and quickly send and receive payments online. Our Communications segment, which consists of Skype, enables VoIP communications between Skype users and provides low-cost connectivity to traditional fixed-line and mobile telephones.

Marketplaces

Our Marketplaces segment is comprised of online commerce platforms that enable a global community of buyers and sellers to interact and trade with one another. Our goal is to create, maintain and expand the functionality, safety, ease-of-use and reliability of our online commerce platforms while supporting the growth and success of our community of users.

Marketplaces Value Proposition

We seek to attract buyers and sellers to our community by offering:

Buyers	Sellers
• Selection	• Access to broad global markets
• Value	• Cost effective marketing and distribution
• Convenience	• Access to large buyer base
• Entertainment	• Good conversion rates

We believe our Marketplaces platforms make inefficient markets more efficient because:

- Our global community of users can easily and inexpensively communicate, exchange information and complete transactions;
- Our Marketplaces platforms include more than a hundred million items on any given day and make available to our users a wide variety and selection of goods; and
- We bring buyers and sellers together for lower fees than traditional intermediaries.

We seek to create a global platform that enables individuals and businesses of all types and sizes to access broad markets. We have aggregated a significant number of buyers, sellers and items listed for sale, which, in turn, has resulted in a vibrant online commerce environment. Our sellers generally enjoy good conversion rates and our buyers enjoy an extensive selection of goods and services. Key components of our community philosophy are maintaining honest and open marketplaces and treating individual users with respect. We seek to maintain the satisfaction and loyalty of our buyers and sellers by offering a variety of community and support features, such as announcement and bulletin boards, customer support boards and personal pages, as well as other topical or category-specific information exchanges.

Markets of goods with broad buyer and seller bases, wide product ranges and moderate shipping costs have generally been successful on our Marketplaces platforms. Generally speaking, our Marketplaces platforms are more effective, relative to available alternatives, at addressing markets of scarce new goods, end-of-life products and used and vintage items. Our highest growth, however, has been in our fixed-price listing format, primarily for new in-season items.

Our historical success has resulted largely from the size of our community of active users. We had approximately 83 million active users at the end of 2007, compared to approximately 82 million at the end of 2006. We define an active user as any user who bid on, bought, or listed an item during the most recent 12-month period.

Marketplaces Platforms Overview

Our Marketplaces platforms seek to bring buyers and sellers together through fully automated and easy-to-use online websites that are available 24 hours a day, seven days a week, from any place in the world at any time. The platforms include software tools and services, some available at no charge and others for a fee, that allow buyers and sellers to trade with one another more easily and efficiently. The Marketplaces platforms consist of our core online commerce platform, eBay.com and its localized counterparts, and adjacent platforms consisting of our classifieds websites, as well as Half.com, Rent.com, Shopping.com and StubHub. Our Marketplaces platforms earn revenue from, as the case may be, listing, feature, subscription and final value fees paid by sellers, lead referral fees, transaction fees and advertising fees.

eBay.com Platform

Our Marketplaces core platform, eBay.com, includes our traditional auction-style format and fixed-price formats such as Buy-It-Now and eBay Stores. We offer the core platform on localized websites in 28 countries. In 2007, our auction-style listing format accounted for approximately 60% of our Gross Merchandise Volume, or GMV, which is the total value of all successfully closed items between users on our Marketplaces trading platform websites during the period, regardless of whether the buyer and seller actually consummated the transaction

(excluding Rent.com, Shopping.com and eBay's classified websites), while the fixed-price listing format accounted for the remaining 40% of our 2007 GMV.

Auction-Style Listing Format

Our traditional auction-style format allows a seller to select a minimum price for opening bids, with the option to set a reserve price for the item, which is the minimum price at which the seller is willing to sell the item. A seller with appropriate feedback ratings can also sell in a "Multiple Item Auction" format, which allows a seller to sell multiple identical items to the highest bidders.

Fixed-Price Listing Format

Our fixed-price format allows buyers and sellers to accelerate the transaction process rather than waiting for the auction period to expire. Sellers with appropriate feedback ratings can choose to use the "Buy-It-Now" feature at the time an item is listed, which allows sellers to name a price at which they would be willing to sell the item to a buyer. Our Half.com subsidiary also provides a fixed-price, person-to-person online commerce platform that allows people to buy and sell new and previously owned books, movies, music and games at discounted prices.

In addition, eBay Stores enable sellers to exhibit all of their listings in one place on our eBay platform and to describe their respective businesses through customized pages. eBay Stores provides sellers with useful tools to build, manage, promote and track their businesses. "Store Inventory Format" listings allow sellers to list items for a minimum 30-day listing period at a lower insertion fee and higher final value fee than regular auction-style and fixed-price listings. As of December 31, 2007, there were over 532,000 online storefronts established by users in locations around the world.

Other Marketplaces Platforms and Services

Classifieds Websites

Our classifieds websites are available in hundreds of cities and regions around the world and are designed to help people meet, share ideas and trade on a local level. Our classifieds websites include Kijiji, Gumtree.com, LoQUo.com, OpusForum, Marktplaats.nl and mobile.de. In addition, we have a minority equity investment in craigslist, Inc., which operates the craigslist classifieds websites around the world. Our classified websites are monetized primarily through advertising.

Rent.com

Rent.com is a leading U.S. listing website in the rental housing industry. The website is designed to bring apartment seekers and apartment managers together in an efficient manner. Landlords pay a fee to Rent.com for renters who indicate that they have found their apartments through Rent.com.

Shopping.com

Shopping.com is a leading comparison shopping destination featuring products from thousands of merchants across the Internet. Shopping.com offers one of the largest product catalogs on the Internet — searchable by thousands of attributes — along with consumer product reviews through Epinions.com, which help users make informed buying decisions. Retailers pay a fee to Shopping.com for shoppers directed to their sites by Shopping.com.

StubHub

StubHub is a leading U.S. ticket marketplace, enabling fans to buy and sell tickets to a large selection of sporting, concert, theater and other live entertainment events. StubHub provides a marketplace dedicated solely to tickets and is designed to enable users to buy or sell their tickets in a secure, convenient and highly reliable environment. Buyers and sellers pay fees to StubHub when tickets are bought and sold.

Online Advertising and Other Services

We work with strategic partners in a variety of areas, such as online advertising, mailing and other services, that allow us to extend the monetization of our platforms and user base.

Key Services for Buyers and Sellers

We have developed a number of features on our platforms in the areas of Trust and Safety, Customer Support and Value-Added Tools and Services, as well as Loyalty Programs. These features are designed to make users more comfortable dealing with unknown trading partners and completing commercial transactions on the Internet.

Trust and Safety

Feedback Forum: Our Feedback Forum encourages users to provide feedback ratings and comments on other users with whom they trade. Users' profiles, which include these feedback ratings and comments, can be viewed by any of our other users. Every registered user has a feedback profile that may contain compliments, criticisms and/or other comments by users who have conducted business with that user. The Feedback Forum requires feedback to be related to specific transactions and provides an easy tool for users to match specific transactions with the user names of their trading partners. This information is recorded in a profile that includes a feedback rating for the user, with feedback sorted according to whether the feedback has been provided over the past month, six months or twelve months. Users who develop positive reputations have color-coded star symbols displayed next to their user names to indicate the number of positive feedback ratings they have received. In addition to leaving an overall Feedback rating (positive, neutral or negative) for a seller, buyers also can leave anonymous Detailed Seller Ratings ("DSR") that cannot be viewed by the seller in four areas: item as described, communication, shipping time and shipping and handling charges. The Feedback Forum has several automated features designed to detect and prevent certain forms of abuse, such as a user leaving positive feedback about himself or herself through multiple accounts. We recently announced updates to our feedback system, including removing the ability of sellers to leave negative feedback for buyers and providing sellers with additional tools designed to avoid negative feedback.

SafeHarbor Program: We also offer the SafeHarbor program, which provides guidelines for trading and user dispute resolution. Our SafeHarbor staff investigates users' complaints of possible misuse of eBay platforms and takes appropriate action, including issuing warnings to users, ending and removing listings, or suspending users from bidding on or listing items for sale.

Verified Rights Owner (VeRO) Program: The VeRO Program lets intellectual property rights owners request the removal of listings that offer items or contain materials that infringe on their rights. This helps to protect community members from purchasing items that may be counterfeit or otherwise unauthorized.

Customer Support

We devote significant resources to providing personalized, accurate and timely support services to our community of users. Buyers and sellers can contact us through a variety of means, including email, online text chat and, in certain circumstances, telephone. We continue to focus our resources on improving our accessibility, increasing our capacity, expanding our category-specific support, extending our online self-help features and improving our systems and processes to allow us to provide efficient and effective support. In addition, top eBay sellers who qualify for our PowerSeller program receive prioritized customer support.

Value-Added Tools and Services

eBay users have access to a variety of "pre-trade" and "post-trade" tools and services to enhance their user experience and to make trading faster, easier and safer for them. "Pre-trade" tools and services are intended to simplify the listing process. "Post-trade" tools and services are designed to make transactions easier and more convenient to complete.

These tools and services include:

- Turbo Lister, eBay Blackthorne, ProStores, Selling Manager and Selling Manager Pro, each of which helps to automate the selling process;
- Picture Services, which enables sellers to include pictures in their listings;
- Shipping Calculator, which makes it easier for buyers and sellers to calculate shipping costs;
- Shipping Labels, which allows sellers to print certain postage and UPS labels;
- Shipment Tracking, which enables sellers to track their shipped packages;
- eBay Toolbar, which helps eBay users stay connected with eBay wherever they are on the Internet;
- eBay Desktop, which helps eBay users stay connected with eBay from their desktop computer;
- eBay Countdown, which helps eBay users bid and buy from anywhere on the Internet;
- eBay Sales Reports and eBay Sales Reports Plus, which provide sales and fee information to sellers;
- eBay Marketplace Research, which enables sellers to analyze sales in categories across the site;
- Reviews and Guides, which assists shoppers in making more informed choices;
- eBay Neighborhoods, which assists users in connecting around items in which they have a mutual interest;
- eBay To Go, which allows users to embed item listings in their own Internet websites;
- Best of eBay, where eBay users can vote for their favorite items;
- PayPal, which facilitates the online exchange of funds; and
- Skype, which enables VoIP communications between buyers and sellers.

We currently provide these services directly or through contractual arrangements with third parties.

PowerSeller program: PowerSellers are eBay's top sellers who have consistently sustained a high volume of monthly sales and who have a high level of positive feedback. Members of the PowerSeller program get a range of special benefits, including pricing discounts, prioritized customer support, promotional offers, eBay promotional merchandise, advanced selling education, opportunities to participate in research and other special rewards. The PowerSeller program is free of charge and a special PowerSeller icon is located next to the seller's user name if the seller qualifies for the program. In January 2008, we announced that we would raise the standards for sellers to qualify for our PowerSeller program and would provide additional benefits, such as pricing discounts for qualified PowerSellers with high DSR ratings.

Top buyer program: Our top buyers benefit from having a special phone number to call if they have an unsatisfactory user experience in connection with a transaction on our websites, and we recently announced that we would also offer special coupon initiatives to top buyers.

Marketplaces Growth Strategy

We intend to continue to work toward our mission of creating the world's leading ecommerce franchise by investing in our core Marketplaces segment and continuing to build our adjacent Marketplaces businesses.

We intend to continue to enhance our core Marketplaces segment by reinvesting in our customers, improving the buyer experience and seller economics by enhancing our products and services, improving Trust and Safety and customer support, extending our product offerings into new formats, categories and geographies, and experimenting with various pricing and buyer retention strategies. We have made significant efforts to improve the user experience over the course of 2007, including improvements to the eBay.com homepage, the site's search functionality, the ease with which sellers can list items, visual search, and the expansion of our customer support infrastructure. We have begun tailoring the features of our business model to the needs of specific categories, such as motors, to help drive revenue, as we recognize that a single user experience may not be optimal for all products. Furthermore, we are

invested heavily in promotions through marketing campaigns in the U.S. and pricing promotions on our site to drive traffic and continue the growth in GMV. We believe that these measures will improve the number of items sold on our site and, in turn, lead to higher GMV.

Another element of our growth strategy is to build adjacent Marketplaces businesses, such as our classified platforms and StubHub, which offer new formats and new monetization models, as well as opportunities for growth beyond our core businesses. We plan to continue to grow our adjacent Marketplaces businesses, including our classifieds websites, Half.com, Rent.com, and Shopping.com. In addition, we intend to expand our monetization models through advertising partnerships.

Payments

Our global payments platform, PayPal, enables any individual or business with an email address to securely, easily and quickly send and receive payments online in over 190 markets worldwide. We believe our global payments platform makes online commerce more efficient compared to traditional payment alternatives such as checks, money orders and credit cards via merchant accounts. These traditional payment alternatives present various obstacles to the online commerce experience, including lengthy processing time, inconvenience and high costs. PayPal delivers a product well-suited for online merchants and individuals by allowing them to send and receive online payments securely, conveniently and cost-effectively. The PayPal network builds on the existing financial infrastructure of bank accounts and credit cards to create a global, real-time payment solution.

PayPal Value Proposition

Providing a more efficient and effective payment alternative for users is essential to creating a faster, easier and safer online commerce experience. Our PayPal online payments solution allows account holders, as well as users of other online businesses, to pay for their transactions securely, easily and quickly.

Buyer Value Proposition

PayPal enables buyers to pay merchants without sharing sensitive financial information. To make payments, buyers need to disclose only their email addresses to recipients. Many buyers wary of disclosing financial information online find this level of personal privacy attractive. Buyers also benefit from PayPal's Buyer Protection Program, which reimburses buyers using PayPal with respect to certain qualified purchases made on eBay.com.

Seller Value Proposition

PayPal offers online merchants an all-in-one payment processing solution that is less expensive than most merchant accounts, offers industry-leading fraud prevention, and enables merchants to conduct business with approximately 57 million PayPal registered active accounts in over 190 markets. PayPal also offers merchants the ability to maintain a direct relationship with their customers.

A merchant can generally open a PayPal account and begin accepting credit card payments within a few minutes. Most merchants are approved instantly for a PayPal account, and do not need to provide a personal guaranty, acquire any specialized hardware, prepare an application, contact a payment gateway or encrypt customer data. Furthermore, PayPal charges lower transaction fees than most merchant accounts, and charges no setup fees and few or no recurring monthly fees.

The account-based nature of PayPal's network helps us to detect and prevent fraud when funds enter, flow through, and exit the PayPal network. Sellers can also reduce the risk of transaction losses resulting from unauthorized credit card use and fraudulent chargebacks if they comply with PayPal's Seller Protection Policy.

PayPal Overview

Joining the Network

PayPal offers three types of accounts: Personal, Business and Premier. A new account holder typically opens an account to send money for an eBay purchase or a purchase on another website, a payment for services rendered,

or a payment to an individual in lieu of cash. Allowing new account holders to join the network when they make or receive payments encourages PayPal's natural, user-driven growth. PayPal's account sign-up process asks each new account holder to provide PayPal his or her name, street address, phone number and email address. The account holder's email address serves as the unique account identifier. PayPal also offers certain customers who sell on their own websites the ability to accept credit card payments from buyers without requiring the buyer to open a PayPal account.

Payment Transaction Overview

Buyers make payments at the PayPal website (including for items listed on eBay.com by sellers that accept PayPal as a payment method), at other online businesses or platforms where the seller has integrated PayPal's Instant Purchase feature, or at the websites of merchants that have integrated PayPal's Website Payments feature. To make a payment at PayPal's website, a buyer logs in to his or her account and enters the recipient's email address and the amount of the payment. To make a payment through Instant Purchase or Website Payments, a buyer selects an item for purchase, confirms the payment information and enters his or her email address and password to authorize the payment. The buyer chooses whether PayPal debits the money from the buyer's PayPal balance, credit card, or bank account and the payment is then credited to the recipient's PayPal balance. In the case of an eCheck payment, the transaction is held until the funds have cleared the sender's bank, which typically takes three to five business days. In turn, the recipient can make payments to others or withdraw his or her funds at any time via check (in the U.S.), electronic funds transfer, or a PayPal-branded debit card (which is only available to U.S. users).

PayPal earns revenues in several ways. First, PayPal earns transaction fees when a Business or Premier account receives a payment. Second, PayPal earns a foreign exchange fee when an account holder converts a balance from one currency to another. Third, PayPal earns fees from merchants who utilize PayPal's online payment processing services. Fourth, PayPal earns fees when a user receives payments from outside the U.S. Fifth, PayPal may earn fees when a user withdraws money to a non-U.S. bank account, depending on the amount of the withdrawal. Sixth, PayPal earns a return on certain customer balances. Finally, PayPal may earn ancillary revenues from a suite of financial products, described below.

PayPal incurs funding costs on payments at varying levels based on the source of the payment. Costs associated with credit card and debit card funded payments are significantly higher than bank account or balance-funded payments. U.S. account holders who choose to maintain PayPal balances in U.S. dollars have the ability to sweep balances into the PayPal Money Market Fund. This Money Market Fund, which is invested in a portfolio managed by Barclays Global Fund Advisors, bore a current compound annual yield of 3.62% as of February 14, 2008.

Verification of Account Holders

To fund payments from their bank accounts in the United States, account holders must first become verified by PayPal. The primary method for verification is our Random Deposit technique. Under this technique, PayPal makes two deposits ranging from 1 cent to 99 cents to the account holder's bank account. To verify ownership of the account, the account holder then enters the two amounts as a four-digit code at the PayPal website. In addition to allowing funding through bank accounts, verification also removes some spending limits on account holders' accounts and gives them reputational advantages when transacting with other members of the PayPal community.

Withdrawing Money

Each account holder in the U.S. and in 34 other countries may withdraw money from his or her PayPal account through an electronic fund transfer to his or her bank account or, in the U.S., by a mailed check from PayPal. Automated Clearing House, or ACH, withdrawals may take three to five business days to arrive in the account holder's bank account, depending on the bank. Anyone who can receive funds can make withdrawals to a U.S. bank account. Mailed checks may take one to two weeks to arrive, and PayPal charges $1.50 per check. Qualifying PayPal business users in the U.S. can receive a PayPal ATM/debit card, which provides these users with instant access to their PayPal account balances. ATM/debit cardholders can withdraw cash, for a $1.00 fee per transaction, from any ATM connected to the Cirrus or Maestro networks and can make purchases at any merchant accepting MasterCard.

PayPal's Trust and Safety Programs

We have developed a number of PayPal trust and safety programs, including PayPal's Seller Protection and Buyer Protection Programs. These programs provide additional protection to certain account holders who pay or receive payment for their transactions through PayPal on eBay. PayPal's Seller Protection Program covers sellers for up to $5,000 per year on certain reversed transactions. PayPal's Buyer Protection Program covers qualified purchases on eBay.com for up to $2,000 coverage at no cost (with different terms for transactions denominated in non-U.S. currencies). In addition, our Fraud Investigation Team focuses on identifying and preventing fraud before it occurs, detecting fraud in process, mitigating loss if fraud does occur and delivering information to law enforcement around the world to better combat online fraud.

PayPal Growth Strategy

We seek to become the online payment network of choice around the world through our focus on simplifying the customer experience, striving to be the most secure method of payment on the Internet, enhancing the product offering for our merchants and utilizing multiple sales channels. To establish PayPal as the global standard in online payments, we intend to continue focusing on increased user adoption of PayPal on our Marketplaces platforms, and continued expansion of PayPal's Merchant Services business and our financial products business.

Marketplaces

PayPal's services are integrated into the checkout flow of the eBay.com platform in our key markets, including the U.S., Germany, the U.K. and Canada. In 2007, eBay.com generated more than $59 billion in GMV. PayPal, in turn, generated approximately $28 billion of net Total Payment Volume from eBay.com transactions, which represented approximately 58% of PayPal's net Total Payment Volume during 2007. Net Total Payment Volume is the total dollar volume of payments, net of payment reversals, successfully completed through the PayPal system, excluding PayPal's payment gateway business.

We intend to increase PayPal's penetration of GMV on the eBay.com platform globally by continuing to integrate with eBay listings and new formats, including our adjacent Marketplaces businesses, focusing on buyer protection programs and adding product features and innovations important to the Marketplaces community. We believe that our expansion into an increased number of international markets and currencies will continue to make cross-border transactions easier and more efficient, benefiting both our Marketplaces and Payments segments.

Merchant Services

Our Merchant Services business offers a differentiated product solution for each merchant category, while providing a cost-effective and secure payment solution across all categories. In 2007, PayPal expanded its presence to ecommerce websites such as Southwest Airlines, BlueNile.com, Lindt Chocolatier, Toys R Us and Barnes & Noble. We intend to continue to market our global payments solution to spur our growth as a payment solution off of eBay.com for sole proprietors and small, medium and large businesses.

We also intend to grow our Merchant Services business by enhancing our product offering and leveraging our multiple sales channels to expand our network of merchants globally.

Financial Products

We will continue to identify transactions and markets not served adequately by existing payment systems and seek to develop product features that improve upon those legacy systems. In addition, we intend to expand the breadth of products and services available to our account holders and have begun offering financial products such as the following:

- PayPal Buyer Credit, a personal credit account issued by GE Money Bank, which allows users to buy now and pay later for their PayPal purchases;
- PayPal ATM/Debit Card, which enables business users to withdraw funds from their PayPal accounts at ATMs, pay for offline purchases with funds from their PayPal account, and qualify to receive cash back;

- PayPal Plus Credit Card and eBay MasterCard issued by GE Money Bank, which allow users to earn rewards on purchases made offline or using PayPal. We also offer a PayPal Credit Card to UK users through GE Money;
- PayPal Plug In, which allows users to use their PayPal account to make payments on the Internet everywhere that MasterCard is accepted (including websites that do not accept PayPal);
- PayPal Pay Later, which is a personal transactional credit account issued by GE Money Bank that allows users to finance PayPal purchases; and
- PayPal Money Market Fund, which allows participants to earn a yield on the funds in their PayPal account.

Communications

We added the Communications segment through our acquisition of Skype in October 2005. Founded in August 2003, Skype is a leading global Internet communications company and is headquartered in Luxembourg, with offices in Europe, the U.S. and Asia.

Skype Value Proposition

Skype seeks to set the standard in providing new and easy ways to stay in touch over the Internet. Our vision is to enable our users to communicate freely at home, at work and on the move. Skype offers a simple, convenient, and cost-effective way for people anywhere in the world to communicate from their computers over the Internet to other computers, landlines and mobile phones.

Skype Overview

Millions of people everyday make free Skype-to-Skype voice and video calls and send instant messages using Skype. Skype users pay a low per-minute fee for long-distance and international calls to landlines and mobile phones, and pay fees for other features such as SMS (text messaging), voicemail and call forwarding. Skype users can also purchase a variety of subscription plans that provide an unlimited number of calls.

Highlights of Skype's activities in 2007 included: Skype's launch of the *3 Skypephone* in partnership with mobile operator 3; an agreement with Wal-Mart to sell Skype-certified hardware devices and prepaid cards with Skype credit throughout Wal-Mart stores in the U.S.; a global partnership between Skype and MySpace to bring Internet voice communications to MySpace users; and the introduction of Skype Send Money, which allows users to send/receive money using PayPal through the Skype client. We continue to make improvements to the Skype product, and late in 2007, we launched Skype 3.6, which provides High Quality Video calling through a collaboration with Logitech.

User Base

Skype software has been downloaded more than half a billion times and is available in over 34 languages. As of December 31, 2007, Skype had over 276 million registered users and was used in almost every country around the world.

Skype software is designed to be extremely secure, sustainable and scalable. At peak times, there are over 11 million concurrent users and over 180,000 simultaneous calls.

Ecosystem

Skype has a large and expanding ecosystem that includes nearly 6,000 developers and over 50 partners. As of December 31, 2007, there were more than 190 Skype Certified hardware products.

Skype Growth Strategy

To expand upon Skype's position as a leading global Internet communications company, we will continue to focus on acquiring new users and converting users to premium offerings, while further developing two broad areas

of Skype's business: existing telephony products and new ecommerce opportunities. Part of our strategy to acquire new users is to achieve a desktop presence. In order to do this, we have partnered with certain computer manufacturers to include Skype software in their new computers.

Existing Internet Communications (VoIP) Products

Our strategy for driving growth from existing Internet communications (VoIP) products relies on acquiring new users and developing better products and innovative new features. In 2007, we launched a new global pricing structure that gives users an easy-to-understand all-in-one Skype package. This package offers a simple, convenient and cost-effective way for consumers worldwide to call landlines and mobile phones over the Internet.

To continue growing the number of Skype users and improving the Skype experience, we will continue to work with our partners to develop and introduce new Skype Certified devices, including telephones and accessories, many of which eliminate the need for a computer to make Skype calls over the Internet. In 2007, Skype and 3, a mobile phone operator, launched a 3G Internet phone that allows users to make free Skype-to-Skype calls and send free Skype instant messages with the push of a button from their mobile phone to other Skype users no matter where they are.

In addition to working with our partners, we will continue to make Skype Certified products available directly to our users through Skype's Internet store as well as through other retail channels.

New Ecommerce Opportunities

We plan on expanding Skype's presence within our existing businesses because communication via email — the traditional way for buyers and sellers to communicate — can be a source of friction in the online shopping experience, due primarily to delays in response time. Skype enables us to create new channels for ecommerce activity that help to streamline the online shopping experience. Communication via Skype allows buyers and sellers to benefit from being able to communicate directly with each other in an instantaneous and private environment. Skype also offers Skype Prime, which creates a marketplace for users to share their knowledge, talent, skills and services with other users.

Other Items

Employees

As of December 31, 2007, eBay Inc. and its subsidiaries employed approximately 15,500 people (including temporary employees), approximately 9,500 of whom were located in the U.S.

Competition

We encounter vigorous competition in our businesses from numerous sources. Our users can find, buy, sell and pay for similar items through a variety of competing channels. These include, but are not limited to, online and offline retailers, distributors, liquidators, import and export companies, online and offline auctioneers, catalog and mail-order companies, classifieds, directories, search engines, products of search engines, virtually all online and offline commerce participants (consumer-to-consumer, business-to-consumer and business-to-business), online and offline shopping channels and networks. As our product offerings continue to broaden into new categories of items and new commerce formats, we expect to face additional competition from other online and offline channels for those new offerings. We also compete on the basis of price, product selection, and services. Our growth rates in our most mature markets have significantly slowed and we are losing market share in some segments. For our Payments segment, our users may choose to pay through a variety of alternative means, including other online payment services, offline payment methods such as cash, check or money order, and traditional online or offline credit card merchant accounts. For our Communications segment, our users may choose to use their local telephone companies, cable providers and other VoIP providers. To compete effectively, we may need to expend significant resources in technology and marketing. These efforts may be expensive and could reduce our margins and have a materially adverse effect on our business, financial position, operating results and cash flows and reduce the trading price of our stock. We believe that we will be able to maintain profitability by preserving and expanding the

abundance and diversity of our users' online community and enhancing our user experience, but we may not be able to continue to manage our operating expenses to avoid or reduce a decline in our consolidated net income. For more information regarding these risks, see the information in "Item 1A: Risk Factors" under the caption "Our industry is intensely competitive, and other companies or governmental agencies may allege that our behavior is anti-competitive."

Seasonality

Our fourth quarter has historically been our strongest quarter of sequential revenue growth. We expect transaction activity patterns on our websites to increasingly mirror general consumer buying patterns as our businesses continue to mature. Please see the information in "Item 7: Management's Discussion and Analysis of Financial Condition and Results of Operations" under the heading "Seasonality."

Technology

Marketplaces and Payments

Our Marketplaces and Payments platforms utilize a combination of proprietary technologies and services as well as technologies and services provided by others. We have developed intuitive user interfaces, customer tools and transaction processing, database and network applications that help enable our users to reliably and securely complete transactions on our sites. Our technology infrastructure simplifies the storage and processing of large amounts of data, eases the deployment and operation of large-scale global products and services and automates much of the administration of large-scale clusters of computers. Our infrastructure has been designed around industry-standard architectures to reduce downtime in the event of outages or catastrophic occurrences. We are continually improving our technology to enhance the customer experience and to increase efficiency, scalability and security. For information regarding technology related risks, see the information in "Item 1A: Risk Factors" under the captions "Our failure to manage growth could harm our business," and "System failures could harm our business."

Communications

Skype's VoIP communication and other services are delivered through a peer-to-peer network architecture, in which users joining the network provide a significant portion of the technology resources (for example, computer bandwidth and hardware) that enable Skype's services. To access Skype's services, users download Skype software over the Internet. Skype utilizes a combination of proprietary technologies and services as well as technologies and services provided by others to design, develop and support its products. For more information regarding Skype's technology risks, see the information in "Item 1A: Risk Factors" under the caption "Skype depends on key technology that is licensed from third parties."

Intellectual Property

We regard the protection of our intellectual property as critical to our success. We have entered into confidentiality and invention assignment agreements with our employees and contractors, and nondisclosure agreements with parties with whom we conduct business in order to limit access to and disclosure of our proprietary information.

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 actively pursue the registration of our trademarks, copyrights, patents and domain names in the U.S. and international jurisdictions. The expansion of our business has required us to protect our trademarks, patents and domain names in an increasing number of jurisdictions, a process that is expensive, may require litigation, and may not be successful in every location. We have registered our core brands as trademarks and domain names in the U.S. and a large number of other jurisdictions and have in place an active program to continue to secure trademarks and domain names that correspond to our brands in markets of interest. If we are unable to secure our trademarks or domain names, we could be adversely affected in any jurisdiction in which our trademarks or domain names are not registered.

Third parties have from time to time claimed, and others may claim in the future, that we have infringed their intellectual property rights. We currently are involved in several such legal proceedings. Please see the information in "Item 3: Legal Proceedings" and in "Item 1A: Risk Factors" under the captions "We are subject to patent litigation" and "We may be unable to protect or enforce our own intellectual property rights adequately."

Segments and Geographic Information

For an analysis of financial information about our segments as well as our geographic areas, see "Note 4 — Segments" to our consolidated financial statements included elsewhere in this Annual Report on Form 10-K.

Available Information

Our Internet address is *www.ebay.com.* Our investor relations website is located at *http://investor.ebay.com.* We make available free of charge on our investor relations website under the heading "SEC Filings" our 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 we electronically file or furnish such materials to the SEC.

ITEM 1A: *RISK FACTORS*

Risk Factors That May Affect 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 fluctuate.

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:

- 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;
- our ability to increase activity of the users of our Marketplaces business, especially with respect to our top buyers and sellers, in our most mature geographies, especially the U.S., Germany and the U.K.;
- the volume, 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 effect of recently announced changes to our pricing, products and policies, including our buyer/seller feedback features;
- the effect of recently announced management changes;
- general economic conditions, including higher inflation, the possibility of a recession in the U.S. and interest rate fluctuations, as well as those economic conditions specific to the Internet and ecommerce industries;
- regulatory and legal actions imposing obligations on our businesses or our users;
- 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;
- 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 transaction loss rate and payment funding mix;
- the costs and results of litigation that involves us;
- our ability to successfully integrate and manage businesses that we acquire;
- the cost and availability of online and traditional advertising, and the success of our brand building and marketing campaigns;
- 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 associations and banks;
- our ability to expand PayPal's product offerings outside of the U.S. (including our ability to obtain any necessary regulatory approvals);
- our ability to increase the acceptance of PayPal by online merchants outside of our Marketplaces platforms, which may require long implementation cycles and incentives to merchants that are initially dilutive;
- our ability to integrate, manage, and profitably expand and more effectively monetize the Skype business;
- 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 whom 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, and other dangers of the Internet; and
- geopolitical events such as war, threat of war, or terrorist actions.

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 and our limited operating history, 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 may not maintain our level of profitability or rates of growth.

We believe that our continued profitability and growth will depend in large part on our ability to do the following:

- attract new users, keep existing users active and reactivate former users on our websites and services, and increase the activity levels of our active users;
- react to changes in consumer use of the Internet and changing customer demands, and develop new services as well as new sources of revenues from our existing services;

- manage the costs of our business, including the costs associated with our workforce and with maintaining and enhancing our websites, customer support, transaction loss rate, user protection programs, product development and international expansion;
- maintain sufficient transaction volume to attract buyers and sellers;
- cost effectively increase the awareness of our brands; and
- provide our customers with superior community, customer support, and trading, communication, and payment experiences.

We invest heavily in marketing and promotion, customer support, and further development of the operating infrastructure for our core and recently acquired 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 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 and may become negative. 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 sites for growth. 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, new in-season items, our business will suffer.

In January 2008, we announced significant changes to our Marketplaces business in three major areas: fee structure, seller incentives and standards, and feedback, as discussed above under “Item 1 — Business”. These changes have been controversial with many of our sellers. If these changes cause sellers to move their business 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 growth in Skype’s user activity has slowed somewhat as Skype has increased its focus on monetization of users. The expected future growth of our PayPal, Skype, StubHub, Shopping.com, 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.

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. Net revenues in the fiscal year ended December 31, 2007 were positively impacted by foreign currency translation of $276 million, compared to the prior fiscal year. Operating income for the fiscal year ended December 31, 2007 was positively impacted by foreign currency translation of $146 million, compared to 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, and 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 may decrease, and that decrease may not be offset by a corresponding increase in cross-border trade involving purchases by U.S. buyers of goods denominated in other currencies.

In addition, we face exposure to fluctuations in interest rates. For example, reductions in U.S. interest rates may reduce our investment income, which in turn would lower 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 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, including litigation brought by 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, and a number of other owners of intellectual property rights. The plaintiffs in these cases seek to hold eBay liable for 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 misuse of trademarks in listings or in connection with paid search advertisements, or for alleged violations of selective distribution channel laws. 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. Other luxury brand owners have also filed suit against us or have threatened to do so. In addition to litigation from rights owners, we may be subject to criminal 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 against us in the *Rolex* and *IVD* cases. 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 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 have not adequately removed counterfeit listings or effectively suspended users who have created such listings.

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.

Litigation and negative publicity has increased as our websites gain prominence in markets outside of the U.S., where the laws may be unsettled or less favorable to us. Such litigation is costly for us, could result in damage awards, injunctive relief, or increased costs of doing business through adverse judgment or settlement, could require us to change our business practices in expensive ways, or could otherwise harm our business. Litigation against other online companies could result in interpretations of the law that could also require us to change our business practices or otherwise increase our costs. In addition, a public perception that counterfeit or pirated items are commonplace on our site could damage our reputation and our business.

We are subject to patent litigation.

We have repeatedly been sued for allegedly infringing other parties' patents. Some of these ongoing suits are described under the heading "Item 3: Legal Proceedings," below. 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 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 segments. 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. Certain goods, such as weapons, adult material, tobacco products, alcohol, and other goods that may be subject to regulation have been listed and traded on our services. We may be unable to prevent our users from selling unlawful goods or 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. 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 keep prohibited DVDs from being sold on our site to minors and that competitors may be able to enforce this duty. Although we have prohibited the listing of certain items and implemented other protective measures, in the future, 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 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 using our services. This negative publicity could damage our reputation and diminish the value of our brand names. It also could 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 fine users in certain jurisdictions up to $500 or take legal action to recover its losses for certain violations of PayPal's acceptable use policy, including online gambling and illegal sales of prescription medications. Illegal activities could still be funded using PayPal.

PayPal is 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. In July 2003, PayPal agreed with the U.S. Attorney for the Eastern District of Missouri that it would pay $10 million as a civil forfeiture to settle allegations that its provision of services to online gambling merchants violated provisions of the USA PATRIOT Act and further agreed to have its compliance program reviewed by an independent audit firm. 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 and Luxembourg, 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. These regulations could impose significant costs on PayPal and make it more difficult for new customers to join its network. PayPal could be required 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, as well as any additional restrictions imposed by credit card associations, could raise PayPal's costs

significantly and reduce the attractiveness of its product. Failure to comply with federal, state or foreign country money laundering and counter-terrorist financing laws could result in significant criminal and civil lawsuits, penalties, and forfeiture of significant assets.

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 currently 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 upon us under a number of these theories have been brought against us. 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 content posted in the Feedback Forum. Several court decisions have narrowed the scope of the immunity provided to Internet service providers like us under the Communications Decency Act. This trend, if continued, may increase our potential liability to third parties for the user-provided content on our sites. Our liability for such claims may be higher 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. This may require us to expend substantial resources or to discontinue 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 harm our reputation or otherwise impact the growth of our business. Any costs incurred as a result of this potential liability could harm our business.

Government inquiries may lead to charges or penalties.

A large number of transactions occur on our websites. 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 are likely to receive additional inquiries from regulatory agencies in the future, 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 are increasing 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. In Germany, 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. 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.

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

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. 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, in which case our business would further suffer. PayPal was assessed substantial fines for excess chargebacks in 2001, and excessive chargebacks may arise in the future. PayPal 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 forms of fraud or in connection with new product offerings. If these measures do not succeed, our business will suffer.

PayPal offers a buyer protection program for transactions on eBay.com that refunds up to $2,000 to buyers who used PayPal in transactions with selected sellers if the buyer did not receive the goods they purchased or if the goods differed significantly from what was described by the seller and up to $200 in most other eBay transactions. PayPal has expanded this program to many eBay international marketplaces, in most cases with lower reimbursement amounts. If PayPal makes such a refund, it may seek to collect reimbursement from the seller, but may not be able to receive any funds from the seller. The PayPal buyer protection program has increased PayPal's loss rate and could cause future fluctuations in PayPal's loss rate. For the full years ended December 31, 2006 and December 31, 2007, PayPal's transaction loss (including both direct losses and buyer protection payouts) totaled $126.4 million and $139.3 million, representing 0.35% and 0.29% of PayPal's net Total Payment Volume, respectively.

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 jurisdictions, buyers may also have the right to withdraw from a sale made by a professional seller within a specified time period.

While 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 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 eBay and PayPal services could damage our reputation, reduce our ability to attract new users or retain our current users, and 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 gross margins than similar transactions that take place within a single country due to higher transaction fees we earn for those transactions. To the extent that any factors, including fluctuations in exchange rates or the application of specific national laws to users in other countries, result in a net reduction in cross-border trade, our business could suffer.

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 effect 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 including, recently, our Korean subsidiary, 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 contract 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.

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 that results in the 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" emails through product improvements and user education, "spoof" and "phishing" remain a serious problem that may damage our brand, 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. If we experience a reduction in our advertising revenues due to economic, competitive or other factors, including 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.

Our historical growth has been largely attributable to word of mouth, and to frequent and high visibility national and local media coverage. We believe that continuing to strengthen our brands will be critical to achieving widespread acceptance of our services, and will require an increased 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 spend increasing amounts of money on, and devote greater 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, Kijiji, StubHub, and Skype, 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 do attract new users to our services, they may not conduct transactions using our services on a regular basis. 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 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 StubHub, an online ticket marketplace, in February 2007, regulatory agencies or courts may claim or hold that we or our users are either subject to licensure or prohibited from conducting our business in their jurisdiction, either with respect to our services in general, or with respect the sale of certain items, such as 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 numerous 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 which cannot be performed without their consent. This and other regulatory and licensure claims could result in costly litigation or could require us to change the way we or our users do business in ways that increase costs or reduce revenues or force 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 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 outside of the EU, 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. 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 failure to comply with foreign laws could subject us to penalties ranging from criminal prosecution to significant fines to bans on our services.

If PayPal were found to be subject to or in violation of any U.S. laws or regulations governing banking, money transmission, or electronic funds transfers, it could be subject to liability and forced to change its business practices.

Nearly all U.S. states and territories have enacted legislation regulating money transmitters. To date, PayPal has obtained licenses in 41 of these jurisdictions and interpretations in six states that licensing is not required under their existing statutes, and is applying for licenses in two additional states. The remaining U.S states and territories do not currently regulate money transmitters. As a licensed money transmitter, Paypal is subject to bonding requirements, restrictions on its investment of customer funds, reporting requirements, and inspection by state regulatory agencies. In July 2005, PayPal entered into a settlement agreement and agreed to pay $225,000 to the California Department of Financial Institutions in connection with alleged violations of the California Financial Code relating to the use of a receipt form for international payments that had not been pre-approved by the Department, and incomplete reporting to the Department. If PayPal were found to be in violation of other money services laws or regulations, PayPal could be subject to liability, forced to cease doing business with residents of certain states, or forced to change its business practices. 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. Even if PayPal is not forced to change its business practices, it could be required to obtain additional licenses or regulatory approvals that could impose a substantial cost on PayPal.

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. In addition, PayPal is subject to the financial privacy provisions of the Gramm-Leach-Bliley Act, state financial privacy laws, and related regulations. As a result, some customer financial information that PayPal receives is subject to limitations on reuse and disclosure. Existing and potential future privacy laws may limit PayPal's ability to develop new products and services that make use of data gathered through its service. The provisions of these laws and related regulations are complicated. Even technical violations of these laws can result in penalties of up to $1,000 for each non-compliant transaction. PayPal processed an average of approximately 1.96 million transactions per day during the year ended December 31, 2007, and any violations could expose PayPal to significant liability. Any negative change in the public's perception of PayPal's compliance with privacy laws and policies could also negatively impact PayPal's business.

PayPal is subject to regulation as a bank in Luxembourg, and its status under banking or financial services laws or other laws in markets outside the U.S. is unclear.

PayPal currently allows its customers with credit cards to send payments from 190 markets, and allows its customers to receive payments in 65 of those markets (including the U.S.). Customers can only withdraw funds electronically to local bank accounts in 35 of these 65 markets. In 26 of these 65 markets customers can withdraw funds electronically to their credit or debit card. In two of these 65 markets customers can only withdraw funds locally by receiving a bank draft in the mail, and in another two of these 65 markets, customers cannot withdraw locally and can only withdraw funds if they have a U.S. bank account. These limitations affect PayPal's ability to grow in these markets. PayPal also offers customers the ability to send or receive payments denominated in

17 currencies. 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. Previously, PayPal delivered services in the EU through a subsidiary in the United Kingdom licensed to operate as an Electronic Money Institution. As of July 2007, PayPal provides 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 does not have 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. The regulators in these countries 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 Singapore 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 local law or, if it is subject to local law, 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 those countries, future localization or targeted marketing of PayPal's service in those countries could require licensure. PayPal could be required to obtain licenses or regulatory approvals that could impose a substantial cost on it and involve considerable delay to the provision or development of its product. Delay or failure to receive such a license would 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 services to customers in one or more countries. PayPal may also be subject to other laws and regulations of one or more countries in which it serves its customers, such as data protection and anti-money laundering laws, which vary from country to country and are subject to change. In some cases, these laws may require expensive changes to PayPal's current business practices. If PayPal were found to be subject to and in violation of any foreign laws or regulations, it could be subject to liability, forced to change its business practices or forced to suspend providing services to customers in one or more countries.

In addition, if PayPal were to seek to expand the financial products that it offers outside of the U.S., either alone, through a commercial alliance, or through an acquisition, PayPal could become subject to additional licensure requirements, additional laws and regulations, or increased regulatory scrutiny, which could impose substantial costs and delay the introduction of any new products.

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 associations may increase the interchange fees 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 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 association operating rules, and PayPal has agreed to reimburse its processors for any fines they are assessed by credit card associations as a result of any rule violations by PayPal or PayPal's customers. The credit card associations 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. 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 was rejected 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 would 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, 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 48% and 51%, respectively, of our net revenues in fiscal year 2006 and fiscal 2007. 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, 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 eBay 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;
- difficulties in integrating with local payment providers, including banks, credit and debit card associations, 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;
- cultural ambivalence towards, or non-acceptance of, online trading;
- seasonal reductions in business activity;
- expenses associated with localizing our products, including offering customers the ability to transact business in the local currency;
- laws and business practices that favor local competitors or prohibit foreign ownership of certain businesses;
- 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, Fraud Sciences Ltd. and StumbleUpon. 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 result in a need 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 investments in certain joint ventures in which we have a minority equity interest, and lack management and operational control. These investments in joint ventures may involve risks, including the risk that the controlling joint venture partner may have business interests, strategies or goals that are inconsistent with ours, and the risk that 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.

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. From time to time, some taxing authorities have notified us that they believe we owe them certain taxes. The application of 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 through legislation enacted in October 2007. 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. If the moratorium were to expire there could be an adverse effect on our business.

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 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. An overturning of the *Quill* decision without 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 or 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. One or more 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 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 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's voice 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. 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 makes it become subject 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 the VoIP telephony and Internet communications market heighten 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 has the ability to either extend these licenses on commercially reasonable terms or identify and obtain or develop suitable alternative products, the costs associated with licensing or developing such products could be high. Any failure to maintain these licenses on commercially reasonable terms or license or develop alternative technologies would harm Skype's business.

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. In April 2007, Ticketmaster filed suit against eBay d/b/a StubHub alleging that StubHub had improperly interfered with Ticketmaster's contracts with its clients by wrongfully obtaining tickets for sale in violation of Ticketmaster's exclusive contractual rights to sell such tickets. Such litigation could result in damage awards, could require us to change our business practices in harmful ways, 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. 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 has entered into an agreement to be acquired by TicketMaster) and RazorGator. If we are unable to effectively 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. In January 2008, we announced that Meg Whitman will be resigning as our president and chief executive officer effective March 31, 2008, and that John Donahoe has been named by our board of directors to succeed Ms. Whitman as our president and chief executive officer upon Ms. Whitman's resignation, as well as other significant changes in our executive management. 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.

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. 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 that affected certain lower-weight packages and mailings between the U.S. and Canada may have reduced listing volume on our sites in certain categories. Any security breach at one of these companies could also 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.

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 experiences with customer support for Marketplaces, PayPal or Skype could cause eBay's reputation to suffer or affect consumer confidence in the eBay 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 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. These include most prominently: 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 Kijiji websites offers classifieds listings in a variety of local international markets, and in July 2007, Kijiji launched local classifieds websites in the U.S. 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 acquiring 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 Computers, Consumer Electronics, and Cameras & Photo categories include Abt Electronics, Amazon.com, Apple, Best Buy, Buy.com, Circuit City, CNET, CompUSA, Computer Discount Warehouse, Dell, Electronics Boutique, Fry's Electronics, Gamestop, Gateway, Hewlett Packard, Lenovo, MicroWarehouse, Overstock.com, PC Connection, PCMall.com, Radio Shack, Ritz Camera, Tech Depot, Tiger Direct, Tweeter Home Entertainment, uBid, major wireless carriers, and computer, consumer electronics, and photography 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, Yahoo-Kimo in Taiwan, Daum and Gmarket in South Korea, 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;
- 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.

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 order to respond to changes in the competitive environment, we may, from time to time, make pricing, service or marketing decisions or acquisitions that could harm our profitability. In January 2008, we announced significant changes to our Marketplaces business in three major areas: fee structure, seller incentives and standards, and feedback While these changes are intended to improve our users' buying experience and increase activity on our sites, certain users may be negatively affected by or react negatively to these changes, which could harm our 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 may increasingly become 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 market for PayPal's product is emerging, intensely competitive, and characterized by rapid technological change. 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, PayByTouch and TeleCheck, a subsidiary of First Data, or to pay on credit, including Bill Me Later;
- 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 (formerly known as Next Estate);
- Amazon Payments, which acts as a credit processor and can be linked to a personal bank account; 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 extended its free payment processing promotion 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 99Bill 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 emerging, intensely competitive, and characterized by rapid technological change. Many traditional telecommunications carriers, Internet companies, and cable providers

offer, or have indicated that they plan to offer, VoIP products or services that compete with the software Skype provides. Microsoft recently announced the expansion of its Office communications suite to include VoIP. We expect competitors to continue to improve the performance of their current products and introduce new products, software, services, and technologies. If Skype's competitors successfully introduce new products 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. In addition, some of Skype's competitors, such as telecommunications carriers and cable television providers, are bundling services and products that Skype does not offer. These include various forms of wireless communications, voice and data services, Internet access, and cable television. This form of bundling may put Skype at a competitive disadvantage if these providers can combine a variety of service offerings at a single attractive price. Furthermore, competitors may choose to make their services interoperable with one another, rather than proprietary, which could increase the attractiveness of their services relative to Skype and decrease the value of Skype's network of users.

Many 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. As a result of their greater resources, many current and potential competitors may be able to lower their prices substantially, thereby eroding some or all of Skype's cost advantage.

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 manage growth could harm our business.

We have expanded our headcount, facilities, and infrastructure in the U.S. and internationally, and anticipate that further expansion 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. For example, in October 2004, we experienced unscheduled downtime on the PayPal website over a period of five days related to system upgrades, and in the second quarter of 2007, PayPal experienced an interruption during which many of PayPal's services were unavailable for approximately four hours. In August 2007, Skype experienced an interruption to its services during which the majority of Skype's users were unable to use its products for approximately two days. Despite our efforts to increase site scalability and reliability, our infrastructure could prove unable to handle a larger volume of customer transactions. Some of our more recently acquired businesses may be particularly subject to this risk given their shorter histories and, in some cases, higher growth rates. Any failure to accommodate transaction growth could impair customer satisfaction, lead to a loss of customers, impair our ability to add customers, or increase our costs, all of which would harm our business. 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 are expanding our customer support operations to accommodate the increased number of users and transactions on our websites and the increased level of user protection activity we provide worldwide. If we are unable to provide these operations in a cost-effective manner, users of our websites may have negative experiences, current and future revenues could suffer, 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. The additional headcount and capital investments we are adding 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. Our determination of our tax liability is always subject to review by applicable domestic and foreign tax authorities. Any adverse outcome of such a review could have a negative effect on our operating results and financial condition. Although we believe our estimates are reasonable, 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.

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. and Germany, 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 analogs 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," 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 a 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.

ITEM 1B: *UNRESOLVED STAFF COMMENTS*

Not applicable.

ITEM 2: *PROPERTIES*

We own and lease various properties in the United States and in 23 other countries around the world. We use the properties for executive and administrative offices, data centers, product development offices and customer service offices. As of December 31, 2007, our owned and leased properties provided us with aggregate square footage of approximately 1.7 million and 1.9 million, respectively. Our corporate headquarters of approximately 0.2 million square feet are located in San Jose, California. As of December 31, 2007, the total square footage generally used by each of our Marketplaces, Payments and Communications segments was approximately 1.8 million, 1.4 million and 0.2 million, respectively.

From time to time we consider various alternatives related to our long-term facilities needs. While we believe our existing facilities are adequate to meet our immediate needs, it may become necessary to lease or acquire additional or alternative space to accommodate any future growth.

ITEM 3: *LEGAL PROCEEDINGS*

In April 2001, two of our European subsidiaries, eBay GmbH and eBay International AG, were sued by Montres Rolex S.A. and certain of its affiliates in the regional court of Cologne, Germany. The suit subsequently was transferred to the regional court in Düsseldorf, Germany. Rolex alleged that our subsidiaries were infringing Rolex's trademarks as a result of users selling counterfeit Rolex watches through our German website. The suit also alleged unfair competition. Rolex sought an order enjoining the sale of Rolex-branded watches on the website as well as damages. In December 2002, a trial was held in the matter, and the court ruled in favor of eBay on all causes of action. Rolex appealed the ruling to the Higher Regional Court of Düsseldorf, and the appeal was heard in October 2003. In February 2004, the court rejected Rolex's appeal and ruled in our favor. Rolex appealed the ruling to the German Federal Supreme Court, a hearing took place before that court in December 2006, and a written decision was issued in June 2007. The court's decision found that eBay must take reasonable measures to prevent recurrence once it is informed of clearly identified infringement, and that eBay may in certain circumstances be liable upon first notice of infringement. The court referred the case back to the Higher Regional Court to determine whether, in some circumstances, a low starting listing price was sufficient to indicate that a listing was infringing. In July 2007, the German Federal Supreme Court extended the reach of the *Rolex* decision in *IVD v. eBay* . The court held that (i) in certain circumstances, a duty of care could be found to exist to competitors requiring eBay to take reasonable measures to prevent illegal items from being listed (even where the competitors were not directly harmed) and (ii) such duty would extend to listings by the same seller in the same category (not just identical listings). Prior to these decisions, we had implemented proactive measures to find and remove illegal listings from our websites; these decisions may require us to undertake further efforts and will subject us to liability if our efforts are deemed to be insufficient. We expect that this ruling will likely result in increased costs and litigation against us in Germany although we do not currently believe that it will require a major change in our business practices.

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. 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. The plaintiffs seek approximately EUR 37 million in damages.

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. The plaintiffs in this suit seek approximately EUR 9 million in damages and injunctive relief. We filed our initial briefs responding to the first complaint in February 2007, and initial briefs in response to the second complaint were filed in April 2007. We believe that we have meritorious defenses to these suits and intend to defend ourselves vigorously. Other luxury brand owners have also filed suit against us or have threatened to do so, seeking to hold us liable for 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 misuse of trademarks in listings, for alleged violations of selective distribution channel laws, for non-compliance of consumer protection laws or in connection with paid search advertisements.

In September 2001, MercExchange LLC filed a complaint against us, our Half.com subsidiary and ReturnBuy, Inc. in the U.S. District Court for the Eastern District of Virginia (No. 2:01-CV-736) alleging infringement of three patents (relating to online consignment auction technology, multiple database searching and electronic consignment systems) and seeking a permanent injunction and damages (including treble damages for willful infringement). Following a trial in 2003, the jury returned a verdict finding that we had willfully infringed the patents relating to multiple database searching and electronic consignment systems, and the court entered judgment for MercExchange in the amount of approximately $30 million, plus pre-judgment interest and post-judgment interest. The U.S. Court of Appeals for the Federal Circuit later reduced the award to $25.5 million. In May 2006, following appeals to the U.S. Court of Appeals for the Federal Circuit and the U.S. Supreme Court, the Supreme Court remanded the case back to the district court for further action. In parallel with the federal court proceedings, at our request, the U.S. Patent and Trademark Office agreed to reexamine each of the patents in the suit, finding that substantial questions existed regarding the validity of the claims contained in them. In separate actions in 2005, the Patent and Trademark Office initially rejected all of the claims contained in the three patents in suit. In September 2007, the Patent and Trademark Office tentatively approved some of the claims and rejected others contained in the patent that underlies the jury verdict, which relates to electronic consignment systems. We requested that the district court stay all proceedings in the case pending the final outcome of the reexamination proceedings, and MercExchange has renewed its request that the district court grant an injunction. In July 2007, the court denied MercExchange's request for an injunction and ruled that the proceedings related to one of the patents will be stayed and another of the patents will not be stayed pending action by the Patent and Trademark Office. MercExchange appealed the court's order denying the injunction, and we filed a motion seeking that the court find the non-stayed patent invalid. In December 2007, the district court ruled that it could not consider eBay's motions for judgment as a matter of law and a new trial, because it viewed the 2003 verdict for MercExchange (amounting to approximately $30 million, plus interest) as final, subject to an accounting. We have appealed that ruling.

With the appeals pending, in February 2008, the parties agreed to settle to dismiss all claims and appeals stemming from the lawsuit. As a part of the settlement, eBay will purchase all three patents involved in the lawsuit, and related technology and inventions, as well as a license to another search-related patent portfolio that was not asserted in the lawsuit. These assets will allow eBay to further enhance its operations and trust and safety effort on its ecommerce sites. The reserves recorded in our consolidated financial statements properly reflect our liability as of December 31, 2007 in connection with this settlement.

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 fact discovery and claim construction briefing. The pretrial conference is scheduled for June 2008, and we expect a trial date to be scheduled for summer 2008. We believe that we have meritorious defenses and intend to defend ourselves vigorously.

In August 2006, Peer Communications Corporation filed a lawsuit in the U.S. District Court for the Eastern District of Texas (No. 6-06CV-370) alleging that eBay Inc., Skype Technologies S.A., and Skype Inc. infringed two

patents owned by Peer Communications relating to uniform network access. The suit seeks an injunction against continuing infringement, unspecified damages, and interest, costs, and fees. The parties are in the process of conducting discovery and claim construction briefing, and a trial date has been scheduled for October 2008. We believe that we have meritorious defenses and intend to defend ourselves vigorously.

In September 2006, Mangosoft Intellectual Property, Inc. filed a lawsuit in the U.S. District Court for the Eastern District of Texas (No. 2-06CV-390) alleging that eBay Inc., Skype Technologies S.A., and Skype Software S.a.r.l. infringed a patent owned by Mangosoft relating to dynamic directory services. The suit seeks an injunction against continuing infringement, unspecified damages, and interest, costs, and fees. We have filed an answer and counterclaims asserting that the patents are invalid, unenforceable, and not infringed. We received an initial scheduling order from the court that sets some discovery deadlines, but not a trial date. The parties are in the process of conducting discovery. We believe that we have meritorious defenses and intend to defend ourselves vigorously.

In February 2007, our StubHub subsidiary was sued in the U.S. District Court for the Central District of California (No. CV-07-1328) in a purported class action lawsuit alleging that StubHub violated the Fair and Accurate Credit Transaction Act by allegedly printing receipts containing more than the last five digits of a credit card number or the expiration date of a credit card by showing the same on an on-screen receipt. The complaint seeks compensatory and punitive damages and attorneys fees. 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 May 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. 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. Netcraft Corporation has appealed the judgment.

In October 2007, PartsRiver filed a lawsuit in the Eastern District of Texas (No. 2-07CV-440-DF) alleging that eBay, Microsoft, Yahoo!, Shopziila, PriceGrabber and PriceRunner infringed its patent relating to search methods. The suit seeks an injunction against continuing infringement, unspecified damages, 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, and trial is tentatively scheduled for October 2009. We believe that we have meritorious defenses and intend to defend ourselves vigorously.

In October 2007, Flexiworld Technologies, Inc. filed a lawsuit in Western District of Washington (No. 3:07-CV-05565-BHS) alleging that Skype infringed its patent titled “Apparatus, Methods, and Systems for Anonymous Communication.” The suit seeks an injunction against continuing infringement, unspecified damages, and interest, costs, and fees. Flexiworld has not yet served Skype. We believe that we have meritorious defenses and intend to defend ourselves vigorously.

In December 2007, Klausner Technologies Inc. filed a lawsuit in Eastern District of Texas (No. 2-07CV-525) alleging that eBay, Apple, AT&T Corp., AT&T Mobility, Comcast Corp., CSC Holdings, GotVoice Inc. and Simulscribe infringed Klausner’s patent titled “Telephone Answering Service Linking Displayed Data with Recorded Audio Message” (some of the defendants, but not eBay, are accused of infringing a second Klausner patent). The suit seeks an injunction against continuing infringement, unspecified damages, and interest, costs, and

fees. Klausner has served its complaint but agreed to an extension of time to answer. We believe that we have meritorious defenses and intend to defend ourselves vigorously.

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, especially in Europe. 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.

ITEM 4: *SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS*

There were no submissions of matters to a vote of security holders during the quarter ended December 31, 2007.

PART II

ITEM 5: *MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES*

Price Range of Common Stock

Our common stock has been traded on The Nasdaq Global Select Market (formerly the Nasdaq National Market) under the symbol "EBAY" since September 24, 1998. The following table sets forth the high and low per share prices of our common stock, as reported by The Nasdaq Global Select Market.

	High	Low
Year Ended December 31, 2006		
First Quarter	$47.86	$36.93
Second Quarter	40.82	28.20
Third Quarter	29.48	22.83
Fourth Quarter	33.99	27.00
Year Ended December 31, 2007		
First Quarter	$34.35	$28.60
Second Quarter	35.41	30.41
Third Quarter	39.54	31.87
Fourth Quarter	40.73	30.94

As of February 15, 2008, there were approximately 4,600 holders of record of our common stock, although we believe that there are a significantly larger number of beneficial owners of our common stock.

Dividend Policy

We have never paid cash dividends on our stock and do not anticipate paying cash dividends in the foreseeable future.

Equity Compensation Plan Information

The following table gives information about shares of our common stock that may be issued upon the exercise of options, warrants and rights under all of our existing equity compensation plans as of December 31, 2007, including our 1998 Employee Stock Purchase Plan, 1998 Equity Incentive Plan, 1998 Directors Stock Option Plan, 1999 Global Equity Incentive Plan, 2001 Equity Incentive Plan, and 2003 Deferred Stock Unit Plan, as well as shares of our common stock that may be issued upon the exercise of outstanding options under our 1997 Stock Option Plan (which plan terminated in 2007) and shares of our common stock that may be issued under an individual compensation arrangement that was not approved by our stockholders, also referred to as our non-plan grants. No warrants are outstanding under any of the foregoing plans.

Plan Category	(a) Number of Securities to Be Issued upon Exercise of Outstanding Options, Warrants and Rights	(b) Weighted Average Exercise Price of Outstanding Options, Warrants and Rights	(c) Number of Securities Remaining Available for Future Issuance under Equity Compensation Plans (Excluding Securities Reflected in Column(a))
Equity compensation plans approved by security holders	124,661,451(1)	$ 32.76(2)	93,360,777(3)
Equity compensation plans not approved by security holders	153,637(4)	0.39	—
Total	124,815,088	$ 32.72	93,360,777

(1) Includes 47,481 shares of our common stock issuable pursuant to deferred stock units, or DSUs, under our 2003 Deferred Stock Unit Plan, and 8,833,633 shares of our common stock issuable pursuant to restricted stock units under our 1998 Equity Incentive Plan and our 1999 Global Equity Incentive Plan. DSUs and restricted stock units represent an unfunded, unsecured right to receive shares of eBay common stock (or, in the case of DSUs, the equivalent value thereof in cash or property), and the value of DSUs and restricted stock units varies directly with the price of eBay's common stock.

(2) Because DSUs and restricted stock units do not have an exercise price, the 47,481 shares of our common stock issuable pursuant to DSUs under our 2003 Deferred Stock Unit Plan and 8,833,633 shares of our common stock issuable pursuant to restricted stock units under our 1998 Equity Incentive Plan and our 1999 Global Equity Incentive Plan are not included in the calculation of weighted average exercise price.

(3) Includes 5,212,281 shares of our common stock remaining reserved for future issuance under our 1998 Employee Stock Purchase Plan, or the ESPP, as of December 31, 2007. Our ESPP contains an "evergreen" provision that automatically increases, on each January 1, the number of securities reserved for issuance under the ESPP by the number of shares purchased under the ESPP in the preceding calendar year, provided that the aggregate number of shares reserved for issuance under the ESPP may not exceed 36,000,000 shares. As of December 31, 2007, an aggregate amount of 11,772,941 shares had been purchased under the ESPP since its inception. An aggregate amount of 1,987,719 shares was purchased under the ESPP in 2007, and the number of securities available for future issuance under the ESPP was increased by that number on January 1, 2008, bringing the total number of shares reserved for future issuance on January 1, 2008 to 7,200,000. None of our other equity compensation plans has an "evergreen" provision.

(4) Does not include: (i) 6,350 shares of our common stock, with a weighted average exercise price of $1.26 per share, to be issued upon exercise of outstanding options assumed by us under the Half.com, Inc. 1999 Equity Compensation Plan; (ii) 11,489 shares of our common stock, with a weighted average exercise price of $0.77 per share, to be issued upon exercise of outstanding options assumed by us under the X.com Corporation 1999 Stock Plan; (iii) 294,544 shares of our common stock, with a weighted average exercise price of $10.29 per share, to be issued upon exercise of outstanding options assumed by us under the PayPal, Inc. 2001 Equity Incentive Plan; (iv) 85,875 shares of our common stock, with a weighted average exercise price of $10.24 per share, to be issued upon exercise of outstanding options assumed by us under the Shopping.com Ltd. 2003 Omnibus Stock Option and Restricted Stock Incentive Plan; (v) 669,526 shares of our common stock, with a weighted average exercise price of $36.03 per share, to be issued upon exercise of outstanding options assumed by us under the Shopping.com Ltd. 2004 Equity Incentive Plan; (vi) 335,678 shares of our common stock, with a weighted average exercise price of $4.15 per share, to be issued upon exercise of outstanding options assumed by us under the Skype Technologies S.A. Stock Option Plan Rules; (vii) 364,267 shares of our common stock, with a weighted average exercise price of $7.17 per share, to be issued upon exercise of outstanding options assumed by us under the StubHub, Inc. 2000 Stock Plan; or (viii) 162,733 shares of our common stock, with a weighted average exercise price of $0.93 per share, to be issued upon exercise of outstanding options assumed by us under the StumbleUpon, Inc. 2006 Stock Plan. All of the options and related plans referenced above were assumed by us in connection with acquisitions. We cannot make subsequent grants or awards of our equity securities under any of these plans. Prior to each acquisition, the stockholders of the acquired company approved the acquired company's plan. Our stockholders, however, did not approve any of the plans in connection with the acquisitions.

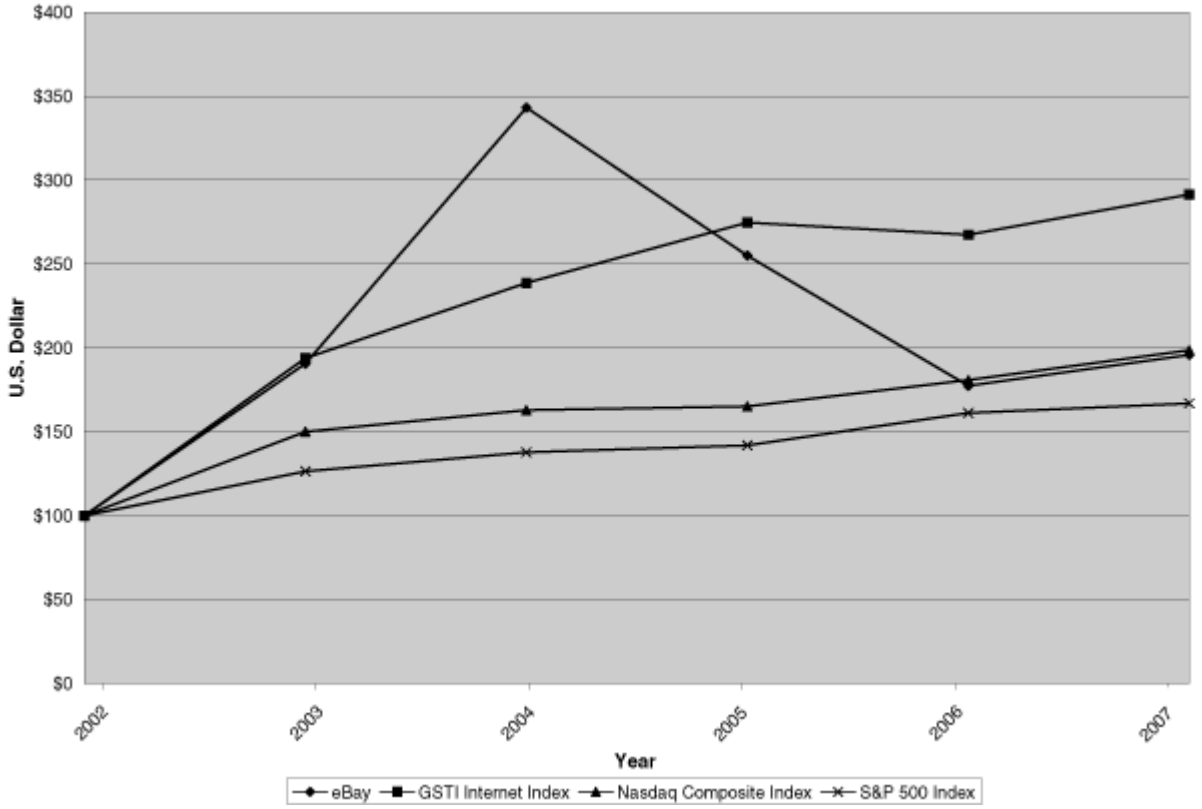
The only outstanding non-plan grant as of December 31, 2007 relates to an individual compensation arrangement that was made prior to the initial public offering of our common stock in 1998. At the time of this non-plan grant, members of our Board of Directors, or Board, and their affiliates beneficially owned in excess of 90% of our then outstanding equity and voting interests. This non-plan grant was initially disclosed in our initial public offering prospectus filed with the SEC on September 25, 1998 under the headings "Management — Director Compensation" and "— Compensation Arrangements." Except as set forth below, the terms and conditions of this non-plan grant are identical to the terms of options granted under our 1997 Stock Option Plan, a copy of which was filed as an exhibit to our S-1 Registration Statement (No. 33-59097) filed in connection with our initial public offering.

The outstanding non-plan grant involved the Board's grant of an option to purchase 3,600,000 shares of our common stock at an exercise price of $0.39 to Scott Cook upon his joining our Board in June 1998 as an independent director. These options granted to Mr. Cook were non-qualified options and were immediately exercisable, with a term of 10 years. These options fully vested in June 2002. Mr. Cook exercised options to purchase 480,000 shares in 2002, exercised options to purchase 1,430,000 shares in 2003, exercised options to purchase 307,272 shares during 2005, exercised options to purchase 614,544 shares during 2006, and exercised options to purchase 614,547 shares during 2007. As of December 31, 2007, options to purchase 153,637 shares remain outstanding under the non-plan grant and will expire on June 9, 2008.

Performance Measurement Comparison

The graph below shows the cumulative total stockholder return of an investment of $100 (and the reinvestment of any dividends thereafter) on December 31, 2002 in (i) our common stock, (ii) the Nasdaq Composite Index, (iii) the S&P 500 Index and (iv) the GSTI Internet Index. We were added to the S&P 500 Index on July 19, 2002. The GSTI Internet Index is a modified-capitalization weighted index of 14 stocks representing the Internet industry, including Internet content and access providers, Internet software and service companies and ecommerce companies. Our stock price performance shown in the graph below is not indicative of future stock price performance.

The following graph and related information shall not be deemed "soliciting material" or be deemed to be "filed" with the SEC, nor shall such information be incorporated by reference into any future filing, except to the extent that we specifically incorporate it by reference into such filing.



Issuer Purchases of Equity Securities

Stock repurchase activity during the three months ended December 31, 2007 was as follows:

Period	Total Number of Shares Purchased(2)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Programs	Maximum Dollar Value that May Yet be Purchased Under the Programs(1)
October 1, 2007-October 31, 2007	2,167,214	$ 35.36(3)	2,083,000	$ 1,083,257,701
November 1, 2007-November 30, 2007	4,290,850	$ 33.23	4,290,850	$ 940,675,204
December 1, 2007-December 31, 2007	2,857,217	$ 33.37(3)	2,857,142	$ 845,318,076
	9,315,281		9,230,992	

(1) In July 2006, our Board authorized a stock repurchase program for up to $2.0 billion of our common stock within two years from the date of authorization. In January 2007, our Board authorized the expansion of this stock repurchase program to provide for the repurchase of up to an additional $2.0 billion of our common stock by January 2009. Under this program, as of December 31, 2007, we had repurchased in the aggregate approximately $3.2 billion of our common stock at an average price of $31.84 per share. As of December 31, 2007, $845.3 million remained available for further purchases under this stock repurchase program. In January 2008, our Board approved an additional stock repurchase program for $2.0 billion having no expiration date, giving us the ability to repurchase up to $2.85 billion of the common stock under our combined stock repurchase programs.

(2) Includes 84,289 shares of stock returned to us as part of certain agreements that we entered into with certain of Skype's former shareholders in 2007. We did not pay any monetary consideration for the return of these shares.

(3) Represents the price paid per share for other stock repurchased, along with the average of the recorded value of the shares of stock returned to us as a part of the agreements noted above.

ITEM 6: *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 elsewhere in this Annual Report on Form 10-K. The consolidated statement of income and the consolidated balance sheet data for the years ended, and as of, December 31, 2003, 2004, 2005, 2006 and 2007 are derived from our audited consolidated financial statements.

	Year Ended December 31,				
	2003	2004	2005	2006(2)	2007(2)
	(in thousands, except per share amounts)				
Consolidated Statement of Income Data (1) **:**					
Net revenues	$2,165,096	$3,271,309	$4,552,401	$5,969,741	$7,672,329
Cost of net revenues	416,058	614,415	818,104	1,256,792	1,762,972
Gross profit	1,749,038	2,656,894	3,734,297	4,712,949	5,909,357
Operating expenses:					
Sales and marketing	545,366	815,464	1,185,929	1,619,857	1,925,393
Product development	159,315	240,647	328,191	494,695	619,727
General and administrative	364,457	475,614	649,529	978,363	1,156,015
Amortization of acquired intangible assets	50,659	65,927	128,941	197,078	204,104
Impairment of goodwill(5)	—	—	—	—	1,390,938
Total operating expenses	1,119,797	1,597,652	2,292,590	3,289,993	5,296,177
Income from operations	629,241	1,059,242	1,441,707	1,422,956	613,180
Interest and other income, net	28,995	71,745	111,099	130,017	154,271
Interest expense	(4,314)	(8,879)	(3,478)	(5,916)	(16,600)
Income before cumulative effect of accounting change and income taxes	653,922	1,122,108	1,549,328	1,547,057	750,851
Provision for income taxes	(206,738)	(343,885)	(467,285)	(421,418)	(402,600)
Income before cumulative effect of accounting change	447,184	778,223	1,082,043	1,125,639	348,251
Cumulative effect of accounting change, net of tax(3)	(5,413)	—	—	—	—
Net income	$ 441,771	$ 778,223	$1,082,043	$1,125,639	$ 348,251
Per share basic amounts:					
Income before cumulative effect of accounting change	$ 0.35	$ 0.59	$ 0.79	$ 0.80	$ 0.26
Cumulative effect of accounting change	(0.00)	—	—	—	—
Per share basic amounts	$ 0.35	$ 0.59	$ 0.79	$ 0.80	$ 0.26
Per share diluted amounts:					
Income before cumulative effect of accounting change	$ 0.34	$ 0.57	$ 0.78	$ 0.79	$ 0.25
Cumulative effect of accounting change	(0.00)	—	—	—	—
Per share diluted amounts	$ 0.34	$ 0.57	$ 0.78	$ 0.79	$ 0.25
Weighted average shares:					
Basic	1,276,576	1,319,458	1,361,708	1,399,251	1,358,797
Diluted	1,313,314	1,367,720	1,393,875	1,425,472	1,376,174

	December 31,				
	2003	2004	2005	2006	2007
			(in thousands)		
Consolidated Balance Sheet Data:					
Cash and cash equivalents	$1,381,513	$1,330,045	$ 1,313,580	$ 2,662,792	$ 4,221,191
Short-term investments	355,435	837,409	804,352	554,841	676,264
Long-term investments	934,171	1,266,289	825,667	277,853	138,237
Working capital(4)	1,498,606	1,826,279	1,698,302	2,452,191	4,022,926
Total assets	5,820,134	7,991,051	11,788,986	13,494,011	15,366,037
Long-term obligations	124,476	75	—	—	—
Total stockholders' equity	4,896,242	6,728,341	10,047,981	10,904,632	11,704,602

(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 in this report, for a summary of recent significant acquisitions. Certain prior year amounts have been reclassified to conform to current year's presentation.

(2) Consolidated Statement of Income Data for the years ended December 31, 2006 and 2007 includes stock-based compensation expense under Statement of Financial Accounting Standards ("SFAS") No. 123 (revised 2004), "Share-Based Payment" ("FAS 123(R)") of $219.8 million and $209.1 million respectively, net of tax. Because we implemented FAS 123(R) as of January 1, 2006, prior periods do not reflect stock-based compensation expense related to this new accounting standard. See "Note 12 — Benefit Plans" to the consolidated financial statements included in this report.

(3) The cumulative effect of the change in accounting principle arises from the adoption of FIN 46, "Consolidation of Variable Interest Entities."

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

(5) Consolidated Statement of Income Data 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 in this report.

ITEM 7: *MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS*

FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, including statements that involve expectations, plans or intentions (such as those relating to future business or financial results, new features or services, or management strategies). You can identify these forward-looking statements by words such as "may," "will," "should," "could," "expect," "anticipate," "believe," "estimate," "intend," "plan" and other similar expressions. These forward-looking statements involve risks and uncertainties that could cause our actual results to differ materially from those expressed or implied in our forward-looking statements. Such risks and uncertainties include, among others, those discussed in "Item 1A: Risk Factors," of this Annual Report on Form 10-K as well as our consolidated financial statements, related notes, and the other financial information appearing elsewhere in this report and our other filings with the Securities and Exchange Commission, or the SEC. We do not intend, and undertake no obligation, to update any of our forward-looking statements after the date of this report to reflect actual results or future events or circumstances. Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements.

You should read the following Management's Discussion and Analysis of Financial Condition and Results of Operations in conjunction with the consolidated financial statements and the related notes that appear elsewhere in this document.

Overview

Our Business

We operate three primary business segments: Marketplaces, Payments and Communications. Our Marketplaces segment provides the infrastructure to enable global online commerce on a variety of platforms, including the traditional eBay.com platform, and our other online platforms, such as Shopping.com, StubHub, classifieds, Half.com and Rent.com. Our Payments segment, which consists of PayPal, enables individuals or businesses to securely, easily and quickly send and receive payments online. Our Communications segment, which consists of Skype, enables VoIP calls between Skype users and provides low-cost connectivity to traditional fixed-line and mobile telephones.

We generate revenues from our Marketplaces segment primarily from listing, feature and final value fees paid by sellers and lead referral fees. For our Payments segment, revenues are generated primarily by fees from payment processing services. Our Communications segment primarily generates revenues from fees charged to users to connect them from Skype's VoIP network to traditional telecommunication networks. These fees are charged on a per minute basis and we refer to these minutes as SkypeOut minutes. Revenues from advertising are derived principally from the sale of advertisements and from revenue sharing arrangements. Other revenues are derived principally from contractual arrangements with third parties that provide transaction services to eBay and PayPal users and interest earned from banks on certain PayPal customer account balances.

Revenues are attributed to U.S. and international geographies based upon the country in which, as the case may be, the seller, payment recipient, Skype user's Internet protocol address, online property that generates advertising, or other service provider, is located. Because we generate the majority of our revenue internationally, fluctuations in foreign currency exchange rates will impact the results of our operations.

Key Operating Metrics and Financial Information

Members of our senior management team regularly review key operating metrics such as active users, listings, Gross Merchandise Volume ("GMV"), net Total Payment Volume ("TPV"), transaction loss rates, registered users and SkypeOut Minutes. Members of our senior management team also regularly review key financial information including net revenues, operating margins, earnings per share, cash flows and financial metrics that exclude certain non-cash items. These financial measures allow us to monitor the profitability of our business and to evaluate the effectiveness of investments that we have made (and continue to make) in the areas of marketing, product development, international expansion, customer support and site operations. We believe that an understanding of these key operating and financial measures and how they change over time is important to investors, analysts and other parties analyzing our business results and future market opportunities.

Financial Summary

During 2007, our combined businesses generated net revenues totaling $7.7 billion, representing a $1.7 billion, or 29%, year-over-year increase, with each of our segments achieving double digit-growth. Overall, our operations were favorably impacted by the weakening of the U.S. dollar relative to foreign currencies, the geographic mix of taxable income, a tax benefit from a favorable ruling issued by a tax authority and more efficient use of our resources as demonstrated by reducing our sales and marketing, product development, and general and administrative expenses as a percentage of revenues. Furthermore, our operating results were negatively impacted by the $1.4 billion impairment charge related to Skype goodwill.

Revenue generated by our Marketplaces segment increased 24% in 2007 as compared to 2006 as our core business generated $59.4 billion in GMV in 2007, representing a 13% increase over the prior year. Revenue growth was primarily driven by StubHub (acquired in February 2007), advertising, and the fixed-price format on eBay. Our

Marketplaces segment represents approximately 70% of our total net revenues and continues to drive the majority of our consolidated net revenue increase in dollars.

Revenue generated by our Payments segment, PayPal, increased 34% in 2007 as compared to 2006. PayPal represents approximately 25% of our total net revenue and generated net TPV of $47.5 billion in 2007, a 33% increase over the $35.8 billion generated in 2006. PayPal continued to be a popular payment vehicle on various Marketplaces platforms. Revenue derived from our Merchant Services business increased by approximately 51% in 2007 compared to 2006 and represented approximately 42% of net TPV in 2007 compared to 35% in 2006.

Revenue generated by our Communications segment, Skype, increased 96% in 2007 as compared to 2006. Revenue growth at Skype was due primarily to the growth in SkypeOut minutes driven by our expanding user base and the broadening of our product offerings and various strategic relationships. Skype represents approximately 5% of our total net revenue.

Our operating margin was 8% in 2007, which reflected the significant impact of the goodwill impairment charge related to Skype of $1.4 billion, which represented 18% of net revenues. In 2006, our operating margin was 24%.

Our diluted earnings per share was $0.25 in 2007. The goodwill impairment charge related to Skype of $1.4 billion reduced our diluted earnings per share by $1.01. In 2006 our diluted earnings per share was $0.79.

We generated operating cash flow of $2.6 billion in 2007, which allowed us to repurchase approximately 44.6 million shares of our common stock for approximately $1.5 billion. As of December 31, 2007, our cash and cash equivalents balance was approximately $4.2 billion.

We expect that our business will continue to grow; however, our growth rate has declined over time and we expect that to continue in 2008, primarily as a result of the following:

- we face challenges in the U.S., U.K. and Germany, which are our three largest markets, as growth of listings, active users and GMV on the eBay.com platform in those countries has slowed. In January 2008, we announced our plan to implement changes to our fee structure, seller incentives and standards and feedback system, all of which may impact our Marketplaces revenue growth;
- consumer spending in our major markets, including the U.S., Germany and the U.K., is expected to be weaker in 2008; and
- we anticipate that ecommerce growth as a whole will decelerate in 2008.

We believe that our operating margin percentage will be impacted negatively by the growth of our lower gross margin businesses, primarily PayPal and Skype, which are growing faster than our Marketplaces business and investment in buyer and seller initiatives, and may be affected by the other changes mentioned above. To partially offset this trend, we intend to continue to improve operating productivity to keep our operating expenses growing at a slower pace than revenue.

We announced another stock repurchase program in January 2008 for $2.0 billion, giving us the ability to repurchase up to $2.85 billion of our common stock under our combined stock repurchase programs. Any repurchases of our common stock under our combined stock repurchase programs may impact our liquidity.

In addition to the above, to the extent that the U.S. dollar fluctuates against foreign currencies, particularly the Euro, British pound, Korean won and Australian Dollar, the translation of these foreign currency denominated transactions into U.S. dollars will impact our consolidated net revenues and, to the extent that they are not hedged successfully, our net income.

Seasonality

The following table sets forth, for the periods presented, our total net revenues and the sequential quarterly growth of these net revenues.

	Quarter Ended			
	March 31	June 30	September 30	December 31
	(in thousands, except percentages)			
2005				
Net revenues	$1,031,724	$1,086,303	$ 1,105,515	$1,328,859
Current quarter vs prior quarter	10%	5%	2%	20%
2006				
Net revenues	$1,390,419	$1,410,784	$ 1,448,637	$1,719,901
Current quarter vs prior quarter	5%	1%	3%	19%
2007				
Net revenues	$1,768,074	$1,834,429	$ 1,889,220	$2,180,606
Current quarter vs prior quarter	3%	4%	3%	15%

We expect transaction activity patterns on our websites to increasingly mirror general consumer buying patterns, both online and offline, as our business expands, with the strongest sequential growth occurring in the fourth quarter.

Results of Operations

Net Revenues

The following table sets forth, for the periods presented, the breakdown of net revenues by type, segment and geography. In addition, we have provided a table of key metrics that drive our revenue results. Certain key metrics, such as "active registered accounts" and "net Total Payment Volume", or net TPV, are new metrics recently adopted by management to measure and monitor its Payments segment. These new metrics replace "active accounts" and "Total Payment Volume" and are defined below.

	Year Ended December 31, 2005	Percent Change from 2005 to 2006	Year Ended December 31, 2006	Percent Change from 2006 to 2007	Year Ended December 31, 2007
	(in thousands, except percent changes)				
Net Revenues by Type:					
Net transaction revenues					
Marketplaces	$ 3,402,301	24%	$ 4,203,340	22%	$ 5,135,363
Payments	1,001,915	40%	1,401,824	31%	1,838,539
Communications	24,809	677%	192,756	95%	376,715
Total net transaction revenues	4,429,025	31%	5,797,920	27%	7,350,617
Advertising and other net revenues	123,376	39%	171,821	87%	321,712
Total net revenues	$ 4,552,401	31%	$ 5,969,741	29%	$ 7,672,329
Net Revenues by Segment:					
Marketplaces	$ 3,499,137	24%	$ 4,334,290	24%	$ 5,363,891
Payments	1,028,455	40%	1,440,530	34%	1,926,616
Communications	24,809	686%	194,921	96%	381,822
Total net revenues	$ 4,552,401	31%	$ 5,969,741	29%	$ 7,672,329
Net Revenues by Geography:					
U.S	$ 2,471,273	26%	$ 3,108,986	20%	$ 3,742,670
International	2,081,128	37%	2,860,755	37%	3,929,659
Total net revenues	$ 4,552,401	31%	$ 5,969,741	29%	$ 7,672,329

	Year Ended December 31,		
	2005	2006	2007
		(in millions)	
Supplemental Operating Data:			
Marketplaces Segment:(1)			
Active users(2)	71.8	81.8	83.2
Number of listings(3)	1,876.8	2,365.3	2,340.5
Gross merchandise volume(4)	$ 44,299	$ 52,474	$ 59,353
Payments Segment :			
Active registered accounts(5)	41.3	49.4	57.3
Net total payment volume(6)	$ 26,066	$ 35,800	$ 47,470
Communications Segment:			
Registered Users(7)	74.7	171.2	276.3

(1) Rent.com, Shopping.com, and our classifieds websites are not included in these metrics.

(2) All users, excluding users of Half.com, StubHub and Internet Auction Co., our Korean subsidiary, who bid on, bought, or listed an item within the previous 12-month period. Users may register more than once and as a result, may have more than one account.

(3) Listings on eBay Marketplaces trading platforms during the period, regardless of whether the listing subsequently closed successfully.

(4) Total value of all successfully closed items between users on eBay Marketplaces trading platforms during the period, regardless of whether the buyer and seller actually consummated the transaction.

(5) All registered accounts that successfully sent or received at least one payment or payment reversal through the PayPal system within the previous 12-month period.

(6) Total dollar volume of payments, net of payment reversals, successfully completed through the PayPal system during the period, excluding the payment gateway business.

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

Marketplaces Net Transaction Revenues

Total net transaction revenues from Marketplaces increased 22% in 2007 compared to 2006. The increase in net transaction revenues was the result of growth in our GMV-based businesses as well as growth in our non-GMV-based businesses (Shopping.com, Rent.com and our classifieds websites), which continued to grow faster than our overall Marketplaces businesses. GMV increased 13% during 2007 compared to 2006, and was due primarily to an increase in conversion rates and average selling prices, a weaker U.S. dollar, and inclusion of our StubHub results (which we acquired in February 2007). GMV growth in 2007 occurred across all major categories, with the motors, consumer electronics, home and garden, clothing and accessories and tickets having the most significant positive dollar impact when compared to 2006.

Total net transaction revenues from Marketplaces increased 24% in 2006 compared to 2005. The increase in net transaction revenues was due primarily to growth in our GMV-based businesses as well as growth in our non-GMV-based businesses. GMV increased 18% during 2006 compared to 2005, primarily driven by an increase in listings and higher average selling prices offset by lower conversion rates. GMV growth in 2006 occurred across all major categories, with the motors, consumer electronics, clothing and accessories, computers, home and garden, books/movies/music, sports, and collectibles categories having the most significant dollar impact when compared to 2005.

Marketplaces net transaction revenues earned internationally were $2.7 billion in 2007, $2.1 billion in 2006 and $1.7 billion in 2005, representing 52%, 50% and 49% of total Marketplaces net transaction revenues, respectively. Based on changes in foreign currency rates year-over-year, Marketplaces net revenues were positively impacted by foreign currency translation of approximately $222.4 million, $30.6 million and $6.7 million in 2007, 2006 and 2005 respectively. Changes in foreign currency rates will impact our operating results and, to the extent that the U.S. dollar strengthens, our foreign currency denominated net revenues will be negatively impacted.

In 2008, we expect Marketplaces net transaction revenues to continue to increase, driven by increased levels of GMV and continued growth from our non-GMV-based businesses. In January 2008, we announced changes to our fee structure, as well as changes to our seller incentives and standards and feedback system, on the Marketplaces platforms in an effort to increase user activity, particularly in our three largest markets, the U.S., U.K. and Germany. The reaction of our community of buyers and sellers to these changes, as well as the other factors discussed above under “Financial Summary” could impact our revenue growth and may affect future trends.

Payments Net Transaction Revenues

Payments net transaction revenues increased 31% and 40% in 2007 and 2006, respectively, which was consistent with our year-over-year increase in net TPV of 33% and 37%, respectively, in those periods. Payments net transaction revenues have grown primarily as a result of growth in our Merchant Services business and the increase in PayPal’s penetration of eBay Marketplaces GMV. Payments net transaction revenues continue to be

derived primarily from eBay Marketplaces transactions using PayPal. Our Merchant Services net TPV experienced 59% year-over-year growth in 2007 and 2006, and represented 42% and 35% of PayPal's net TPV in 2007 and 2006, respectively. The increase in Merchant Services business resulted from more online merchants, both domestically and internationally, adding PayPal as a payment option. Our payments net transaction revenues as a percentage of net TPV was approximately 4% in each of 2007, 2006 and 2005.

Payments net transaction revenues earned internationally totaled $778.3 million in 2007, $533.2 million in 2006, and $364.5 million in 2005, respectively representing 42%, 38% and 36% of total Payments net transaction revenues, respectively. International growth in our Payments segment continues to benefit from the expansion of our geographical footprint, the increase in the number of currencies supported by PayPal over the last twelve months and the increase in cross-border payments, which generate larger fees. Based on changes in foreign currency rates year-over-year, Payments net revenues were positively impacted by foreign currency translation of approximately $21.4 million, $4.3 million and $5.3 million in 2007, 2006 and 2005, respectively.

In 2008, we expect the Payments net transaction revenues to increase in total and for net transaction revenues earned internationally to increase in total and as a percentage of Payments net transaction revenues. We expect continued growth in our Merchant Services business as the number of merchants integrating PayPal on their websites increases and as we build consumer preference for PayPal. In addition, we expect our Payments business to benefit from growth in Marketplaces GMV and increased penetration of PayPal on eBay Marketplaces, each of which may be impacted by, among other things, the factors discussed above under "Financial Summary."

Communications Net Transaction Revenues

Communications net transaction revenues were $376.7 million in 2007 compared to $192.8 million in 2006. The increase in Communications net revenues was due primarily to an increase in SkypeOut minutes to 5.6 billion in 2007 compared to 4.1 billion in 2006 and to pricing changes. The increase in SkypeOut minutes was due primarily to the growth in the cumulative number of Skype registered users to 276.3 million at December 31, 2007 from 171.2 million at December 31, 2006.

Communications net transaction revenues were $192.8 million in 2006 compared to $24.8 million in 2005 (net revenues from the acquisition date of October 14, 2005 through the end of 2005). The increase in net revenues was due primarily to a full year of revenues generated from our VoIP offerings in 2006. Skype registered users increased to 171.2 million at December 31, 2006 from 74.7 million at December 31, 2005.

Net transaction revenues from Communications earned internationally totaled $315.4 million in 2007, $163.7 million in 2006 and $21.4 million in 2005, representing 84%, 85% and 87% of total Communications net transaction revenues, respectively. Skype revenue is primarily generated in Europe. Based on changes in foreign currency rates year over year, Communications net revenue was positively impacted by foreign currency translation of approximately $32.2 million in 2007 and $5.1 million in 2006.

In 2008, we expect Communications net transaction revenues to continue to increase, driven by our continued focus on increasing user activity and expanding our products and features.

Advertising and Other Net Revenues

Advertising and other net revenues totaled $321.7 million in 2007, $171.8 million in 2006 and $123.4 million in 2005. Advertising and other net revenues represented 4% of total net revenues during 2007 and 3% of total net revenues during 2006 and 2005. Advertising and other net revenues increased 87% and 39% during 2007 and 2006, respectively, compared to the same periods of the prior year due primarily to advertising initiatives in our Marketplaces segment and interest earned from banks on certain U.S. PayPal customer account balances. Prior to the fourth quarter of 2006, certain U.S. PayPal customer account balances were maintained in non-interest bearing accounts. We expect advertising revenues to increase in total as we continue to benefit from our strategic advertising partnerships that leverage the significant number of users on our Marketplaces platform. The decline in interest rates in the U.S. may have a significant impact on the amount of interest we earn from banks on certain U.S. PayPal account balances.

Summary of Cost of Net Revenues, Operating Expenses, Non-Operating Items and Provision for Income Taxes

The following table summarizes changes in cost of net revenues, operating expenses, non-operating items and provision for income taxes (note that 2007 and 2006 amounts reflect our adoption of the modified prospective method under FAS 123(R)):

	Year Ended December 31,			Change from 2005 to 2006		Change from 2006 to 2007	
	2005	2006	2007	in Dollars	in %	in Dollars	in %
	(in thousands, except percentages)						
Cost of net revenues	$ 818,104	$1,256,792	$1,762,972	$438,688	54%	506,180	40%
Sales and marketing	1,185,929	1,619,857	1,925,393	433,928	37%	305,536	19%
Product development	328,191	494,695	619,727	166,504	51%	125,032	25%
General and administrative	649,529	978,363	1,156,015	328,834	51%	177,652	18%
Amortization of acquired intangible assets	128,941	197,078	204,104	68,137	53%	7,026	4%
Impairment of goodwill	—	—	1,390,938	—	—	1,390,938	100%
Interest and other income, net	111,099	130,017	154,271	18,918	17%	24,254	19%
Interest expense	3,478	5,916	16,600	2,438	70%	10,684	181%
Provision for income taxes	467,285	421,418	402,600	(45,867)	(10)%	(18,818)	(4%)

As of January 1, 2006, we began accounting for stock-based compensation under FAS 123(R), which requires the recognition of the fair value of stock-based compensation. We adopted FAS 123(R) using the modified prospective method, which requires the application of the accounting standard as of January 1, 2006. In accordance with the modified prospective method, the consolidated financial statements for 2005 have not been restated to reflect, and do not include, the impact of FAS 123(R). Stock-based compensation expense related to equity awards and employee stock purchases for 2005, 2006 and 2007 was allocated as follows (in thousands):

	2005	2006	2007
Cost of net revenues	$ 1,881	$ 32,981	$ 37,009
Sales and marketing	8,696	96,547	81,299
Product development	6,468	81,489	76,002
General and administrative	14,727	106,393	107,503
Total stock-based compensation expense	31,772	317,410	301,813
Tax benefit	(13,023)	(97,572)	(92,726)
Stock-based compensation expense, net of tax	$ 18,749	$219,838	$209,087

As of December 31, 2007, there was approximately $541.0 million of total unrecognized compensation cost, excluding tax benefits, related to stock-based incentive awards granted under our equity incentive plans. That cost is expected to be recognized over a weighted-average period of three years.

We continue to believe that employee stock-based incentive plans represent an appropriate and essential component of our overall compensation program. We grant stock-based awards to substantially all employees and believe that this broad-based program helps us to attract, motivate, and retain high quality employees, to the ultimate benefit of our stockholders. We granted restricted stock units as part of our annual employee incentive compensation program for the first time in 2007. Stock options, restricted stock units and restricted stock awards granted during the years ended December 31, 2007 and 2006, net of cancellations/forfeitures, represented approximately 1% and 2% of our total common stock outstanding as of December 31, 2007 and 2006, respectively. A substantial portion of our stock-based awards granted during 2007 were granted to existing employees.

Cost of Net Revenues

	2005	2006	2007
	(In thousands, except percentages)		
Cost of net revenues	$ 818,104	$1,256,792	$1,762,972
As a percentage of net revenues	18.0%	21.1%	23.0%

Cost of net revenues consists primarily of costs associated with payment processing, customer support and site operations, and Skype telecommunications costs. Significant cost components include bank transaction fees, credit card interchange, assessments, other payment processing costs, employee compensation, contractor costs, facilities costs for our customer support and site operations, depreciation of equipment, amortization of capitalized product development costs and amortization of acquired developed technology.

The increase in cost of net revenues of $506.2 million during 2007 was due primarily to an increase in payment processing costs, Skype telecommunication costs, customer support and site operations costs. Payment processing costs increased approximately $200.1 million, or 40%, in 2007 compared to the prior year due primarily to the 33% increase in PayPal's net TPV, an increase in the proportion of customer transactions funded with credit cards, which have higher associated processing costs, and increased Marketplaces transaction activity. Skype telecommunications costs increased by $86.2 million, or 64%, in 2007 compared to the prior year due to the increase of SkypeOut minutes. Aggregate customer support and site operations costs increased approximately $153.1 million, or 26%, in 2007 compared to the prior year due to the development and expansion of our customer support and site operations infrastructure to support our growth in transaction volume as demonstrated through the increases in both GMV and net TPV. Cost of net revenues increased as a percentage of net revenues primarily as a result of the growth of our lower gross margin businesses, particularly PayPal and Skype.

The increase in cost of net revenues of $438.7 million during 2006 was due primarily to an increase in payment processing costs, Skype telecommunication costs, the development and expansion of our customer support and site operations infrastructure, and the effect of stock-based compensation expense related to equity awards and employee stock purchases under FAS 123(R). Payment processing costs increased approximately $114.5 million, or 30%, in 2006 compared to the prior year, due primarily to the 37% increase in PayPal's net TPV and increases in the proportion of customer transactions funded with credit cards. Skype telecommunications costs increased by $105.5 million in 2006 compared to the prior year due to the inclusion of a full year of Skype's costs. Aggregate customer support and site operations costs (including stock-based compensation) increased approximately $202.8 million, or 52%, in 2006 compared to the prior year, due primarily to expanding our global site and support infrastructure. Stock-based compensation expense of $33.0 million was included in cost of revenues in 2006 compared to $1.9 million in 2005. Stock-based compensation expense increased due to our implementation of FAS 123(R) at the beginning of 2006.

Costs of net revenues are expected to increase in total and as a percentage of net revenues during 2008 due primarily to growth in PayPal and Skype, each of which is growing faster and has a lower gross margin than Marketplaces.

Sales and Marketing

	2005	2006	2007
	(in thousands, except percentages)		
Sales and marketing	$1,185,929	$1,619,857	$1,925,393
As a percentage of net revenues	26.1%	27.1%	25.1%

Sales and marketing expenses consist primarily of advertising costs, marketing programs and employee compensation for sales and marketing staff.

Sales and marketing expenses increased in total due to our continued investment in retaining and growing our active user base. We direct customers to our websites primarily through a number of online marketing channels such as sponsored search, portal advertising, email campaigns and other initiatives. Our marketing expenses are largely variable, based on growth in sales and changes in rates. Growth in advertising and marketing costs, as well as employee-related costs, comprised the majority of the increases. Combined advertising and marketing costs

increased $222.5 million in 2007 compared to the prior year, due to an increase in global television and online marketing campaigns. Employee-related costs and the use of contractors increased by $48.7 million in 2007 as we continued to expand our domestic and international operations. Sales and marketing expenses as a percentage of net revenues decreased from 2006, due to more efficient spending within our Marketplaces segment as we continued to refine our marketing programs and the growth in our Payments and Communications segments, each of which has lower relative sales and marketing expenses than our Marketplaces segment.

Sales and marketing expenses increased in total and as a percentage of total net revenues in 2006 due to our continued investment in growing our global user base and the effect of stock-based compensation expense related to equity awards and employee stock purchases under FAS 123(R). Growth in advertising and marketing costs as well as employee-related costs comprised the majority of the increases. Combined advertising and marketing costs increased $250.5 million in 2006 compared to the prior year, due to an increase in global television and online marketing campaigns. Employee-related costs, not including stock-based compensation expense, increased by $69.3 million in 2006 as we continued to expand our domestic and international operations. Stock-based compensation expense of $96.5 million was included in sales and marketing expense in 2006 compared to $8.7 million in 2005. Stock-based compensation expense increased due to our implementation of FAS 123(R) at the beginning of 2006.

For 2008, sales and marketing expense is expected to increase in total due to our increased efforts to retain existing active users and increase activity across all of our segments. However, sales and marketing expense as a percentage of net revenues is expected to decrease slightly due to improved sales and marketing expense leverage in our Marketplaces segment and the relative growth in our Payments and Communications segments (each of which has lower sales and marketing expenses than our Marketplaces segment).

Product Development

	2005	2006	2007
	(in thousands, except percentages)		
Product development	$328,191	$494,695	$619,727
As a percentage of net revenues	7.2%	8.3%	8.1%

Product development expenses consist primarily of employee compensation, contractor costs, facilities costs and depreciation on equipment. Product development expenses are net of required capitalization of major site and other product development efforts, including the development of our next generation platform architecture, migration of certain platforms, seller tools and Payments services projects. These capitalized costs totaled $81.2 million in 2007, $67.9 million in 2006 and $37.1 million in 2005, and are reflected as a cost of net revenues when amortized in future periods.

The increase in product development expense of $125.0 million during 2007 was due primarily to an increase in staffing and consultant costs to support several platform development initiatives to enhance the user experience and expand our existing product offerings primarily across our Marketplaces and Payments segments. Employee-related and consultant costs increased by approximately $89.0 million in 2007 compared to the prior year. Depreciation and facilities expense incurred to support our development efforts increased by approximately $15.6 million in 2007 as compared to the prior year. Product development expense as a percentage of net revenues decreased slightly from 2006 as we continued to add capacity at a slower rate than we generate revenue.

The increase in product development expense of $166.5 million during 2006 was due primarily to the addition of employees, contractors and consultants to support various platform and software development initiatives in our Marketplaces, Payments and Communications segments and the effect of stock-based compensation expense related to equity awards and employee stock purchases under FAS 123(R). Employee-related and consultant costs, excluding stock-based compensation, increased by approximately $61.5 million in 2006 compared to the prior year. Stock-based compensation expense of $81.5 million was included in product development expense in 2006 compared to $6.5 million in 2005. Stock-based compensation expense increased due to our implementation of FAS 123(R) at the beginning of 2006.

For 2008, product development expense is expected to increase in total and as a percentage of net revenues as we develop new site features and functionality and invest in strategic product-based initiatives.

General and Administrative

	2005	2006	2007
	(in thousands, except percentages)		
General and administrative	$ 649,529	$ 978,363	$1,156,015
As a percentage of net revenues	14.3%	16.4%	15.1%

General and administrative expenses consist primarily of employee compensation, contractor costs, provisions for transaction losses associated with PayPal, facilities costs, depreciation of equipment, provision for doubtful accounts, employer payroll taxes on employee stock-based compensation, insurance and professional fees.

The increase in general and administrative expenses of $177.7 million during 2007 was due primarily to an increase in employee-related costs, facilities costs, professional services, and transaction loss expense. Employee-related costs, consultant costs and facilities costs increased by approximately $111.6 million during 2007 as compared to the prior year due primarily to our continued focus on consumer protection programs. Professional services costs increased $35.7 million during 2007 compared to the prior year. PayPal's transaction loss rate, which is the transaction loss expense as a percentage of PayPal's net TPV, decreased to 0.29% during 2007, compared to 0.35% during 2006; however, transaction loss expense still increased by approximately $12.8 million because of the increase in net TPV. We continue to expect our transaction loss rate to fluctuate depending on many factors, including historical experience of losses, protection programs, funding mix and net TPV. The funding mix reflects how senders fund their payment transactions (through credit cards, electronic funds transfers, buyer credit, or existing PayPal account balances). General and administrative expense as a percentage of net revenue decreased from 2006 due to our continued leverage of our existing infrastructure.

The increase in general and administrative expenses of $328.8 million during 2006 was due primarily to increased employee-related costs, consultant costs, higher Payments transaction loss expenses, and the effect of stock-based compensation expense related to equity awards and employee stock purchases under FAS 123(R). Employee-related costs and consultant costs increased by approximately $112.6 million during 2006 as compared to the prior year due to our continued focus on user protection programs. The transaction loss rate in our Payments segment increased to 0.35% in 2006 compared to 0.28% in 2005, causing an increase in expense of approximately $52.7 million. The increase in the transaction loss rate were due primarily to higher levels of credit card chargebacks from unauthorized credit card transactions, which resulted from our decision to strategically enter into new customer segments (new countries and direct card processing) having higher loss rates.

For 2008, we expect general and administrative expense to increase in total due to our continued investment across all areas of our business and related corporate functions, particularly in our consumer protection programs, as well as costs associated with transaction losses. However, general and administrative expenses are expected to decrease as a percentage of net revenues due to increased efficiency in our general and administrative functions, which we expect will be partially offset by investments in our consumer protection programs.

Amortization of Acquired Intangible Assets

	2005	2006	2007
	(in thousands, except percentages)		
Amortization of acquired intangible assets	$ 128,941	$ 197,078	$ 204,104
As a percentage of net revenues	2.8%	3.3%	2.7%

From time to time we have purchased, and we expect to continue the purchase of, assets or businesses to accelerate category and geographic expansion, increase the features, functions, and formats available to our users and maintain a leading role in online ecommerce, payments and communications. These purchase transactions generally result in the creation of acquired intangible assets with finite lives and lead to a corresponding increase in the amortization expense in future periods. We amortize intangible assets over the period of estimated benefit, using the straight-line method and estimated useful lives ranging from one to eight years. The increase in amortization of acquired amortizable intangibles during 2007 and 2006 compared to prior years is due to the business acquisitions consummated during 2007, 2006 and 2005.

Amortization of acquired intangible assets will increase as we make additional acquisitions in the future.

Impairment of Goodwill

	2005	2006	2007
	(in thousands, except percentages)		
Impairment of goodwill	$ —	$ —	$ 1,390,938
As a percentage of net revenues	—	—	18.1%

Impairment of goodwill was $1.4 billion for the year ended December 31, 2007. We conducted our annual impairment test of goodwill as of August 31 in accordance with SFAS No. 142, "Goodwill and Other Intangible Assets." As a result of this test, we concluded that the carrying amount of our Communications reporting unit exceeded its fair value and recorded an impairment loss of approximately $1.4 billion (including a $530.3 million payment related to the earn out settlement agreement with certain former shareholders of Skype) during the year ended December 31, 2007. The impairment resulted from an updated long-term financial outlook for the Skype business developed as part of our strategic planning cycle conducted annually during our third quarter. Our estimates of future operating results for our Communications reporting unit are for an early stage business with limited financial history, as well as developing revenue models. These factors increase the risk of differences between projected and actual performance that could impact future estimates of fair value of the Communications reporting unit. See "Note 3 — Business Combinations, Goodwill and Intangible Assets" in the consolidated financial statements included elsewhere in this report for further details. We have determined that there were no events or circumstances from August 31 through December 31, 2007 that would indicate a further assessment was necessary. We had no impairment charges in the years ended December 31, 2006 or 2005.

Interest and Other Income, Net

	2005	2006	2007
	(in thousands, except percentages)		
Interest and other income, net	$ 111,099	$ 130,017	$ 154,271
As a percentage of net revenues	2.4%	2.2%	2.0%

Interest and other income, net consists primarily of interest earned on cash, cash equivalents and investments as well as foreign exchange transaction gains and losses, our portion of unconsolidated joint venture and minority equity investment results and other miscellaneous transactions not related to our primary operations.

Interest and other income, net increased in 2007 as compared to the prior year due primarily to higher cash, cash equivalents, and investments balances and higher interest rates, partially offset by losses from our portion of unconsolidated joint ventures and minority equity investments. The weighted-average interest rate of our cash and interest bearing investments portfolio increased to 4.2% in 2007 from 3.8% in 2006.

Our interest and other income, net increased in total and remained relatively constant as a percentage of net revenues during 2006 as compared to the prior year, primarily as a result of increased interest income due to increased cash, cash equivalents and investments balances and higher interest rates, offset by the lower cash balances due to our stock repurchase activity in 2006. The weighted-average interest rate of our cash and interest bearing investments portfolio increased to 3.8% in 2006 from 2.9% in 2005.

We expect that interest and other income, net, in 2008 will vary primarily based on future interest rates and the level of invested assets, which will be impacted by the extent of our stock repurchase activity, as well as the results of our portion of unconsolidated joint ventures and our minority equity investments.

Interest Expense

	2005	2006	2007
	(in thousands, except percentages)		
Interest expense	$ 3,478	$ 5,916	$ 16,600
As a percentage of net revenues	0.1%	0.1%	0.2%

Interest expense consists of interest charges on the amount drawn under our credit agreement and certain accrued contingencies. The increase in interest expense during 2007 compared to the prior year is due primarily to interest charges associated with our borrowings under our credit agreement. In 2008, interest expense may be

impacted by our decision to access the available credit under our credit agreement. See additional discussion of our credit agreement in "Note 8 — Commitments and Contingencies" to our consolidated financial statements included elsewhere in this Annual Report on Form 10-K.

Provision for Income Taxes

	2005	2006	2007
	(In thousands, except percentages)		
Provision for income taxes	$467,285	$421,418	$402,600
As a percentage of net revenues	10.3%	7.1%	5.2%
Effective tax rate	30%	27%	54%

The provision for income taxes differs from the amount computed by applying the statutory U.S. federal rate principally due to foreign income with lower tax rates and from tax credits that lower the effective tax rate, offset by state taxes, subsidiary losses and an impairment charge for which we have not provided a benefit and other factors that impact the effective tax rate.

Our effective tax rate in 2007 was 54%, compared to 27% in 2006. The increase was due to the goodwill impairment charge with respect to our Communications reporting unit which is non-deductible for tax purposes, partially offset by a tax benefit from a ruling issued by a tax authority related to prior periods. The lower effective tax rates in 2006 as compared to 2005 resulted primarily from the expansion of our international businesses and from changes in our operations in international markets. We expect our effective tax rate for 2008 to be significantly lower than in 2007.

Liquidity and Capital Resources

Cash Flows

	Year Ended December 31,		
	2005	2006	2007
		(in thousands)	
Consolidated Cash Flow Data:			
Net cash provided by (used in):			
Operating activities	$ 2,009,891	$ 2,247,791	$2,641,109
Investing activities	(2,452,731)	228,853	(693,146)
Financing activities	471,606	(1,260,687)	(693,392)
Effect of exchange rates on cash and cash equivalents	(45,231)	133,255	303,828
Net (decrease) increase in cash and cash equivalents	$ (16,465)	$ 1,349,212	$1,558,399

We have generated cash from operating activities in amounts greater than net income in 2007, 2006 and 2005, due primarily to non-cash charges to earnings and tax benefits from stock-based compensation. Non-cash charges to earnings included depreciation and amortization on our long-term assets, stock-based compensation, provision for doubtful accounts and authorized credits resulting from increasing revenues and the provision for transaction losses resulting from increased net TPV processed by PayPal. Non-cash charges in 2007 also included a $1.4 billion goodwill impairment charge, whereas there was no impairment charge in the prior years. We expect net cash provided by operating activities to increase due primarily to higher net income.

Cash paid for income taxes in 2007, 2006 and 2005 was $363.0 million, $179.2 million and $40.3 million, respectively, as a substantial portion of our net operating losses and tax credits were utilized in 2005. Beginning in 2006, we were required to make cash payments for U.S. taxes.

Prior to adopting FAS 123(R), we presented all tax benefits resulting from the exercise of equity awards as operating cash flows in the consolidated statement of cash flows. FAS 123(R) requires cash flows resulting from excess tax benefits to be classified as a part of cash flows from financing activities. Excess tax benefits represent tax benefits related to exercised options in excess of the associated deferred tax asset for such options. As a result of

adopting FAS 123(R), $84.8 million and $92.4 million of excess tax benefits for 2007 and 2006, respectively, have been reported as a cash inflow from financing activities.

The net cash used in investing activities in 2007 was due primarily to cash paid for acquisitions and the purchase of property and equipment, partially offset by cash generated by our net investment activity. The net cash provided by investing activities in 2006 reflected the cash generated from our net investment activity offset by the purchase of property and equipment. The net cash used in investing activities in 2005 was due primarily to cash paid for acquisitions and the purchase of property and equipment, offset by cash generated by our net investment activity. Purchases of property and equipment, net totaled $454.0 million in 2007, $515.4 million in 2006, and $338.3 million in 2005 related mainly to purchases of computer equipment and software to support our site operations, customer support and international expansion. Cash expended for acquisitions, net of cash acquired, totaled approximately $863.6 million in 2007, $45.5 million in 2006, and $2.7 billion in 2005. In 2007, acquisition activity primarily consisted of $530.3 million earn out payment related to our 2005 Skype acquisition and our 2007 acquisition of StubHub. In 2006, we acquired Tradera.com. In 2005, acquisition activity primarily consisted of Rent.com, certain international classifieds websites, Shopping.com, Skype and VeriSign's payment gateway business. In 2008, we expect to continue to purchase property and equipment and expect such purchases to total between 6.5% and 7.0% of revenue. Also, we may acquire businesses with cash, which would impact our investing cash flows.

The net cash flows used in financing activities of $693.4 million in 2007 were due primarily to the repurchase of approximately 44.6 million shares of our common stock for an aggregate purchase price of approximately $1.5 billion, offset by the proceeds from stock option exercises totaling $507.0 million and $200.2 million of proceeds from borrowings under our credit agreement. The net cash flows used in financing activities of $1.3 billion in 2006 were due primarily to the repurchase of approximately 54.5 million shares of our common stock for an aggregate purchase price of approximately $1.7 billion, offset by the proceeds from stock option exercises of $313.5 million. The net cash flows provided by financing activities in 2005 were due primarily to proceeds from stock option exercises of $599.8 million. Prior to 2006, we had not repurchased our common stock under a stock repurchase program. Our future cash flows from equity awards are difficult to project as such amounts are a function of our stock price, the number of options outstanding and the decisions by employees to exercise equity awards. In general, we expect proceeds from stock option exercises to increase during periods in which our stock price has increased relative to historical levels.

In July 2006, our Board authorized the repurchase of up to $2.0 billion of our common stock within two years from the date of authorization. During 2006, we repurchased approximately 54.5 million shares of our common stock at an average price of $30.56 per share for an aggregate purchase price of $1.7 billion. In January 2007, our Board authorized, and we announced, an expansion of the stock repurchase program to provide for the repurchase of up to an additional $2.0 billion of our common stock over the next two years. During 2007, we repurchased approximately 44.6 million shares of our common stock at an average price of $33.42 per share for an aggregate purchase price of $1.5 billion, under this stock repurchase program. In January 2008, our Board authorized, and we announced, another stock repurchase program of up to $2.0 billion of our common stock, giving us the ability to repurchase up to $2.85 billion of our common stock under our combined stock repurchase programs. Share repurchases under our repurchase programs may take a variety of forms, including structured stock repurchase programs and other derivative transactions. We expect to continue to repurchase our common stock in 2008, which would reduce financing cash flows or increase financing cash usage.

The positive effect of exchange rates on cash and cash equivalents during 2007 and 2006 was due to the weakening of the U.S. dollar against other foreign currencies, primarily the Euro. The negative effect of exchange rates on cash and cash equivalents during 2005 was due to the strengthening of the U.S. dollar against other foreign currencies, primarily the Euro.

In August 2007, we entered into an amendment to our 2006 credit agreement. The amendment agreement increased the lender commitments and borrowing capacity under the 2006 credit agreement from its prior level of $1.0 billion to $2.0 billion, maintained an option to increase borrowing capacity by an additional $1.0 billion (after giving effect to the $1.0 billion increase described above) and extended the maturity date by an additional year to November 7, 2012. As of December 31, 2007, $1.8 billion was available under the credit agreement.

We believe that existing cash, cash equivalents and investments of approximately $5.0 billion, together with cash generated from operations and cash available through our credit agreement, will be sufficient to fund our operating activities, capital expenditures, stock repurchases and other obligations for the foreseeable future.

Commitments and Contingencies

We have certain fixed contractual obligations and commitments that include future estimated payments. Changes in our business needs, contractual cancellation provisions, fluctuating interest rates, and other factors may result in actual payments differing from the estimates. We cannot provide certainty regarding the timing and amounts of these payments. We have presented below a summary of the most significant assumptions used in our determination of amounts presented in the tables, in order to assist in the review of this information within the context of our consolidated financial position, results of operations, and cash flows. The following table summarizes our fixed contractual obligations and commitments (in thousands):

Payments Due By Year Ending December 31,	Operating Leases	Purchase Obligations	Total
2008	$ 64,870	$ 372,157	$437,027
2009	59,221	105,099	164,320
2010	45,960	58,786	104,746
2011	32,342	45,019	77,361
2012	27,940	42,563	70,503
Thereafter	87,688	643	88,331
	$318,021	$ 624,267	$942,288

Operating lease amounts include minimum rental payments under our non-cancelable operating leases for office facilities, as well as limited computer and office equipment that we utilize under lease arrangements. The amounts presented are consistent with contractual terms and are not expected to differ significantly, unless a substantial change in our headcount needs requires us to expand our occupied space or exit an office facility early.

Purchase obligation amounts include minimum purchase commitments for advertising, capital expenditures (computer equipment, software applications, engineering development services, construction contracts) and other goods and services that were entered into through our ordinary course of business. For those contractual arrangements in which there are significant performance requirements, we have developed estimates to project expected payment obligations. These estimates have been developed based upon historical trends, when available, and our anticipated future obligations. Given the significance of such performance requirements within our advertising and other arrangements, actual payments could differ significantly from these estimates.

The table above does not include liabilities related to unrecognized tax benefits under FASB Interpretation No. 48, “Accounting for Uncertainty in Income Taxes” (“FIN 48”). As we are unable to reasonably predict the timing of settlement of such FIN 48 liabilities, the table does not include $494.3 million of such non-current liabilities recorded on our consolidated balance sheet as of December 31, 2007.

Off-Balance Sheet Arrangements

As of December 31, 2007, we had no off-balance sheet arrangements that have, or are reasonably likely to have, a current or future material effect on our consolidated financial condition, results of operations, liquidity, capital expenditures or capital resources. Customer funds held by PayPal as an agent or custodian on behalf of our customers are not reflected in our consolidated balance sheets. These funds include funds on behalf of U.S. customers that are deposited in bank accounts insured by the Federal Deposit Insurance Corporation and funds that U.S. customers choose to invest in the PayPal Money Market Fund, which totaled approximately $1.8 billion and $1.5 billion as of December 31, 2007 and 2006, respectively. The PayPal Money Market Fund is invested in a portfolio managed by Barclays Global Fund Advisors.

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 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.

Critical Accounting Policies, Judgments and Estimates

General

The preparation of our consolidated financial statements and related notes requires us to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses, and related disclosure of contingent assets and liabilities. We have based our estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Our senior management has discussed the development, selection and disclosure of these estimates with the Audit Committee of our Board. Actual results may differ from these estimates under different assumptions or conditions.

An accounting policy is considered to be critical if it requires an accounting estimate to be made based on assumptions about matters that are highly uncertain at the time the estimate is made, and if different estimates that reasonably could have been used, or changes in the accounting estimates that are reasonably likely to occur periodically, could materially impact the consolidated financial statements. We believe the following critical accounting policies reflect the more significant estimates and assumptions used in the preparation of our consolidated financial statements. The following descriptions of critical accounting policies, judgments and estimates should be read in conjunction with our consolidated financial statements and other disclosures included in this report.

Provisions for Doubtful Accounts and Authorized Credits

We are exposed to losses due to uncollectible accounts and credits to sellers. Provisions for these items represent our estimate of actual losses and credits based on our historical experience, are monitored monthly, and are made at the time the related revenue is recognized. The provision for doubtful accounts is recorded as a charge to operating expense, while the authorized credits are recorded as a reduction of revenues. The following table illustrates the provision related to doubtful accounts and authorized credits as a percentage of net revenues for 2005, 2006, and 2007 (in thousands, except percentages):

	Year Ended December 31,		
	2005	2006	2007
Net revenues	$4,552,401	$5,969,741	$7,672,329
Provision for doubtful accounts and authorized credits	$ 89,499	$ 100,729	$ 96,461
Provision for doubtful accounts and authorized credits as a % of net revenues	1.97%	1.69%	1.26%

Historically, our actual losses and credits have been consistent with these provisions. However, future changes in trends could result in a material impact to future consolidated statements of income and cash flows. Based on our results for the year ended December 31, 2007, a 25 basis point deviation from our estimates would have resulted in

an increase or decrease in operating income of approximately $19.2 million. The following analysis demonstrates, for illustrative purposes only, the potential effect a 25 basis point deviation from our estimates would have upon our consolidated financial statements and is not intended to provide a range of exposure or expected deviation (in thousands, except per share data):

	−25 Basis Points	2007	+25 Basis Points
Provision for doubtful accounts and related authorized credits	$ 77,280	$ 96,461	$115,642
Income from operations	632,361	613,180	593,999
Net income	367,432	348,251	329,070
Diluted earnings per share	$ 0.27	$ 0.25	$ 0.24

Provision for Transaction Losses

Our Payments segment is exposed to transaction losses due to credit card and other payment misuse, as well as non-performance of and credit losses from sellers who accept payment through PayPal. We establish allowances for estimated losses arising from processing customer transactions, such as chargebacks for unauthorized credit card use and merchant-related chargebacks due to non-delivery of goods or services, Automated Clearing House ("ACH") returns, buyer protection program claims and debit card overdrafts. These allowances represent an accumulation of the estimated amounts necessary to provide for transaction losses incurred as of the reporting date, including those of which we have not yet been notified. The allowances, which involve the use of actuarial techniques, are monitored monthly and are updated based on actual claims data reported by our claims processors. The allowances are based on known facts and circumstances, internal factors including our experience with similar cases, historical trends involving loss payment patterns and the mix of transaction and loss types. The provision for transaction losses is reflected as a general and administrative expense in our consolidated statement of income. At December 31, 2007, the allowance for PayPal transaction losses totaled $80.1 million.

The following table illustrates the provision for transaction losses as a percentage of net TPV from PayPal operations for the years ended December 31, 2005, 2006 and 2007 (in thousands, except percentages):

	Year Ended December 31,		
	2005	2006	2007
Total payment volume	$27,485,000	$37,752,000	$47,470,000
Transaction loss expense	$ 73,773	$ 126,439	$ 139,255
As a % of total payment volume	0.27%	0.33%	0.29%

Determining appropriate allowances for transaction losses is an inherently uncertain process, and ultimate losses may vary from the current estimates. We regularly update our allowance estimates as new facts become known and events occur that may impact the settlement or recovery of losses. The allowances are maintained at a level we deem appropriate to adequately provide for losses incurred at the balance sheet date. Based on our results for the year ended December 31, 2007, a five basis point deviation from our estimates would have resulted in an increase or decrease in our operating expenses of approximately $23.7 million. The following analysis demonstrates, for illustrative purposes only, the potential effect a five basis point deviation from our estimates would have upon our consolidated financial statements for the year ended December 31, 2007, and is not intended to provide a range of exposure or expected deviation (in thousands, except per share data):

	−5 Basis Points	2007	+5 Basis Points
Transaction loss expense	$115,520	$139,255	$162,990
Income from operations	636,915	613,180	589,444
Net income	371,986	348,251	324,515
Diluted earnings per share	$ 0.27	$ 0.25	$ 0.24

Legal Contingencies

In connection with certain pending litigation and other claims, we have estimated the range of probable loss and provided for such losses through charges to our consolidated statement of income. These estimates have been based on our assessment of the facts and circumstances at each balance sheet date and are subject to change based upon new information and future events.

From time to time, we are involved in disputes that arise in the ordinary course of business, and we do not expect this trend to change in the future. We are currently involved in certain legal proceedings as discussed in "Item 3: Legal Proceedings" and "Note 8 — Commitments and Contingencies — Litigation and Other Legal Matters" to our consolidated financial statements included elsewhere in this Annual Report on Form 10-K. We believe that we have meritorious defenses to the claims against us, and we intend to defend ourselves vigorously. However, even if successful, our defense against certain actions will be costly and could divert our management's time. If the plaintiffs were to prevail on certain claims, we might be forced to pay significant damages and licensing fees, modify our business practices or even be prohibited from conducting a significant part of our business. Any such results could materially harm our business and could result in a material adverse impact on the financial position, results of operations or cash flows of all or any of our three businesses.

Accounting for Income Taxes

We are required to recognize a provision for income taxes based upon the taxable income and temporary differences for each of the tax jurisdictions in which we operate. This process requires a calculation of taxes payable under currently enacted tax laws around the world and an analysis of temporary differences between the book and tax bases of our assets and liabilities, including various accruals, allowances, depreciation and amortization. The tax effect of these temporary differences are reported as deferred tax assets and liabilities in our consolidated balance sheet. We also assess the likelihood that our net deferred tax assets will be realized from future taxable income. To the extent we believe that it is more likely than not that some portion or all of the deferred tax asset will not be realized, we establish a valuation allowance. At December 31, 2007, we had a valuation allowance on certain foreign net operating losses based on our assessment that it is more likely than not that the deferred tax asset will not be realized. To the extent we establish a valuation allowance or change the allowance in a period, we reflect the change with a corresponding increase or decrease in our tax provision in our consolidated statement of income or against additional paid-in-capital in our consolidated balance sheet to the extent any tax benefits would have otherwise been allocated to equity.

Our U.S. businesses generate sufficient cash flow to fully fund their operating requirements, and we expect that profits earned outside the U.S. will be fully utilized to fund our continued international expansion. Accordingly, we have not provided for U.S. federal income and foreign withholding taxes on non-U.S. subsidiaries' undistributed earnings as of December 31, 2007, because such earnings are intended to be reinvested indefinitely. In the event that our future international expansion plans change and such amounts are not reinvested indefinitely, we would be subject to U.S. income taxes partially offset by foreign tax credits.

The following table illustrates the effective tax rates for 2005, 2006, and 2007 (in thousands, except percentages):

	Year Ended December 31,		
	2005	2006	2007
Provision for income taxes	$467,285	$421,418	$402,600
As a % of income before income taxes	30%	27%	54%

Historically, these provisions have adequately provided for our actual income tax liabilities. Our future effective tax rates could be adversely affected by earnings being lower than anticipated in countries where we have lower statutory rates and higher than anticipated in countries where we have higher statutory rates, by changes in the valuations of our deferred tax assets or liabilities, or by changes or interpretations in tax laws, regulations or accounting principles. In addition, we are subject to the continuous examination of our income tax returns by the Internal Revenue Service and other tax authorities. We regularly assess the likelihood of adverse outcomes resulting from these examinations to determine the adequacy of our provision for income taxes.

Based on our results for the year ended December 31, 2007, a one-percentage point change in our provision for income taxes as a percentage of income before taxes would have resulted in an increase or decrease in the provision of approximately $7.5 million. The following analysis demonstrates, for illustrative purposes only, the potential effect such a one-percentage point deviation change would have upon our consolidated financial statements and is not intended to provide a range of exposure or expected deviation (in thousands, except per share data):

	−100 Basis Points	2007	+100 Basis Points
Provision for income taxes	$395,091	$402,600	$410,109
Net income	355,760	348,251	340,742
Diluted earnings per share	$ 0.26	$ 0.25	$ 0.25

We adopted the provisions of FIN 48 as of the beginning of 2007. Prior to adoption, our policy was to establish reserves that reflected the probable outcome of known tax contingencies. The effects of final resolution, if any, were recognized as changes to the effective income tax rate in the period of resolution. FIN 48 requires application of a more likely than not threshold to the recognition and derecognition of uncertain tax positions. If the recognition threshold is met, FIN 48 permits us to recognize a tax benefit measured at the largest amount of the tax benefit that, in our judgement, is more than 50 percent likely to be realized upon settlement. It further requires that a change in judgment related to the expected ultimate resolution of uncertain tax positions be recognized in earnings in the quarter of such change.

We file annual income tax returns in multiple taxing jurisdictions around the world. A number of years may elapse before an uncertain tax position is audited and finally resolved. While it is often difficult to predict the final outcome or the timing of resolution of any particular uncertain tax position, we believe that our reserves for income taxes reflect the most likely outcome. We adjust these reserves, as well as the related interest, in light of changing facts and circumstances. Settlement of any particular position could require the use of cash.

Advertising and Other Revenues

A portion of our net revenues result from fees associated with advertising and other services. Net revenues from advertising are derived principally from the sale of online advertisements for cash and through barter arrangements. Other net revenues are derived principally from contractual arrangements with third parties that provide transaction services to eBay and PayPal users and interest earned from banks on certain PayPal customer account balances. Advertising and other net revenues, including barter transactions, totaled 4% of our consolidated net revenues for 2007 and 3% in 2005 and 2006, and were primarily generated by our Marketplaces segment. Revenue from barter arrangements totaled $1.4 million in 2006 and $6.7 million in 2005. Revenue from barter arrangements was not significant in 2007. Certain judgments are involved in the determination of the appropriate revenue recognition, including, but not limited to, the assessment and allocation of fair values in multiple element arrangements, the appropriateness of gross or net revenue recognition and, for barter transactions, the existence of comparable cash transactions to establish fair values. We evaluate whether payments made to customers or revenues earned from vendors have a separate identifiable benefit and whether they are fairly valued in determining the appropriate classification of the related revenues and expense.

Goodwill and Intangible Assets

The purchase price of an acquired company is allocated between intangible assets and the net tangible assets of the acquired business with the residual of the purchase price recorded as goodwill. The determination of the value of the intangible assets acquired involves certain judgments and estimates. These judgments can include, but are not limited to, the cash flows that an asset is expected to generate in the future and the appropriate weighted average cost of capital.

At December 31, 2007, our goodwill totaled $6.3 billion and our identifiable intangible assets totaled $596.0 million. We assess the impairment of goodwill of our reportable units annually, or more often if events or changes in circumstances indicate that the carrying value may not be recoverable. This assessment is based upon a discounted cash flow analysis and analysis of our market capitalization. The estimate of cash flow is based upon, among other things, certain assumptions about expected future operating performance and an appropriate discount

rate determined by our management. Our estimates of discounted cash flows may differ from actual cash flows due to, among other things, economic conditions, changes to its business model or changes in operating performance. Additionally, certain estimates of discounted cash flows involve businesses with limited financial history and developing revenue models, which increase the risk of differences between the projected and actual performance. Significant differences between these estimates and actual cash flows could materially affect our future financial results. These factors increase the risk of differences between projected and actual performance that could impact future estimates of fair value of all reporting units, particularly, our Communications reporting unit. We conducted our annual impairment test of goodwill as of August 31, 2007 in accordance with SFAS No. 142, "Goodwill and Other Intangible Assets." As a result of this test, we concluded that the carrying amount of our Communications reporting unit exceeded its fair value and recorded an impairment loss of approximately $1.4 billion during the year ended December 31, 2007. The impairment charge includes the impact of the earn out settlement payment with certain former shareholders of Skype and was determined by comparing the carrying value of goodwill in our Communications reporting unit with the implied fair value of the goodwill. See "Note 3 — Business Combinations, Goodwill and Intangible Assets" in the consolidated financial statements included elsewhere in this report for further details. There was no impairment of goodwill or identifiable intangible assets in 2006 and 2005.

Stock-Based Compensation

On January 1, 2006, we adopted FAS 123(R), which requires a fair value measurement and recognition of compensation expense for all share-based payment awards made to our employees and directors, including employee stock options, employee stock purchases and restricted stock awards. Stock-based compensation expense recognized for 2007 and 2006 was $301.8 million and $317.4 million, respectively. For 2005, stock-based compensation expense of $31.8 million was recognized under previous accounting standards. See "Note 12 — Benefit Plans" in the consolidated financial statements included elsewhere in this report for additional information.

We calculated the fair value of each option award on the date of grant using the Black-Scholes option pricing model. The determination of fair value of share-based payment awards on the date of grant using an option-pricing model is affected by our stock price as well as assumptions regarding a number of highly complex and subjective variables. The use of a Black-Scholes model requires extensive actual employee exercise behavior data and a number of complex assumptions including expected life, expected volatility, risk-free interest rate and dividend yield. As a result, the future stock-based compensation expense may differ from our historical amounts. The weighted-average grant-date fair value of stock options granted during 2007 and 2006 was $10.60 and $10.47 per share, respectively, using the Black-Scholes model with the following weighted-average assumptions:

	Year Ended December 31,	
	2006	2007
Risk-free interest rate	4.7%	4.5%
Expected life	3 years	3.5 years
Dividend yield	0%	0%
Expected volatility	36%	37%

Our computation of expected volatility for 2007 and 2006 was based on a combination of historical and market-based implied volatility from traded options on our stock. Prior to 2006, our computation of expected volatility was based on historical volatility. Our computation of expected life was determined based on historical experience of similar awards, giving consideration to the contractual terms of the stock-based awards, vesting schedules and expectations of future employee behavior. The interest rate for periods within the contractual life of the award is based on the U.S. Treasury yield curve in effect at the time of grant.

Recent Accounting Pronouncements

In September 2006, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 157, "Fair Value Measurements" ("FAS 157"). FAS 157 defines fair value, establishes a framework for measuring fair value and expands disclosure of fair value measurements. FAS 157 applies under other accounting pronouncements that require or permit fair value measurements and, accordingly,

does not require any new fair value measurements. FAS 157 is effective for fiscal years beginning after November 15, 2007. However on December 14, 2007, the FASB issued a proposed staff position that would delay the effective date of FAS 157 for nonfinancial assets and nonfinancial liabilities to fiscal years beginning after November 15, 2008. We do not believe that the adoption of FAS 157 will materially impact our financial position, cash flows or results of operations.

In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities — Including an Amendment of FASB Statement No. 115," ("FAS 159") which is effective for fiscal years beginning after November 15, 2007. This statement permits an entity to choose to measure many financial instruments and certain other items at fair value at specified election dates. Subsequent unrealized gains and losses on items for which the fair value option has been elected will be reported in earnings. We do not believe that the adoption of FAS 159 will materially impact our financial position, cash flows or results of operations.

In December 2007, the FASB issued SFAS No. 141 (Revised 2007), "Business Combinations" ("FAS 141(R)"). FAS 141(R) establishes principles and requirements for how an acquirer in a business combination recognizes and measures in its financial statements the identifiable assets acquired, liabilities assumed, and any noncontrolling interests in the acquiree, as well as the goodwill acquired. Significant changes from current practice resulting from FAS 141(R) include the expansion of the definitions of a "business" and a "business combination." For all business combinations (whether partial, full or step acquisitions), the acquirer will record 100% of all assets and liabilities of the acquired business, including goodwill, generally at their fair values; contingent consideration will be recognized at its fair value on the acquisition date and, for certain arrangements, changes in fair value will be recognized in earnings until settlement; and acquisition-related transaction and restructuring costs will be expensed rather than treated as part of the cost of the acquisition. FAS 141(R) also establishes disclosure requirements to enable users to evaluate the nature and financial effects of the business combination. FAS 141(R) applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. We are currently evaluating the potential impact of this statement.

In December 2007, the FASB issued SFAS No. 160, "Noncontrolling Interests in Consolidated Financial Statements — An Amendment of ARB No. 51" ("FAS 160"). FAS 160 amends ARB 51 to establish accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. It clarifies that a noncontrolling interest in a subsidiary, which is sometimes referred to as minority interest, is a third-party ownership interest in the consolidated entity that should be reported as a component of equity in the consolidated financial statements. Among other requirements, FAS 160 requires consolidated statement of operations to be reported at amounts that include the amounts attributable to both the parent and the noncontrolling interest. FAS 160 also requires disclosure, on the face of the consolidated income statement, of the amounts of consolidated net income attributable to the parent and to the noncontrolling interest. FAS 160 is effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2008. Earlier adoption is prohibited. We are currently evaluating the potential impact of this statement.

ITEM 7A: *QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK*

Interest Rate Risk

The primary objective of our investment activities is to preserve principal while at the same time maximizing yields without significantly increasing risk. To achieve this objective, we maintain our portfolio of cash equivalents and short-term and long-term investments in a variety of securities, including government and corporate securities and money market funds. These securities are generally classified as available for sale and consequently are recorded on the balance sheet at fair value with unrealized gains or losses reported as a separate component of accumulated other comprehensive income (loss), net of estimated tax.

Investments in both fixed-rate and floating-rate interest-earning instruments carry varying degrees of interest rate risk. The fair market value of our fixed-rate securities may be adversely impacted due to a rise in interest rates. In general, securities with longer maturities are subject to greater interest-rate risk than those with shorter maturities. While floating rate securities generally are subject to less interest-rate risk than fixed-rate securities, floating-rate securities may produce less income than expected if interest rates decrease. Due in part to these factors, our investment income may fall short of expectations or we may suffer losses in principal if securities are sold that

have declined in market value due to changes in interest rates. As of December 31, 2007, our fixed income investments earned a pretax yield of approximately 5.3%, with a weighted average maturity of one month. If interest rates were to instantaneously increase (decrease) by 100 basis points, the fair market value of our total fixed-income investment portfolio could decrease (increase) by approximately $0.1 million.

As of December 31, 2007, the carrying value of our cash and cash equivalents approximated fair value and represented approximately 84% of our total cash and investment portfolio, the majority of which were held in bank deposits. We held no direct investments in auction rate securities, collateralized debt obligations, structured investment vehicles or mortgaged-backed securities.

Equity Price Risk

We are exposed to equity price risk on the marketable portion of equity instruments and equity method investments we hold, typically as the result of strategic investments in third parties that are subject to considerable market risk due to their volatility. We typically do not attempt to reduce or eliminate our market exposure in these equity investments. We did not record an impairment charge during the years ended December 31, 2007, 2006 or 2005 relating to the other-than-temporary impairment in the fair value of equity investments. At December 31, 2007, the total fair value of our equity instruments and equity method investments was $711.2 million, which represented approximately 14% of our total cash and investment portfolio. As of January 31, 2008, the value of an equity instrument had diminished by approximately $297.3 million due to fluctuations in market value.

Foreign Currency Exposures

We are a growing company, with 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 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. In addition, at December 31, 2007, we held balances in cash and cash equivalents outside the U.S. totaling approximately $4.0 billion.

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

Transaction Exposure

Around the world, we have certain 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, 2007, we had outstanding foreign exchange hedge contracts with notional values equivalent to approximately $171.8 million with maturity dates within 31 days. The hedge contracts are used to offset changes in the functional currency value of assets and liabilities denominated in foreign currencies as a result of currency fluctuations. Transaction gains and losses on the contracts and the assets and liabilities are recognized each period 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 risk. 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 primarily related 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 years ended December 31, 2007, 2006 and 2005, the realized gains and losses related to these hedges were not significant. The notional amount of our economic hedges receiving hedge accounting treatment was $515.7 million and $203.0 million as of December 31, 2007 and 2005, respectively. The loss, net of gains, recorded to accumulated other comprehensive income as of December 31, 2007 and 2005 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 effect of foreign exchange rate fluctuations on our consolidated financial position for the year ended December 31, 2007, was a net translation gain of approximately $645.2 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, 2007 by approximately $276.2 million and $145.7 million, respectively, compared to the prior year.

We consolidate the earnings of our international subsidiaries by converting them into U.S. dollars in accordance with SFAS 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, 2007, the realized gains and losses related to these hedges were not significant.

A hypothetical uniform 10% strengthening or weakening in the value of the U.S. dollar relative to the Euro, British pound and Korean won in which our revenues and profits are denominated would result in a decrease/increase to operating income of approximately $13.7 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.

ITEM 8: ***FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA***

The consolidated financial statements and accompanying notes listed in Part IV, Item 15(a)(1) of this Annual Report on Form 10-K are included elsewhere in this Annual Report.

ITEM 9: ***CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE***

None.

ITEM 9A: ***CONTROLS AND PROCEDURES***

Evaluation of disclosure controls and procedures. Based on the evaluation of our disclosure controls and procedures (as defined in the Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, or the Exchange Act) required by Exchange Act Rules 13a-15(b) or 15d-15(b), our principal executive officer and our principal financial officer have concluded that as of the end of the period covered by this report, our disclosure controls and procedures were effective.

Changes in internal controls. There were no changes in our internal controls over financial reporting as defined in Exchange Act Rule 13a-15(f) that occurred during our most recently completed fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Management's Report on Internal Control Over Financial Reporting. Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Our management, including our principal executive officer and principal financial officer, conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on its evaluation under the framework in *Internal Control — Integrated Framework* , our management concluded that our internal control over financial reporting was effective as of December 31, 2007.

The effectiveness of our internal control over financial reporting as of December 31, 2007 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report which appears in Item 15(a) of this Annual Report on Form 10-K.

ITEM 9B: ***OTHER INFORMATION***

Not applicable.

PART III

ITEM 10: ***DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE***

Incorporated by reference from our Proxy Statement for our 2008 Annual Meeting of Stockholders to be filed with the SEC within 120 days after the end of the year ended December 31, 2007.

Code of Ethics, Governance Guidelines and Committee Charters

We have adopted a *Code of Business Conduct and Ethics* that applies to all eBay employees. We have also adopted a *Code of Ethics for Senior Financial Officers* that applies to our senior financial officers, including our principal executive officer, principal financial officer and principal accounting officer. The *Code of Ethics for Senior Financial Officers* is included in our Code of Business Conduct and Ethics posted on our website at *http://investor.ebay.com/governance.cfm*. We will post any amendments to or waivers from the *Code of Ethics for Senior Financial Officers* at that location.

We have also adopted *Governance Guidelines for the Board of Directors* and a written committee charter for each of our Audit Committee, Compensation Committee, and Corporate Governance and Nominating Committee. Each of these documents is available on our website at *http://investor.ebay.com/governance.cfm*.

ITEM 11: ***EXECUTIVE COMPENSATION***

Incorporated by reference from our Proxy Statement for our 2008 Annual Meeting of Stockholders to be filed with the SEC within 120 days after the end of the year ended December 31, 2007.

ITEM 12: ***SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS***

Incorporated by reference from our Proxy Statement for our 2008 Annual Meeting of Stockholders to be filed with the SEC within 120 days after the end of the year ended December 31, 2007.

ITEM 13: ***CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE***

Incorporated by reference from our Proxy Statement for our 2008 Annual Meeting of Stockholders to be filed with the SEC within 120 days after the end of the year ended December 31, 2007.

ITEM 14: ***PRINCIPAL ACCOUNTANT FEES AND SERVICES***

Incorporated by reference from our Proxy Statement for our 2008 Annual Meeting of Stockholders to be filed with the SEC within 120 days after the end of the year ended December 31, 2007.

PART IV

ITEM 15: *EXHIBITS AND FINANCIAL STATEMENT SCHEDULE*

(a) The following documents are filed as part of this report:

1. *Consolidated Financial Statements:*

	Page Number
Report of Independent Registered Public Accounting Firm	78
Consolidated Balance Sheet	79
Consolidated Statement of Income	80
Consolidated Statement of Comprehensive Income	81
Consolidated Statement of Stockholders' Equity	82
Consolidated Statement of Cash Flows	83
Notes to Consolidated Financial Statements	84
2. *Financial Statement Schedule:*	
Schedule II — Valuation and Qualifying Accounts	115

All other schedules have been omitted because the information required to be set forth therein is not applicable or is shown in the financial statements or notes thereto.

3. *Exhibits.*

No.	Exhibit Description	Filed with this 10-K	Incorporated by Reference		
			Form	File No.	Date Filed
2.01	Sale and Purchase Agreement dated as of September 11, 2005, by and among Registrant, Skype Technologies S.A. and the parties identified on Schedule 1 thereto.		8-K	000-24821	9/15/2005
2.02	Earn Out Agreement dated as of September 11, 2005, by and among Registrant, Skype Technologies S.A. and the parties identified on Schedule I thereto.		8-K	000-24821	9/15/2005
2.03+	Form of Option Assumption Agreement.		8-K	000-24821	10/18/2005
2.04+	Form of EMI Rollover Agreement.		8-K	000-24821	10/18/2005
2.05	Amendment No. 1 to Earn Out Agreement dated as of December 29, 2005, by and among Registrant, Skype Technologies S.A. and the parties identified on Schedule I thereto.		10-K	000-24821	2/24/2006
3.01	Registrant's Amended and Restated Certificate of Incorporation.		10-Q	000-24821	7/27/2005
3.02	Registrant's Amended and Restated By-laws.		8-K	000-24821	1/16/2008
4.01	Form of Specimen Certificate for Registrant's Common Stock.		S-1	333-59097	8/19/1998
4.02	Registration Rights Agreement dated as of September 11, 2005, by and among Registrant and the parties identified on Schedule I thereto.		8-K	000-24821	9/15/2005
10.01+	Form of Indemnity Agreement entered into by Registrant with each of its directors and executive officers.		S-1	333-59097	7/15/1998
10.02+	Registrant's 1996 Stock Option Plan, as amended.		S-1	333-59097	7/15/1998
10.03+	Registrant's 1997 Stock Option Plan, as amended.		10-K	000-24821	2/28/2007
10.04+	Registrant's 1998 Equity Incentive Plan, as amended.		10-K	000-24821	2/28/2007
10.05+	Form of Stock Bonus Agreement under Registrant's 1998 Equity Incentive Plan.		10-Q	000-24821	10/27/2004
10.06+	Form of Stock Option Agreement under Registrant's 1998 Equity Incentive Plan.		10-Q	000-24821	10/27/2004
10.07+	Form of Restricted Stock Unit Agreement (and Performance-Based Restricted Stock Unit Agreement) under Registrant's 1998 Equity Incentive Plan.		10-K	000-24821	2/28/2007
10.08+	Registrant's Amended and Restated 1998 Employee Stock Purchase Plan.		10-Q	000-24281	7/27/2007
10.09+	Registrant's 1998 Directors Stock Option Plan, as amended.		10-K	000-24821	2/28/2007
10.10+	Registrant's 1999 Global Equity Incentive Plan, as amended.		10-Q	000-24281	7/27/2007
10.11+	Form of Stock Option Agreement under Registrant's 1999 Global Equity Incentive Plan.		10-Q	000-24821	10/27/2004

No.	Exhibit Description	Filed with this 10-K	Incorporated by Reference		
			Form	File No.	Date Filed
10.12+	Form of Restricted Stock Unit Agreement under Registrant's 1999 Global Equity Incentive Plan.		10-K	000-24821	2/28/2007
10.13+	Registrant's 2001 Equity Incentive Plan, as amended.		10-K	000-24821	2/28/2007
10.14+	Form of Stock Option Agreement under Registrant's 2001 Equity Incentive Plan.		10-Q	000-24821	10/27/2004
10.15+	Registrant's 2003 Deferred Stock Unit Plan, as amended.		10-K	000-24821	2/28/2007
10.16+	Form of 2003 Deferred Stock Unit Plan Electing Director Award Agreement, as amended.		10-Q	000-24821	4/25/2006
10.17+	Form of 2003 Deferred Stock Unit Plan New Director Award Agreement, as amended.		10-Q	000-24821	4/25/2006
10.18+	eBay Incentive Plan.		10-Q	000-24821	7/27/2005
10.19+	eBay Inc. Deferred Compensation Plan.		8-K	000-24821	12/20/2007
10.20+	Summary of Compensation Payable to Named Executive Officers.		10-Q	000-24821	4/25/2007
10.21+	Employment Letter Agreement dated January 16, 1998, between Margaret C. Whitman and Registrant.		S-1	333-59097	8/19/1998
10.22+	Stock Option Agreement dated June 9, 1998 between Registrant and Scott D. Cook.		10-K	000-24821	3/31/2003
10.23+	Employment Letter Agreement dated August 20, 1998, between Michael R. Jacobson and Registrant.		S-1	333-59097	9/1/1998
10.24+	Offer Letter to William C. Cobb dated November 22, 2000.		10-K	000-24821	3/25/2002
10.25+	Offer Letter to John Donahoe dated November 16, 2004.		8-K	000-24821	2/24/2005
10.26+	Offer Letter to Elizabeth Axelrod dated December 7, 2004 and addendum thereto dated February 16, 2005.		8-K	000-24821	3/10/2005
10.27+	Offer Letter to Robert H. Swan dated February 10, 2006.		8-K	000-24821	2/21/2006
10.28+	Letter Agreement regarding supplemental relocation assistance dated July 12, 2006 to Robert H. Swan.		8-K	000-24821	7/13/2006
10.29	Credit Agreement, dated as of November 7, 2006, by and among Registrant, Bank of America, N.A., as Administrative Agent, and the other lenders named from time to time therein.		8-K	000-24821	11/13/2006
10.30	Amendment Agreement dated as of August 2, 2007, by and among Registrant, Bank of America, N.A., as Administrative Agent, and other lenders named from time to time therein.		8-K	000-24821	8/3/2007
10.31	Form of Earn Out Settlement Agreement dated as of September 28, 2007 among Registrant, Skype Luxembourg Holdings S.a.r.l., Skype Technologies S.A., Herho Holdings B.V. and each Earn out Seller.		8-K	000-24821	10/1/2007
21.01	List of Subsidiaries.	X			

No.	Exhibit Description	Filed with this 10-K	Incorporated by Reference		
			Form	File No.	Date Filed
23.01	PricewaterhouseCoopers LLP consent.	X			
24.01	Power of Attorney (see signature page).	X			
31.01	Certification of Registrant's Chief Executive Officer, as required by Section 302 of the Sarbanes-Oxley Act of 2002.	X			
31.02	Certification of Registrant's Chief Financial Officer, as required by Section 302 of the Sarbanes-Oxley Act of 2002.	X			
32.01	Certification of Registrant's Chief Executive Officer, as required by Section 906 of the Sarbanes-Oxley Act of 2002.	X			
32.02	Certification of Registrant's Chief Financial Officer, as required by Section 906 of the Sarbanes-Oxley Act of 2002.	X			

+ Indicates a management contract or compensatory plan or arrangement

(b) See the Exhibits listed under Item 15 (a) (3) above.

(c) The financial statement schedules required by this item are listed under Item 15 (a) (2) above.

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of eBay Inc.:

In our opinion, the consolidated financial statements listed in the index appearing under Item 15(a)(1) present fairly, in all material respects, the financial position of eBay Inc. and its subsidiaries at December 31, 2007 and December 31, 2006, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2007 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule listed in the index appearing under Item 15(a)(2) presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2007, based on criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements and the financial statement schedule, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on these financial statements, on the financial statement schedule, and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

As discussed in Note 1 to the consolidated financial statements, the Company changed the manner in which it accounts for stock-based compensation in 2006. As discussed in Note 13 to the consolidated financial statements, the Company changed the manner in which it accounts for uncertainty in income taxes in 2007.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that: (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Pricewaterhouse Coopers LLP

San Jose, California
February 28, 2008

eBay Inc.

CONSOLIDATED BALANCE SHEET

	December 31, 2006	December 31, 2007
	(in thousands, except par value amounts)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 2,662,792	$ 4,221,191
Short-term investments	554,841	676,264
Accounts receivable, net	393,195	480,557
Funds receivable	399,297	427,337
Other current assets	960,461	1,317,156
Total current assets	4,970,586	7,122,505
Long-term investments	277,853	138,237
Property and equipment, net	998,196	1,120,452
Goodwill	6,544,278	6,257,153
Intangible assets, net	682,977	596,038
Other assets	20,121	131,652
Total assets	$13,494,011	$15,366,037
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 83,392	$ 156,613
Funds payable and amounts due to customers	1,159,952	1,513,578
Accrued expenses and other current liabilities	681,669	1,151,139
Deferred revenue and customer advances	128,964	166,495
Income taxes payable	464,418	111,754
Total current liabilities	2,518,395	3,099,579
Deferred and other tax liabilities, net	31,784	510,557
Other liabilities	39,200	51,299
Total liabilities	2,589,379	3,661,435
Commitments and contingencies (Note 8)		
Stockholders' equity:		
Common Stock, $0.001 par value; 3,580,000 shares authorized; 1,368,512 and 1,350,219 shares outstanding	1,431	1,458
Additional paid-in capital	8,034,282	8,996,303
Treasury stock at cost, 62,250 and 107,522 shares	(1,669,428)	(3,184,981)
Retained earnings	3,842,150	4,190,546
Accumulated other comprehensive income	696,197	1,701,276
Total stockholders' equity	10,904,632	11,704,602
Total liabilities and stockholders' equity	$13,494,011	$15,366,037

The accompanying notes are an integral part of these consolidated financial statements.

eBay Inc.

CONSOLIDATED STATEMENT OF INCOME

	Year Ended December 31,		
	2005	2006	2007
	(in thousands, except per share amounts)		
Net revenues	$4,552,401	$5,969,741	$7,672,329
Cost of net revenues	818,104	1,256,792	1,762,972
Gross profit	3,734,297	4,712,949	5,909,357
Operating expenses:			
Sales and marketing	1,185,929	1,619,857	1,925,393
Product development	328,191	494,695	619,727
General and administrative	649,529	978,363	1,156,015
Amortization of acquired intangible assets	128,941	197,078	204,104
Impairment of goodwill	—	—	1,390,938
Total operating expenses	2,292,590	3,289,993	5,296,177
Income from operations	1,441,707	1,422,956	613,180
Interest and other income, net	111,099	130,017	154,271
Interest expense	(3,478)	(5,916)	(16,600)
Income before income taxes	1,549,328	1,547,057	750,851
Provision for income taxes	(467,285)	(421,418)	(402,600)
Net income	$1,082,043	$1,125,639	$ 348,251
Net income per share:			
Basic	$ 0.79	$ 0.80	$ 0.26
Diluted	$ 0.78	$ 0.79	$ 0.25
Weighted average shares:			
Basic	1,361,708	1,399,251	1,358,797
Diluted	1,393,875	1,425,472	1,376,174

The accompanying notes are an integral part of these consolidated financial statements.

eBay Inc.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year Ended December 31,		
	2005	2006	2007
		(in thousands)	
Net income	$1,082,043	$1,125,639	$ 348,251
Other comprehensive (loss) income:			
Foreign currency translation	(140,459)	588,150	645,202
Unrealized gains on investments	1,922	8,327	589,566
Unrealized gains (losses) on cash flow hedges	1,297	(194)	(175)
Estimated tax provision on above items	(1,272)	(3,216)	(229,514)
Net change in accumulated other comprehensive (loss) income	(138,512)	593,067	1,005,079
Comprehensive income	$ 943,531	$1,718,706	$1,353,330

The accompanying notes are an integral part of these consolidated financial statements.

eBay Inc.

CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY

	Year Ended December 31,		
	2005	2006	2007
		(in thousands)	
Common stock:			
Balance, beginning of year	$ 1,347	$ 1,412	$ 1,431
Common stock issued	65	19	27
Balance, end of year	1,412	1,431	1,458
Additional paid-in-capital:			
Balance, beginning of year	4,855,983	7,272,742	8,034,282
Common stock and stock based awards issued and assumed	1,862,199	331,899	517,288
Stock-based compensation	107,981	326,616	306,453
Stock option income tax benefit	446,579	148,565	130,667
Structured stock repurchases	—	—	7,613
Reclassification to additional paid-in-capital on adoption of FAS 123(R)	—	(45,540)	—
Balance, end of year	7,272,742	8,034,282	8,996,303
Unearned stock-based compensation:			
Balance, beginning of year	(4,825)	(45,540)	—
Unearned stock-based compensation, net of cancellations	(64,726)	—	—
Amortization of unearned stock-based compensation	24,011	—	—
Reclassification to additional paid-in-capital on adoption of FAS 123(R)	—	45,540	—
Balance, end of year	(45,540)	—	—
Treasury stock at cost:			
Balance, beginning of year	(274)	(274)	(1,669,428)
Common stock repurchased, net	—	(1,669,154)	(1,515,553)
Balance, end of year	(274)	(1,669,428)	(3,184,981)
Retained earnings:			
Balance, beginning of year	1,634,468	2,716,511	3,842,150
Cumulative effect of adoption of FIN 48	—	—	145
Net income	1,082,043	1,125,639	348,251
Balance, end of year	2,716,511	3,842,150	4,190,546
Accumulated other comprehensive income:			
Balance, beginning of year	241,642	103,130	696,197
Change in unrealized gains on investments, net of tax	1,169	5,033	360,047
Change in unrealized gains (losses) on cash flow hedges, net of tax	778	(116)	(170)
Foreign currency translation adjustment	(140,459)	588,150	645,202
Balance, end of year	103,130	696,197	1,701,276
Total stockholders' equity	$10,047,981	$10,904,632	$11,704,602
Number of Shares			
Common stock:			
Balance, beginning of year	1,338,608	1,404,183	1,368,512
Common stock issued	65,575	19,048	26,979
Common stock repurchased/forfeited	—	(54,719)	(45,272)
Balance, end of year	1,404,183	1,368,512	1,350,219

The accompanying notes are an integral part of these consolidated financial statements.

eBay Inc.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Year Ended December 31,		
	2005	2006	2007
		(in thousands)	
Cash flows from operating activities:			
Net income	$ 1,082,043	$ 1,125,639	$ 348,251
Adjustments:			
Provisions for doubtful accounts and authorized credits	89,499	100,729	96,461
Provision for transaction losses	73,773	126,439	139,255
Depreciation and amortization	378,165	544,552	601,707
Impairment of goodwill	—	—	1,390,938
Stock-based compensation	31,772	317,410	301,813
Deferred income taxes	91,690	(227,850)	(123,371)
Tax benefit from stock based compensation	267,142	148,565	143,203
Excess tax benefits from stock-based compensation	—	(92,371)	(84,830)
Changes in assets and liabilities, net of acquisition effects:			
Accounts receivable	(151,993)	(169,750)	(185,616)
Funds receivable	(132,606)	(146,900)	(25,780)
Other current assets	(49,371)	(443,530)	(416,277)
Other non-current assets	(4,612)	10,126	(88,717)
Accounts payable	564	32,986	36,954
Funds payable and amounts due to customers	251,870	575,137	336,875
Accrued expenses and other liabilities	17,062	(31,022)	(18,825)
Deferred revenue and customer advances	3,646	47,859	37,807
Income taxes payable and other tax liabilities	61,247	329,772	151,261
Net cash provided by operating activities	2,009,891	2,247,791	2,641,109
Cash flows from investing activities:			
Purchases of property and equipment, net	(338,281)	(515,448)	(453,967)
Proceeds from sale of corporate aircraft	28,290	—	—
Purchases of investments	(1,324,353)	(583,263)	(270,676)
Maturities and sales of investments	1,928,539	1,380,227	888,757
Acquisitions, net of cash acquired	(2,732,230)	(45,505)	(863,565)
Other	(14,696)	(7,158)	6,305
Net cash (used in) provided by investing activities	(2,452,731)	228,853	(693,146)
Cash flows from financing activities:			
Proceeds from issuance of common stock, net	599,845	313,482	506,955
Repurchases of common stock, net	—	(1,666,540)	(1,485,397)
Excess tax benefits from stock-based compensation	—	92,371	84,830
Payment of headquarters facility lease obligation	(126,390)	—	—
Principal payments on long-term obligations	(1,849)	—	—
Proceeds from borrowings under credit agreement	—	—	200,220
Net cash provided by (used in) financing activities	471,606	(1,260,687)	(693,392)
Effect of exchange rate changes on cash and cash equivalents	(45,231)	133,255	303,828
Net (decrease) increase in cash and cash equivalents	(16,465)	1,349,212	1,558,399
Cash and cash equivalents at beginning of period	1,330,045	1,313,580	2,662,792
Cash and cash equivalents at end of period	$ 1,313,580	$ 2,662,792	$ 4,221,191
Supplemental cash flow disclosures:			
Cash paid for interest	$ 3,478	$ 5,916	$ 10,474
Cash paid for income taxes	40,256	179,169	363,047
Non-cash investing and financing activities:			
Common stock options assumed pursuant to acquisition	107,862	—	10,361
Common stock issued for acquisition	1,262,674	18,436	—

The accompanying notes are an integral part of these consolidated financial statements.

eBay Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 — The Company and Summary of Significant Accounting Policies:

The Company

eBay Inc. ("eBay") was incorporated in California in May 1996, and reincorporated in Delaware in April 1998. eBay's purpose is to pioneer new communities around the world, built on commerce, sustained by trust, and inspired by opportunity. eBay brings together millions of buyers and sellers every day on a local, national and international basis through an array of websites. eBay provides online marketplaces for the sale of goods and services, online payment services and online communication offerings to a diverse community of individuals and businesses.

eBay has three operating segments: Marketplaces, Payments and Communications. The Marketplaces segment enables online commerce through a variety of different platforms, including the traditional eBay website, our classifieds websites, Half.com, our comparison shopping site (Shopping.com), our secondary tickets platform (StubHub), and Rent.com. The Payments segment, which consists of our PayPal, Inc. ("PayPal") business, enables individuals or businesses to securely, easily and quickly send and receive payments online. The Communications segment, which consists of our Skype Technologies SA ("Skype") business, enables Voice over Internet Protocol (VoIP) calls between Skype users, as well as provides low-cost connectivity to traditional fixed-line and mobile telephones.

When we refer to "we," "our," "us" or "eBay" in this document, we mean the current Delaware corporation (eBay Inc.) and its California predecessor, as well as all of our consolidated subsidiaries.

Use of estimates

The preparation of consolidated financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. On an ongoing basis, we evaluate our estimates, including those related to provisions for doubtful accounts and authorized credits, the provision for transaction losses, legal contingencies, income taxes, advertising and other net revenues, stock-based compensation and goodwill and intangible assets. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances. Actual results could differ from those estimates.

Principles of consolidation and basis of presentation

The accompanying financial statements are consolidated and include the financial statements of eBay and our majority-owned subsidiaries. All significant intercompany balances and transactions have been eliminated in consolidation.

The consolidated financial statements include 100% of the assets and liabilities of these majority-owned subsidiaries and the ownership interests of minority investors are recorded as minority interests. Investments in private entities where we hold more than a 20% but less than a 50% ownership interest are accounted for using the equity method of accounting and the investment balance is included in long-term investments, while our share of the investees' results of operations is included in interest and other income, net. Investments in private entities where we hold less than a 20% ownership interest and where we do not have the ability to significantly influence the operations of the investee are accounted for using the cost method of accounting and are included in long-term investments.

Certain prior period balances have been reclassified to conform to the current period presentation.

Fair value of financial instruments

Cash and cash equivalents are short-term, highly liquid investments with original or remaining maturities of three months or less when purchased. Our financial instruments, including cash, cash equivalents, accounts

receivable, funds receivable, accounts payable, funds payable and amounts due to customers are carried at cost, which approximates their fair value because of the short-term maturity of these instruments.

Short and long-term investments, which include marketable equity securities and government and corporate bonds, are classified as available-for-sale and reported at fair value using the specific identification method. Unrealized gains and losses are excluded from earnings and reported as a component of other comprehensive income (loss), net of related estimated tax provisions or benefits. Additionally, we assess whether an other-than-temporary impairment loss on our investments has occurred due to declines in fair value or other market conditions. Declines in fair value that are considered other than temporary are recorded as an impairment of investments in the consolidated statement of income.

Derivative instruments

We use derivative financial instruments primarily foreign exchange currency contracts to hedge foreign currency risk. We also may use other derivative instruments not designated as hedges such as forwards to hedge foreign currency balance sheet exposures. We do not use derivative financial instruments for speculative purposes. We account for our derivative and hedging activities pursuant to Financial Accounting Standards No. 133 “Accounting for Derivative Instruments and Hedging Activities” (“FAS 133”). The assets or liabilities associated with our derivative instruments and hedging activities are recorded at fair value in other current assets or other current liabilities, respectively, in our consolidated balance sheet. See “Note 6 — Derivative Instruments” for a full description of our derivative financial instrument activities and related accounting policies

Concentrations of credit risk

Our cash, cash equivalents, accounts receivable and funds receivable are potentially subject to concentration of credit risk. Cash and cash equivalents are placed with financial institutions that management believes are of high credit quality. Our accounts receivable are derived from revenue earned from customers located in the U.S. and internationally. Accounts receivable balances are settled through customer credit cards, debit cards, and PayPal accounts, with the majority of accounts receivable collected upon processing of credit card transactions. We maintain an allowance for doubtful accounts receivable and authorized credits based upon our historical experience. Historically, such losses have been within our expectations. However, unexpected or significant future changes in trends could result in a material impact to future statements of income or cash flows. Due to the relatively small dollar amount of individual accounts receivable, we generally do not require collateral on these balances. The provision for doubtful accounts is recorded as a charge to general and administrative expense, while the provision for authorized credits is recognized as a reduction of net revenues.

During the years ended December 31, 2005, 2006, and 2007, no customers accounted for more than 10% of net revenues. As of December 31, 2006 and 2007, no customers accounted for more than 10% of net accounts receivable.

Allowances for transaction losses

Our Payments segment is exposed to transaction losses due to credit card and other payment misuse, as well as non-performance of and credit losses from sellers who accept payment through PayPal. We establish allowances for estimated losses arising from processing customer transactions, such as chargebacks for unauthorized credit card use and merchant related chargebacks due to non-delivery of goods or services, Automated Clearing House (“ACH”) returns, buyer protection program claims and debit card overdrafts. These allowances represent an accumulation of the estimated amounts necessary to provide for transaction losses incurred as of the reporting date, including those of which we have not yet been notified. The allowances, which involve the use of actuarial techniques, are monitored monthly and are updated based on actual claims data reported by our claims processors. The allowances are based on known facts and circumstances, internal factors including our experience with similar cases, historical trends involving loss payment patterns and the mix of transaction and loss types. Additions to the

allowance, in the form of provisions, are reflected as a general and administrative expense in our consolidated statement of income. At December 31, 2006 and 2007, the allowance for transaction losses totaled $79.5 million and $80.1 million, respectively, and was included as an offset to other current assets and accrued expenses and other current liabilities in our consolidated balance sheet.

Foreign currency

Certain of our foreign subsidiaries use the local currency of their respective countries as their functional currency. Assets and liabilities are translated at exchange rates prevailing at the balance sheet dates. Revenues, costs and expenses are translated into United States dollars at average exchange rates for the period. Gains and losses resulting from translation are recorded as a component of accumulated other comprehensive income (loss).

Realized gains and losses from foreign currency transactions are recognized as interest and other income, net.

Funds receivable and funds payable

Funds receivable and payable relate to our Payments segment and arise due to the time taken to clear transactions through external payment networks. When customers fund their account using their bank account or credit card, or withdraw money to their bank account or through a debit card transaction, there is a clearing period before the cash is received or settled by PayPal, usually one to three business days for U.S. transactions, and up to five business days for international transactions. Hence, these funds are treated as a receivable or payable, as the case may be, until the cash is settled.

Customer accounts

Based on differences in regulatory requirements and commercial law in the jurisdictions where PayPal operates, PayPal holds customer balances either as direct claims against PayPal or as an agent or custodian on behalf of PayPal's customers. Customer balances held as direct claims against PayPal are included on our consolidated balance sheet as customer accounts with an offsetting current liability in funds payable and amounts due to customers. The customer accounts can be invested only in specified types of liquid assets.

All customer funds held by PayPal as an agent or custodian on behalf of our customers are not reflected in our consolidated balance sheet. These off-balance sheet funds totaled approximately $1.5 billion and $1.8 billion as of December 31, 2006 and 2007, respectively. These off-balance sheet funds include funds held in the U.S. that are deposited in bank accounts insured by the Federal Deposit Insurance Corporation and funds that customers choose to invest in the PayPal Money Market Fund. The PayPal Money Market Fund is invested in a portfolio managed by Barclays Global Fund Advisors.

Property and equipment

Property and equipment are stated at historical cost less accumulated depreciation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets, generally, one to three years for computer equipment and software, up to 30 years for buildings and building improvements, ten years for aviation equipment, the shorter of five years or the term of the lease for leasehold improvements, three years for furniture and fixtures and three years for vehicles.

Goodwill and intangible assets

Goodwill represents the excess of the purchase price over the fair value of the net tangible and identifiable intangible assets acquired in a business combination. Intangible assets resulting from the acquisitions of entities accounted for using the purchase method of accounting are estimated by management based on the fair value of assets received. Identifiable intangible assets are comprised of purchased customer lists and user base, trademarks and trade names, developed technologies, and other intangible assets. Identifiable intangible assets are being

amortized over the period of estimated benefit using the straight-line method and estimated useful lives ranging from one to eight years. Goodwill is not subject to amortization, but is subject to at least an annual assessment for impairment, applying a fair-value based test.

We evaluate goodwill, at a minimum, on an annual basis and whenever events and changes in circumstances suggest that the carrying amount may not be recoverable. Impairment of goodwill is tested at the reporting unit level by comparing the reporting unit's carrying amount, including goodwill, to the fair value of the reporting unit. The fair values of the reporting units are estimated using a combination of the income or discounted cash flows approach and the market approach, which utilizes comparable companies' data. If the carrying amount of the reporting unit exceeds its fair value, goodwill is considered impaired and a second step is performed to measure the amount of impairment loss, if any. We conducted our annual impairment test as of August 31, 2007. As a result of this test, we concluded that the carrying amount of our Communications reporting unit exceeded its fair value and recorded an impairment charge of approximately $1.4 billion during the year ended December 31, 2007. The impairment charge includes the impact of the earn out settlement payment to certain former shareholders of Skype and was determined by comparing the carrying value of goodwill in our Communications reporting unit with the implied fair value of the goodwill. See "Note 3 — Business Combinations, Goodwill and Intangible Assets" for further details. There were no events or circumstances from that date through December 31, 2007 that would impact this assessment.

Impairment of long-lived assets

We evaluate long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of a long-lived asset may not be recoverable. An asset is considered impaired if its carrying amount exceeds the future net cash flow the asset is expected to generate. If an asset is considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the asset exceeds its fair market value. We assess the recoverability of our long-lived and intangible assets by determining whether the unamortized balances can be recovered through undiscounted future net cash flows of the related assets. The amount of impairment, if any, is measured based on projected discounted future net cash flows.

Revenue recognition

Our net revenues result from transaction, advertising and other fees generated in our Marketplaces, Payments and Communications segments. Revenues are recognized when evidence of an arrangement exists, the fee is fixed and determinable, no significant obligation remains and collection of the receivable is reasonably assured.

Our Marketplaces segment generates transaction revenues for listing, final value fee and feature fees and lead referral fees. Listing and feature fee revenues are recognized ratably over the estimated period of the listing, while revenues related to final value fees are recognized at the time that the transaction is successfully concluded. A transaction is considered successfully concluded when at least one buyer has bid above the seller's specified minimum price or reserve price, whichever is higher, at the end of the transaction term. Lead referral fee revenue is generated from lead referral fees based on the number of times a user clicks through to a merchant's website from our websites. Lead referral fees are recognized in the period in which the user clicks through to the merchant's website.

Our Payments segment earns transaction revenues from processing transactions for certain customers. Revenues resulting from a payment processing transaction are recognized once the transaction is complete.

Our Communications segment revenues are recognized when the related service offering is provided. The majority of Communications segment transaction revenues are prepaid. We record customer advances for prepaid amounts in excess of revenues recognized as a current liability.

Our advertising revenues are derived principally from the sale of online advertisements. To date, the duration of our advertising contracts has ranged from one week to five years, but is generally one week to one year. Advertising revenues on contracts are recognized as "impressions" (i.e., the number of times that an advertisement

appears in pages viewed by users of our websites) are delivered; as "clicks" (which are generated each time users on our websites click through our text-based advertisements to an advertiser's designated website) are provided to advertisers; or ratably over the term of the agreement where such agreements provide for minimum monthly or quarterly advertising commitments or where such commitments are fixed throughout the term. Barter transactions are valued on amounts realized in similar cash transactions occurring within six months prior to the date of the barter transaction. To the extent that significant delivery obligations remain at the end of a period or collection of the resulting account receivable is not considered probable, revenues are deferred until the obligation is satisfied or the uncertainty is resolved. These amounts are included in deferred revenues in our consolidated balance sheet. Revenue from barter arrangements totaled $6.7 million and $1.4 million for the years ended December 31, 2005 and 2006 respectively, with the reciprocal arrangements being recognized as an operating expense. Revenue from barter arrangements was not significant in 2007. The services are normally received in the same period in which the reciprocal services are provided. In certain circumstances, we are required to record, as a reduction of revenue, payments to a party who is also a customer. These payments primarily consist of certain promotional activities which result in payments to our users.

Our other revenues are derived principally from contractual arrangements with third parties that provide transaction services to eBay and PayPal users and interest earned from banks on certain PayPal customer account balances. Revenues from contractual arrangements with third parties are recognized as the contracted services are delivered to end users. Revenues from interest income are recognized when earned.

We evaluate whether payments made to customers or revenues earned from vendors have a separate identifiable benefit and whether they are fairly valued in determining the appropriate classification of the related revenues and expense. For revenue agreements with multiple deliverables we ensure all undelivered elements are accounted for at fair value and recognized as revenue when delivered.

Provisions for doubtful accounts, transaction losses and authorized credits are made at the time of revenue recognition based upon our historical experience. The provision for doubtful accounts and transaction losses are recorded as charges to operating expense, while the provision for authorized credits is recognized as a reduction of net revenues.

Product development costs

Costs related to the planning and post implementation phases of our website development efforts are recorded as an operating expense. Direct costs incurred in the development phase are capitalized and amortized over the product's estimated useful life of one to three years as charges to cost of net revenues.

Advertising expense

We expense the costs of producing advertisements at the time production occurs and expense the cost of communicating advertising in the period during which the advertising space or airtime is used. Internet advertising expenses are recognized based on the terms of the individual agreements, which is generally over the greater of the ratio of the number of impressions delivered over the total number of contracted impressions, pay-per-click, or on a straight-line basis over the term of the contract. Advertising expenses totaled $665.1 million, $871.0 million and $1.0 billion during the years ended December 31, 2005, 2006, and 2007, respectively.

Stock-based compensation

We adopted Statement of Financial Accounting Standards ("SFAS") No. 123 (revised 2004), "Share Based Payment" ("FAS 123(R)") using the modified prospective transition method beginning January 1, 2006. Accordingly, during 2006 and 2007, we recorded stock-based compensation expense for awards granted prior to, but not yet vested, as of January 1, 2006, as if the fair value method required for pro forma disclosure under FAS 123 were in effect for expense recognition purposes, adjusted for estimated forfeitures. For these awards, we have continued to

recognize compensation expense using the accelerated amortization method under FIN 28. For stock-based awards granted after January 1, 2006, we have recognized compensation expense based on the estimated grant date fair value method using the Black-Scholes valuation model. For these awards, we have recognized compensation expense using a straight-line amortization method. As FAS 123(R) requires that stock-based compensation expense be based on awards that are ultimately expected to vest, stock-based compensation for 2006 and 2007 has been reduced for estimated forfeitures. When estimating forfeitures, we consider voluntary termination behaviors as well as trends of actual option forfeitures. We recognize a benefit from stock-based compensation in equity if an incremental tax benefit is realized by following the ordering provisions of the tax law. In addition, we account for the indirect effects of stock-based compensation on the research tax credit and the foreign tax credit through the income statement.

Income taxes

We account for income taxes using an asset and liability approach, which requires the recognition of taxes payable or refundable for the current year and deferred tax liabilities and assets for the future tax consequences of events that have been recognized in our financial statements or tax returns. The measurement of current and deferred tax assets and liabilities is based on provisions of enacted tax laws; the effects of future changes in tax laws or rates are not anticipated. If necessary, the measurement of deferred tax assets is reduced by the amount of any tax benefits that are not expected to be realized based on available evidence.

We account for uncertain tax positions in accordance with Financial Accounting Standards Board ("FASB") Interpretation No. 48, "Accounting for Uncertainty in Income Taxes" ("FIN 48"). Accordingly, we report a liability for unrecognized tax benefits resulting from uncertain tax positions taken or expected to be taken in a tax return. We recognize interest and penalties, if any, related to unrecognized tax benefits in income tax expense.

Recent accounting pronouncements

In September 2006, the FASB issued Statement of Financial Accounting Standards ("SFAS") No. 157, "Fair Value Measurements" ("FAS 157"). FAS 157 defines fair value, establishes a framework for measuring fair value and expands disclosure of fair value measurements. FAS 157 applies under other accounting pronouncements that require or permit fair value measurements and, accordingly, does not require any new fair value measurements. FAS 157 is effective for fiscal years beginning after November 15, 2007. However on December 14, 2007, the FASB issued a proposed staff position that would delay the effective date of FAS 157 for nonfinancial assets and nonfinancial liabilities to fiscal years beginning after November 15, 2008. We do not believe that the adoption of FAS 157 will materially impact our financial position, cash flows or results of operations.

In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities — Including an Amendment of FASB Statement No. 115" ("FAS 159"), which is effective for fiscal years beginning after November 15, 2007. This statement permits an entity to choose to measure many financial instruments and certain other items at fair value at specified election dates. Subsequent unrealized gains and losses on items for which the fair value option has been elected will be reported in earnings. We do not believe that the adoption of FAS 159 will materially impact our financial position, cash flows or results of operations.

In December 2007, the FASB issued SFAS No. 141 (Revised 2007), "Business Combinations" ("FAS 141(R)"). FAS 141(R) establishes principles and requirements for how an acquirer in a business combination recognizes and measures in its financial statements the identifiable assets acquired, liabilities assumed, and any noncontrolling interests in the acquiree, as well as the goodwill acquired. Significant changes from current practice resulting from FAS 141(R) include the expansion of the definitions of a "business" and a "business combination." For all business combinations (whether partial, full or step acquisitions), the acquirer will record 100% of all assets and liabilities of the acquired business, including goodwill, generally at their fair values; contingent consideration will be recognized at its fair value on the acquisition date and, for certain arrangements, changes in fair value will be recognized in earnings until settlement; and acquisition-related transaction and restructuring costs will be expensed rather than

treated as part of the cost of the acquisition. FAS 141(R) also establishes disclosure requirements to enable users to evaluate the nature and financial effects of the business combination. FAS 141(R) applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. We are currently evaluating the potential impact of this statement.

In December 2007, the FASB issued SFAS No. 160, "Noncontrolling Interests in Consolidated Financial Statements — An amendment of ARB No. 51" ("FAS 160"). FAS 160 amends ARB 51 to establish accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. It clarifies that a noncontrolling interest in a subsidiary, which is sometimes referred to as minority interest, is a third-party ownership interest in the consolidated entity that should be reported as a component of equity in the consolidated financial statements. Among other requirements, FAS 160 requires consolidated statement of operations to be reported at amounts that include the amounts attributable to both the parent and the noncontrolling interest. FAS 160 also requires disclosure, on the face of the consolidated income statement, of the amounts of consolidated net income attributable to the parent and to the noncontrolling interest. FAS 160 is effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2008. Earlier adoption is prohibited. We are currently evaluating the potential impact of this statement.

Note 2 — Net Income Per Share:

Basic net income per share is computed by dividing the net income for the period by the weighted average number of common shares outstanding during the period. Diluted net income per share is computed by dividing the net income for the period by the weighted average number of shares of common stock and potentially dilutive common stock outstanding during the period. The dilutive effect of outstanding options, restricted stock units and nonvested stock is reflected in diluted earnings per share by application of the treasury stock method, which starting on January 1, 2006, includes consideration of stock-based compensation required by FAS 123(R). The following table sets forth the computation of basic and diluted net income per share for the periods indicated (in thousands, except per share amounts):

	Year Ended December 31,		
	2005	2006	2007
Numerator:			
Net income	$1,082,043	$1,125,639	$ 348,251
Denominator:			
Weighted average common shares	1,361,748	1,403,455	1,359,282
Weighted average nonvested common stock subject to forfeiture/repurchase	(40)	(4,204)	(485)
Denominator for basic calculation	1,361,708	1,399,251	1,358,797
Weighted average effect of dilutive securities:			
Weighted average nonvested common stock subject to forfeiture/repurchase	40	4,204	485
Employee stock options	32,127	22,017	16,892
Denominator for diluted calculation	1,393,875	1,425,472	1,376,174
Net income per share:			
Basic	$ 0.79	$ 0.80	$ 0.26
Diluted	$ 0.78	$ 0.79	$ 0.25

The calculation of diluted income per share excludes all anti-dilutive shares. For the years ended December 31, 2005, 2006 and 2007, the number of anti-dilutive shares, as calculated based on the average closing price of our common stock for the period, amounted to approximately 26.7 million, 73.7 million and 83.4 million shares, respectively.

Note 3 —Business Combinations, Goodwill and Intangible Assets:

Our purchase acquisitions in 2007, 2006 and 2005 with aggregate purchase prices in excess of $100 million were as follows:

StubHub, Inc.

On February 13, 2007, we acquired all of the outstanding shares of StubHub, Inc. ("StubHub") for a total purchase price of $292.4 million. The purchase price was comprised of cash totaling $283.2 million, $1.1 million in estimated acquisition-related expenses and the assumption of StubHub's outstanding common stock options, valued at approximately $8.1 million. The fair value of StubHub stock options assumed was determined using a Black-Scholes model. StubHub is an online marketplace that facilitates the resale of event tickets and is included within our Marketplaces segment.

We accounted for the acquisition as a taxable purchase transaction and, accordingly, the purchase price has been allocated to the tangible assets, liabilities assumed, and identifiable intangible assets acquired based on their estimated fair values on the acquisition date. The excess of the purchase price over the aggregate fair values was recorded as goodwill. The fair value assigned to identifiable intangible assets acquired is determined using the income approach, which discounts expected future cash flows to present value using estimates and assumptions determined by management. Purchased intangible assets are amortized on a straight-line basis over the respective useful lives. Our preliminary allocation of the purchase price is summarized below (in thousands):

Net liabilities assumed, net of cash of $25,780	$ (15,663)
Goodwill	221,604
Trade name	44,400
User base	29,000
Developed technology	13,100
Total	$292,441

The estimated useful economic lives of the identifiable intangible assets acquired are three years for the trade name and developed technology and five years for the user base.

The results of operations for periods prior to our acquisition of StubHub, were not material to our consolidated statement of income and, accordingly, pro forma results of operations have not been presented.

In 2006, we did not make any acquisitions with a total aggregate purchase price in excess of $100 million.

In 2005, we acquired Rent.com, Shopping.com, Skype and VeriSign's payment gateway business for an aggregate purchase price of approximately $4.1 billion, resulting in goodwill of $3.4 billion and identifiable intangible assets of $0.6 billion.

Goodwill

Goodwill information for each segment is as follows (in thousands):

	December 31, 2006	Goodwill Acquired	Earn Out Settlement	Impairment of Goodwill	Adjustments	December 31, 2007
Reportable segments:						
Marketplaces	$ 2,648,027	$285,508	$ —	$ —	$ 83,264	$ 3,016,799
Payments	1,348,633	—	—	—	(260)	1,348,373
Communications	2,574,979	—	530,334	(1,390,938)	204,966	1,919,341
	$ 6,571,639	$285,508	$530,334	$(1,390,938)	$ 287,970	$ 6,284,513

Investments accounted for under the equity method of accounting are classified on our balance sheet as long-term investments. Such investments include identifiable intangible assets, deferred tax liabilities and goodwill. Goodwill related to our equity method investments, included above, was approximately $27.4 million as of December 31, 2006 and 2007.

The changes in goodwill during the year ended December 31, 2007 were substantially due to the recording of goodwill for completed acquisitions, the earn out settlement with certain former shareholders of Skype, impairment charges related to Skype and foreign currency translation adjustments.

We conducted our annual impairment test of goodwill as of August 31, 2007 in accordance with SFAS No. 142, “Goodwill and Other Intangible Assets.” As a result of this test, we concluded that the carrying amount of our Communications reporting unit exceeded its fair value and recorded an impairment charge of approximately $1.4 billion during the year ended December 31, 2007. The impairment charge includes the impact of the earn out settlement payment described below and was determined by comparing the carrying value of goodwill in our Communications reporting unit with the implied fair value of the goodwill. We determined the fair value of the Communications reporting unit using the income approach, which requires estimates of future operating results and cash flows discounted using an estimated discount rate. Our estimates resulted from an updated long-term financial outlook developed as part of our strategic planning cycle conducted annually during our third quarter. Our estimates of future operating results for our Communications reporting unit are for an early stage business with limited financial history, as well as developing revenue models. These factors increase the risk of differences between projected and actual performance that could impact future estimates of fair value of the Communications reporting unit.

In conjunction with our acquisition of Skype in 2005, we agreed to certain performance-based earn out payments. During the year ended December 31, 2007, we entered into an earn out settlement agreement with each of the former shareholders of Skype who had elected the earn out alternative at the time of the acquisition, under which we were relieved of all obligations under the original earn out agreement in exchange for an aggregate cash payment of €375.1 million, or approximately $530.3 million. Goodwill was recorded because the earn out settlement amount was considered additional purchase price.

eBay Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Intangible Assets

The components of acquired identifiable intangible assets are as follows (in thousands):

	December 31, 2006				December 31, 2007			
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Weighted Average Useful Economic Life (years)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Weighted Average Useful Economic Life (years)
Intangible assets:								
Customer lists and user base	$ 545,527	$ (240,340)	$305,187	6	$ 588,714	$ (334,864)	$253,850	6
Trademarks and trade names	480,358	(171,390)	308,968	5	572,918	(292,854)	280,064	5
Developed technologies	103,351	(63,912)	39,439	4	125,504	(85,441)	40,063	4
All other	58,115	(26,232)	31,883	4	62,052	(38,546)	23,506	4
	$1,187,351	$ (501,874)	$685,477		$1,349,188	$ (751,705)	$597,483	

All of our acquired identifiable intangible assets are subject to amortization. Acquired identifiable intangible assets are comprised of customer lists and user base, trademarks and trade names, developed technologies, and other acquired intangible assets including patents and contractual agreements. No significant residual value is estimated for the intangible assets. The increase in intangible assets during the year ended December 31, 2007 resulted primarily from certain intangible assets acquired as part of our acquisition of the outstanding shares of StubHub as well as other acquisitions completed during the year. The net carrying amount of intangible assets related to our equity investments, included above, totaled approximately $2.5 million and $1.4 million, as of December 31, 2006 and 2007, respectively. Aggregate amortization expense for intangible assets totaled $136.4 million, $220.0 million and $229.2 million for the years ended December 31, 2005, 2006 and 2007, respectively. Included in amortization of intangibles for the year ended December 31, 2006, is a charge of $10.9 million for in-process research and development related to an asset purchase completed during the period.

Expected future intangible asset amortization from acquisitions completed as of December 31, 2007 is as follows (in thousands):

Fiscal Years:	
2008	$233,146
2009	211,653
2010	117,315
2011	25,530
2012	9,756
Thereafter	83
	$597,483

Note 4 —Segments:

Operating segments are based upon our internal organization structure, the manner in which our operations are managed, the criteria used by our Chief Operating Decision Maker (CODM) to evaluate segment performance and the availability of separate financial information. We have three operating segments: Marketplaces, Payments and Communications.

eBay Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Since October 14, 2005, the results from our Communications segment reflect Skype's operations. The following table summarizes the financial performance of our reporting segments (in thousands):

	Year Ended December 31, 2005			
	Marketplaces	Payments	Communications	Consolidated
Net revenues from external customers	$ 3,499,137	$1,028,455	$ 24,809	$4,552,401
Direct costs	2,008,215	725,616	25,821	2,759,652
Direct contribution	1,490,922	302,839	(1,012)	1,792,749
Operating expenses and indirect costs of net revenues				351,042
Income from operations				1,441,707
Interest and other income, net				111,099
Interest expense				(3,478)
Income before income taxes				$1,549,328

	Year Ended December 31, 2006			
	Marketplaces	Payments	Communications	Consolidated
Net revenues from external customers	$ 4,334,290	$1,440,530	$ 194,921	$5,969,741
Direct costs	2,503,961	1,102,919	221,819	3,828,699
Direct contribution	1,830,329	337,611	(26,898)	2,141,042
Operating expenses and indirect costs of net revenues				718,086
Income from operations				1,422,956
Interest and other income, net				130,017
Interest expense				(5,916)
Income before income taxes				$1,547,057

	Year Ended December 31, 2007			
	Marketplaces	Payments	Communications	Consolidated
Net revenues from external customers	$ 5,363,891	$1,926,616	$ 381,822	$7,672,329
Direct costs	3,017,895	1,534,627	337,338	4,889,860
Direct contribution	2,345,996	391,989	44,484	2,782,469
Operating expenses and indirect costs of net revenues				2,169,289
Income from operations				613,180
Interest and other income, net				154,271
Interest expense				(16,600)
Income before income taxes				$ 750,851

Direct contribution consists of net revenues from external customers less direct costs. Direct costs include specific costs of net revenues, sales and marketing expenses, and general and administrative expenses over which segment managers have direct discretionary control, such as advertising and marketing programs, customer support expenses, bank charges, site operations expenses, product development expenses, billing operations, certain

technology and facilities expenses, transaction expenses, provisions for doubtful accounts, authorized credits and transaction losses. Segment managers do not have discretionary control over expenses such as our corporate center costs (consisting of certain costs such as corporate management, human resources, finance and legal), amortization of intangible assets, stock-based compensation expenses and impairment of goodwill, as they are not evaluated in the measurement of segment performance.

The following tables summarize the allocation of net revenues and the long-lived assets based on geography (in thousands):

	December 31,		
	2005	2006	2007
U.S	$2,471,273	$3,108,986	$3,742,674
Germany	718,137	895,993	1,030,165
United Kingdom	593,423	778,185	1,074,486
Rest of world	769,568	1,186,577	1,825,004
Total net revenues	$4,552,401	$5,969,741	$7,672,329

	December 31,	
	2006	2007
U.S	$ 917,887	$1,018,645
International	100,430	142,537
Total long-lived tangible assets	$1,018,317	$1,161,182

Net revenues attributed to the U.S. and international geographies are based upon the country in which the seller, payment recipient, advertiser or end-to-end service provider is located, as the case may be. Long-lived assets attributed to the U.S. and international geographies are based upon the country in which the asset is located or owned.

Note 5 —Investments:

At December 31, 2006 and 2007, short and long-term investments were classified as available-for-sale securities, except for restricted cash, and are reported at fair value as follows (in thousands):

	December 31, 2006			
	Gross Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Short-term investments:				
Restricted cash	$ 12,684	$ 54	$ —	$ 12,738
Corporate debt securities	433,192	36	(640)	432,588
Government and agency securities	109,652	1	(138)	109,515
	$555,528	$ 91	$ (778)	$554,841
Long-term investments:				
Restricted cash	$ 2,045	$ —	$ —	$ 2,045
Corporate debt securities	210,159	158	—	210,317
	$212,204	$ 158	$ —	$212,362

eBay Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	December 31, 2007			
	Gross Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Short-term investments:				
Restricted cash	$ 17,401	$ 9	$ —	$ 17,410
Corporate debt securities	37,802	—	(644)	37,158
Government and agency securities	1,025	2	—	1,027
Time deposits and other	22,428	—	—	22,428
Equity instruments	8,507	589,734	—	598,241
	$ 87,163	$589,745	$ (644)	$676,264
Long-term investments:				
Restricted cash	$ 8,852	$ —	$ —	$ 8,852
Corporate debt securities	16,465	5	(8)	16,462
	$ 25,317	$ 5	$ (8)	$ 25,314

The following table summarizes the fair value and gross unrealized losses of our short-term and long-term investments, aggregated by type of investment instrument and length of time that individual securities have been in a continuous unrealized loss position, at December 31, 2007 (in thousands):

	Less than 12 Months		12 Months or Greater		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
Corporate debt securities	$ 35,923	$ (644)	$ 5,022	$ (8)	$ 40,945	$ (652)

Our investment portfolio consists of both corporate and government securities that have a maximum maturity of five years. The corporate and government securities that we invest in are generally deemed to be low risk, based on their credit rating from the major rating agencies. The longer the duration of these securities, the more susceptible they are to changes in market interest rates and bond yields. As interest rates increase, those securities purchased at a lower yield show a mark-to-market unrealized loss. The unrealized losses are due primarily to changes in ratings and interest rates. We expect to realize the full value of all these investments upon maturity or sale. As of December 31, 2007, the losses on these securities have an average remaining duration of approximately one month. Restricted cash is held primarily in money market funds and interest bearing accounts for letters of credit related primarily to various lease arrangements.

Effective during 2007, we began to account for our investment in MercadoLibre as an available-for-sale marketable equity security due to MercadoLibre's initial public offering of its common stock in August of 2007. As of December 31, 2007, our investment was recorded at fair value and reported as a short-term investment with unrealized gains, net of tax, excluded from earnings and reported as a component of accumulated other comprehensive income.

eBay Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The estimated fair value of short and long-term investments classified by date of contractual maturity at December 31, 2007 are as follows (in thousands):

	December 31, 2007
One year or less (including restricted cash of $17,410)	$ 78,023
One year through two years	16,462
Two years through three years	—
Restricted cash of $8,852 within 10 years	8,852
	$ 103,337

Equity and cost method investments

We have certain investments accounted for using the equity and cost method of accounting totaling $65.5 million in 2006 and $112.9 million in 2007. The total of these investments, including identifiable intangible assets, deferred tax liabilities and goodwill, are classified on our balance sheet as long-term investments. Our consolidated results of operations include, as a component of other income, our share of the net income or loss of the equity method investments together with amortization expense relating to acquired intangible assets. Our share of the results of investees' results of operations is not significant for any period presented.

Note 6 —Derivative Instruments:

We recognize all derivative instruments on the balance sheet at fair value. Changes in the fair value (i.e., gains or losses) of the derivatives are recorded each period in the consolidated statement of income or accumulated other comprehensive income (loss). For derivative instruments that are designated and qualify as cash flow hedges, 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.

Transaction Exposure

As of December 31, 2007, we had outstanding foreign exchange hedge contracts with notional values equivalent to approximately $171.8 million with maturity dates within 31 days. The hedge contracts are used to offset changes in non-US dollar denominated functional currency value of assets and liabilities as a result of foreign exchange rate fluctuations. Transaction gains and losses on the contracts and the assets and liabilities are recognized each period in interest and other income, net.

Translation Exposure

We consolidate the earnings of our international subsidiaries by converting them into U.S. dollars in accordance with Financial Accounting Standards 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 foreign exchange contracts. All contracts that hedge translation exposure mature ratably over the quarter in which they are executed. Translation gains and losses are recorded as a component of accumulated other comprehensive income (loss). During the years ended December 31, 2005, 2006 and 2007, the realized gains and losses related to these hedges were not significant.

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 risk. 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 currency exchange contracts, generally with maturities of 12 months or less, to reduce the volatility of cash flows primarily related 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 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, we record as a component of accumulated other comprehensive income all unrealized gains and losses related to the foreign exchange contracts that receive hedge accounting treatment. During the years ended December 31, 2006 and 2007, the realized gains and losses related to these hedges were not significant. For derivative instruments designated as hedges, hedge ineffectiveness, determined in accordance with FAS 133, did not have a significant impact on earnings for years ended December 31, 2005, 2006, or 2007. The notional amount of our economic hedges receiving cash flow hedge accounting treatment was $515.7 million as of December 31, 2007. The losses, net of gains, recorded to accumulated other comprehensive income as of December 31, 2007 were not significant. Amounts included in accumulated other comprehensive income at December 31, 2007 will be subsequently reclassified into the financial statements line item in which the hedged item is recorded in the same period the forecasted transaction affects earnings. We did not have any economic hedges in place as of December 31, 2006.

Note 7 —Balance Sheet Components:

	December 31,	
	2006	2007
	(in thousands)	
Accounts receivable, net:		
Accounts receivable	$476,060	$ 576,774
Allowance for doubtful accounts	(68,401)	(82,090)
Allowance for authorized credits	(14,464)	(14,127)
	$393,195	$ 480,557

	December 31,	
	2006	2007
	(in thousands)	
Other current assets:		
Customer accounts	$763,757	$1,086,241
Prepaid expenses	64,003	70,189
Deferred tax assets, net	67,879	—
Prepaid income taxes	—	70,364
Other	64,822	90,362
	$960,461	$1,317,156

	December 31,	
	2006	2007
	(in thousands)	
Property and equipment, net:		
Computer equipment and software	$ 1,274,282	$ 1,651,134
Land and buildings, including building improvements	355,222	399,948
Leasehold improvements	197,835	237,822
Furniture and fixtures	77,915	90,800
Aviation equipment and other	40,836	52,202
	1,946,090	2,431,906
Accumulated depreciation	(947,894)	(1,311,454)
	$ 998,196	$ 1,120,452

During the years ended December 31, 2006 and 2007, we capitalized $79.6 million and $110.6 million of software development costs, respectively, the majority of which relates to site and other product development efforts. Total depreciation expense on our property and equipment was $240.6 million in 2005, $324.6 million in 2006 and $372.5 million in 2007.

	December 31,	
	2006	2007
	(in thousands)	
Accrued expenses and other current liabilities:		
Acquisition related accrued expenses	$ 11,092	$ 10,219
Compensation and related benefits	162,889	221,514
Advertising	97,416	104,817
Contractors and consultants	59,371	77,401
Professional fees	62,940	70,507
PayPal transaction loss accrual	32,140	28,506
VAT accrual	61,653	68,542
Borrowings from credit agreement	—	200,220
Deferred tax liabilities, net	—	150,080
Other current liabilities	194,168	219,333
	$ 681,669	$ 1,151,139

Certain transactions that result in overdrafts of customer accounts are included in the transaction loss reserve and are recorded as an offset to other current assets. As of December 31, 2006 and December 31, 2007, these balances were $47.5 million and $51.6 million, respectively.

	December 31,	
	2006	2007
	(in thousands)	
Accumulated other comprehensive income		
Foreign currency translation	$696,458	$1,341,660
Unrealized (losses) gains on investments	(521)	589,045
Unrealized losses on cash flow hedges	—	(175)
Estimated tax benefit (provision) on above items	260	(229,254)
	$696,197	$1,701,276

Note 8 —Commitments and Contingencies:

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, 2007, are as follows (in thousands):

Year Ending December 31,	Operating Leases
2008	$ 64,870
2009	59,221
2010	45,960
2011	32,342
2012	27,940
Thereafter	87,688
Total minimum lease payments	$318,021

Rent expense in the years ended December 31, 2005, 2006 and 2007 totaled $14.4 million, $25.8 million, and $35.4 million respectively. As a result of various subleasing arrangements that we have entered into, we are expecting approximately $8.2 million in sublease income through 2012. There were no material capital leases at December 31, 2006 or 2007.

Credit Agreement

In November 2006, we entered into a credit agreement which provided for an unsecured $1.0 billion five-year revolving credit facility. Loans under the credit agreement bore interest at either (i) LIBOR plus a margin ranging from 0.25 percent to 0.45 percent or (ii) a formula based on the Bank of America, or Agent's, prime rate or on the federal funds effective rate.

In August 2007, we entered into an amendment to our 2006 credit agreement. The amendment increased the lender commitments and borrowing capacity under the 2006 credit agreement from its prior level of $1.0 billion to $2.0 billion, maintained an option to increase borrowing capacity by an additional $1.0 billion (after giving effect to the $1.0 billion increase described above) and extended the maturity date by an additional year to November 7, 2012. Loans under the amended credit agreement will bear interest at LIBOR plus a margin ranging from 0.20 percent to 0.50 percent. Subject to certain conditions stated in the credit agreement, we may borrow, prepay and reborrow amounts under the credit facility at any time during the term of the credit agreement. Funds borrowed

under the credit agreement may be used for working capital, capital expenditures, acquisitions and other general corporate purposes of eBay and its subsidiaries. We entered into the 2006 credit agreement in order to enhance our financial flexibility. As of December 31, 2007, we had $200.2 million outstanding under our credit agreement and these amounts were included within accrued expenses and other current liabilities on the consolidated balance sheet. The interest rate as of December 31, 2007 was 5.06%. As of December 31, 2007, we were in compliance with the financial covenants associated with the credit agreement.

Litigation and Other Legal Matters

In April 2001, two of our European subsidiaries, eBay GmbH and eBay International AG, were sued by Montres Rolex S.A. and certain of its affiliates in the regional court of Cologne, Germany. The suit subsequently was transferred to the regional court in Düsseldorf, Germany. Rolex alleged that our subsidiaries were infringing Rolex's trademarks as a result of users selling counterfeit Rolex watches through our German website. The suit also alleged unfair competition. Rolex sought an order enjoining the sale of Rolex-branded watches on the website as well as damages. In December 2002, a trial was held in the matter, and the court ruled in favor of eBay on all causes of action. Rolex appealed the ruling to the Higher Regional Court of Düsseldorf, and the appeal was heard in October 2003. In February 2004, the court rejected Rolex's appeal and ruled in our favor. Rolex appealed the ruling to the German Federal Supreme Court, a hearing took place before that court in December 2006, and a written decision was issued in June 2007. The court's decision found that eBay must take reasonable measures to prevent recurrence once it is informed of clearly identified infringement, and that eBay may in certain circumstances be liable upon first notice of infringement. The court referred the case back to the Higher Regional Court to determine whether, in some circumstances, a low starting listing price was sufficient to indicate that a listing was infringing. In July 2007, the German Federal Supreme Court extended the reach of the *Rolex* decision in *IVD v. eBay* . The court held that (i) in certain circumstances, a duty of care could be found to exist to competitors requiring eBay to take reasonable measures to prevent illegal items from being listed (even where the competitors were not directly harmed) and (ii) such duty would extend to listings by the same seller in the same category (not just identical listings). Prior to these decisions, we had implemented proactive measures to find and remove illegal listings from our websites; these decisions may require us to undertake further efforts and will subject us to liability if our efforts are deemed to be insufficient. We expect that this ruling will likely result in increased costs and litigation against us in Germany although we do not currently believe that it will require a major change in our business practices.

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. 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. The plaintiffs seek approximately EUR 37 million in damages. 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. The plaintiffs in this suit seek approximately EUR 9 million in damages and injunctive relief. We filed our initial briefs responding to the first complaint in February 2007, and initial briefs in response to the second complaint were filed in April 2007. We believe that we have meritorious defenses to these suits and intend to defend ourselves vigorously. Other luxury brand owners have also filed suit against us or have threatened to do so, seeking to hold us liable for 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 misuse of trademarks in listings, for alleged violations of selective distribution channel laws, for non-compliance of consumer protection laws or in connection with paid search advertisements.

In September 2001, MercExchange LLC filed a complaint against us, our Half.com subsidiary and ReturnBuy, Inc. in the U.S. District Court for the Eastern District of Virginia (No. 2:01-CV-736) alleging infringement of three patents (relating to online consignment auction technology, multiple database searching and electronic

consignment systems) and seeking a permanent injunction and damages (including treble damages for willful infringement). Following a trial in 2003, the jury returned a verdict finding that we had willfully infringed the patents relating to multiple database searching and electronic consignment systems, and the court entered judgment for MercExchange in the amount of approximately $30 million, plus pre-judgment interest and post-judgment interest. The U.S. Court of Appeals for the Federal Circuit later reduced the award to $25.5 million. In May 2006, following appeals to the U.S. Court of Appeals for the Federal Circuit and the U.S. Supreme Court, the Supreme Court remanded the case back to the district court for further action. In parallel with the federal court proceedings, at our request, the U.S. Patent and Trademark Office agreed to reexamine each of the patents in the suit, finding that substantial questions existed regarding the validity of the claims contained in them. In separate actions in 2005, the Patent and Trademark Office initially rejected all of the claims contained in the three patents in suit. In September 2007, the Patent and Trademark Office tentatively approved some of the claims and rejected others contained in the patent that underlies the jury verdict, which relates to electronic consignment systems. We requested that the district court stay all proceedings in the case pending the final outcome of the reexamination proceedings, and MercExchange has renewed its request that the district court grant an injunction. In July 2007, the court denied MercExchange's request for an injunction and ruled that the proceedings related to one of the patents will be stayed and another of the patents will not be stayed pending action by the Patent and Trademark Office. MercExchange appealed the court's order denying the injunction, and we filed a motion seeking that the court find the non-stayed patent invalid. In December 2007, the district court ruled that it could not consider eBay's motions for judgment as a matter of law and a new trial, because it viewed the 2003 verdict for MercExchange (amounting to approximately $30 million, plus interest) as final, subject to an accounting. We have appealed that ruling.

With the appeals pending, in February 2008, the parties agreed to settle to dismiss all claims and appeals stemming from the lawsuit. As a part of the settlement, eBay will purchase all three patents involved in the lawsuit, and related technology and inventions, as well as a license to another search-related patent portfolio that was not asserted in the lawsuit. These assets will allow eBay to further enhance its operations and trust and safety effort on its ecommerce sites. The reserves recorded in our consolidated financial statements properly reflect our liability as of December 31, 2007 in connection with this settlement.

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 fact discovery and claim construction briefing. The pretrial conference is scheduled for June 2008, and we expect a trial date to be scheduled for summer 2008. We believe that we have meritorious defenses and intend to defend ourselves vigorously.

In August 2006, Peer Communications Corporation filed a lawsuit in the U.S. District Court for the Eastern District of Texas (No. 6-06CV-370) alleging that eBay Inc., Skype Technologies S.A., and Skype Inc. infringed two patents owned by Peer Communications relating to uniform network access. The suit seeks an injunction against continuing infringement, unspecified damages, and interest, costs, and fees. The parties are in the process of conducting discovery and claim construction briefing, and a trial date has been scheduled for October 2008. We believe that we have meritorious defenses and intend to defend ourselves vigorously.

In September 2006, Mangosoft Intellectual Property, Inc. filed a lawsuit in the U.S. District Court for the Eastern District of Texas (No. 2-06CV-390) alleging that eBay Inc., Skype Technologies S.A., and Skype Software S.a.r.l. infringed a patent owned by Mangosoft relating to dynamic directory services. The suit seeks an injunction against continuing infringement, unspecified damages, and interest, costs, and fees. We have filed an answer and counterclaims asserting that the patents are invalid, unenforceable, and not infringed. We received an initial scheduling order from the court that sets some discovery deadlines, but not a trial date. The parties are in the process of conducting discovery We believe that we have meritorious defenses and intend to defend ourselves vigorously.

In February 2007, our StubHub subsidiary was sued in the U.S. District Court for the Central District of California (No. CV-07-1328) in a purported class action lawsuit alleging that StubHub violated the Fair and Accurate Credit Transaction Act by allegedly printing receipts containing more than the last five digits of a credit card number or the expiration date of a credit card by showing the same on an on-screen receipt. The complaint seeks compensatory and punitive damages and attorneys fees. 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 May 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. 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. Netcraft Corporation has appealed the judgment.

In October 2007, PartsRiver filed a lawsuit in the Eastern District of Texas (No. 2-07CV-440-DF) alleging that eBay, Microsoft, Yahoo!, Shopziila, PriceGrabber and PriceRunner infringed its patent relating to search methods. The suit seeks an injunction against continuing infringement, unspecified damages, 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, and trial is tentatively scheduled for October 2009. We believe that we have meritorious defenses and intend to defend ourselves vigorously.

In October 2007, Flexiworld Technologies, Inc. filed a lawsuit in Western District of Washington (No. 3:07-CV-05565-BHS) alleging that Skype infringed its patent titled "Apparatus, Methods, and Systems for Anonymous Communication." The suit seeks an injunction against continuing infringement, unspecified damages, and interest, costs, and fees. Flexiworld has not yet served Skype. We believe that we have meritorious defenses and intend to defend ourselves vigorously.

In December 2007, Klausner Technologies Inc. filed a lawsuit in Eastern District of Texas (No. 2-07CV-525) alleging that eBay, Apple, AT&T Corp., AT&T Mobility, Comcast Corp., CSC Holdings, GotVoice Inc. and Simulscribe infringed Klausner's patent titled "Telephone Answering Service Linking Displayed Data with Recorded Audio Message" (some of the defendants, but not eBay, are accused of infringing a second Klausner patent). The suit seeks an injunction against continuing infringement, unspecified damages, and interest, costs, and fees. Klausner has served its complaint but agreed to an extension of time to answer. We believe that we have meritorious defenses and intend to defend ourselves vigorously.

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, especially in Europe. 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.

As part of the earn out settlement agreement with the former shareholders of Skype who had elected the earn out alternative at the time of the acquisition (See "Note 3 — Business Combinations, Goodwill and Intangible Assets" in these consolidated financial statements for further details), we agreed that if, on or prior to March 31, 2008, eBay sells or transfers to an unaffiliated third party securities representing greater than 50% of the outstanding voting power of, or economic interest in, Skype or all or substantially all of the assets of Skype and its subsidiaries, taken as a whole, we would pay up to an additional €138.4 million, or approximately $195.2 million, in the aggregate, to these former shareholders of Skype.

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.

Note 9 —Related Party Transactions:

We have entered into indemnification agreements with each of our directors, executive officers and certain other officers. These agreements require us 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 us.

All contracts with related parties are at rates and terms that we believe are comparable with those entered into with independent third parties. There were no material related party transactions in 2005, 2006 and 2007. As of December 31, 2007, there were no significant amounts payable or amounts receivable from related parties.

Note 10 —Preferred Stock:

We are authorized, subject to limitations prescribed by Delaware law: to issue Preferred Stock in one or more series; to establish the number of shares included within each series; to fix the rights, preferences and privileges of the shares of each wholly unissued series and any related qualifications, limitations or restrictions; and to increase or decrease the number of shares of any series (but not below the number of shares of a series then outstanding) without

any further vote or action by the stockholders. At December 31, 2006 and 2007, there were 10 million shares of $0.001 par value Preferred Stock authorized for issuance, and no shares issued or outstanding.

Note 11 —Common Stock:

Our Certificate of Incorporation, as amended, authorizes us to issue 3,580 million shares of common stock. A portion of the shares outstanding are subject to repurchase or forfeiture over a four-year period from the earlier of the issuance date or employee hire date, as applicable. At December 31, 2006 and 2007 there were 551,676 and 431,202 shares subject to repurchase rights or forfeiture, respectively.

At December 31, 2007, we had reserved 210.9 million shares of common stock available for future issuance under our stock option plans, including 126.7 million shares related to outstanding stock options and restricted stock units and 84.2 million shares available for future grant. In addition, as of December 31, 2007, we had reserved approximately 4.0 million shares of common stock available for future issuance under our deferred stock unit plan, and approximately 5.2 million shares of common stock available for future issuance under our employee stock purchase plan.

Treasury Stock

In June 2006, our Board of Directors authorized a stock repurchase program for $2.0 billion of our common stock, excluding broker commissions. In January 2007, our Board authorized an expansion of the stock repurchase program to provide for the repurchase of up to an additional $2.0 billion of our common stock by January 2009. In January 2008, our Board approved an additional stock repurchase program, for further details see “Note 14 — Subsequent Events.” The stock repurchase activity under our stock repurchase program during 2007 is summarized as follows (in thousands, except per-share amounts):

	Shares Repurchased	Average Price per Share	Value of Shares Repurchased	Remaining Amount Authorized
Balance at January 1, 2007	54,526	$ 30.54	$1,665,450	$ 334,550
Additional authorization in January 2007	—	—	—	2,000,000
Repurchase of common stock	44,558	$ 33.42	1,489,232	(1,489,232)
Balance at December 31, 2007	99,084	$ 31.84	$3,154,682	$ 845,318

These repurchased shares are recorded as treasury stock and are accounted for under the cost method. No repurchased shares have been retired.

During the year ended December 31, 2007, we entered into structured equity hedging transactions. According to the terms of the transactions, on the maturity date, if the market price of our common stock exceeded a pre-determined price, we had the option to settle the transaction in cash or shares of our common stock. If the market price of our common stock was below that pre-determined price, we were required to settle the transactions in shares of our common stock. The structured equity transaction activity during 2007 is summarized as follows (in million, except per-share amounts):

	Settlement Date	Transaction Amount	Cash Settlement Amount	Cash Premium Received	Shares of Stock Repurchased	Effective Price per Share
Q1’07	3/30/07	$99.6	$102.3	$2.7	—	—
Q2’07	6/29/07	$93.7	—	—	3.0	$31.40
Q3’07	9/28/07	$98.2	$103.1	$5.0	—	—
Q4’07	12/21/07	$47.7	—	—	1.4	$33.42
Q4’07	12/28/07	$47.6	—	—	1.4	$33.33

Our stock repurchase programs may be limited or terminated at any time without prior notice. Stock repurchases under these programs may be made through a variety of open market and privately negotiated transactions, including structured stock repurchase transactions or other derivative transactions, at times and in such amounts as management deems appropriate and will be funded from the company's working capital or other financing alternatives. The timing and actual number of shares repurchased will depend on a variety of factors including corporate and regulatory requirements, price and other market conditions. The programs are intended to comply with the volume, timing and other limitations set forth in Rule 10b-18 under the Securities Exchange Act of 1934.

During 2007, we entered into a $200 million volume weighted average price share repurchase agreement. As a result of this agreement, we repurchased approximately 5.8 million shares of our common stock at an effective price per share of $34.24.

In addition to the above mentioned stock repurchases, shares of stock were returned to us as part of certain agreements that we entered into with certain of Skype's former shareholders. We did not pay any monetary consideration for the return of these shares. We have also repurchased shares of stock from employees.

Note 12 —Benefit Plans:

Equity Incentive Plans

We have equity incentive plans for directors, officers and employees that consist of stock options, restricted stock units, nonvested shares and performance based restricted stock units. At December 31, 2007, 614.8 million shares were authorized under our equity incentive plans and 84.2 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 nonvested shares are granted to eligible employees under our equity incentive plans. In general, restricted stock units and nonvested shares 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 nonvested shares is determined using the fair value of our common stock on the date of grant.

In 2007, 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, 2005, 2006, and 2007, employees purchased approximately 1.4 million, 1.6 million, and 2.0 million shares at average prices of $25.55, $27.32 and $26.84 per share, respectively. At December 31, 2007, approximately 5.2 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.

eBay Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

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 2005 and 2006, we contributed one dollar for each dollar a participant contributed, with a maximum contribution of $1,500 per employee. In 2007, we contributed one dollar for each dollar a participant contributed, with a maximum contribution of $2,000 per employee. Our non-U.S. employees are covered by various other savings plans. Our expenses for these plans were $8.6 million in 2005, $14.9 million in 2006 and $20.4 million in 2007.

Deferred Stock Unit Plan

We have a deferred stock unit plan under which deferred stock units have to date, been granted non-employee directors elected to our Board of Directors after December 31, 2002. Under this plan, each new director receives 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. 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. All eBay officers, directors and employees are eligible to receive awards under the plan, although, to date, awards have been made only to new non-employee directors. As of December 31, 2007, 47,481 units have been awarded under this plan.

Valuation Assumptions

We calculated the fair value of each option award on the date of grant using the Black-Scholes option pricing model. The following weighted-average assumptions were used for each respective period:

	Year Ended December 31,		
	2005	2006	2007
Risk-free interest rates	3.8%	4.7%	4.5%
Expected life	3 years	3 years	3.5 years
Dividend yield	0%	0%	0%
Expected volatility	36%	36%	37%

Our computation of expected volatility for 2006 and 2007 was based on a combination of historical and market-based implied volatility from traded options on our stock. Prior to 2006, our computation of expected volatility was based on historical volatility. Our computation of expected life was determined based on historical experience of similar awards, giving consideration to the contractual terms of the stock-based awards, vesting schedules and expectations of future employee behavior. The interest rate for periods within the contractual life of the award is based on the U.S. Treasury yield curve in effect at the time of grant.

eBay Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Stock-Based Compensation

Stock-based compensation expense related to equity awards and employee stock purchases for 2005, 2006 and 2007 was allocated as follows (in thousands, except per share amounts):

	2005	2006	2007
Cost of net revenues	$ 1,881	$ 32,981	$ 37,009
Sales and marketing	8,696	96,547	81,299
Product development	6,468	81,489	76,002
General and administrative	14,727	106,393	107,503
Total stock-based compensation expense	31,772	317,410	301,813
Tax benefit	(13,023)	(97,572)	(92,726)
Stock-based compensation expense, net of tax	$ 18,749	$219,838	$209,087

In general, the stock-based compensation expense for our equity incentive awards are recognized over their respective vesting periods. Total stock-based compensation costs included in capitalized development costs was $8.8 million and $8.4 million for the years ended December 31, 2006 and 2007, respectively. There was no stock-based compensation costs included in capitalized development costs during 2005.

Prior to the adoption of FAS 123(R), the intrinsic value of Skype's and Shopping.com's unvested common stock options assumed in the acquisition was recorded as unearned stock-based compensation. Upon the adoption of FAS 123(R) in January 2006, the unearned stock-based compensation balance of $45.5 million was reclassified to additional paid-in capital.

Pro Forma Information for Periods Prior to the Adoption of FAS 123(R)

Pro forma information regarding option grants made to our employees and directors and employee stock purchases is as follows (in thousands, except per share amounts):

	Year Ended 2005
Net income, as reported	$1,082,043
Add: Amortization of stock-based compensation expense determined under the intrinsic value method (net of cancellations)	18,749
Deduct: Total stock-based compensation expense determined under fair value based method, net of tax	(248,260)
Pro forma net income	$ 852,532
Earnings per share:	
Basic — Reported	$ 0.79
— Pro forma	$ 0.63
Diluted — Reported	$ 0.78
— Pro forma	$ 0.61

Stock Option Activity

The following table summarizes stock option activity under our equity incentive plans as of and for the year ended December 31, 2007 (in thousands, except per share amounts):

	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value
Outstanding at January 1, 2007	136,614	$ 30.53		
Granted and assumed	20,736	31.29		
Exercised	(24,907)	18.27		
Forfeited/expired/cancelled	(14,581)	37.05		
Outstanding at December 31, 2007	117,862	32.45	5.72	$ 489,480
Vested and expected to vest at December 31, 2007	105,819	32.15	5.68	471,378
Options exercisable at December 31, 2007	75,649	30.93	5.48	428,021

The aggregate intrinsic value was calculated as the difference between the exercise price of the underlying awards and the quoted price of our common stock. At December 31, 2007, 54.9 million options were in-the-money.

The weighted average grant-date fair value of options granted during the years 2005, 2006 and 2007 was $11.70, $10.47 and $10.60, respectively. During the years 2005, 2006 and 2007, the aggregate intrinsic value of options exercised under our equity incentive plans was $719.2 million, $283.6 million and $402.4 million, respectively, determined as of the date of option exercise. As of December 31, 2007, there was approximately $327.4 million of total unrecognized compensation cost related to stock options granted under our equity incentive plans. That cost is expected to be recognized over a weighted-average period of two years.

Restricted Stock Units and Performance Based Restricted Stock Units Activity

A summary of the status of and changes in restricted stock units granted under our equity incentive plans as of December 31, 2007 and changes during the year ended December 31, 2007 is presented below (in thousands, except per share amounts):

	Shares	Weighted Average Grant-Date Fair Value (per share)
Oustanding at January 1, 2007	508	$ 28.13
Awarded	9,226	32.83
Vested	(124)	28.13
Forfeited	(777)	32.02
Outstanding at December 31, 2007	8,833	32.70
Vested and expected to vest at December 31, 2007	6,011	

As of December 31, 2007, there was approximately $203.6 million of unrecognized compensation cost related to restricted stock units granted under our equity incentive plans. That cost is expected to be recognized over a weighted-average period of three years.

Performance based restricted stock units are not included in the table above, as the awards are not granted until the conditional performance is met. As of December 31, 2007 there were 174,000 performance based restricted stock units expected to vest with a remaining unrecognized compensation cost of $4.1 million.

Nonvested Shares Activity

A summary of the status of and changes in nonvested shares granted under our equity incentive plans and assumed in acquisitions as of December 31, 2007 and changes during the year ended December 31, 2007 is presented below (in thousands, except per share amounts):

	Shares	Weighted Average Grant-Date Fair Value (per share)
Nonvested at January 1, 2007	566	$ 31.97
Granted	—	—
Vested	(110)	36.08
Forfeited	(25)	39.89
Nonvested at December 31, 2007	431	30.46

During the years ended December 31, 2006 and 2007, the fair value of awards vested under our stock plans was $2.5 million and $3.7 million respectively, determined as of the date of vesting. There were no awards vesting in 2005. As of December 31, 2007, there was approximately $5.9 million of unrecognized compensation cost related to nonvested shares granted under our equity incentive plans. That cost is expected to be recognized over a weighted-average period of two years.

Non-stockholder approved stock option grants

Prior to our initial public offering in 1998, our Board of Directors approved three stock option grants outside of formally approved stockholder plans to two independent directors upon their joining our Board of Directors and to an executive officer upon his hiring. All of such option grants vested 25% one year from the date of grant, and the remainder vested at a rate of 2.08% per month thereafter and expire 10 years from the date of grant. The options granted to the independent directors were immediately exercisable, subject to repurchase rights held by us, which lapsed over the vesting period. The terms and conditions of such grants are otherwise identical to nonqualified option grants made under the stock option plan in effect at that time. At the time of such grants, members of our Board of Directors (and their affiliates) beneficially owned in excess of 90% of our then outstanding voting interests. We have previously disclosed such option grants in our Prospectus filed with the Securities and Exchange Commission on September 25, 1998 in connection with our initial public offering under the headings “Management — Director Compensation” and “Management — Compensation Arrangements.” Prior to 2004, one director and the executive officer had exercised all available options under their respective grants. At December 31, 2007, one grant remained outstanding to one independent director, with 153,637 shares to be issued upon exercise of the outstanding options at an average exercise price of $0.39. There were no shares remaining available under these non-stockholder approved plans for future grants as of December 31, 2007.

Note 13 — Income Taxes:

The components of pretax income in consolidated companies for the years ended December 31, 2005, 2006 and 2007 are as follows (in thousands):

	Year Ended December 31,		
	2005	2006	2007
United States	$ 943,575	$ 776,553	$717,614
International	605,753	770,504	33,237
	$1,549,328	$1,547,057	$750,851

eBay Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The provision for income taxes is composed of the following (in thousands):

	Year Ended December 31,		
	2005	2006	2007
Current:			
Federal	$382,925	$ 460,262	$ 402,235
State and local	89,717	122,396	38,087
Foreign	79,838	66,610	85,649
	552,480	649,268	525,971
Deferred:			
Federal	(37,651)	(146,872)	(81,745)
State and local	(7,106)	(32,331)	(13,976)
Foreign	(40,438)	(48,647)	(27,650)
	(85,195)	(227,850)	(123,371)
	$467,285	$ 421,418	$ 402,600

The following is a reconciliation of the difference between the actual provision for income taxes and the provision computed by applying the federal statutory rate of 35% for 2005, 2006, and 2007 to income before income taxes (in thousands):

	Year Ended December 31,		
	2005	2006	2007
Provision at statutory rate	$ 542,282	$ 541,471	$ 262,798
Permanent differences:			
Foreign income taxed at different rates	(149,463)	(230,350)	(404,007)
Goodwill impairment	—	—	486,828
Change in valuation allowance	12,587	35,652	34,983
Stock-based compensation	—	26,179	24,516
State taxes, net of federal benefit	53,697	58,542	15,672
Tax credits	(9,136)	(1,142)	(7,766)
Other	17,318	(8,934)	(10,424)
	$ 467,285	$ 421,418	$ 402,600

Deferred tax assets and liabilities are recognized for the future tax consequences of differences between the carrying amounts of assets and liabilities and their respective tax bases using enacted tax rates in effect for the year

in which the differences are expected to reverse. Significant deferred tax assets and liabilities consist of the following (in thousands):

	December 31,	
	2006	2007
Deferred tax assets:		
Net operating loss and credits	$ 111,133	$ 159,333
Accruals and allowances	88,887	162,166
Stock-based compensation	103,389	158,767
Net unrealized (gains) losses	4,024	4,145
Net deferred tax assets	307,433	484,411
Valuation allowance	(69,777)	(119,153)
	237,656	365,258
Deferred tax liabilities:		
Acquisition-related intangibles	(171,422)	(152,068)
Depreciation and amortization	(30,139)	(36,462)
Available-for-sale securities	—	(235,894)
	(201,561)	(424,424)
	$ 36,095	$ (59,166)

As of December 31, 2007, our federal, foreign and state net operating loss carryforwards, or NOLs, for income tax purposes were approximately $44.8 million, $543.4 million, and $49.5 million, respectively. The utilization of a portion of the NOLs is subject to an annual limitation under Section 382 of the Internal Revenue Code due to a change of ownership. However, we do not believe such annual limitation will impact our realization of the NOLs. If not utilized, the federal net operating loss carryforwards will begin to expire in 2019, the state net operating loss carryforwards will begin to expire in 2009, and the foreign net operating loss carryforwards will begin to expire in 2009. As of December 31, 2007, our state tax credit carryforwards for income tax purposes were approximately $7.9 million. If not utilized, the state tax credit carryforwards will begin to expire in 2015.

We have not provided for U.S. federal income and foreign withholding taxes on $3.8 billion of non-U.S. subsidiaries' undistributed earnings as of December 31, 2007, because such earnings are intended to be indefinitely reinvested in the operations and potential acquisitions of our International operations. Upon distribution of those earnings in the form of dividends or otherwise, we would be subject to U.S. income taxes (subject to an adjustment for foreign tax credits). It is not practicable to determine the income tax liability that might be incurred if these earnings were to be distributed.

On January 1, 2007, we adopted the provisions of FIN 48. The adoption of FIN 48 resulted in a $145,000 adjustment to beginning retained earnings.

The following table reflects changes in the unrecognized tax benefits since January 1, 2007:

	(in thousands)
Gross amounts of unrecognized tax benefits as of January 1, 2007	$ 385,700
Gross amounts over increases in unrecognized tax benefits for tax positions taken during 2007	108,553
Gross amounts of unrecognized tax benefits as of December 31, 2007	$ 494,253

The total liabilities for unrecognized tax benefits, and the increase in these liabilities in 2007 relates primarily to the allocations of revenue and costs among our global operations. Our liabilities for unrecognized tax benefits are recorded as deferred and other tax liabilities, net in our consolidated balance sheet. If recognized, the portion of liabilities for unrecognized tax benefits that would decrease our provision for income taxes and increase our net income is $328.8 million. The impact on net income reflects the liabilities for unrecognized tax benefits net of certain deferred tax assets and the federal tax benefit of state income tax items.

Over the next twelve months, our existing tax positions will continue to generate an increase in liabilities for unrecognized tax benefits. We recognize interest and/or penalties related to uncertain tax positions in income tax expense. The amount of interest and penalties net of tax benefits, accrued as of January 1, 2007 and December 31, 2007 was approximately $7.7 million and $16.3 million, respectively.

We are subject to taxation in the U.S. and various states and foreign jurisdictions. We are under examination by certain tax authorities for the 2003 tax year. The material jurisdictions that are subject to potential examination by tax authorities for tax years after 2002 primarily include the U.S., California, France, Germany, Switzerland, and Singapore.

Note 14 —Subsequent Events:

In January 2008, our Board authorized another stock repurchase program to provide for the repurchase of up to an additional $2.0 billion of our common stock with no expiration from the date of authorization. See discussion of our stock repurchase programs at “Note 11 — Common Stock.”

On January 30, 2008, we completed the acquisition of all of the equity securities of Fraud Sciences Ltd., a company with expertise in online risk tools, in a cash transaction with an aggregate transaction value of approximately $169 million. The total purchase price will be allocated to the tangible and identifiable intangible assets acquired and liabilities assumed based on their estimated fair values as of the acquisition date.

Supplementary Data — Quarterly Financial Data-Unaudited:

The following tables present certain unaudited consolidated quarterly financial information for each of the eight quarters ended December 31, 2007. This quarterly information has been prepared on the same basis as the Consolidated Financial Statements and includes all adjustments necessary to state fairly the information for the periods presented.

Quarterly Financial Data
(Unaudited, in thousands, except per share amounts)

	Quarter Ended			
	March 31	June 30	September 30	December 31
2006				
Net revenues	$1,390,419	$1,410,784	$ 1,448,637	$1,719,901
Gross profit	$1,106,822	$1,113,901	$ 1,128,642	$1,363,584
Net income	$ 248,282	$ 249,994	$ 280,896	$ 346,467
Net income per share-basic	$ 0.18	$ 0.18	$ 0.20	$ 0.25
Net income per share-diluted	$ 0.17	$ 0.17	$ 0.20	$ 0.25
Weighted-average shares:				
Basic	1,406,309	1,411,925	1,406,382	1,380,577
Diluted	1,437,581	1,435,757	1,426,112	1,402,749

	Quarter Ended			
	March 31	June 30	September 30	December 31
2007				
Net revenues	$1,768,074	$1,834,429	$ 1,889,220	$2,180,606
Gross profit	$1,374,385	$1,417,640	$ 1,442,699	$1,674,633
Net income (loss)	$ 377,176	$ 375,824	$ (935,635)	$ 530,886
Net income (loss) per share-basic	$ 0.28	$ 0.28	$ (0.69)	$ 0.39
Net income (loss) per share-diluted	$ 0.27	$ 0.27	$ (0.69)	$ 0.39
Weighted-average shares:				
Basic	1,366,915	1,361,046	1,354,786	1,352,077
Diluted	1,384,287	1,378,697	1,354,786	1,368,067

eBay Inc.

FINANCIAL STATEMENT SCHEDULE

The Financial Statement Schedule II — VALUATION AND QUALIFYING ACCOUNTS is filed as part of this Annual Report on Form 10-K.

	Balance at Beginning of Period	Charged/ Credited to Net Income	Charged to Other Account	Charges Utilized/ Write-offs	Balance at End of Period
			(in thousands)		
Allowances for Doubtful Accounts and Authorized Credits					
Year ended December 31, 2005	$ 78,633	$ 89,499	$ —	$ (94,547)	$ 73,585
Year ended December 31, 2006	73,585	100,729	—	(91,449)	82,865
Year ended December 31, 2007	82,865	96,461	—	(83,109)	96,217
Allowance for PayPal Transaction Losses					
Year ended December 31, 2005	30,388	73,773	—	(53,889)	50,272
Year ended December 31, 2006	50,272	126,439	—	(97,185)	79,526
Year ended December 31, 2007	79,526	139,255	—	(138,674)	80,107
Tax Valuation Allowance					
Year ended December 31, 2005	216,128	13,196	3,240	(154,852)	77,712
Year ended December 31, 2006	77,712	28,513	6,420	(42,868)	69,777
Year ended December 31, 2007	69,777	34,983	14,393	—	119,153

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of San Jose, State of California, on the 28th day of February, 2008.

eBay Inc.

By: /s/ Margaret C. Whitman
Margaret C. Whitman
President, Chief Executive Officer
and Director

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Margaret C. Whitman, Robert H. Swan, H. Baird Radford, III, and Michael R. Jacobson, and each or any one of them, each with the power of substitution, his or her attorney-in-fact, to sign any amendments to this report, with exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that each of said attorneys-in-fact, or his substitute or substitutes, may do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Principal Executive Officer:

By: /s/ Margaret C. Whitman
Margaret C. Whitman
President, Chief Executive Officer and Director

Principal Financial Officer:

By: /s/ Robert H. Swan
Robert H. Swan
Senior Vice President, Chief Financial Officer

Principal Accounting Officer:

By: /s/ H. Baird Radford, III
H. Baird Radford, III
Vice President, Corporate Controller and Interim Chief Accounting Officer

Additional Directors

By: /s/ Pierre M. Omidyar
Pierre M. Omidyar
Founder, Chairman of the Board and Director

By: /s/ Fred D. Anderson
Fred D. Anderson
Director

By: /s/ Edward W. Barnholt
Edward W. Barnholt
Director

By: /s/ Philippe Bourguignon
Philippe Bourguignon
Director

By: /s/ Scott D. Cook
Scott D. Cook
Director

By: /s/ John Donahoe
John Donahoe
CEO-designate & Director

By: /s/ Rajiv Dutta
Rajiv Dutta
President, eBay Marketplaces & Director

By: /s/ William C. Ford, Jr.
William C. Ford, Jr.
Director

By: /s/ Robert C. Kagle
Robert C. Kagle
Director

By: /s/ Dawn G. Lepore
Dawn G. Lepore
Director

By: /s/ David M. Moffett
David M. Moffett
Director

By: /s/ Richard T. Schlosberg, III
Richard T. Schlosberg, III
Director

By: /s/ Thomas J. Tierney
Thomas J. Tierney
Director

Date: February 28, 2008

EXHIBIT INDEX

No.	Exhibit Description	Filed with this 10-K	Incorporated by Reference		
			Form	File No.	Date Filed
2.01	Sale and Purchase Agreement dated as of September 11, 2005, by and among Registrant, Skype Technologies S.A. and the parties identified on Schedule 1 thereto.		8-K	000-24821	9/15/2005
2.02	Earn Out Agreement dated as of September 11, 2005, by and among Registrant, Skype Technologies S.A. and the parties identified on Schedule I thereto.		8-K	000-24821	9/15/2005
2.03+	Form of Option Assumption Agreement.		8-K	000-24821	10/18/2005
2.04+	Form of EMI Rollover Agreement.		8-K	000-24821	10/18/2005
2.05	Amendment No. 1 to Earn Out Agreement dated as of December 29, 2005, by and among Registrant, Skype Technologies S.A. and the parties identified on Schedule I thereto.		10-K	000-24821	2/24/2006
3.01	Registrant's Amended and Restated Certificate of Incorporation.		10-Q	000-24821	7/27/2005
3.02	Registrant's Amended and Restated By-laws.		8-K	000-24821	1/16/2008
4.01	Form of Specimen Certificate for Registrant's Common Stock.		S-1	333-59097	8/19/1998
4.02	Registration Rights Agreement dated as of September 11, 2005, by and among Registrant and the parties identified on Schedule I thereto.		8-K	000-24821	9/15/2005
10.01+	Form of Indemnity Agreement entered into by Registrant with each of its directors and executive officers.		S-1	333-59097	7/15/1998
10.02+	Registrant's 1996 Stock Option Plan, as amended.		S-1	333-59097	7/15/1998
10.03+	Registrant's 1997 Stock Option Plan, as amended.		10-K	000-24821	2/28/2007
10.04+	Registrant's 1998 Equity Incentive Plan, as amended.		10-K	000-24821	2/28/2007
10.05+	Form of Stock Bonus Agreement under Registrant's 1998 Equity Incentive Plan.		10-Q	000-24821	10/27/2004
10.06+	Form of Stock Option Agreement under Registrant's 1998 Equity Incentive Plan.		10-Q	000-24821	10/27/2004
10.07+	Form of Restricted Stock Unit Agreement (and Performance-Based Restricted Stock Unit Agreement) under Registrant's 1998 Equity Incentive Plan.		10-K	000-24821	2/28/2007
10.08+	Registrant's Amended and Restated 1998 Employee Stock Purchase Plan.		10-Q	000-24821	7/27/2007
10.09+	Registrant's 1998 Directors Stock Option Plan, as amended.		10-K	000-24821	2/28/2007
10.10+	Registrant's 1999 Global Equity Incentive Plan, as amended.		10-Q	000-24821	7/27/2007
10.11+	Form of Stock Option Agreement under Registrant's 1999 Global Equity Incentive Plan.		10-Q	000-24821	10/27/2004
10.12+	Form of Restricted Stock Unit Agreement under Registrant's 1999 Global Equity Incentive Plan.		10-K	000-24821	2/28/2007

No.	Exhibit Description	Filed with this 10-K	Incorporated by Reference		
			Form	File No.	Date Filed
10.13+	Registrant's 2001 Equity Incentive Plan, as amended.		10-K	000-24821	2/28/2007
10.14+	Form of Stock Option Agreement under Registrant's 2001 Equity Incentive Plan.		10-Q	000-24821	10/27/2004
10.15+	Registrant's 2003 Deferred Stock Unit Plan, as amended.		10-K	000-24821	2/28/2007
10.16+	Form of 2003 Deferred Stock Unit Plan Electing Director Award Agreement, as amended.		10-Q	000-24821	4/25/2006
10.17+	Form of 2003 Deferred Stock Unit Plan New Director Award Agreement, as amended.		10-Q	000-24821	4/25/2006
10.18+	eBay Incentive Plan.		10-Q	000-24821	7/27/2005
10.19+	eBay Inc. Deferred Compensation Plan.		8-K	000-24821	12/20/2007
10.20+	Summary of Compensation Payable to Named Executive Officers.		10-Q	000-24821	4/25/2007
10.21+	Employment Letter Agreement dated January 16, 1998, between Margaret C. Whitman and Registrant.		S-1	333-59097	8/19/1998
10.22+	Stock Option Agreement dated June 9, 1998 between Registrant and Scott D. Cook.		10-K	000-24821	3/31/2003
10.23+	Employment Letter Agreement dated August 20, 1998, between Michael R. Jacobson and Registrant.		S-1	333-59097	9/1/1998
10.24+	Offer Letter to William C. Cobb dated November 22, 2000.		10-K	000-24821	3/25/2002
10.25+	Offer Letter to John Donahoe dated November 16, 2004.		8-K	000-24821	2/24/2005
10.26+	Offer Letter to Elizabeth Axelrod dated December 7, 2004 and addendum thereto dated February 16, 2005.		8-K	000-24821	3/10/2005
10.27+	Offer Letter to Robert H. Swan dated February 10, 2006.		8-K	000-24821	2/21/2006
10.28+	Letter Agreement regarding supplemental relocation assistance dated July 12, 2006 to Robert H. Swan.		8-K	000-24821	7/13/2006
10.29	Credit Agreement, dated as of November 7, 2006, by and among Registrant, Bank of America, N.A., as Administrative Agent, and the other lenders named from time to time therein.		8-K	000-24821	11/13/2006
10.30	Amendment Agreement dated as of August 2, 2007, by and among Registrant, Bank of America, N.A., as Administrative Agent, and other lenders named from time to time therein.		8-K	000-24821	8/3/2007
10.31	Form of Earn Out settlement Agreement dated as of September 28, 2007 among Registrant, Skype Luxembourg Holdings S.a.r.l., Skype Technologies S.A., Herho Holdings B.V. and each Earn out Seller.		8-K	000-24821	10/1/2007
21.01	List of Subsidiaries.	X			
23.01	PricewaterhouseCoopers LLP consent.	X			
24.01	Power of Attorney (see signature page).	X			

No.	Exhibit Description	Filed with this 10-K	Incorporated by Reference		
			Form	File No.	Date Filed
31.01	Certification of Registrant's Chief Executive Officer, as required by Section 302 of the Sarbanes-Oxley Act of 2002.	X			
31.02	Certification of Registrant's Chief Financial Officer, as required by Section 302 of the Sarbanes-Oxley Act of 2002.	X			
32.01	Certification of Registrant's Chief Executive Officer, as required by Section 906 of the Sarbanes-Oxley Act of 2002.	X			
32.02	Certification of Registrant's Chief Financial Officer, as required by Section 906 of the Sarbanes-Oxley Act of 2002.	X			

+ Indicates a management contract or compensatory plan or arrangement

Exhibit 21.01

LIST OF SUBSIDIARIES
AS OF DECEMBER 31, 2007
DOMESTIC SUBSIDIARIES

1. Baazee.com, Inc., a Delaware corporation
2. Blackthorne Software, Inc., a Delaware corporation
3. Camino Networks, Inc., a Delaware corporation
4. CARad Inc., a Delaware corporation
5. EachNet, Inc., a Delaware corporation
6. eBay Domestic Holdings, Inc., a Delaware corporation
7. eBay International Inc., a Delaware corporation
8. eBay Real Estate Inc., a Delaware corporation
9. eBay Partner Network, Inc., a Delaware corporation
10. Global Commerce Services, Inc., a Delaware corporation
11. Half.com, Inc., a Pennsylvania corporation
12. Kijiji US, Inc., a Delaware Corporation
13. Marketplace Insurance Inc., a Hawaii corporation
14. MicroPlace, Inc., a Delaware corporation
15. PayPal Asset Management, Inc., a Delaware corporation
16. PayPal Data Services, Inc., a Delaware corporation
17. PayPal Gift Card Services, Inc., a Arizona corporation
18. PayPal Global Holdings, Inc., a Delaware corporation
19. PayPal, Inc., a Delaware corporation
20. PayPal Insurance Services, Inc., a Delaware corporation
21. ProStores, Inc., a Delaware corporation
22. The Commercial Exchange Co., Inc., a Delaware corporation
23. Shopping.com International Holding, Inc., a Delaware corporation
24. Shopping.com Inc., a Delaware corporation
25. Skype Inc., a Delaware corporation
26. Skype Delaware Holdings, Inc., a Delaware corporation
27. StubHub, Inc., a Delaware corporation
28. StumbleUpon, Inc., a Delaware corporation
29. Viva Group, Inc dba Rent.com, a Delaware corporation
30. Rent.com Arizona Brokerage, LLC
31. Viva.com Realty Brokerage, LLC (Florida)
32. Viva.com Realty Brokerage, LLC (Kentucky)
33. Rent.com Hawaii, LLC
34. Viva Realty Indiana, LLC
35. Viva Realty Minnesota, LLC (dba) “Rent.com”
36. Rent.com Nevada, LLC
37. Viva Group New Hampshire, LLC (dba) “Rent.com”
38. Viva Realty Washington, LLC
39. Rent.com Ohio, LLC
40. Viva Oregon, LLC
41. Rent.com Pennsylvania, LLC
42. Viva Realty Utah, LLC
43. Rent.com Vermont, LLC
44. Viva VA PA, LLC (Virginia)
45. VGI Delaware, LLC

INTERNATIONAL SUBSIDIARIES

Name		Jurisdiction of Incorporation	Percent Ownership If Less Than 100%
1.	A1 Markt B.V.	The Netherlands	
2.	Baazee.com Private Limited	Mauritius	
3.	DealTime (Europe) B.V.	Netherlands	
4.	DealTime (Germany) GmbH	Germany	
5.	EachNet.com (Hong Kong) Limited	Hong Kong	
6.	EachNet.com Limited	Cayman Islands	
7.	EachNet.com Network Information Services (Shanghai) Co., Ltd.	People's Republic of China	
8.	eBay Advertising Group GmbH	Germany	
9.	eBay Asia Pacific Regional Management Services Ltd.	Korea	
10.	eBay Australia and New Zealand Pty Limited	Australia	
11.	eBay Australia Pty Ltd	Australia	
12.	eBay Austria GmbH	Austria	
13.	eBay Belgium Holdings S.A.	Belgium	
14.	eBay Belgium SPRL	Belgium	
15.	eBay Europe Sarl	Luxembourg	
16.	eBay Europe Services Ltd.	Ireland	
17.	eBay Canada Limited	Canada	
18.	eBay CS Vancouver Inc.	Canada	
19.	eBay France SAS	France	99.98%
20.	eBay Global Holdings B.V.	The Netherlands	
21.	eBay GmbH	Germany	
22.	eBay EachNet.com Network Information Services (Shanghai) Co., Ltd.	People's Republic of China	
23.	eBay e-Commerce Technology Operations (Shanghai) Co., Ltd.	People's Republic of China	
24.	eBay Engineering & Research Center (Shanghai) Co., Ltd.	People's Republic of China	
25.	eBay India Centre Private Limited	India	
26.	eBay India Pvt. Ltd.	India	
	eBay International Advertising GmbH	Switzerland	
27.	eBay International AG	Switzerland	
28.	eBay International Hong Kong Ltd.	Hong Kong People's	
29.	eBay Internet Support (Shanghai) Co., Ltd.	China	
30.	eBay Ireland Limited	Ireland	
31.	eBay Israel Holding Ltd.	Israel	
32.	eBay Italia S.r.l.	Italy	
33.	eBay Japan K.K	Japan	
34.	eBay KTA (UK) Limited	United Kingdom	
35.	eBay Motors GmbH	Germany	
36.	eBay Motors India Private Limited	India	
37.	eBay Mauritius Holding Private Limited	Mauritius	
38.	eBay Netherlands B.V.	The Netherlands	
39.	eBay New Ventures K.K.	Japan	
40.	eBay Polska sp z o.o.	Poland	
41.	eBay PRC AG	Switzerland	
42.	eBay Promotions (UK) Ltd.	United Kingdom	
43.	eBay Singapore Services Private Limited	Singapore	
44.	eBay Spain International, S.L.	Spain	
45.	eBay Sverige AB	Sweden	
46.	eBay Taiwan Company Ltd.	Taiwan	
47.	eBay UK Limited	United Kingdom	
48.	Entreprises Kijiji Canada Inc.	Canada	
49.	EU Liaison Office BVBA	Belgium	
50	Gumtree.com Australia Pty Ltd	Australia	

	Name	Jurisdiction of Incorporation	Percent Ownership If Less Than 100%
51.	GumTree.com Limited	United Kingdom	
52.	High Options Sdn Bhd	Malaysia	
53.	Hortensia B.V.	The Netherlands	
54.	Inter Bazar	Portugal	
55.	Internet Auction Co., Ltd	Korea	99.96%
56.	Intoko Limited	United Kingdom	
57.	Kijiji GmbH	Germany	
58.	Kijiji India Private Limited	India	
59.	Kijiji International Limited	Ireland	
60.	Kijiji Italia s.r.l.	Italy	
61.	Kijiji Korea Co., Ltd.	Korea	
62.	Kijiji Mauritius Holding Private Ltd.	Mauritius	
63.	Kijiji Network Information Technology Services (Shanghai) Co. Ltd.	People's Republic of China	
64.	Kijiji S.a.r.l.	France	
65.	Kijiji S.L.U.	Spain	
66.	Marktplaats B.V	The Netherlands	
67.	mobile.de & eBayMotors GmbH	Germany	
68.	Opusforum GmbH	Germany	
69.	PChome eBay Co., Ltd.	Taiwan	35%
70.	PayPal Asia Services Ltd.	Mauritius	
71.	PayPal Australia Pty Limited	Australia	
72.	PayPal (BVI) Holdings Inc.	British Virgin Islands	
73.	PayPal CA Limited	Canada	
74.	PayPal Deutschland GmbH	Germany	
75.	PayPal (Europe) Ltd.	United Kingdom	
76.	PayPal Europe Services Ltd.	Ireland	
77.	PayPal France SAS	France	
78.	PayPal Hong Kong Limited	Hong Kong	
79.	PayPal Information Technologies (Shanghai) Co., Ltd.	People's Republic of China	
80.	PayPal International Limited	Ireland	
81.	PayPal Italia s.r.l.	Italy	
82.	PayPal Nederland B.V.	The Netherlands	
83.	PayPal Services Canada Limited	Canada	
84.	PayPal Singapore Private Limited	Singapore	
85.	PayPal Spain S.L.	Spain	
86.	PayPal (UK) Limited	United Kingdom	
87.	PayPal 2 Sarl	Luxembourg	
88.	PayPal 3 Sarl	Luxembourg	
89.	Rent New Ventures Limited	Ireland	
90.	S Technologies Limited	United Kingdom	
91.	Shanghai eBay Network Information Services Co., Ltd.	China	50%
92.	Shopping.com Australia Pty Ltd.	Australia	
93.	Shopping.com GmbH	Germany	
94.	Shopping.com Ltd.	Israel	
95.	Shopping.com France SAS	France	
96.	Shopping.com UK Ltd.	United Kingdom	
97.	Shopping Epinions International Ltd.	Ireland	
98.	Skype Communications S.a r.l.	Luxembourg	
99.	Skype Czech Republic s.r.o.	Czech Republic	
100.	Skype Deutschland GmbH	Germany	
101.	Skype Hong Kong Limited	Hong Kong	
102.	Skype Limited	Ireland	
103.	Skype Poland Sp. z o.o.	Poland	
104.	Skype Software S.a. r.l.	Luxembourg	

	Name	Jurisdiction of Incorporation	Percent Ownership If Less Than 100%
105.	Skype Sweden AB	Sweden	
106.	Skype Technologies S.A.	Luxembourg	
107.	Skype Technologies OU	Estonia	
108.	Skyper Limited	Bahamas	
109.	Skype Luxembourg Holdings S.a r.l.	Luxembourg	
110.	Sonorit ApS	Denmark	
111.	Sonorit Holding AS	Norway	
112.	Sv. Bilannonser	Sweden	
113.	Tel-Online Limited	Cayman Islands	
114.	TOM Eachnet Holdings (BVI) Inc.	British Virgin Islands	
115.	TOM Eachnet PRC Holdings (BVI) Inc.	British Virgin Islands	
116.	Tradera AB	Sweden	
117.	Tradera Nordic AB	Sweden	
118.	Via-Online GmbH	Germany	

Exhibit 23.01

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (Nos. 333-130045, 333-133220 and 333-136120), Form S-4 (Nos. 333-97727 and 333-117914), and Form S-8 (Nos. 333-64179, 333-87593, 333-41944, 333-58046, 333-97729, 333-100426, 333-107832, 333-117913, 333-127971, 333-129072, 333-136118, 333-140942, 333-143880, 333-149131, 333-149132) of eBay, Inc. of our report dated February 28, 2008 relating to the consolidated financial statements, financial statement schedule and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP
San Jose, CA
February 28, 2008

Exhibit 31.01

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
AS REQUIRED BY SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002.

I, Margaret C. Whitman, certify that:

1. I have reviewed this report on Form 10-K of eBay Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 28, 2008

/s/ Margaret C. Whitman

Margaret C. Whitman
President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.02

CERTIFICATION OF CHIEF FINANCIAL OFFICER
AS REQUIRED BY SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002.

I, Robert H. Swan, certify that:

1. I have reviewed this report on Form 10-K of eBay Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 28, 2008

/s/ Robert H. Swan

Robert H. Swan
Senior Vice President and Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.01

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
AS REQUIRED BY SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002.

I, Margaret C. Whitman, hereby certify pursuant to 18 U.S.C. Section 1350 adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 that:

(i) The accompanying annual report on Form 10-K for the year ended December 31, 2007 fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934, as amended; and

(ii) The information contained in such report fairly presents, in all material respects, the financial condition and results of operations of eBay Inc.

Date: February 28, 2008

/s/ Margaret C. Whitman

Margaret C. Whitman
President and Chief Executive Officer
(Principal Executive Officer)

The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of this report.

Exhibit 32.02

CERTIFICATION OF CHIEF FINANCIAL OFFICER
AS REQUIRED BY SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002.

I, Robert H. Swan, hereby certify pursuant to 18 U.S.C. Section 1350 adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 that:

(i) The accompanying annual report on Form 10-K for the year ended December 31, 2007 fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934, as amended; and

(ii) The information contained in such report fairly presents, in all material respects, the financial condition and results of operations of eBay Inc.

Date: February 28, 2008

/s/ Robert H. Swan

Robert H. Swan
Senior Vice President and Chief Financial Officer
(Principal Financial Officer)

The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of this report.

EXHIBIT VI

CONSOLIDATED FINANCIAL STATEMENTS OF EBAY INC. AS OF DECEMBER 31, 2006 AND 2005 AND FOR EACH OF THE THREE YEARS IN THE PERIOD ENDED DECEMBER 31, 2006

The consolidated balance sheet of eBay and subsidiaries as of December 31, 2005, is contained in this Exhibit VI, together with the Report of Independent Registered Public Accounting Firm on the consolidated financial statements as of December 31, 2006 and 2005 and for each of the three years in the period ended December 31, 2006.

For consolidated balance sheets of eBay and subsidiaries as of December 31, 2007 and 2006, and the related consolidated statements of income, comprehensive income, stockholders' equity and of cash flows for each of the three years in the period ended December 31, 2007, the reader's attention is called to the Annual Report on Form 10-K of eBay for the fiscal year ended December 31, 2007, filed with the SEC on February 29, 2008, which is attached as Exhibit V of this prospectus.

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of eBay Inc.:

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of income, comprehensive income, stockholders' equity and cash flows present fairly, in all material respects, the financial position of eBay Inc. and its subsidiaries at December 31, 2006 and 2005, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2006 in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP

San Jose, California
February 27, 2007

eBay Inc.

CONSOLIDATED BALANCE SHEET

	December 31,	
	2005	2006
	(In thousands, except par value amounts)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 1,313,580	$ 2,662,792
Short−term investments	774,650	542,103
Accounts receivable, net	322,788	393,195
Funds receivable from customers	255,282	399,297
Restricted cash	29,702	12,738
Other current assets	487,235	960,461
Total current assets	3,183,237	4,970,586
Long−term investments	825,667	277,853
Property and equipment, net	801,602	998,196
Goodwill	6,120,079	6,544,278
Intangible assets, net	823,280	682,977
Other assets	35,121	20,121
	$ 11,788,986	$ 13,494,011
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 55,692	$ 83,392
Funds payable and amounts due to customers	586,651	1,159,952
Accrued expenses and other current liabilities	578,557	681,669
Deferred revenue and customer advances	81,940	128,964
Income taxes payable	182,095	464,418
Total current liabilities	1,484,935	2,518,395
Deferred tax liabilities, net	215,682	31,784
Other liabilities	40,388	39,200
Total liabilities	1,741,005	2,589,379
Commitments and Contingencies (Note 8)		
Stockholders' equity:		
Common Stock, $0.001 par value; 3,580,000 shares authorized; 1,404,183 and 1,368,512 shares outstanding	1,412	1,431
Additional paid−in capital	7,272,742	8,034,282
Unearned stock−based compensation	(45,540)	—
Treasury stock at cost, 7,531 and 62,250 shares	(274)	(1,669,428)
Retained earnings	2,716,511	3,842,150
Accumulated other comprehensive income	103,130	696,197
Total stockholders' equity	10,047,981	10,904,632
	$ 11,788,986	$ 13,494,011

The accompanying notes are an integral part of these consolidated financial statements.

eBay Inc.

CONSOLIDATED STATEMENT OF INCOME

	Year Ended December 31,		
	2004	2005	2006
	(In thousands, except per share amounts)		
Net revenues	$ 3,271,309	$ 4,552,401	$ 5,969,741
Cost of net revenues	614,415	818,104	1,256,792
Gross profit	2,656,894	3,734,297	4,712,949
Operating expenses:			
Sales and marketing	815,464	1,185,929	1,619,857
Product development	240,647	328,191	494,695
General and administrative	475,614	649,529	978,363
Amortization of acquired intangible assets	65,927	128,941	197,078
Total operating expenses	1,597,652	2,292,590	3,289,993
Income from operations	1,059,242	1,441,707	1,422,956
Interest and other income, net	77,867	111,148	130,021
Interest expense	(8,879)	(3,478)	(5,916)
Income before income taxes and minority interests	1,128,230	1,549,377	1,547,061
Provision for income taxes	(343,885)	(467,285)	(421,418)
Minority interests	(6,122)	(49)	(4)
Net income	$ 778,223	$ 1,082,043	$ 1,125,639
Net income per share:			
Basic	$ 0.59	$ 0.79	$ 0.80
Diluted	$ 0.57	$ 0.78	$ 0.79
Weighted average shares:			
Basic	1,319,458	1,361,708	1,399,251
Diluted	1,367,720	1,393,875	1,425,472

The accompanying notes are an integral part of these consolidated financial statements.

eBay Inc.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year Ended December 31,		
	2004	2005	2006
		(In thousands)	
Net income	$ 778,223	$ 1,082,043	$ 1,125,639
Other comprehensive income (loss):			
Foreign currency translation	139,523	(140,459)	588,150
Unrealized gains (losses) on investments	(8,703)	1,922	8,327
Unrealized gains (losses) on cash flow hedges	5,525	1,297	(194)
Estimated tax benefit/(provision) on above items	1,102	(1,272)	(3,216)
Other comprehensive income (loss):	137,447	(138,512)	593,067
Comprehensive income	$ 915,670	$ 943,531	$ 1,718,706

The accompanying notes are an integral part of these consolidated financial statements.

eBay Inc.

CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY

	Year Ended December 31,		
	2004	2005	2006
		(In thousands)	
Common stock:			
Balance, beginning of year	$ 1,307	$ 1,347	$ 1,412
Common stock issued	40	65	19
Balance, end of year	1,347	1,412	1,431
Additional paid−in−capital:			
Balance, beginning of year	3,936,776	4,855,983	7,272,742
Common stock issued	650,985	1,862,199	331,899
Stock−based compensation	6,239	107,981	326,616
Stock option income tax benefit	261,983	446,579	148,565
Reclassification to additional paid−in−capital on adoption of FAS 123(R)	—	—	(45,540)
Balance, end of year	4,855,983	7,272,742	8,034,282
Unearned stock−based compensation:			
Balance, beginning of year	(2,008)	(4,825)	(45,540)
Unearned stock−based compensation, net	(4,068)	(64,726)	—
Amortization of unearned stock−based compensation	1,251	24,011	—
Reclassification to additional paid−in−capital on adoption of FAS 123(R)	—	—	45,540
Balance, end of year	(4,825)	(45,540)	—
Treasury stock at cost:			
Balance, beginning of year	(274)	(274)	(274)
Common stock repurchased	—	—	(1,669,154)
Balance, end of year	(274)	(274)	(1,669,428)
Retained earnings:			
Balance, beginning of year	856,245	1,634,468	2,716,511
Net income	778,223	1,082,043	1,125,639
Balance, end of year	1,634,468	2,716,511	3,842,150
Accumulated other comprehensive income:			
Balance, beginning of year	104,196	241,642	103,130
Change in unrealized gain (loss) on investments, net of tax	(5,392)	1,169	5,033
Change in unrealized gain (loss) on cash flow hedges, net of tax	3,315	778	(116)
Foreign currency translation adjustment	139,523	(140,459)	588,150
Balance, end of year	241,642	103,130	696,197
Total stockholders' equity	$ 6,728,341	$ 10,047,981	$ 10,904,632
Number of Shares			
Common stock:			
Balance, beginning of year	1,298,586	1,338,608	1,404,183
Common stock issued	40,022	65,575	19,048
Common stock repurchased	—	—	(54,719)
Balance, end of year	1,338,608	1,404,183	1,368,512

The accompanying notes are an integral part of these consolidated financial statements.

eBay Inc.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Year Ended December 31,		
	2004	2005	2006
		(In thousands)	
Cash flows from operating activities:			
Net income	$ 778,223	$ 1,082,043	$ 1,125,639
Adjustments:			
Provision for doubtful accounts and authorized credits	90,942	89,499	100,729
Provision for transaction losses	50,459	73,773	126,439
Depreciation and amortization	253,690	378,165	544,552
Stock−based compensation expense	5,832	31,772	317,410
Tax benefit on the exercise of stock options	261,983	267,142	148,565
Excess tax benefits from stock−based compensation	—	—	(92,371)
Deferred income taxes	28,652	91,690	(227,850)
Minority interests	6,122	49	4
Changes in assets and liabilities, net of acquisition effects:			
Accounts receivable	(105,540)	(151,993)	(169,750)
Funds receivable and customer accounts	(44,751)	(132,606)	(146,900)
Other current assets	(312,756)	(49,371)	(443,530)
Other non−current assets	(308)	(4,612)	10,126
Accounts payable	(33,975)	564	32,986
Funds payable and amounts due to customers	216,967	251,870	575,137
Accrued expenses and other liabilities	39,618	17,013	(31,026)
Deferred revenue and customer advances	20,061	3,646	47,859
Income taxes payable	30,096	61,247	329,772
Net cash provided by operating activities	1,285,315	2,009,891	2,247,791
Cash flows from investing activities:			
Purchases of property and equipment, net	(292,838)	(338,281)	(515,448)
Proceeds from sale of corporate aircraft	—	28,290	—
Purchases of investments	(1,754,808)	(1,324,353)	(583,263)
Maturities and sales of investments	1,079,548	1,928,539	1,380,227
Acquisitions, net of cash acquired	(1,036,476)	(2,732,230)	(45,505)
Other	(8,646)	(14,696)	(7,158)
Net cash (used in) provided by investing activities	(2,013,220)	(2,452,731)	228,853
Cash flows from financing activities:			
Proceeds from issuance of common stock, net	650,638	599,845	313,482
Repurchases of common stock	—	—	(1,666,540)
Excess tax benefits from stock−based compensation	—	—	92,371
Payment of headquarters facility lease obligation	—	(126,390)	—
Principal payments on long−term obligations	(2,969)	(1,849)	—
Net cash provided by (used in) financing activities	647,669	471,606	(1,260,687)
Effect of exchange rate changes on cash and cash equivalents	28,768	(45,231)	133,255
Net increase (decrease) in cash and cash equivalents	(51,468)	(16,465)	1,349,212
Cash and cash equivalents at beginning of period	1,381,513	1,330,045	1,313,580
Cash and cash equivalents at end of period	$ 1,330,045	$ 1,313,580	$ 2,662,792
Supplemental cash flow disclosures:			
Cash paid for interest	$ 8,234	$ 3,478	$ 5,916
Cash paid for income taxes	13,875	40,256	179,169
Non−cash investing and financing activities:			
Common stock options assumed pursuant to acquisition	—	107,862	—
Common stock issued for acquisition	—	1,262,674	18,436

The accompanying notes are an integral part of these consolidated financial statements.

eBay Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 — The Company and Summary of Significant Accounting Policies:

The Company

eBay Inc. ("eBay") was incorporated in California in May 1996, and reincorporated in Delaware in April 1998. eBay's purpose is to pioneer new communities around the world, built on commerce, sustained by trust, and inspired by opportunity. eBay brings together millions of buyers and sellers every day on a local, national and international basis through an array of websites. eBay provides online marketplaces for the sale of goods and services, online payment services and online communication offerings to a diverse community of individuals and businesses.

eBay has three operating segments: Marketplaces, Payments and Communications. The Marketplaces segment enables online commerce through a variety of different platforms, including the traditional eBay auction site, our classifieds websites, and our comparison shopping site, Shopping.com. The Payments segment, which consists of our PayPal, Inc. ("PayPal") business, enables individuals or businesses to securely, easily and quickly send and receive payments online. The Communications segment, which consists of our Skype Technologies SA ("Skype") business, enables Voice over Internet Protocol (VoIP) calls between Skype users, as well as provides low−cost connectivity to traditional fixed−line and mobile telephones.

When we refer to "we," "our," "us" or "eBay" in this document, we mean the current Delaware corporation (eBay Inc.) and its California predecessor, as well as all of our consolidated subsidiaries.

Use of estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. On an ongoing basis, we evaluate our estimates, including those related to provisions for doubtful accounts and authorized credits, the provision for transaction losses, legal contingencies, income taxes, advertising and other non−transaction revenues, and goodwill and intangible assets. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances. Actual results could differ from those estimates.

Principles of consolidation and basis of presentation

The accompanying financial statements are consolidated and include the financial statements of eBay and our majority−owned subsidiaries. All significant intercompany balances and transactions have been eliminated in consolidation.

The consolidated financial statements include 100% of the assets and liabilities of these majority−owned subsidiaries and the ownership interests of minority investors are recorded as minority interests. Investments in entities where we hold more than a 20% but less than a 50% ownership interest and have the ability to significantly influence the operations of the investee are accounted for using the equity method of accounting and the investment balance is included in long−term investments, while our share of the investees' results of operations is included in interest and other income, net. Investments in entities where we hold less than a 20% ownership interest and where we do not have the ability to significantly influence the operations of the investee are accounted for using the cost method of accounting and are included in long−term investments.

Certain prior period balances have been reclassified to conform to the current period presentation.

Fair value of financial instruments

Cash and cash equivalents are short−term, highly liquid investments with original or remaining maturities of three months or less when purchased. Our financial instruments, including cash, cash equivalents, accounts

receivable, funds receivable, accounts payable, and funds payable are carried at cost, which approximates their fair value because of the short−term maturity of these instruments.

Short and long−term investments, which include marketable equity securities and government and corporate bonds, are classified as available−for−sale and reported at fair value using the specific identification method. Unrealized gains and losses are excluded from earnings and reported as a component of other comprehensive income (loss), net of related estimated tax provisions or benefits. Additionally, we assess whether an other−than−temporary impairment loss on our investments has occurred due to declines in fair value or other market conditions. Declines in fair value that are considered other than temporary are recorded as an impairment of investments in the consolidated statement of income.

Derivative instruments

We recognize all derivative instruments on the balance sheet at fair value. Changes in the fair value (i.e., gains or losses) of the derivatives are recorded each period in the consolidated statement of income or accumulated other comprehensive income (loss). For a derivative designated as a cash flow hedge, the gain or loss on the derivative is initially reported as a component of accumulated other comprehensive income (loss) and subsequently reclassified into the consolidated statement of income when the hedged transaction affects earnings. For derivatives recognized as a fair value hedge, the gain or loss on the derivative in the period of change and the offsetting loss or gain of the hedged item attributed to the hedged risk, are recognized in the consolidated statement of income. For derivatives not recognized as hedges, the gain or loss on the derivative in the period of change is recognized as interest and other income, net.

Concentrations of credit risk

Our cash, cash equivalents, accounts receivable and funds receivable are potentially subject to concentration of credit risk. Cash and cash equivalents are placed with financial institutions that management believes are of high credit quality. Our accounts receivable are derived from revenue earned from customers located in the U.S. and internationally. Accounts receivable balances are settled through customer credit cards, debit cards, and PayPal accounts, with the majority of accounts receivable collected upon processing of credit card transactions. We maintain an allowance for doubtful accounts receivable and authorized credits based upon our historical experience. Historically, such losses have been within our expectations. However, unexpected or significant future changes in trends could result in a material impact to future statements of income or cash flows. Due to the relatively small dollar amount of individual accounts receivable, we generally do not require collateral on these balances. The provision for doubtful accounts is recorded as a charge to general and administrative expense, while the provision for authorized credits is recognized as a reduction of net revenues.

During the years ended December 31, 2004, 2005, and 2006, no customers accounted for more than 10% of net revenues. As of December 31, 2005 and 2006, no customers accounted for more than 10% of net accounts receivable.

Allowances for transaction losses

Our Payments segment is exposed to transaction losses due to fraud, as well as non−performance of customers. We establish allowances for estimated losses arising from processing customer transactions, such as charge−backs for unauthorized credit card use and merchant related charge−backs due to non−delivery of goods or services, Automated Clearing House, or ACH, returns, and debit card overdrafts. These allowances represent an accumulation of the estimated amounts necessary to provide for transaction losses incurred as of the reporting date, including those to which we have not yet been notified. The allowances, which involve the use of actuarial techniques, are monitored monthly and are updated based on actual claims data reported by our claims processors. The allowances are based on known facts and circumstances, internal factors including our experience with similar cases, historical trends involving loss payment patterns and the mix of transaction and loss types. Additions to the

allowance, in the form of provisions, are reflected as a general and administrative expense in our consolidated statement of income. At December 31, 2005 and 2006, the allowance for transaction losses totaled $50.3 million and $79.5 million, respectively, and was included as an offset to other current assets and accrued expenses and other current liabilities in our consolidated balance sheet.

Foreign currency

The majority of our foreign subsidiaries use the local currency of their respective countries as their functional currency. Assets and liabilities are translated at exchange rates prevailing at the balance sheet dates. Revenues, costs and expenses are translated into United States dollars at average exchange rates for the period. Gains and losses resulting from translation are recorded as a component of accumulated other comprehensive income (loss).

Realized gains and losses from foreign currency transactions are recognized as interest and other income, net.

Funds receivable and funds payable to customers

Funds receivable and payable relate to our Payments segment and arise due to the time taken to clear transactions through external payment networks. When customers fund their account using their bank account or credit card, or withdraw money from their bank account or through a debit card transaction, there is a clearing period before the cash is received or sent by PayPal, usually one to three business days for U.S. transactions, and up to five business days for international transactions. Hence, these funds are treated as a receivable or payable until the cash is settled.

Customer accounts

Based on differences in regulatory requirements and commercial law in the jurisdictions where PayPal operates, PayPal holds customer balances either as direct claims against PayPal or as an agent or custodian on behalf of PayPal's customers. Customer balances held as direct claims against PayPal are included on our consolidated balance sheet as customer accounts with an offsetting current liability in funds payable and amounts due to customers. The customer accounts can be invested only in specified types of liquid assets. Customer accounts on our consolidated balance sheet as of December 31, 2006 included approximately $180 million from direct non−custodial customer relationships established in conjunction with PayPal's Asia Pacific headquarters during 2006.

All customer funds held by PayPal as an agent or custodian on behalf of our customers are not reflected in our consolidated balance sheet. These off−balance sheet funds total approximately $1.2 billion and $1.5 billion as of December 31, 2005 and 2006, respectively. These off−balance sheet funds include funds held in the U.S. that are deposited in bank accounts insured by the Federal Deposit Insurance Corporation and funds that customers choose to invest in PayPal's Money Market Fund.

Property and equipment

Property and equipment are stated at historical cost less accumulated depreciation. Depreciation and amortization are computed using the straight−line method over the estimated useful lives of the assets, generally, one to three years for computer equipment and software, up to 30 years for buildings and building improvements, ten years for aviation equipment, the shorter of five years or the term of the lease for leasehold improvements, three years for furniture and fixtures and three years for vehicles.

Goodwill and intangible assets

Goodwill represents the excess of the purchase price over the fair value of the net tangible and identifiable intangible assets acquired in a business combination. Intangible assets resulting from the acquisitions of entities accounted for using the purchase method of accounting are estimated by management based on the fair value of assets received. Identifiable intangible assets are comprised of purchased customer lists and user base, trademarks

and trade names, developed technologies, and other intangible assets. Identifiable intangible assets are being amortized over the period of estimated benefit using the straight−line method and estimated useful lives ranging from one to eight years. Goodwill is not subject to amortization, but is subject to at least an annual assessment for impairment, applying a fair−value based test.

Impairment of long−lived assets

We evaluate long−lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of a long−lived asset may not be recoverable. An asset is considered impaired if its carrying amount exceeds the future net cash flow the asset is expected to generate. If an asset is considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the asset exceeds its fair market value. We assess the recoverability of our long−lived and intangible assets by determining whether the unamortized balances can be recovered through undiscounted future net cash flows of the related assets. The amount of impairment, if any, is measured based on projected discounted future net cash flows.

We evaluate goodwill, at a minimum, on an annual basis and whenever events and changes in circumstances suggest that the carrying amount may not be recoverable. Impairment of goodwill is tested at the reporting unit level by comparing the reporting unit's carrying amount, including goodwill, to the fair value of the reporting unit. The fair values of the reporting units are estimated using a combination of the income or discounted cash flows approach and the market approach, which utilizes comparable companies' data. If the carrying amount of the reporting unit exceeds its fair value, goodwill is considered impaired and a second step is performed to measure the amount of impairment loss, if any. We conducted our annual impairment test as of August 31, 2006 and determined there was no impairment. There were no events or circumstances from that date through December 31, 2006 that would impact this assessment.

Revenue recognition

Our net revenues result from transaction, advertising and other fees generated in our Marketplaces, Payments and Communications segments. Revenues are recognized when evidence of an arrangement exists, the fee is fixed and determinable, no significant obligation remains and collection of the receivable is reasonably assured.

Our Marketplaces segment generates transaction revenues for listing and feature fees and lead referral fees. Listing and feature fee revenues are recognized ratably over the estimated period of the listing, while revenues related to final value fees are recognized at the time that the transaction is successfully concluded. A transaction is considered successfully concluded when at least one buyer has bid above the seller's specified minimum price or reserve price, whichever is higher, at the end of the transaction term. Lead referral fee revenue is generated from lead referral fees based on the number of times a user clicks through to a merchant's website from our websites. Lead referral fees are recognized in the period in which the user clicks through to the merchant's website.

Our Payments segment earns transaction revenues from processing transactions for certain customers. Revenues resulting from a payment processing transaction is recognized once the transaction is complete.

Our Communications segment revenues are recognized when the related service offering is provided. The majority of Communications segment transaction revenues are prepaid. We record customer advances for prepaid amounts in excess of revenues recognized.

Our advertising revenues are derived principally from the sale of online advertisements. To date, the duration of our advertising contracts has ranged from one week to five years, but is generally one week to one year. Advertising revenues on contracts are recognized as "impressions" (i.e., the number of times that an advertisement appears in pages viewed by users of our websites) are delivered or ratably over the term of the agreement where such agreements provide for minimum monthly or quarterly advertising commitments or where such commitments are fixed throughout the term. Barter transactions are valued on amounts realized in similar cash transactions occurring within six months prior to the date of the barter transaction. To the extent that significant delivery obligations remain

at the end of a period or collection of the resulting account receivable is not considered probable, revenues are deferred until the obligation is satisfied or the uncertainty is resolved. These amounts are included in deferred revenues in our consolidated balance sheet. Revenue from barter arrangements totaled $13.3 million, $6.7 million and $1.4 million for the years ended December 31, 2004, 2005 and 2006, respectively, with the reciprocal arrangements being recognized as an operating expense. In general, the services are received in the same period in which the reciprocal services are provided. In certain circumstances, we are required to record, as a reduction of revenue, payments to a party who is also a customer. These payments primarily consist of certain promotional activities which result in payments to our users.

Our other revenues are derived principally from contractual arrangements with third parties that provide transaction services to eBay and PayPal users and interest earned from banks on certain PayPal customer account balances. Revenues from contractual arrangements with third parties are recognized as the contracted services are delivered to end users. Revenues from interest income are recognized when earned.

We evaluate whether payments made to customers or revenues earned from vendors have a separate identifiable benefit and whether they are fairly valued in determining the appropriate classification of the related revenues and expense. For revenue agreements with multiple deliverables we ensure all undelivered elements are accounted for at fair value.

Provisions for doubtful accounts, transaction losses and authorized credits are made at the time of revenue recognition based upon our historical experience. The provision for doubtful accounts and transaction losses are recorded as charges to operating expense, while the provision for authorized credits is recognized as a reduction of net revenues.

Product development costs

Costs related to the planning and post implementation phases of our website development efforts are recorded as an operating expense. Direct costs incurred in the development phase are capitalized and amortized over the product's estimated useful life of one to three years as charges to cost of net revenues.

Advertising expense

We expense the costs of producing advertisements at the time production occurs and expense the cost of communicating advertising in the period during which the advertising space or airtime is used. Internet advertising expenses are recognized based on the terms of the individual agreements, which is generally over the greater of the ratio of the number of impressions delivered over the total number of contracted impressions, pay−per−click, or on a straight−line basis over the term of the contract. Advertising expenses totaled $459.5 million, $665.1 million and $871.0 million during the years ended December 31, 2004, 2005, and 2006, respectively.

Stock−based compensation

On January 1, 2006, we adopted Statement of Financial Accounting Standards ("SFAS") No. 123 (revised 2004), "Share−Based Payment" (FAS 123(R)), which requires companies to recognize in the statement of operations all share−based payments to employees, including grants of employee stock options, based on their fair value. The statement eliminates the ability to account for share−based compensation transactions, as we formerly did, using the intrinsic value method as prescribed by Accounting Principles Board, or APB, Opinion No. 25, "Accounting for Stock Issued to Employees."

We adopted FAS 123(R) using the modified prospective method, which requires the application of the accounting standard as of January 1, 2006. Our consolidated financial statements as of and for the year ended December 31, 2006 reflect the impact of adopting FAS 123(R). In accordance with the modified prospective method, the consolidated financial statements for prior periods have not been restated to reflect, and do not include, the impact of FAS 123(R). See "Note 12 — Stock−Based Plans" for further details.

eBay Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Stock−based compensation expense recognized during the period is based on the value of the portion of stock−based payment awards that is ultimately expected to vest. Stock−based compensation expense recognized in the consolidated statement of income during 2006 included compensation expense for stock−based payment awards granted prior to, but not yet vested as of, January 1, 2006 based on the grant date fair value estimated in accordance with the pro forma provisions of FAS No. 148, "Accounting for Stock−Based Compensation — Transition and Disclosures" (FAS 148) and compensation expense for the stock−based payment awards granted subsequent to December 31, 2005, based on the grant date fair value estimated in accordance with FAS 123(R). As stock−based compensation expense recognized in the statement of income for 2006 is based on awards ultimately expected to vest, it has been reduced for estimated forfeitures. FAS 123(R) requires forfeitures to be estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. In the pro forma information required under FAS 148 for the periods prior to 2006, we accounted for forfeitures as they occurred.

FAS No. 123(R) prohibits recognition of a deferred tax asset for an excess tax benefit that has not been realized. We will recognize a benefit from stock−based compensation in equity if an incremental tax benefit is realized by following the ordering provisions of the tax law. In addition, we account for the indirect effects of stock−based compensation on the research tax credit and the foreign tax credit through the income statement.

Income taxes

We account for income taxes using an asset and liability approach, which requires the recognition of taxes payable or refundable for the current year and deferred tax liabilities and assets for the future tax consequences of events that have been recognized in our financial statements or tax returns. The measurement of current and deferred tax assets and liabilities is based on provisions of enacted tax laws; the effects of future changes in tax laws or rates are not anticipated. If necessary, the measurement of deferred tax assets is reduced by the amount of any tax benefits that are not expected to be realized based on available evidence.

Recent accounting pronouncements

In July 2006, the Financial Accounting Standards Board ("FASB") issued Financial Interpretation No. 48, "Accounting for Uncertainty in Income Taxes — an interpretation of FASB Statement No. 109" ("FIN 48"), which is a change in accounting for income taxes. Among other provisions, FIN 48 specifies how tax benefits for uncertain tax positions are to be recognized, measured, and derecognized in financial statements; requires certain disclosures of uncertain tax matters; specifies how reserves for uncertain tax positions should be classified on the balance sheet; and provides transition and interim−period guidance. FIN 48 is effective for fiscal years beginning after December 15, 2006 and as a result, is effective for us in the first quarter of 2007. We have not yet completed our evaluation of the impact of adoption on our consolidated financial statements.

In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements" (FAS 157). FAS 157 establishes a framework for measuring fair value and expands disclosures about fair value measurements. The changes to current practice resulting from the application of this Statement relate to the definition of fair value, the methods used to measure fair value, and the expanded disclosures about fair value measurements. We will be required to adopt the provisions on FAS 157 beginning with our first quarter ending March 31, 2007. We do not believe that the adoption of the provisions of FAS 157 will materially impact our consolidated financial statements.

Effective December 31, 2006 we adopted the recognition and disclosure provisions of SFAS No. 158, "Employers Accounting for Defined Benefit Pension and Other Postretirement Plans — an amendment of FASB Statements No. 87, 88, 106, and 132(R)," (FAS 158). These provisions did not materially impact our consolidated financial statements. FAS 158 requires an employer to recognize the over−funded or under−funded status of a defined benefit pension and other postretirement plan (other than a multiemployer plan) as an asset or liability in its statement of financial position and to recognize changes in that funded status in the year in which the changes occur through comprehensive income of a business entity. This statement also requires plan assets and obligations to be

measured as of the employer's balance sheet date. The measurement provision of this statement will be effective for years beginning after December 15, 2008 with early adoption encouraged. We have not yet adopted the measurement date provisions of this statement.

In 2006, we adopted Staff Accounting Bulletin No. 108, "Considering the Effects of Prior Year Misstatements When Quantifying Misstatements in Current Year Financial Statements" (SAB 108), which provides interpretive guidance on how the effects of the carryover or reversal of prior year misstatements should be considered in quantifying a current year misstatement. The adoption of SAB 108 did not impact our consolidated financial statements.

Note 2 — Net Income Per Share:

Basic net income per share is computed by dividing the net income for the period by the weighted average number of common shares outstanding during the period. Diluted net income per share is computed by dividing the net income for the period by the weighted average number of shares of common stock and potentially dilutive common stock outstanding during the period. The dilutive effect of outstanding options, restricted stock units and nonvested stock is reflected in diluted earnings per share by application of the treasury stock method, which in 2006 includes consideration of stock−based compensation required by FAS 123(R). The following table sets forth the computation of basic and diluted net income per share for the periods indicated (in thousands, except per share amounts):

	Year Ended December 31,		
	2004	2005	2006
Numerator:			
Net income	$ 778,223	$ 1,082,043	$ 1,125,639
Denominator:			
Weighted average common shares	1,319,548	1,361,748	1,403,455
Weighted average unvested common stock subject to repurchase	(90)	(40)	(4,204)
Denominator for basic calculation	1,319,458	1,361,708	1,399,251
Weighted average effect of dilutive securities:			
Weighted average unvested common stock subject to repurchase	90	40	4,204
Employee stock options	48,172	32,127	22,017
Denominator for diluted calculation	1,367,720	1,393,875	1,425,472
Net income per share:			
Basic	$ 0.59	$ 0.79	$ 0.80
Diluted	$ 0.57	$ 0.78	$ 0.79

The calculation of diluted income per share excludes all anti−dilutive shares. For the years ended December 31, 2004, 2005 and 2006, the number of anti−dilutive shares, as calculated based on the weighted average closing price of our common stock for the period, amounted to approximately 3.4 million, 26.7 million and 73.7 million shares, respectively.

eBay Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Note 3 — Business Combinations, Goodwill and Intangible Assets:

Through both domestic and international acquisitions, we have continued to expand our business. The following table summarizes our purchase acquisitions in 2005 and 2006 with aggregate purchase prices in excess of $50 million (in thousands, except percentages):

Company Name	Year Acquired	Net Tangible Assets/ (Liabilities)	Identifiable Intangible Assets	Deferred Tax Liabilities	Unearned Stock−Based Compensation	Goodwill	Aggregate Purchase Price
Rent.com	2005	$ 18,050	$ 61,800	$ (24,924)	$ —	$ 380,439	$ 435,365
International classified websites	2005	(201)	13,800	(3,786)	—	71,771	81,584
Shopping.com	2005	145,898	133,600	(29,683)	16,759	418,711	685,285
Skype	2005	(1,610)	280,300	(71,474)	55,249	2,330,961	2,593,426
Verisign's Payment Gateway Business	2005	(8,804)	106,600	—	—	275,989	373,785
Tradera.com	2006	2,949	6,200	—	—	43,120	52,269

Tangible net assets were valued at their respective carrying amounts as we believe that these amounts approximated their current fair values at the respective acquisition dates. The valuation of identifiable intangible assets acquired reflects management's estimates based on, among other factors, use of established valuation methods. Such assets consist of customer lists and user base, trademarks and trade names, developed technologies and other acquired intangible assets including contractual agreements. Identifiable intangible assets are amortized over the period of estimated benefit using the straight−line method and the estimated useful lives of one to eight years. We believe the straight−line method of amortization represents our best estimate of the distribution of the economic value of the identifiable intangible assets. Goodwill represents the excess of the purchase price over the fair value of the net tangible and identifiable intangible assets acquired in each business combination. The following table summarizes our acquired intangible assets by type related to the above purchase acquisitions (in thousands):

Company Name	Year Acquired	Customer List/ User Base	Trade name/ Trademarks	Developed Technologies	Other Intangible Assets	Total Acquired Intangible Assets
Rent.com	2005	$ 34,500	$ 18,000	$ 8,200	$ 1,100	$ 61,800
International classified websites	2005	2,600	11,200	—	—	13,800
Shopping.com	2005	73,600	38,700	21,300	—	133,600
Skype	2005	27,700	243,800	8,000	800	280,300
Verisign's Payment Gateway Business	2005	86,700	400	19,500	—	106,600
Tradera.com	2006	4,600	1,000	600	—	6,200

The results of operations for periods prior to our acquisition for each acquisition during 2004, 2005 and 2006, both individually and in the aggregate, except for Skype, were not material to our consolidated statement of income and, accordingly, pro forma results of operations have not been presented.

Rent.com

On February 23, 2005, we acquired Viva Group, Inc., which does business under the name Rent.com, for a cash purchase price of approximately $415 million plus payments for net cash and investments of approximately $18 million. Rent.com is an Internet listing website in the apartment and rental housing industry. The acquisition better enables our expansion into the online real estate market and is consistent with our strategy of growing our global online marketplaces. The total purchase price recorded was approximately $435 million, including approximately $2 million in estimated acquisition−related expenses. We accounted for the acquisition as a non−

taxable purchase transaction and, accordingly, the purchase price has been allocated to the tangible and intangible assets acquired and liabilities assumed on the basis of their respective estimated fair values on the acquisition date.

The estimated useful economic lives of the identifiable intangible assets acquired in the Rent.com acquisition are six years for the customer list, five years for the trade name, three years for the developed technology and the advertising relationships, and one year for the user base.

International Classifieds Websites

During the second quarter of 2005, we announced our acquisitions of three international classifieds websites, Gumtree.com, LoQUo, and opusforum, which operate in select international cities. These acquisitions were made to help us expand our global network of classifieds websites and to create a more efficient place for local consumers to come together online. The aggregate purchase price recorded for these acquisitions was approximately $81.6 million, including approximately $1.3 million in estimated acquisition−related expenses. We accounted for two of these acquisitions as non−taxable and one as a taxable purchase transaction and, accordingly, the purchase price for each acquisition has been allocated to the tangible and intangible assets acquired and liabilities assumed on the basis of their respective estimated fair values on the applicable acquisition date.

The estimated useful economic lives of the identifiable intangible assets acquired in these acquisitions are five years for both the trade names and for the customer lists.

Shopping.com

On August 30, 2005, we acquired Shopping.com Ltd., or Shopping.com, for a purchase price of approximately $685.3 million. We acquired all outstanding shares of Shopping.com's common stock for $21 per share in cash totaling approximately $634.5 million and we assumed Shopping.com's outstanding common stock options, valued at approximately $43.2 million. The total purchase price also includes approximately $7.6 million in estimated acquisition−related expenses. Shopping.com is a provider of online comparison shopping and consumer reviews. This acquisition is consistent with our strategy of growing our global online marketplaces and we believe that it will create a premier online shopping experience for individuals and businesses of all sizes. We accounted for the acquisition as a taxable purchase transaction and, accordingly, the purchase price has been allocated to the tangible and intangible assets acquired and liabilities assumed on the basis of their respective estimated fair values on the acquisition date.

The intrinsic value of Shopping.com's unvested common stock options assumed in the acquisition totaled approximately $16.8 million and was recorded as unearned stock−based compensation. The unearned stock−based compensation relating to the unvested options is being amortized on an accelerated basis over the remaining vesting period of less than one year to four years, consistent with the graded vesting approach under FASB Interpretation No. 28.

The estimated useful economic lives of the identifiable intangible assets acquired in the Shopping.com acquisition are four years for the customer base and five years for the trade names and the developed technology.

Skype

On October 14, 2005, we acquired all of the outstanding securities of Skype Technologies S.A. ("Skype"), for a total initial consideration of approximately $2.6 billion, plus potential performance−based payments of up to approximately $1.3 billion (based on the Euro−dollar exchange rate at the time of the acquisition). In addition, we agreed to assume Skype's stock options outstanding as of the closing date and convert them into options to acquire approximately 1.9 million shares of our common stock. The initial consideration of approximately $2.6 billion was comprised of approximately $1.3 billion in cash and 32.8 million shares of our common stock. For accounting purposes, the stock portion of the initial consideration was valued at approximately $1.3 billion based on the average closing price of our common stock surrounding the acquisition announcement date of September 12, 2005.

The shares of our common stock issued in connection with the acquisition are subject to certain contractual restrictions on resale. Additionally, the assumed options have been valued at $64.6 million and were included as part of the purchase price. We accounted for the acquisition as a non−taxable purchase transaction, and accordingly, the purchase price was allocated to the tangible and intangible assets acquired and liabilities assumed based on their respective fair values at the acquisition date.

In addition to the initial consideration, the maximum amount potentially payable under the performance−based earn−out is approximately €1.1 billion, or approximately $1.5 billion (based on a U.S. dollar to Euro exchange rate of $1.32), and would be payable in cash or common stock, at our discretion. The earn−out payments are contingent upon Skype achieving certain net revenue, gross profit margin−based and active user targets. Base earn−out payments of up to an aggregate of approximately €877 million, or approximately $1.2 billion (based on a U.S. dollar to Euro exchange rate of $1.32), weighted equally among the three targets, would be payable if the targets are achieved over any four−quarter period commencing on January 1, 2006 through June 30, 2009. Additional bonus earn−out payments of up to an aggregate of approximately €292 million, or approximately $386 million (based on a U.S. dollar to Euro exchange rate of $1.32), weighted equally among the three targets, would be payable if Skype exceeds the targets during calendar year 2008. Any contingent earn−out payments made would be accounted for as additional purchase price and would increase goodwill. As of December 31, 2006, the targets had not been met and accordingly, no payments had been made.

The intrinsic value of Skype's unvested common stock options assumed in the acquisition totaled approximately $55.2 million and was recorded, prior to the adoption of FAS 123(R), as unearned stock−based compensation. The unearned stock−based compensation relating to the unvested options will be amortized on an accelerated basis over the remaining vesting period of approximately three years, consistent with the graded vesting approach under FASB Interpretation No. 28.

The estimated useful economic lives of the identifiable intangible assets acquired in the Skype acquisition are five years for registered user technology and trade names, two years for existing technology, and one year for network access agreements.

Supplemental information on an unaudited pro forma basis, as if the Skype acquisition were completed at the beginning of the years 2004 and 2005, is as follows (in thousands, except per share amounts):

	December 31,	
	2004	2005
	(Unaudited)	
Net revenues	$ 3,277,534	$ 4,594,954
Net income	$ 684,905	$ 944,057
Diluted income per share	$ 0.49	$ 0.66

The unaudited pro forma supplemental information is based on estimates and assumptions, which eBay believes are reasonable. The average foreign exchange rates during years 2004 and 2005 were used in preparing the supplemental information. The unaudited pro forma supplemental information prepared by management is not necessarily indicative of the results of income in future periods or the results that actually would have been realized had eBay and Skype been a combined company during the specified periods.

VeriSign's Payment Gateway Business

On November 18, 2005, we acquired VeriSign's payment gateway business for a purchase price of approximately $373.8 million, consisting of $370.0 million in cash and $3.8 million in estimated acquisition−related expenses. The payment gateway is a real−time, scalable Internet payment platform that allows merchants to authorize, process and manage online payments. Additionally, we have signed a multi−year security technology agreement with VeriSign, Inc. that calls for us to invest in the deployment of its technologies that enable and better

protect online transactions, including the purchase of up to one million two−factor authentication tokens that we will distribute to our customers.

We accounted for the acquisition as a taxable purchase transaction and, accordingly, the purchase price has been allocated to the tangible and intangible assets acquired and liabilities assumed on the basis of their respective estimated fair values on the acquisition date. The estimated useful economic lives of the identifiable intangible assets acquired in the acquisition are five years for registered user base and existing technology and one year for the trade names.

Tradera.com

On April 24, 2006, we acquired all of the outstanding equity securities of Tradera.com, an online auction−style marketplace in Sweden, for a total purchase price of approximately $52.3 million, including approximately $0.6 million in estimated acquisition−related expenses. We anticipate that this acquisition will allow us to expand our online auction−style marketplace in Sweden. We accounted for the acquisition as a taxable purchase transaction, and, accordingly, the purchase price has been allocated to the tangible and intangible assets acquired and liabilities assumed on the basis of their respective estimated fair values on the acquisition date. The estimated useful economic lives of the identifiable intangible assets acquired in the acquisition are four years for user base and one year for developed technology and trade name. The final purchase price allocation will depend upon the completion of our integration plan in the second quarter of 2007.

Goodwill

Goodwill information for each segment is as follows (in thousands):

	December 31, 2005	Goodwill Acquired	Adjustments	December 31, 2006
Segments:				
Marketplaces	$ 2,486,870	$ 43,120	$ 118,037	$ 2,648,027
Payments	1,348,385	—	248	1,348,633
Communications	2,312,184	—	262,795	2,574,979
	$ 6,147,439	$ 43,120	$ 381,080	$ 6,571,639

The increase in goodwill acquired during the year ended December 31, 2006 resulted from our acquisition of the outstanding shares of Tradera.com. Adjustments to goodwill during the year ended December 31, 2006, resulted primarily from foreign currency translation adjustments.

Investments accounted for under the equity method of accounting are classified on our balance sheet as long−term investments. Such investments include identifiable intangible assets, deferred tax liabilities and goodwill. Goodwill related to our equity method investments totaled approximately $27.4 million as of December 31, 2005 and 2006.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Intangible Assets

The components of acquired identifiable intangible assets are as follows (in thousands):

	December 31, 2005				December 31, 2006			
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Weighted Average Useful Economic Life (years)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Weighted Average Useful Economic Life (years)
Intangible assets:								
Customer lists and user base	$ 526,657	$ (145,397)	$ 381,260	6	$ 545,527	$ (240,340)	$ 305,187	6
Trademarks and trade names	443,565	(75,571)	367,994	5	480,358	(171,390)	308,968	5
Developed technologies	101,971	(45,882)	56,089	4	103,351	(63,912)	39,439	4
All other	36,450	(14,761)	21,689	4	58,115	(26,232)	31,883	4
	$ 1,108,643	$ (281,611)	$ 827,032		$ 1,187,351	$ (501,874)	$ 685,477	

All of our acquired identifiable intangible assets are subject to amortization. Acquired identifiable intangible assets are comprised of customer lists and user base, trademarks and trade names, developed technologies, and other acquired intangible assets including patents and contractual agreements. No significant residual value is estimated for the intangible assets. The increase in intangible assets during the year ended December 31, 2006 resulted primarily from certain intangible assets acquired as part of our acquisition of the outstanding shares of Tradera.com. The net carrying amount of intangible assets related to our equity investments, included above, totaled approximately $3.8 million and $2.5 million, as of December 31, 2005 and 2006, respectively. Aggregate amortization expense for intangible assets totaled $70.2 million, $136.4 million and $220.0 million for the years ended December 31, 2004, 2005 and 2006, respectively. Included in amortization of intangibles for the year ended December 31, 2006 is a charge of $10.9 million for in−process research and development related to an asset purchase completed during the period.

Expected future intangible asset amortization from acquisitions completed as of December 31, 2006 is as follows (in thousands):

Fiscal Years:	
2007	$ 202,545
2008	194,018
2009	172,708
2010	97,176
2011	13,604
Thereafter	5,426
	$ 685,477

Note 4 — Segments:

Operating segments are based upon our internal organization structure, the manner in which our operations are managed, the criteria used by our Chief Operating Decision Maker (CODM) to evaluate segment performance and the availability of separate financial information. As a result of developments in our business and changes in the manner in which our CODM evaluates the performance of our Marketplaces segment and determines the allocation of resources among segments, during the third quarter of 2006, the U.S. and International Marketplaces operating segments were considered components of one global Marketplaces operating segment. We have recast our operating segment data for 2004 and 2005 to reflect three segments: Marketplaces, Payments and Communications.

eBay Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The Marketplaces segment includes our global online commerce platforms. The Payments segment includes our global payments platform consisting of our PayPal subsidiary. The Communications segment includes the VoIP offerings provided by our Skype subsidiary. Since October 14, 2005, the results from our Communications segment reflect Skype operations.

Direct contribution consists of net revenues from external customers less direct costs. Direct costs include specific costs of net revenues, sales and marketing expenses, and general and administrative expenses over which segment managers have direct discretionary control, such as advertising and marketing programs, customer support expenses, bank charges, site operations expenses, product development expenses, billing operations, certain technology and facilities expenses, transaction expenses, provisions for doubtful accounts, authorized credits and transaction losses. Segment managers do not have discretionary control over expenses such as our corporate center costs (consisting of certain costs such as corporate management, human resources, finance and legal), amortization of intangible assets and stock−based compensation expenses, as they are not evaluated in the measurement of segment performance. We have also recast our direct costs to reflect changes in the current management of site operations cost, product development, billing operations, and certain technology and facilities expenses as direct costs.

The following table summarizes the financial performance of our reporting segments (in thousands):

	Year Ended December 31, 2004		
	Marketplaces	Payments	Consolidated
Net revenues from external customers	$ 2,573,607	$ 697,702	$ 3,271,309
Direct costs	1,476,965	512,946	1,989,911
Direct contribution	1,096,642	184,756	1,281,398
Operating expenses and indirect costs of net revenues			222,156
Income from operations			1,059,242
Interest and other income, net			77,867
Interest expense			(8,879)
Income before income taxes and minority interests			$ 1,128,230

	Year Ended December 31, 2005			
	Marketplaces	Payments	Communications	Consolidated
Net revenues from external customers	$ 3,499,137	$ 1,028,455	$ 24,809	$ 4,552,401
Direct costs	2,008,215	725,616	25,821	2,759,652
Direct contribution	1,490,922	302,839	(1,012)	1,792,749
Operating expenses and indirect costs of net revenues				351,042
Income from operations				1,441,707
Interest and other income, net				111,148
Interest expense				(3,478)
Income before income taxes and minority interests				$ 1,549,377

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Year Ended December 31, 2006			
	Marketplaces	Payments	Communications	Consolidated
Net revenues from external customers	$ 4,334,290	$ 1,440,530	$ 194,921	$ 5,969,741
Direct costs	2,503,961	1,102,919	221,819	3,828,699
Direct contribution	1,830,329	337,611	(26,898)	2,141,042
Operating expenses and indirect costs of net revenues				718,086
Income from operations				1,422,956
Interest and other income, net				130,021
Interest expense				(5,916)
Income before income taxes and minority interests				$ 1,547,061

The following tables summarize the allocation of net revenues and the long−lived assets based on geography (in thousands):

	December 31,		
	2004	2005	2006
U.S. net revenues	$ 1,889,936	$ 2,471,273	$ 3,108,986
International net revenues	1,381,373	2,081,128	2,860,755
Net revenues	$ 3,271,309	$ 4,552,401	$ 5,969,741

	December 31,		
	2004	2005	2006
U.S. long−lived tangible assets	$ 659,423	$ 750,353	$ 917,887
International long−lived tangible assets	80,069	86,370	100,430
Total long−lived assets	$ 739,492	$ 836,723	$ 1,018,317

Net revenues attributed to the U.S. and International geographies are based upon the country in which the seller, payment recipient, advertiser or end−to−end service provider is located. The United Kingdom and Germany accounted for greater than 10% of our total net revenues for the years ended December 31, 2004, 2005, and 2006, respectively. Long−lived assets attributed to the U.S. and International geographies are based upon the country in which the asset is located or owned.

eBay Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Note 5 — Investments:

At December 31, 2005 and 2006, short and long−term investments were classified as available−for−sale securities, except for restricted cash, and are reported at fair value as follows (in thousands):

	December 31, 2005			
	Gross Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Short−term investments:				
Restricted cash	$ 29,670	$ 32	$ —	$ 29,702
Corporate debt securities	362,438	4	(2,679)	359,763
Government and agency securities	371,537	—	(3,198)	368,339
Time deposits and other	46,548	—	—	46,548
	$ 810,193	$ 36	$ (5,877)	$ 804,352
Long−term investments:				
Restricted cash	$ 1,065	$ —	$ —	$ 1,065
Corporate debt securities	665,418	115	(1,921)	663,612
Government and agency securities	110,450	—	(1,409)	109,041
	$ 776,933	$ 115	$ (3,330)	$ 773,718

	December 31, 2006			
	Gross Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Short−term investments:				
Restricted cash	$ 12,684	$ 54	$ —	$ 12,738
Corporate debt securities	433,192	36	(640)	432,588
Government and agency securities	109,652	1	(138)	109,515
Time deposits and other	—	—	—	—
	$ 555,528	$ 91	$ (778)	$ 554,841
Long−term investments:				
Restricted cash	$ 2,045	$ —	$ —	$ 2,045
Corporate debt securities	210,159	158	—	210,317
Government and agency securities	—	—	—	—
	$ 212,204	$ 158	$ —	$ 212,362

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following table summarizes the fair value and gross unrealized losses of our short−term and long−term investments, aggregated by type of investment instrument and length of time that individual securities have been in a continuous unrealized loss position, at December 31, 2006 (in thousands):

	Less than 12 Months		12 Months or Greater		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
Corporate debt securities	$ 52,887	$ (15)	$ 142,546	$ (612)	$ 195,433	$ (627)
Government and agency securities	—	—	91,886	(151)	91,886	(151)
	$ 52,887	$ (15)	$ 234,432	$ (763)	$ 287,319	$ (778)

Our investment portfolio consists of both corporate and government securities that have a maximum maturity of three years. The longer the duration of these securities, the more susceptible they are to changes in market interest rates and bond yields. As yields increase, those securities purchased with a lower yield−at−cost show a mark−to−market unrealized loss. All unrealized losses are due to changes in interest rates and bond yields. We expect to realize the full value of all these investments upon maturity or sale. As of December 31, 2006, the losses on these securities have an average remaining duration of approximately two months. Restricted cash is held primarily in money market funds and interest bearing accounts for letters of credit related primarily to various lease arrangements.

The estimated fair value of short and long−term investments classified by date of contractual maturity at December 31, 2006 are as follows (in thousands):

	December 31, 2006
One year or less (including restricted cash of $12,738)	$ 554,841
One year through two years	176,794
Two years through three years	33,523
Restricted cash and investments of $2,045 in 10 years and thereafter	2,045
	$ 767,203

Equity and cost method investments

We have certain investments accounted for using the equity and cost method of accounting totaling $51.9 million in 2005 and $65.5 million in 2006. The total of these investments, including identifiable intangible assets, deferred tax liabilities and goodwill, are classified on our balance sheet as long−term investments. Our consolidated results of operations include, as a component of other income, our share of the net income or loss of the equity method investments together with amortization expense relating to acquired intangible assets. Our share of the results of investees' results of operations is not significant for any period presented.

Note 6 — Derivative Instruments:

Transaction Exposure

As of December 31, 2006, we had outstanding forward foreign exchange hedge contracts with notional values equivalent to approximately $188.4 million with maturity dates within 31 days. The hedge contracts are used to offset changes in non−US dollar denominated functional currency value of assets and liabilities as a result of foreign exchange rate fluctuations. Transaction gains and losses on the contracts and the assets and liabilities are recognized each period in interest and other income, net.

eBay Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Translation Exposure

We consolidate the earnings of our international subsidiaries by converting them into U.S. dollars in accordance with Financial Accounting Standards 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 forward exchange contracts or other instruments. All contracts that hedge translation exposure mature ratably over the quarter in which they are executed. During the years ended December 31, 2005 and 2006, the realized gains and losses related to these hedges were not significant.

Economic Exposure

We currently 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. To reduce foreign exchange risk relating to these forecasted inter−company transactions, we entered into forward foreign exchange contracts during the year ended December 31, 2006. The objective of the forward contracts is to better ensure that the U.S. dollar−equivalent cash flows are not adversely affected by changes in the U.S. dollar/Euro 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/Euro exchange rate. Accordingly, we record as a component of accumulated other comprehensive income all unrealized gains and losses related to the forward contracts that receive hedge accounting treatment. We record all unrealized gains and losses in interest and other income, net, related to the forward contracts that do not receive hedge accounting treatment pursuant to FAS 133. During the years ended December 31, 2005 and 2006, the realized gains and losses related to these hedges were not significant. The notional amount of our economic hedges receiving hedge accounting treatment and the losses, net of gains, recorded to accumulated other comprehensive income as of December 31, 2005 was $203 million and $200,000, respectively. We did not have any economic hedges in place as of December 31, 2006.

Note 7 — Balance Sheet Components:

	December 31,	
	2005	2006
	(In thousands)	
Accounts receivable, net:		
Accounts receivable	$ 396,373	$ 476,060
Allowance for doubtful accounts	(62,507)	(68,401)
Allowance for authorized credits	(11,078)	(14,464)
	$ 322,788	$ 393,195

	December 31,	
	2005	2006
	(In thousands)	
Other current assets:		
Customer accounts	$ 324,595	$ 763,757
Prepaid expenses	44,610	64,003
Deferred tax assets, net	59,274	67,879
Other	58,756	64,822
	$ 487,235	$ 960,461

	December 31,	
	2005	2006
	(In thousands)	
Property and equipment, net:		
Computer equipment and software	$ 916,782	$ 1,274,282
Land and buildings, including building improvements	319,821	355,222
Leasehold improvements	121,766	197,835
Furniture and fixtures	56,881	77,915
Aviation equipment and other	40,968	40,836
	1,456,218	1,946,090
Accumulated depreciation	(654,616)	(947,894)
	$ 801,602	$ 998,196

During the years ended December 31, 2004, 2005 and 2006, we capitalized $41.3 million, $37.1 million and $79.6 million of software development costs, respectively, the majority of which relates to major site and other product development efforts. Total depreciation expense on our property and equipment was $183.5 million in 2004, $240.6 million in 2005 and $324.6 million in 2006. During 2005, we sold a corporate aircraft at net book value for proceeds of $28.3 million.

	December 31,	
	2005	2006
	(In thousands)	
Accrued expenses and other current liabilities:		
Acquisition related accrued expenses	$ 27,513	$ 11,092
Compensation and related benefits	139,080	162,889
Advertising	96,502	97,416
Contractors and consultants	31,904	59,371
Professional fees	61,328	62,940
Transaction loss reserve	20,246	32,140
VAT accrual	43,257	61,653
Other current liabilities	158,727	194,168
	$ 578,557	$ 681,669

Certain transactions that result in overdrafts are included in the transaction loss reserve and are recorded as an offset to other current assets. As of December 31, 2005 and December 31, 2006, these balances were $30.0 million and $47.5 million, respectively.

	December 31,	
	2005	2006
	(In thousands)	
Accumulated other comprehensive income		
Foreign currency translation	$ 108,308	$ 696,458
Unrealized gains on investments	(8,848)	(521)
Unrealized gains on cash flow hedges	194	—
Estimated tax benefit on above items	3,476	260
	$ 103,130	$ 696,197

Note 8 — Commitments and Contingencies:

Lease Arrangements

We have lease obligations under certain other non−cancelable operating leases. Future minimum rental payments under our non−cancelable operating leases, at December 31, 2006, are as follows (in thousands):

Year Ending December 31,	Operating Leases
2007	$ 44,178
2008	41,536
2009	35,637
2010	29,476
2011	25,420
Thereafter	102,094
Total minimum lease payments	$ 278,341

Rent expense in the years ended December 31, 2004, 2005 and 2006 totaled $7.7 million, $14.4 million, and $25.8 million respectively. As a result of various subleasing arrangements that we have entered into, we are expecting approximately $9.4 million in sublease income through 2012. There were no material capital leases at December 31, 2005 and 2006.

Line of Credit

In November 2006, we entered into a credit agreement which provides for an unsecured $1 billion five−year revolving credit facility. Loans under the credit agreement will bear interest at either (i) LIBOR plus a margin ranging from 0.25 percent to 0.45 percent or (ii) a formula based on the Bank of America, or Agent's, prime rate or on the federal funds effective rate. Subject to certain conditions stated in the credit agreement, we may borrow, prepay and reborrow amounts under the credit facility at any time during the term of the credit agreement. Funds borrowed under the credit agreement may be used for working capital, capital expenditures, acquisitions and other general corporate purposes of eBay and its subsidiaries. We entered into the credit agreement in order to enhance our financial flexibility. As of December 31, 2006, we had not borrowed any funds under the credit agreement.

Litigation and Other Legal Matters

In April 2001, two of our European subsidiaries, eBay GmbH and eBay International AG, were sued by Montres Rolex S.A. and certain of its affiliates in the regional court of Cologne, Germany. The suit subsequently

was transferred to the regional court in Düsseldorf, Germany. Rolex alleged that our subsidiaries were infringing Rolex's trademarks as a result of users selling counterfeit Rolex watches through our German website. The suit also alleged unfair competition. Rolex sought an order enjoining the sale of Rolex−branded watches on the website as well as damages. In December 2002, a trial was held in the matter and the court ruled in favor of eBay on all causes of action. Rolex appealed the ruling to the Higher Regional Court of Düsseldorf, and the appeal was heard in October 2003. In February 2004, the court rejected Rolex's appeal and ruled in our favor. Rolex appealed the ruling to the German Federal Supreme Court, a hearing took place before that court in December 2006, and a decision is expected in the first half of 2007. In September 2004, the German Federal Supreme Court issued its written opinion in favor of Rolex in a case involving an unrelated company, ricardo.de AG, but somewhat comparable legal theories. Although it is not yet clear what the ultimate effect of the reasoning of the German Federal Supreme Court's ricardo.de decision will have when applied to eBay, we believe the Court's decision has resulted in an increase in similar litigation against us in Germany, although we do not currently believe that it will require a significant change in our business practices.

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. The complaint alleges we have violated French tort law by negligently broadcasting listings posted by third parties offering counterfeit items bearing plaintiffs' trademarks, and by purchasing certain advertising keywords. The plaintiffs seek approximately EUR 35 million in damages. In or about 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 plaintiffs' have set up in France and the European Union by allowing third parties to post listings offering genuine perfumes and cosmetics for sale on our sites. The plaintiffs in this suit seek approximately EUR 9 million in damages and injunctive relief. We filed our initial briefs responding to the first complaint in February 2007, and initial briefs in response to the second complaint are due in April 2007. We believe that we have meritorious defenses to these suits and intend to defend ourselves vigorously. Other luxury brand owners have also filed suit against us or have threatened to do so.

In September 2001, MercExchange LLC filed a complaint against us, our Half.com subsidiary and ReturnBuy, Inc. in the U.S. District Court for the Eastern District of Virginia (No. 2:01−CV−736) alleging infringement of three patents (relating to online consignment auction technology, multiple database searching and electronic consignment systems) and seeking a permanent injunction and damages (including treble damages for willful infringement). Following a trial in 2003, the jury returned a verdict finding that we had willfully infringed the patents relating to multiple database searching and electronic consignment systems, and the court entered judgment for MercExchange in the amount of approximately $30 million, plus pre−judgment interest and post−judgment interest. In May 2006, following appeals to the U.S. Court of Appeals for the Federal Circuit and the U.S. Supreme Court, the Supreme Court remanded the case back to the district court for further action. In parallel with the federal court proceedings, at our request, the U.S. Patent and Trademark Office agreed to reexamine each of the patents in suit, finding that substantial questions existed regarding the validity of the claims contained in them. In separate actions in 2005, the Patent and Trademark Office initially rejected all of the claims contained in the three patents in suit. In March 2006, the Patent and Trademark Office reiterated its earlier ruling rejecting the claims contained in the patent that underlies the jury verdict, which relates to electronic consignment systems. We have requested that the district court stay all proceedings in the case pending the final outcome of the reexamination proceedings, and MercExchange has renewed its request that the district court grant an injunction. The district court recently allowed additional discovery regarding these matters, and final briefs regarding both claims are due in March 2007. Even if successful, our litigation of these matters will continue to be costly. As a precautionary measure, we have modified certain functionality of our websites and business practices in a manner which we believe avoids any infringement of the consignment patent. For this reason, we believe that any injunction that might be issued by the district court will not have any impact on our business. We also believe we have appropriate reserves for this litigation. Nonetheless, if the modifications to the functionality of our websites and business practices are not

sufficient to make them non−infringing, we would likely be forced to pay significant additional damages and licensing fees and/or modify our business practices in an adverse manner.

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 not infringed. The parties are in the process of conducting discovery, and we expect a trial date to be scheduled for 2008. We believe that we have meritorious defenses and intend to defend ourselves vigorously.

In August 2006, Peer Communications Corporation filed a lawsuit in the U.S. District Court for the Eastern District of Texas (No. 6−06CV−370) alleging that eBay Inc., Skype Technologies S.A., and Skype Inc. infringed two patents owned by Peer Communications relating to uniform network access. The suit seeks an injunction against continuing infringement, unspecified damages, and interest, costs, and fees. The parties are in the process of conducting discovery, and a trial date has been scheduled for October 2008. We believe that we have meritorious defenses and intend to defend ourselves vigorously.

In September 2006, Mangosoft Intellectual Property, Inc. filed a lawsuit in the U.S. District Court for the Eastern District of Texas (No. 2−06CV−390) alleging that eBay Inc., Skype Technologies S.A., and Skype Software S.a.r.l. infringed a patent owned by Mangosoft relating to dynamic directory services. The suit seeks an injunction against continuing infringement, unspecified damages, and interest, costs, and fees. We have filed an answer and counterclaims asserting that the patents are invalid, unenforceable, and not infringed. We expect to receive the court’s scheduling order shortly. We believe that we have meritorious defenses and intend to defend ourselves vigorously.

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 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 expand geographically into 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, especially in Europe. 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.

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 any third party with respect to 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, substantially all of which are indemnities related to copyrights, trademarks, and patents. 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. It is not possible to determine the maximum potential loss under these indemnification provisions due to our limited history of prior indemnification claims and 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.

Note 9 — Related Party Transactions:

We have entered into indemnification agreements with each of our directors, executive officers and certain other officers. These agreements require us 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 us.

All contracts with related parties are at rates and terms that we believe are comparable with those entered into with independent third parties. There were no material related party transactions in 2004, 2005 and 2006. As of December 31, 2006, there were no significant amounts payable or amounts receivable from related parties.

Note 10 — Preferred Stock:

We are authorized, subject to limitations prescribed by Delaware law: to issue Preferred Stock in one or more series; to establish the number of shares included within each series; to fix the rights, preferences and privileges of the shares of each wholly unissued series and any related qualifications, limitations or restrictions; and to increase or decrease the number of shares of any series (but not below the number of shares of a series then outstanding) without any further vote or action by the stockholders. At December 31, 2005 and 2006, there were 10 million shares of $0.001 par value Preferred Stock authorized for issuance, and no shares issued or outstanding.

Note 11 — Common Stock:

Our Certificate of Incorporation, as amended, authorizes us to issue 3,580 million shares of common stock. A portion of the shares outstanding are subject to repurchase or forfeiture over a four−year period from the earlier of the issuance date or employee hire date, as applicable. At December 31, 2005 and 2006 there were 40,000 and 551,676 shares subject to repurchase rights or forfeiture, respectively.

At December 31, 2006, we had reserved 235.7 million shares of common stock available for future issuance under our stock option plans, including 137.1 million shares related to outstanding stock options. In addition, as of December 31, 2006, we had reserved approximately 4.0 million shares of common stock available for future issuance under our deferred stock unit plan, and approximately 5.6 million shares of common stock available for future issuance under our employee stock purchase plan.

Treasury Stock

In July 2006, our Board of Directors authorized the repurchase of up to $2.0 billion of the company’s common stock within two years from the date of authorization. The stock repurchase program was announced in July 2006. During 2006, we repurchased 54.5 million shares of our common stock at an average price of $30.56 per share for an aggregate purchase price of $1.7 billion. As of December 31, 2006, $0.3 billion remained available for further purchases under the July 2006 program. During 2006, we also repurchased approximately 88,000 shares from employees.

These repurchased shares are recorded as treasury stock and are accounted for under the cost method. No repurchased shares have been retired.

The stock repurchase program may be limited or terminated at any time without prior notice. Stock repurchases under this program may be made through a variety of open market and privately negotiated transactions, including structured stock repurchase transactions or other derivative transactions, at times and in such amounts as management deems appropriate and will be funded from the company's working capital or other financing alternatives. The timing and actual number of shares repurchased will depend on a variety of factors including corporate and regulatory requirements, price and other market conditions. The program is intended to comply with the volume, timing and other limitations set forth in Rule 10b−18 under the Securities Exchange Act of 1934.

Note 12 — Stock−Based Plans:

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, 2004, 2005, and 2006, employees purchased approximately 1.2 million, 1.4 million, and 1.6 million shares at average prices of $20.66, $25.55 and $27.32 per share, respectively. At December 31, 2006, approximately 5.6 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.

Deferred Stock Unit Plan

We have a deferred stock unit plan under which deferred stock units have been granted to new non−employee directors elected to our Board of Directors after December 31, 2002. Under this plan, each new director receives 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. 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 of these fees. Deferred stock units are payable following the termination of a director's tenure as a director. All eBay officers, directors and employees are eligible to receive awards under the plan, although, to date, awards have been made only to new non−employee directors. As of December 31, 2006, 36,056 units have been awarded under this plan.

Other Equity Incentive Plans

We have equity incentive plans for directors, officers and employees. 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 7 to 10 years from the date of grant. Stock options issued prior to June 1998, were exercisable immediately, subject to repurchase rights held by us, which lapsed over the vesting period. At December 31, 2006, 614.8 million shares were authorized under our equity incentive plans. Shares of restricted stock and restricted stock units issued under these plans that have not vested are subject to repurchase by us or forfeiture at such times as determined by the Board of Directors, typically three to five years. At December 31, 2006, 98.5 million shares were available for future grant.

eBay Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

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 2004, 2005 and 2006, we contributed one dollar for each dollar a participant contributed, with a maximum contribution of $1,500 per employee. Our non−U.S. employees are covered by various other savings plans. Our expenses for these plans were $5.6 million in 2004, $8.6 million in 2005 and $14.9 million in 2006.

Stock−Based Compensation

We adopted FAS 123(R) using the modified prospective transition method beginning January 1, 2006. Accordingly, during 2006, we recorded stock−based compensation expense for awards granted prior to, but not yet vested, as of January 1, 2006, as if the fair value method required for pro forma disclosure under FAS 123 were in effect for expense recognition purposes, adjusted for estimated forfeitures. For these awards, we have continued to recognize compensation expense using the accelerated amortization method under FIN 28. For stock−based awards granted after January 1, 2006, we have recognized compensation expense based on the estimated grant date fair value method using the Black−Scholes valuation model. For these awards, we have recognized compensation expense using a straight−line amortization method. As FAS 123(R) requires that stock−based compensation expense be based on awards that are ultimately expected to vest, stock−based compensation for 2006 has been reduced for estimated forfeitures. When estimating forfeitures, we consider voluntary termination behaviors as well as trends of actual option forfeitures.

Valuation Assumptions

We calculated the fair value of each option award on the date of grant using the Black−Scholes option pricing model. The following weighted−average assumptions were used for each respective period:

	Year Ended December 31,		
	2004	2005	2006
Risk−free interest rates	2.5%	3.8%	4.7%
Expected life	3 years	3 years	3 years
Dividend yield	0%	0%	0%
Expected volatility	49%	36%	36%

Our computation of expected volatility for 2006 was based on a combination of historical and market−based implied volatility from traded options on our stock. Prior to 2006, our computation of expected volatility was based on historical volatility. Our computation of expected life was determined based on historical experience of similar awards, giving consideration to the contractual terms of the stock−based awards, vesting schedules and expectations of future employee behavior. The interest rate for periods within the contractual life of the award is based on the U.S. Treasury yield curve in effect at the time of grant.

eBay Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Stock−Based Compensation

Stock−based compensation expense related to stock options and employee stock purchases for 2004, 2005 and 2006 was allocated as follows (in thousands, except per share amounts):

	2004	2005	2006
Cost of net revenues	$ 233	$ 1,881	$ 32,981
Sales and marketing	136	8,696	96,547
Product development	654	6,468	81,489
General and administrative	4,809	14,727	106,393
Total stock−based compensation expense	5,832	31,772	317,410
Tax benefit	(4,117)	(13,023)	(97,572)
Stock−based compensation expense, net of tax	$ 1,715	$ 18,749	$ 219,838

Prior to adopting FAS 123(R), we presented all tax benefits resulting from the exercise of stock options as operating cash flows in our statements of cash flows. FAS 123(R) requires cash flows resulting from excess tax benefits to be classified as a part of cash flows from financing activities. Excess tax benefits are realized tax benefits from tax deductions for exercised options in excess of the deferred tax asset attributable to stock compensation costs for such options. As a result of adopting FAS 123(R), $92.4 million of excess tax benefits for the year ended December 31, 2006 have been classified as a financing cash inflow. Cash received from option exercises under all share−based payment arrangements for the years ended December 31, 2004, 2005 and 2006, was $650.6 million, $599.8 million and $313.5 million, respectively. Total stock−based compensation costs included in capitalized development costs was $8.8 million for the year ended December 31, 2006. There was no stock−based compensation costs included in capitalized development costs during 2005 and 2004.

Prior to the adoption of FAS 123(R), the intrinsic value of Skype's and Shopping.com's unvested common stock options assumed in the acquisition were recorded as unearned stock−based compensation. Upon the adoption of FAS 123(R) in January 2006, the unearned stock−based compensation balance of $45.5 million was reclassified to additional paid−in capital.

Pro Forma Information for Periods Prior to the Adoption of FAS 123(R)

Pro forma information regarding option grants made to our employees and directors and employee stock purchases is as follows (in thousands, except per share amounts):

	Year Ended December 31,	
	2004	2005
Net income, as reported	$ 778,223	$ 1,082,043
Add: Amortization of stock−based compensation expense determined under the intrinsic value method, net of tax	1,715	18,749
Deduct: Total stock−based compensation expense determined under fair value based method, net of tax	(190,935)	(248,260)
Pro forma net income	$ 589,003	$ 852,532
Earnings per share:		
Basic — Reported	$ 0.59	$ 0.79
Pro forma	$ 0.45	$ 0.63
Diluted — Reported	$ 0.57	$ 0.78
Pro forma	$ 0.43	$ 0.61

eBay Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Stock Option Activity

The following table summarizes stock option activity under our equity incentive plans as of and for the year ended December 31, 2006 (in thousands, except per share amounts):

	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value
Outstanding at January 1, 2006	129,109	$ 28.19		
Granted and assumed	38,834	35.07		
Exercised	(16,233)	16.58		
Forfeited/expired/cancelled	(15,096)	37.17		
Outstanding at December 31, 2006	136,614	30.53	6.62	$ 644,148
Vested and expected to vest at December 31, 2006	128,697	30.17	6.59	637,311
Options exercisable at December 31, 2006	75,569	26.23	6.23	576,802

The aggregate intrinsic value was calculated as the difference between the exercise price of the underlying awards and the quoted price of our common stock for the 61.6 million options that were in−the−money at December 31, 2006.

The weighted average grant−date fair value of options granted during the years 2004, 2005 and 2006 was $12.12, $11.70 and $10.47, respectively. During the years 2004, 2005 and 2006, the aggregate intrinsic value of options exercised under our equity incentive plans was $1,017.3 million, $719.2 million and $283.6 million, respectively, determined as of the date of option exercise. As of December 31, 2006, there was approximately $395.1 million of total unrecognized compensation cost related to stock options granted under our equity incentive plans. That cost is expected to be recognized over a weighted−average period of three years.

Restricted Stock Units and Nonvested Shares

Restricted stock units and nonvested shares were awarded to employees under our equity incentive plans. In general, restricted stock units and nonvested shares vest over three to five years and are subject to the employees' continuing service to the company. The cost of restricted stock units and nonvested shares is determined using the fair value of our common stock on the date of the grant. The compensation expense is recognized over the vesting period.

eBay Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Restricted Stock Units Activity

A summary of the status of and changes in restricted stock units granted under our equity incentive plans as of December 31, 2006 and changes during the year ended December 31, 2006 is presented below (in thousands, except per share amounts):

	Shares	Weighted Average Grant−Date Fair Value (per share)
Outstanding at January 1, 2006	—	$ —
Awarded	526	28.13
Vested	—	—
Forfeited	(18)	28.15
Outstanding at December 31, 2006	508	28.13
Vested and expected to vest at December 31, 2006	388	

As of December 31, 2006, there was approximately $10.5 million of unrecognized compensation cost related to restricted stock units granted under our equity incentive plans. That cost is expected to be recognized over a weighted−average period of two years.

Nonvested Shares Activity

A summary of the status of and changes in nonvested shares granted under our equity incentive plans and assumed in acquisitions as of December 31, 2006 and changes during the year ended December 31, 2006 is presented below (in thousands, except per share amounts):

	Shares	Weighted Average Grant−Date Fair Value (per share)
Nonvested at January 1, 2006	40	$ 43.82
Granted	721	33.12
Vested	(90)	38.09
Forfeited	(105)	39.15
Nonvested at December 31, 2006	566	39.72

During the year ended December 31, 2006, the fair value of awards vested under our stock plans was $2.5 million, determined as of the date of vesting. There were no awards vesting in 2005 and 2004. As of December 31, 2006, there was approximately $12.8 million of unrecognized compensation cost related to nonvested shares granted under our equity incentive plans. That cost is expected to be recognized over a weighted−average period of three years.

Non−stockholder approved stock option grants

Prior to our initial public offering in 1998, our Board of Directors approved three stock option grants outside of formally approved stockholder plans to two independent directors upon their joining our Board of Directors and to an executive officer upon his hiring. All of such option grants vested over 25% one year from the date of grant, with the remainder vesting at a rate of 2.08% per month thereafter and expire 10 years from the date of grant. The options granted to the independent directors were immediately exercisable, subject to repurchase rights held by us, which lapse over the vesting period. The terms and conditions of such grants are otherwise identical to nonqualified option grants made under the stock option plan in effect at that time. At the time of such grants, members of our Board of Directors (and their affiliates) beneficially owned in excess of 90% of our then outstanding voting interests. We have

previously disclosed such option grants in our Prospectus filed with the Securities and Exchange Commission on September 25, 1998 in connection with our initial public offering under the headings "Management — Director Compensation" and "Management — Compensation Arrangements." Prior to 2004, one director and the executive officer had exercised all available options under their respective grants. At December 31, 2006, one grant remained outstanding to one independent director, with 768,184 shares to be issued upon exercise of the outstanding options at an average exercise price of $0.39. There were no shares remaining available under these non−stockholder approved plans for future grants as of December 31, 2006.

Note 13 — Income Taxes:

The components of pretax income before cumulative effect of accounting change and minority interest in consolidated companies for the years ended December 31, 2004, 2005 and 2006 are as follows (in thousands):

	Year Ended December 31,		
	2004	2005	2006
United States	$ 820,892	$ 943,575	$ 776,553
International	307,338	605,802	770,509
	$ 1,128,230	$ 1,549,377	$ 1,547,062

The provision for income taxes is composed of the following (in thousands):

	Year Ended December 31,		
	2004	2005	2006
Current:			
Federal	$ 246,795	$ 382,925	$ 460,262
State and local	57,099	89,717	122,396
Foreign	23,546	79,838	66,610
	327,440	552,480	649,268
Deferred:			
Federal	27,836	(37,651)	(146,872)
State and local	(3,565)	(7,106)	(32,331)
Foreign	(7,826)	(40,438)	(48,647)
	16,445	(85,195)	(227,850)
	$ 343,885	$ 467,285	$ 421,418

eBay Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following is a reconciliation of the difference between the actual provision for income taxes and the provision computed by applying the federal statutory rate of 35% for 2004, 2005, and 2006 to income before income taxes (in thousands):

	Year Ended December 31,		
	2004	2005	2006
Provision at statutory rate	$ 394,881	$ 542,282	$ 541,471
Permanent differences:			
Foreign income taxed at different rates	(82,267)	(149,463)	(230,350)
Change in valuation allowance	2,000	12,587	35,652
Stock−based compensation			26,179
State taxes, net of federal benefit	35,008	53,697	58,542
Tax credits	(6,975)	(9,136)	(1,142)
Other	1,238	17,318	(8,934)
	$ 343,885	$ 467,285	$ 421,418

Deferred tax assets and liabilities are recognized for the future tax consequences of differences between the carrying amounts of assets and liabilities and their respective tax bases using enacted tax rates in effect for the year in which the differences are expected to reverse. Significant deferred tax assets and liabilities consist of the following (in thousands):

	December 31,	
	2005	2006
Deferred tax assets:		
Net operating loss and credits	$ 132,832	$ 111,133
Accruals, allowances and stock−based compensation	71,504	192,276
Net unrealized (gains) losses	9,616	4,024
Net deferred tax assets	213,952	307,433
Valuation allowance	(77,712)	(69,777)
	136,240	237,656
Deferred tax liabilities:		
Acquisition−related intangibles	(212,702)	(171,422)
Depreciation and amortization	(79,946)	(30,139)
	(292,648)	(201,561)
	$ (156,408)	$ 36,095

As of December 31, 2006, our federal, foreign and state net operating loss carryforwards, or NOLs, for income tax purposes were approximately $44.9 million, $324.6 million, and $54.4 million, respectively. The utilization of a portion of the NOLs is subject to an annual limitation under Section 382 of the Internal Revenue Code due to a change of ownership. However, we do not believe such annual limitation will impact our realization of the NOLs. If not utilized, the federal net operating loss carryforwards will begin to expire in 2019, the state net operating loss carryforwards will begin to expire in 2009, and the foreign net operating loss carryforwards will begin to expire in 2009. As of December 31, 2006, our state tax credit carryforwards for income tax purposes were approximately $7.9 million. If not utilized, the state tax credit carryforwards will begin to expire in 2015.

We receive tax deductions from the gains realized by employees on the exercise of certain non−qualified stock options for which the benefit is recognized as a component of stockholders' equity. Historically, we have evaluated the deferred tax assets relating to these stock option deductions along with our other deferred tax assets and concluded that a valuation allowance is not required for that portion of the total deferred tax assets that are not considered more likely than not to be realized in future periods. To the extent that the deferred tax assets with a valuation allowance become realizable in future periods, we will have the ability, subject to carryforward limitations, to benefit from these amounts. When realized, the tax benefits of tax deductions related to stock options are accounted for as an increase to additional paid−in capital rather than a reduction of the income tax provision. Our profitability coupled with the level of stock option deductions generated during 2006 resulted in the utilization of net operating losses related to deferred tax assets for stock option deductions. Accordingly the valuation allowance related to these deferred tax assets was eliminated in 2006, resulting in an increase of $42.9 million in additional paid−in capital. Beginning in 2006, deferred tax assets related to stock option deductions were recognized in the periods when the benefit was received.

We have not provided for U.S. federal income and foreign withholding taxes on $1.9 billion of non−U.S. subsidiaries' undistributed earnings as of December 31, 2006, because such earnings are intended to be indefinitely reinvested in the operations and potential acquisitions of our International operations. Upon distribution of those earnings in the form of dividends or otherwise, we would be subject to U.S. income taxes (subject to an adjustment for foreign tax credits). It is not practicable to determine the income tax liability that might be incurred if these earnings were to be distributed.

Note 14 — Subsequent Events:

During January 2007, eBay's Board of Director's authorized the expansion of the share repurchase program to provide for the repurchase of up to an additional $2.0 billion of eBay's common stock within the next two years. See discussion of our stock repurchase program at "Note 11 — Common Stock."

On February 13, 2007, we completed the acquisition of StubHub, an online marketplace for the resale of event tickets, for a total purchase price of approximately $307 million, which included StubHub's net cash at the time of closing of $21 million. Under the purchase method of accounting, the total purchase price will be allocated to the tangible and identifiable intangible assets acquired and liabilities assumed based on their estimated fair values.

EXHIBIT VII

DEFINITIVE PROXY STATEMENT FILED BY EBAY WITH THE SEC ON APRIL 30, 2007

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant ☑
Filed by a Party other than the Registrant ☐

Check the appropriate box:

☐ Preliminary Proxy Statement
☐ **Confidential, for Use of the Commission Only (as permitted by Rule 14a- 6(e)(2))**
☑ Definitive Proxy Statement
☐ Definitive Additional Materials
☐ Soliciting Material Pursuant to §240.14a-12

eBay Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

☑ No fee required.
☐ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

☐ Fee paid previously with preliminary materials.

☐ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

eBay Inc.

2145 Hamilton Avenue
San Jose, California 95125

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
To Be Held On June 14, 2007

To the Stockholders of eBay Inc.:

NOTICE IS HEREBY GIVEN that the Annual Meeting of Stockholders of **eBAY INC.** , a Delaware corporation, will be held on Thursday, June 14, 2007, at 8:00 a.m. Eastern time at the Back Bay Events Center, Back Bay Grand Room, 180 Berkeley Street, Boston, Massachusetts 02116 for the following purposes:

1. To elect three directors to hold office until our 2010 Annual Meeting of Stockholders.

2. To approve an amendment to our 1999 Global Equity Incentive Plan to further satisfy the requirements of Section 162(m) of the Internal Revenue Code.

3. To approve an amendment to our 1998 Employee Stock Purchase Plan to extend the term of the Purchase Plan.

4. To ratify the selection of PricewaterhouseCoopers LLP as our independent auditors for our fiscal year ending December 31, 2007.

5. To transact such other business as may properly come before the meeting or any adjournment or postponement of the meeting.

These business items are described more fully in the Proxy Statement accompanying this Notice.

The Board of Directors has fixed the close of business on April 16, 2007 as the record date for identifying those stockholders entitled to notice of and to vote at this Annual Meeting and at any adjournment or postponement of this meeting.

By Order of the Board of Directors

Michael R. Jacobson
Secretary

San Jose, California
April 30, 2007

The proxy statement and the accompanying form of proxy are being mailed on or about May 4, 2007 in connection with the solicitation of proxies on behalf of the Board of Directors of eBay. All stockholders are cordially invited to attend the Annual Meeting in person. Whether or not you expect to attend the Annual Meeting, you are urged to vote your shares as soon as possible so that your shares can be voted at the Annual Meeting in accordance with your instructions on the proxy or voting instruction card. Telephone and Internet voting are available. For specific instructions on voting, please refer to the instructions on the proxy or voting instruction card.

eBay Inc.

2145 Hamilton Avenue
San Jose, California 95125

PROXY STATEMENT

QUESTIONS AND ANSWERS ABOUT THE PROXY MATERIALS AND OUR 2007 ANNUAL MEETING

Q: Why am I receiving these materials?

A: eBay's Board of Directors, or the Board, is providing these proxy materials to you in connection with the Board's solicitation of proxies for use at eBay's 2007 Annual Meeting of Stockholders, which will take place on June 14, 2007. Stockholders are invited to attend the Annual Meeting and are requested to vote on the proposals described in this proxy statement.

Q: What information is contained in these materials?

A: The information included in this proxy statement relates to the proposals to be voted on at the Annual Meeting, the voting process, the compensation of directors and our most highly paid executive officers, and certain other required information. eBay's 2006 Annual Report, which includes eBay's audited consolidated financial statements, is also enclosed with this Proxy Statement.

Q: What proposals will be voted on at the Annual Meeting?

A: There are four proposals scheduled to be voted on at the Annual Meeting:

- the election of three directors for a three-year term;
- the approval of an amendment to our 1999 Global Equity Incentive Plan to further satisfy the requirements of Section 162(m) of the Internal Revenue Code;
- the approval of an amendment to our 1998 Employee Stock Purchase Plan to extend the term of the Purchase Plan; and
- the ratification of the appointment of PricewaterhouseCoopers LLP as our independent auditors for our fiscal year ending December 31, 2007.

Q: What are eBay's Board of Directors' voting recommendations?

A: eBay's Board recommends that you vote your shares "FOR" each of the nominees to the Board, "FOR" the approval of the amendments to our 1999 Global Equity Incentive Plan and 1998 Employee Stock Purchase Plan, and "FOR" the ratification of the appointment of PricewaterhouseCoopers LLP as our independent auditors.

Q: How many shares are entitled to vote?

A: Each share of eBay's common stock outstanding as of the close of business on April 16, 2007, the record date, is entitled to one vote at the Annual Meeting. At the close of business on April 16, 2007, 1,363,838,463 shares of common stock were outstanding and entitled to vote. You may vote all of the shares owned by you as of the close of business on the record date of April 16, 2007 and are entitled to cast one vote per share of common stock held by you on the record date. These shares include shares that are (1) held of record directly in your name, including shares purchased through eBay's equity incentive plans, and (2) held for you as the beneficial owner through a stockbroker, bank, or other nominee.

Q: What is the difference between holding shares as a stockholder of record and as a beneficial owner?

A: Most stockholders of eBay hold their shares beneficially through a stockbroker, bank, or other nominee rather than directly in their own name. There are some distinctions between shares held of record and shares owned beneficially, specifically:

- ***Shares held of record***

If your shares are registered directly in your name with eBay's transfer agent, Mellon Investor Services, you are considered the stockholder of record with respect to those shares, and these proxy materials are being sent directly to you by eBay. As the stockholder of record, you have the right to grant your voting proxy directly to eBay or to vote in person at the Annual Meeting. eBay has enclosed a proxy card for you to use. You may also vote on the Internet or by telephone as described below under "How can I vote my shares without attending the Annual Meeting?"

- ***Shares owned beneficially***

If your shares are held in a stock brokerage account or by a bank or other nominee, you are considered the beneficial owner of shares held in street name, and these proxy materials are being forwarded to you by your broker or nominee who is considered, with respect to those shares, the stockholder of record. As the beneficial owner or nominee, you have the right to direct your broker or other nominee on how to vote the shares in your account, and you are also invited to attend the Annual Meeting. However, since you are not the stockholder of record, you may not vote these shares in person at the Annual Meeting unless you request and receive a valid proxy from your broker or other nominee. Your broker or nominee has enclosed a voting instruction card for you to use in directing the broker or nominee regarding how to vote your shares. You may also vote on the Internet or by telephone as described below under "How can I vote my shares without attending the Annual Meeting?"

Q: Can I attend the Annual Meeting?

A: You are invited to attend the Annual Meeting if you are a stockholder of record or a beneficial owner as of April 16, 2007. If you are a stockholder of record, you must bring proof of identification. If you hold your shares through a stockbroker or other nominee, you will need to provide proof of ownership by bringing either a copy of the voting instruction card provided by your broker or a copy of a brokerage statement showing your share ownership as of April 16, 2007. If you do not attend the Annual Meeting, you can listen to a webcast of the proceedings at eBay's investor relations site at *http://investor.ebay.com*.

Q: How can I vote my shares in person at the Annual Meeting?

A: Shares held directly in your name as the stockholder of record may be voted in person at the Annual Meeting. If you choose to vote in person, please bring proof of identification. Even if you plan to attend the Annual Meeting, eBay recommends that you vote your shares in advance as described below so that your vote will be counted if you later decide not to attend the Annual Meeting. Shares held in street name through a brokerage account or by a bank or other nominee may be voted in person by you if you obtain a valid proxy from the record holder giving you the right to vote the shares.

Q: How can I vote my shares without attending the Annual Meeting?

A: Whether you hold shares directly as the stockholder of record or beneficially in street name, you may vote without attending the Annual Meeting by Internet, by telephone, or by completing and mailing your proxy card or voting instruction card in the enclosed pre-paid envelope. Please refer to the enclosed materials for details.

Q: Can I change my vote or revoke my proxy?

A: If you are the stockholder of record, you may change your proxy instructions or revoke your proxy at any time before your proxy is voted at the Annual Meeting. Proxies may be revoked by any of the following actions: (1) filing a timely written notice of revocation with our Corporate Secretary at our principal executive office (2145 Hamilton Avenue, San Jose, California 95125); (2) submitting a new proxy at a later date, by Internet, by telephone, or by mail to our Corporate Secretary at our principal executive office; or (3) attending the Annual Meeting and voting in person (attendance at the meeting will not, by itself, revoke a proxy). If your shares are held in a brokerage account by a bank or other nominee, you should follow the instructions provided by your broker or nominee.

Q: How are votes counted?

A: In the election of directors, you may vote "FOR" all of the nominees or your vote may be "WITHHELD" with respect to one or more of the nominees. For the approval of the amendments to our 1999 Global Equity Incentive Plan and 1998 Employee Stock Purchase Plan, and the ratification of the selection of PricewaterhouseCoopers LLP, you may vote "FOR", "AGAINST," or "ABSTAIN." If you "ABSTAIN," it has the same

effect as a vote "AGAINST." If you sign and return your proxy card or broker voting instruction card without giving specific voting instructions, your shares will be voted as recommended by our Board. If you are a beneficial holder and do not return a voting instruction card, your broker may only vote on the election of directors and the ratification of the selection of PricewaterhouseCoopers LLP.

Q: Who will count the votes?

A: A representative of Broadridge Financial Solutions, Inc. will tabulate the votes and act as the inspector of election.

Q: What is the quorum requirement for the Annual Meeting?

A: The quorum requirement for holding the Annual Meeting and transacting business is a majority of the outstanding shares entitled to be voted. The shares may be present in person or represented by proxy at the Annual Meeting. Both abstentions and broker non-votes are counted as present for the purpose of determining the presence of a quorum.

Q: What is the voting requirement to approve each of the proposals?

A: In the election for directors, the three persons receiving the highest number of "FOR" votes will be elected. The proposals to amend our 1999 Global Equity Incentive Plan and 1998 Employee Stock Purchase Plan and the proposal to ratify the selection of the auditors each require the affirmative "FOR" vote of a majority of those shares present and entitled to vote to be approved. If you are a beneficial owner and do not provide the stockholder of record with voting instructions, your shares may constitute broker non-votes.

Q: What are broker non-votes and what effect do they have on the proposals?

A: Generally, broker non-votes occur when shares held by a broker in "street name" for a beneficial owner are not voted with respect to a particular proposal because (1) the broker has not received voting instructions from the beneficial owner and (2) the broker lacks discretionary voting power to vote those shares. A broker is entitled to vote shares held for a beneficial owner on routine matters, such as the election of our directors and the ratification of the appointment of PricewaterhouseCoopers LLP as independent auditors, without instructions from the beneficial owner of those shares. On the other hand, absent instructions from the beneficial owner of such shares, a broker is not entitled to vote shares held for a beneficial owner on certain non-routine items, such as the approval of the amendments to our 1999 Global Equity Incentive Plan and 1998 Employee Stock Purchase Plan. Broker non-votes count for purposes of determining whether a quorum exists but do not count as entitled to vote with respect to individual proposals.

Q: What does it mean if I receive more than one proxy or voting instruction card?

A: It means your shares are registered differently or are in more than one account. Please provide voting instructions for each proxy and voting instruction card you receive to ensure that all of your shares are voted.

Q: Where can I find the voting results of the Annual Meeting?

A: eBay will announce preliminary voting results at the Annual Meeting and will publish final results in eBay's quarterly report on Form 10-Q for the second quarter of 2007.

Q: Who will bear the cost of soliciting votes for the Annual Meeting?

A: eBay will pay the entire cost of preparing, assembling, printing, mailing, and distributing these proxy materials. eBay will provide copies of these proxy materials to banks, brokerage houses, fiduciaries, and custodians holding in their names shares of our common stock beneficially owned by others so that they may forward these proxy materials to the beneficial owners. eBay has retained the services of D.F. King & Co., Inc., a professional proxy solicitation firm, to aid in the solicitation of proxies. D.F. King may solicit proxies by personal interview, mail, telephone, and electronic communications. eBay estimates that it will pay D.F. King its customary fee, estimated to be approximately $8,500, plus reasonable out-of-pocket expenses incurred in the process of soliciting proxies. In addition, eBay may reimburse brokerage firms and other persons representing beneficial owners of shares for their expenses in forwarding solicitation materials to such beneficial owners. Solicitations may also be made by personal interview, telephone, and electronic communication by directors, officers, and other employees of eBay, but we will not additionally compensate our directors, officers or other employees for these services.

Q: May I propose actions for consideration at next year's Annual Meeting or nominate individuals to serve as directors?

A: You may submit proposals for consideration at future annual stockholder meetings. In order for a stockholder proposal to be considered for inclusion in the proxy materials for our 2008 Annual Meeting of Stockholders, your proposal must be received by our Corporate Secretary no later than December 29, 2007. A stockholder proposal or a nomination for director that is received after this date will not be included in our proxy statement and proxy but will otherwise be considered at the 2008 annual meeting so long as it is submitted to our Corporate Secretary no earlier than March 14, 2008 and no later than April 15, 2008. We advise you to review our Bylaws, which contain this and other requirements with respect to advance notice of stockholder proposals and director nominations. Our Bylaws were filed with the Securities and Exchange Commission, or SEC, as an exhibit to our quarterly report on Form 10-Q on November 13, 1998, which can be viewed by visiting our investor relations website at *http://investor.ebay.com/sec.cfm* and may also be obtained by writing to our Corporate Secretary at our principal executive office (2145 Hamilton Avenue, San Jose, California 95125).

Q: How can I get electronic access to the Proxy Statement and Annual Report?

A: This proxy statement and our 2006 Annual Report may be viewed online on our investor relations website at *http://investor.ebay.com/annuals.cfm.* You can also elect to receive an email that will provide an electronic link to future annual reports and proxy statements rather than receiving paper copies of these documents. Choosing to receive your proxy materials electronically will save us the cost of printing and mailing documents to you. You can choose to receive future proxy materials electronically by visiting our investor relations website at *http://investor.ebay.com/annuals.cfm.* If you choose to receive future proxy materials electronically, you will receive an email next year with instructions containing a link to those materials and a link to the proxy voting site. Your choice to receive proxy materials electronically will remain in effect until you contact eBay Investor Relations and tell us otherwise. You may visit our investor relations website at *http://investor.ebay.com* or contact eBay Investor Relations by mail at 2145 Hamilton Avenue, San Jose, California 95125 or by telephone at 866-696-3229.

Q: How do I obtain a separate set of proxy materials if I share an address with other stockholders?

A: To reduce expenses, in some cases, we are delivering one set of proxy materials to certain stockholders who share an address, unless otherwise requested. A separate proxy card is included in the proxy materials for each of these stockholders. If you reside at such an address and wish to receive a separate copy of the proxy materials, including our annual report, you may contact eBay Investor Relations at the website, address, or phone number in the previous paragraph. You may also contact eBay Investor Relations if you would like to receive separate proxy materials in the future or if you are receiving multiple copies of our proxy materials and would like to receive only one copy in the future.

Q: How can I obtain an additional proxy card?

A: If you lose, misplace or otherwise need to obtain a proxy card, and:

- you are a stockholder of record, contact eBay Investor Relations by mail at 2145 Hamilton Avenue, San Jose, California 95125 or by telephone at 866-696-3229; or
- you are the beneficial owner of shares held indirectly through a bank, broker, or similar institution, contact your account representative at that organization.

2007 ANNUAL MEETING OF STOCKHOLDERS

NOTICE OF ANNUAL MEETING AND PROXY STATEMENT

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CORPORATE GOVERNANCE

Our business is managed by our employees under the direction and oversight of the Board of Directors. Except for Ms. Whitman, none of our Board members is an employee of eBay. We keep Board members informed of our business through discussions with management, materials we provide to them, visits to our offices, and their participation in Board and Board committee meetings.

The Board has adopted corporate governance guidelines that, along with the charters of the Board committees and our Code of Business Conduct and Ethics, which we refer to as the Code of Conduct, provide the framework for the governance of the company. A complete copy of our governance guidelines, the charters of our Board committees, and our Code of Conduct may be found on our investor relations website at *http://investor.ebay.com/governance.* (Information contained on eBay's website is not part of this proxy statement.) The Board regularly reviews corporate governance developments and modifies these policies as warranted. Any changes in these governance documents will be reflected on the same location on our website.

OUR CORPORATE GOVERNANCE PRACTICES

We believe open, effective, and accountable corporate governance practices are key to our relationship with our stockholders. To help our stockholders understand our commitment to this relationship and our governance practices, the Board has adopted a set of governance guidelines to set a framework within which the Board will conduct its business. The governance guidelines can be found on our website at *http://investor.ebay.com/governance* and are summarized below along with certain other of our governance practices.

Committee Responsibilities. Board committees help the Board run effectively and efficiently, but do not replace the oversight of the Board as a whole. There are currently three principal committees: the Audit Committee, the Compensation Committee, and the Corporate Governance and Nominating Committee. Each committee meets regularly and has a written charter that has been approved by the Board. In addition, at each regularly scheduled Board meeting, a member of each committee reports on any significant matters addressed by the committee. Each committee performs an annual self-assessment to evaluate its effectiveness in fulfilling its obligations.

Independence. Nasdaq rules require listed companies to have a board of directors with at least a majority of independent directors. Under Nasdaq's rules, in order for a director to be deemed independent, our Board must determine that the individual does not have a relationship that would interfere with the director's exercise of independent judgment in carrying out his or her responsibilities. Our Board has adopted guidelines setting forth categories of relationships that it has deemed immaterial for purposes of making a determination regarding a director's independence. On an annual basis, each member of our Board is required to complete an independence questionnaire designed to provide information to assist the Board in determining whether the director is independent under Nasdaq rules and our corporate governance guidelines. Our Board has determined that each of our directors, other than Ms. Whitman and Mr. Omidyar, is independent under the listing standards of the Nasdaq Global Select Market. Our governance guidelines require any director who has previously been determined to be independent to inform the Chairman of the Board and our Corporate Secretary of any change in circumstance that may cause his or her status as an independent director to change. The Board limits membership on the Audit Committee, the Compensation Committee, and the Corporate Governance and Nominating Committee to independent directors.

Lead Independent Director. Our Board has a designated lead independent director who chairs and can call formal closed sessions of the outside directors, leads Board meetings in the absence of the Chairman, and leads the annual Board self-assessment. In addition, the lead independent director, together with the chair of the Corporate Governance and Nominating Committee, conducts interviews to confirm the continued qualification and willingness to serve of each director whose term is expiring at an annual meeting prior to the time at which directors are nominated for re-election. Mr. Tierney is currently the lead independent director, having been appointed to a second two-year term in 2006. He will serve as lead independent director until the Board meeting following our 2008 Annual Meeting of Stockholders.

Stockholder Communication. Stockholders may communicate with the Board or individual directors care of the Corporate Secretary, eBay Inc., 2145 Hamilton Avenue, San Jose, California 95125. The Corporate Governance

and Nominating Committee has delegated responsibility for initial review of stockholder communications to our Corporate Secretary. In accordance with the committee's instructions, our Corporate Secretary will summarize all correspondence and make it available to each member of the Board. In addition, the Corporate Secretary will forward copies of all stockholder correspondence to each member of the Corporate Governance and Nominating Committee, except for communications that are (a) advertisements or promotional communications, (b) solely related to complaints by users with respect to ordinary course of business customer service and satisfaction issues, or (c) clearly unrelated to our business, industry, management, or Board or committee matters.

Attendance at Annual Meetings. Absent exigent circumstances, all directors are expected to attend the company's annual meeting of stockholders. Ten of our eleven directors attended our annual meeting of stockholders in 2006.

Formal Closed Sessions. At the conclusion of each regularly scheduled Board meeting, the outside directors have the opportunity to meet without our management or the other directors. The lead independent director leads the discussions.

Board Compensation. Board compensation is determined by the Compensation Committee. Since 2003, Board compensation has consisted of a mixture of equity compensation and cash compensation. Board compensation is reviewed annually by the Compensation Committee, which has not changed cash compensation since 2003 and has effectively reduced equity compensation by holding the number of options granted annually to the same absolute number notwithstanding two subsequent stock splits. Current Board compensation is described under the heading "Compensation of Directors" below.

Stock Ownership Guidelines. In September 2004, our Board adopted stock ownership guidelines to better align the interests of our directors and executives with the interests of our stockholders and further promote our commitment to sound corporate governance. Under these guidelines, our executive officers are required to achieve ownership of eBay common stock valued at three times their annual base salary (five times in the case of our Chief Executive Officer, or CEO). The guidelines provide that the required ownership level for each executive officer is re-calculated whenever an executive officer changes pay grade, and as of January 1 of every third year. Until an executive achieves the required level of ownership, he or she is required to retain 25% of the after-tax net shares received as the result of the exercise of eBay stock options or the vesting of restricted stock or restricted stock units. Directors are required to achieve ownership of eBay common stock valued at three times the amount of the annual retainer paid to directors within three years of joining the Board, or in the case of directors serving at the time the guidelines were adopted, within three years of the date of adoption of the guidelines. A more detailed summary of our stock ownership guidelines can be found on our website at *http://investor.ebay.com/governance.* All of our directors and all of our executive officers who began their employment with eBay prior to January 1, 2005 have achieved the level of stock ownership required under the guidelines. The ownership levels of our executives and directors as of March 30, 2007 are set forth in the section entitled "Security Ownership of Certain Beneficial Owners and Management" below.

Outside Advisors. The Board and each of its committees may retain outside advisors and consultants of their choosing at the company's expense. The Board need not obtain management's consent to retain outside advisors.

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 Conduct to ensure that it provides clear guidance to its employees and directors. The Code of Conduct was most recently updated in October 2005.

Transparency. eBay believes it is important that stockholders understand the governance practices of eBay. In order to help ensure the transparency of our practices, we have posted information regarding our corporate governance procedures on our website at *http://investor.ebay.com/governance.*

Board Effectiveness and Director Performance Reviews. It is important to eBay that the Board and its committees are performing effectively and in the best interest of the company and its stockholders. The Board performs an annual self-assessment, led by the lead independent director, to evaluate its effectiveness in fulfilling its obligations. As part of this annual self-assessment, directors are able to provide feedback on the performance of

other directors. The lead independent director then follows up on this feedback and takes such further action with directors receiving comments and other directors as he deems appropriate.

Succession Planning. The Board recognizes the importance of effective executive leadership to eBay's success, and meets to discuss executive succession planning at least annually. As part of this process, the Board reviews the capabilities of the company's senior leadership as set out in written succession planning documents and identifies and discusses potential successors for members of the company's executive staff, including the CEO.

Auditor Independence. eBay has taken a number of steps to ensure continued independence of our outside auditors. Our independent auditors report directly to the Audit Committee, and we limit the use of our auditors for non-audit services. The fees for services provided by our auditors in 2006 and 2005 and our policy on pre-approval of non-audit services are described under Proposal 4 below.

Corporate Hotline. eBay has established a corporate hotline to allow any employee to confidentially and anonymously lodge a complaint about any accounting, internal control, auditing, or other matter of concern.

BOARD COMMITTEES AND MEETINGS

During 2006, our Board held four meetings, and each Board member attended at least 75% of the aggregate of all of our Board meetings and committee meetings for committees on which such director served. The Board has three principal committees: an Audit Committee, a Compensation Committee, and a Corporate Governance and Nominating Committee.

Audit Committee

Our Board has a separately-designated standing Audit Committee established in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934, as amended, which we refer to as the Exchange Act. Our Audit Committee consists of Mr. Anderson, Ms. Lepore, and Mr. Schlosberg, each of whom is independent in accordance with the rules and regulations of the Nasdaq Global Select Market and the SEC. Mr. Anderson is the chairman of the committee. The Audit Committee held 13 meetings during 2006. The primary responsibilities of the Audit Committee are to meet with our independent auditors to review the results of the annual audit and to discuss the financial statements, including the independent auditors' judgment about the quality of accounting principles, the reasonableness of significant judgments, the clarity of the disclosures in the financial statements, eBay's internal control over financial reporting, and management's report with respect to internal control over financial reporting. Additionally, the Audit Committee meets with our independent auditors to review the interim financial statements prior to the filing of our Quarterly Reports on Form 10-Q, recommends to the Board the independent auditors to be retained by us, oversees the independence of the independent auditors, evaluates the independent auditors' performance, receives and considers the independent auditors' comments as to controls, adequacy of staff and management performance and procedures in connection with audit and financial controls, including our system to monitor and manage business risks and legal and ethical compliance programs. The Audit Committee approves the compensation of our Vice President of Internal Audit, who meets with the committee regularly without other members of management present. The Audit Committee also prepares the Audit Committee Report for inclusion in our proxy statement, approves audit and non-audit services provided to us by our independent auditors, considers conflicts of interest and reviews all transactions with related persons involving executive officers or Board members that exceed specified thresholds, and meets with our General Counsel to discuss legal matters that may have a material impact on our financial statements or our compliance policies. Our Board has determined that Mr. Anderson is an "audit committee financial expert" as defined by the SEC. You can view our Audit Committee Charter on the corporate governance section of our investor relations website at *http://investor.ebay.com/governance.*

Compensation Committee

Our Compensation Committee consists of Messrs. Barnholt, Bourguignon, Kagle, and Tierney. Mr. Kagle was the chairman of the committee until April 1, 2006, when Mr. Barnholt became the chairman of the committee. Mr. Ford was a member of the committee until April 1, 2006, when he moved to the Corporate Governance and Nominating Committee. The committee met 12 times during 2006. The Compensation Committee reviews and

approves all compensation programs applicable to directors and executive officers, the overall strategy for employee compensation, and the compensation of our CEO and our other executive officers. The committee also prepares the Compensation Committee Report for inclusion in our proxy statement. All members of our Compensation Committee are independent under the listing standards of the Nasdaq Global Select Market. The Compensation Committee Charter permits the committee to, in its discretion, delegate all or a portion of its duties and responsibilities to a subcommittee of the committee. You can view our Compensation Committee Charter on the corporate governance section of our investor relations website at *http://investor.ebay.com/governance.*

A more detailed description of the role of the committee, including the role of executive officers and consultants in compensation decisions, can be found under "Compensation Discussion and Analysis — Role of the Compensation Committee" and "— Role of Executive Officers and Consultants in Compensation Decisions" below.

Compensation Committee Interlocks and Insider Participation. None.

Corporate Governance and Nominating Committee

Our Corporate Governance and Nominating Committee consists of Mr. Cook, Mr. Ford, Ms. Lepore, Mr. Schlosberg, and Mr. Tierney. Mr. Ford became a member of the committee effective April 1, 2006. Mr. Cook is the chairman of the committee. The committee met four times during 2006. The Corporate Governance and Nominating Committee makes recommendations to the Board as to the appropriate size of the Board or any Board committee, reviews the qualifications of candidates for the Board of Directors, and makes recommendations to the Board of Directors on potential Board members (whether as a result of vacancies, including any vacancy created by an increase in the size of the Board, or as part of the annual election cycle). The committee considers nominee recommendations from a variety of sources, including nominees recommended by stockholders. The committee has from time to time retained an executive search firm to help facilitate the screening and interview process of director nominees. The committee has not established specific minimum age, education, experience, or skill requirements for potential members, but, in general, expects that qualified candidates will have high-level managerial experience in a complex organization and will be able to represent the interests of the stockholders as a whole rather than special interest groups or constituencies. The committee considers each candidate's integrity, judgment, skill, diversity of background, and time available to devote to Board activities. The committee will also consider the interplay of a candidate's skill and experience with that of other Board members, and the extent to which a candidate may be a desirable addition to any committee of the Board.

In addition to recommending director candidates, the Corporate Governance and Nominating Committee establishes procedures for the oversight and evaluation of the Board and management, reviews correspondence received from stockholders, and reviews on an annual basis a set of corporate governance guidelines for the Board. Stockholders wishing to submit recommendations or director nominations for our 2008 Annual Meeting of Stockholders should submit their proposals to the Corporate Governance and Nominating Committee in care of our Corporate Secretary in accordance with the time limitations, procedures, and requirements described under the heading "May I propose actions for consideration at next year's Annual Meeting or nominate individuals to serve as directors?" in the section entitled "Questions and Answers about the Proxy Materials and Our 2007 Annual Meeting" above. All members of our Corporate Governance and Nominating Committee are independent under the listing standards of the Nasdaq Global Select Market. You can view our Corporate Governance and Nominating Committee Charter on the corporate governance section of our investor relations website at *http://investor.ebay.com/governance.*

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information known to us with respect to beneficial ownership of our common stock as of March 30, 2007, by (i) each stockholder known to us to be the beneficial owner of more than 5% of our common stock, (ii) each director and nominee for director, (iii) each of the executive officers named in the Summary Compensation Table below, and (iv) all executive officers and directors as a group.

	Shares Beneficially Owned (1)	
Name of Beneficial Owner	Number	Percent
Pierre M. Omidyar(2)	190,953,408	14.0%
Capital Research and Management Company(3)	84,843,500	6.2
Margaret C. Whitman(4)	33,769,267	2.5
Robert H. Swan(5)	117,406	*
Rajiv Dutta(6)	2,209,737	*
John J. Donahoe(7)	616,168	*
Michael R. Jacobson(8)	3,593,056	*
Fred D. Anderson(9)	35,062	*
Edward W. Barnholt(9)	11,687	*
Philippe Bourguignon(9)	93,812	*
Scott D. Cook(10)	1,225,366	*
William C. Ford(11)	125,300	*
Robert C. Kagle(12)	3,809,898	*
Dawn G. Lepore(13)	433,812	*
Richard T. Schlosberg, III(14)	35,062	*
Thomas J. Tierney(15)	81,812	*
All directors and executive officers as a group (18 persons)(16)	239,474,039	17.3

* 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 30, 2007 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 1,363,510,214 shares of common stock outstanding as of March 30, 2007.

(2) Mr. Omidyar is our founder and Chairman of the Board. Includes 185,000 shares held by his spouse as to which he disclaims beneficial ownership, and 17,303,078 shares Mr. Omidyar has pledged as security. The address for Mr. Omidyar is c/o eBay Inc., 2145 Hamilton Avenue, San Jose, California 95125.

(3) The address for Capital Research and Management Company is 333 South Hope Street, Los Angeles, California 90071.

(4) Ms. Whitman is our President and CEO. Includes 8,272,704 shares held by the Griffith R. Harsh, IV & Margaret C. Whitman TTEES of Sweetwater Trust U/A/D 10/15/99, 866,615 shares held by each of the Griffith R. Harsh, IV, TTEE, GRH 2006 Two Year GRAT and the Margaret C. Whitman, TTEE, MCW 2006 Two Year GRAT, 3,000,000 shares held by each of the Griffith R. Harsh, IV, TTEE, GRH March 2006 Two Year GRAT and the Margaret C. Whitman, TTEE, MCW March 2006 Two Year GRAT and 3,000,000 shares held by each of the Griffith R. Harsh, IV, TTEE, GRH March 2007 Two Year GRAT and the Margaret C. Whitman, TTEE, MCW March 2007 Two Year GRAT. In addition, includes 9,584 shares held by the Whitford Limited Partnership. The Managing General Partner 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. Includes

7,793,749 shares Ms. Whitman has the right to acquire pursuant to outstanding options exercisable within 60 days of March 30, 2007. The address for Ms. Whitman is c/o eBay Inc., 2145 Hamilton Avenue, San Jose, California 95125.

(5) Mr. Swan is our Senior Vice President, Finance and Chief Financial Officer. Includes 109,374 shares Mr. Swan has the right to acquire pursuant to outstanding options exercisable within 60 days of March 30, 2007. The address for Mr. Swan is c/o eBay Inc., 2145 Hamilton Avenue, San Jose, California 95125.

(6) Mr. Dutta is our President, PayPal. Includes 2,166,499 shares Mr. Dutta has the right to acquire pursuant to outstanding options exercisable within 60 days of March 30, 2007. The address for Mr. Dutta is c/o eBay Inc., 2145 Hamilton Avenue, San Jose, California 95125.

(7) Mr. Donahoe is our President, eBay Marketplaces. Includes 614,582 shares Mr. Donahoe has the right to acquire pursuant to outstanding options exercisable within 60 days of March 30, 2007. The address for Mr. Donahoe is c/o eBay Inc., 2145 Hamilton Avenue, San Jose, California 95125.

(8) Mr. Jacobson is our Senior Vice President, Legal Affairs, General Counsel and Secretary. Includes 200,000 shares held by a family limited partnership. Includes 3,125,968 shares Mr. Jacobson has the right to acquire pursuant to outstanding options exercisable within 60 days of March 30, 2007. The address for Mr. Jacobson is c/o eBay Inc., 2145 Hamilton Avenue, San Jose, California 95125.

(9) Includes, in the case of Mr. Anderson, 29,062 shares Mr. Anderson has the right to acquire pursuant to outstanding options exercisable within 60 days of March 30, 2007, in the case of Mr. Barnholt, 7,187 shares Mr. Barnholt has the right to acquire pursuant to outstanding options exercisable within 60 days of March 30, 2007 and, in the case of Mr. Bourguignon, 87,812 shares Mr. Bourguignon has the right to acquire pursuant to outstanding options exercisable within 60 days of March 30, 2007. The address for Messrs. Anderson, Barnholt, and Bourguignon is c/o eBay Inc., 2145 Hamilton Avenue, San Jose, California 95125.

(10) Includes 1,062,360 shares Mr. Cook has the right to acquire pursuant to outstanding options exercisable within 60 days of March 30, 2007. The address for Mr. Cook is c/o Intuit, Inc., 2535 Garcia Avenue, Mountain View, California 94043.

(11) 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) 275 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. The address for Mr. Ford is c/o Ford Motor Company, One American Road, Dearborn, Michigan 48126.

(12) Includes 447,812 shares Mr. Kagle has the right to acquire pursuant to outstanding options exercisable within 60 days of March 30, 2007. The address for Mr. Kagle is c/o Benchmark Capital, 2480 Sand Hill Road, Suite 200, Menlo Park, California 94025.

(13) Includes 393,812 shares Ms. Lepore has the right to acquire pursuant to outstanding options exercisable within 60 days of March 30, 2007. The address for Ms. Lepore is c/o drugstore.com, inc., 411 108th Avenue NE, Suite 1400, Bellevue, Washington 98004.

(14) Includes 29,062 shares Mr. Schlosberg has the right to acquire pursuant to outstanding options exercisable within 60 days of March 30, 2007. The address for Mr. Schlosberg is 9901 IT-10 West, Suite 800, San Antonio, Texas 78230.

(15) Includes 77,812 shares Mr. Tierney has the right to acquire pursuant to outstanding options exercisable within 60 days of March 30, 2007. The address for Mr. Tierney is c/o The Bridgespan Group, 535 Boylston Street, 10th Floor, Boston, Massachusetts 02116.

(16) Includes 18,094,790 shares subject to options exercisable within 60 days of March 30, 2007 and 17,303,078 shares pledged as security.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires our directors, executive officers, and holders of more than 10% of our common stock to file reports regarding their ownership and changes in ownership of our securities with the SEC, and to furnish us with copies of all Section 16(a) reports that they file.

We believe that during the fiscal year ended December 31, 2006, our directors, executive officers, and greater than 10% stockholders complied with all applicable Section 16(a) filing requirements.

In making this statement, we have relied upon a review of the copies of Section 16(a) reports furnished to us and the written representations of our directors, executive officers, and greater than 10% stockholders.

TRANSACTIONS WITH RELATED PERSONS

The Audit Committee is charged with reviewing and approving potential conflict of interest situations under our Code of Conduct, and with reviewing and approving 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.*

We have entered into indemnification agreements with each of our directors and executive officers. These agreements require us 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.

From time to time, we have entered into and may continue to enter into commercial arrangements with companies with which our directors or executive officers may have relationships, including as a director or executive officer, but with respect to which our 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.

In March 2006, we made a $2,000,000 equity investment in Meetup, Inc., a local community website that brings groups together offline. Mr. Omidyar, our founder and the Chairman of our Board, is a director of Meetup, Inc., and entities controlled by Mr. Omidyar beneficially hold greater than a 10% equity interest in Meetup, Inc. Consistent with our corporate governance practices, the Audit Committee of our Board of Directors pre-approved this transaction. We believe this transaction was made on terms no less favorable to us than we could have obtained from unaffiliated third parties. While we do not believe that Mr. Omidyar had a direct or indirect material interest in this transaction, and thus it is not required to be disclosed, we are disclosing its existence as a matter of good corporate governance and because it is not an ordinary course commercial arrangement.

Mr. Omidyar from time to time makes his personal aircraft available to our officers for business purposes at no cost to us. The imputed cost of the aircraft use was not material to our consolidated financial statements.

Our 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 (1) the amount involved is more than $120,000 in any consecutive twelve-month period, (2) eBay is a participant, and (3) 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 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 (i) fair to eBay and (ii) 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.

PROPOSALS REQUIRING YOUR VOTE

PROPOSAL 1

ELECTION OF DIRECTORS

Our Certificate of Incorporation and Bylaws, each as amended to date, provide for the Board to be divided into three classes, with each class having a three-year term. The first and second classes currently consist of four directors and the third class currently consists of three directors. The term of office for the first class expires at our 2008 Annual Meeting, the term of office for the second class expires at our 2009 Annual Meeting, and the term of office for the third class expires at our upcoming Annual Meeting. A director elected to fill a vacancy (including a vacancy created by an increase in the size of the Board) will serve for the remainder of the term of the class of directors in which the vacancy occurred and until his or her successor is elected and qualified, or until his or her earlier death, resignation, or removal.

Our Board is presently composed of eleven members, nine of whom are currently independent directors within the meaning of the listing standards of the Nasdaq Global Select Market. There are three nominees in the class whose term of office expires at the Annual Meeting, all of whom are currently members of the Board of Directors, and all of whom were previously elected by the stockholders. If elected at the Annual Meeting, each of the nominees would serve until our 2010 Annual Meeting and until his or her successor is elected and qualified, or until his or her earlier death, resignation, or removal.

Directors are elected by a plurality (excess of votes cast over opposing nominees) of the votes present in person or represented by proxy and entitled to vote at the meeting. Shares represented by signed proxies will be voted, if authority to do so is not withheld, for the election of the three nominees named below. If any of the nominees is unexpectedly unavailable for election, these shares will be voted for the election of a substitute nominee proposed by our Corporate Governance and Nominating Committee. Each person nominated for election has agreed to serve if elected. Management has no reason to believe that any of the nominees will be unable to serve.

Set forth below is biographical information for the nominees as well as for each director whose term of office will continue after the Annual Meeting.

NOMINEES FOR ELECTION FOR A THREE-YEAR TERM EXPIRING AT OUR 2010 ANNUAL MEETING

Philippe Bourguignon

Philippe Bourguignon, age 59, 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

Thomas J. Tierney, age 53, 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.*

Margaret C. Whitman

Margaret C. Whitman, age 50, serves eBay as President and Chief Executive Officer. She has served in that capacity since February 1998 and as a director of eBay since March 1998. From January 1997 to February 1998, she was General Manager of the Preschool Division of Hasbro Inc., a toy company. From February 1995 to December 1996, Ms. Whitman was employed by FTD, Inc., a floral products company, most recently as President, Chief Executive Officer and a director. From October 1992 to February 1995, Ms. Whitman was employed by The Stride Rite Corporation, a footwear company, in various capacities, including President, Stride Rite Children's Group and Executive Vice President, Product Development, Marketing & Merchandising, Keds Division. From May 1989 to October 1992, Ms. Whitman was employed by The Walt Disney Company, an entertainment company, most recently as Senior Vice President, Marketing, Disney Consumer Products. Before joining Disney, Ms. Whitman was at Bain & Co., a consulting firm, most recently as a Vice President. Ms. Whitman also serves on the board of directors of The Procter & Gamble Company and DreamWorks Animation SKG, Inc. Ms. Whitman holds an A.B. degree in Economics from Princeton University and an M.B.A. degree from the Harvard Business School.

THE BOARD OF DIRECTORS RECOMMENDS
A VOTE IN FAVOR OF EACH NAMED NOMINEE.

DIRECTORS CONTINUING IN OFFICE UNTIL OUR 2008 ANNUAL MEETING

Fred D. Anderson

Fred D. Anderson, age 62, 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 Computer, Inc., a manufacturer of personal computers and related software. Prior to joining Apple, 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, 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-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. Mr. Anderson holds a B.A. degree from Whittier College and an M.B.A. from the University of California, Los Angeles.

Edward W. Barnholt

Edward W. Barnholt, age 63, 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 Packard Foundation. Mr. Barnholt holds a B.S and an M.S. in electrical engineering from Stanford University.

Scott D. Cook

Scott D. Cook, age 54, has served as a director of eBay since June 1998. Mr. Cook is the founder of Intuit Inc., a financial software developer. 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. 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.

Robert C. Kagle

Robert C. Kagle, age 51, has served as a director of eBay since June 1997. Mr. Kagle has been a Member of Benchmark Capital, the General Partner of Benchmark Capital Partners, L.P. and Benchmark Founders' Fund, L.P., since its founding in May 1995. Mr. Kagle also has been a General Partner of Technology Venture Investors since January 1984. Mr. Kagle also serves on the board of directors of Jamba, Inc. and ZipRealty, Inc. Mr. Kagle holds a B.S. degree in Electrical and Mechanical Engineering from the General Motors Institute (renamed Kettering University in January 1998) and an M.B.A. degree from the Stanford Graduate School of Business.

DIRECTORS CONTINUING IN OFFICE UNTIL OUR 2009 ANNUAL MEETING

William C. Ford, Jr.

William C. Ford, Jr., age 49, 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 2001 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 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 master of science in management from the Massachusetts Institute of Technology (MIT).

Dawn G. Lepore

Dawn G. Lepore, age 53, 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 holds a B.A. degree from Smith College.

Pierre M. Omidyar

Pierre M. Omidyar, age 39, 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 Computer, and for other Macintosh-oriented software development companies. Mr. Omidyar is currently co-founder and chairman of Omidyar Network, a mission-based organization committed to creating opportunity for individuals to improve the quality of their lives. He also serves on the Board of Trustees of Tufts University and the Santa Fe Institute, and as a director of Meetup, Inc. Mr. Omidyar holds a B.S. degree in Computer Science from Tufts University.

Richard T. Schlosberg, III

Richard T. Schlosberg, III, age 63, 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 & 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, BEA Systems, Inc, and is also a member of the USO World Board of Governors, and a trustee of Pomona College. Mr. Schlosberg is a graduate of the United States Air Force Academy and holds an M.B.A. degree from the Harvard Business School.

PROPOSAL 2

APPROVAL OF AN AMENDMENT TO OUR 1999 GLOBAL EQUITY INCENTIVE PLAN

We are asking you to approve an amendment to our 1999 Global Equity Incentive Plan, which we refer to as the 1999 Plan. The purpose of the amendment is to further satisfy the requirements of Section 162(m) of the Internal Revenue Code with respect to various kinds of awards under the 1999 Plan. No additional shares are being requested to be reserved for issuance under the 1999 Plan.

As described below under "— Federal Income Tax Information — Potential Limitation on Company Deductions," Section 162(m) of the Internal Revenue Code of 1986, as amended, which we refer to as the Code, denies a tax deduction to public companies for compensation paid to certain "covered employees" in a taxable year to the extent the compensation paid to a covered employee exceeds $1,000,000, unless the plan contains certain features that enable the compensation to qualify as "performance-based compensation." The 1999 Plan does contain the features necessary to qualify stock options as performance-based compensation. However, with respect to stock bonuses, restricted stock units and restricted stock purchase awards (which are referred to collectively as "full value awards"), one of the plan features required by Section 162(m) is an established set of performance criteria and procedures for setting and assessing attainment of performance goals that are approved by the company's stockholders. The 1999 Plan currently does not contain performance criteria or procedures for setting and assessing attainment of performance goals. Therefore, in order for full value awards granted under the 1999 Plan to potentially qualify for full tax deductibility to eBay under Section 162(m), you are being asked to approve and amendment to the 1999 Plan to include (i) a set of performance criteria and procedures for setting and assessing attainment of performance goals and (ii) other conforming changes discussed below. If this amendment to the 1999 Plan is not approved by our stockholders, we intend to continue to grant awards under the 1999 Plan, including awards to employees who are "covered employees" for purposes of Section 162(m), in which case grants of full value awards may not be fully deductible under Section 162(m).

The 1999 Plan is not being amended to increase the number of shares reserved for issuance thereunder or in any other material respect other than to reflect the changes described above relating to the requirements of Section 162 (m). The maximum aggregate number of shares reserved for issuance under the 1999 Plan remains 52,000,000 shares.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE IN FAVOR OF PROPOSAL 2.

A summary of the 1999 Plan is set forth below. The discussion below is qualified in its entirety by reference to the 1999 Plan, a copy of which, as amended, is attached as Appendix A to this proxy statement. All references to share amounts in this section and elsewhere in this proxy statement reflect all of our prior stock splits.

GENERAL

The 1999 Plan provides for the grant of stock options, stock bonuses, restricted stock units, and restricted stock purchase awards, which we refer to collectively as awards. Stock bonuses, restricted stock units, and restricted stock purchase awards are referred to collectively as full value awards. Options granted under the 1999 Plan are not intended to qualify as incentive stock options under the Internal Revenue Code.

PURPOSE

The purpose of the 1999 Plan is to provide a means by which employees and consultants in the United States and elsewhere may be given an opportunity to acquire our common stock. We believe that the 1999 Plan assists us in retaining the services of such persons, in securing and retaining the services of persons capable of filling such positions and in providing incentives for such persons to exert maximum efforts for our success.

ADMINISTRATION

The Board administers the 1999 Plan. Subject to the provisions of the 1999 Plan, the Board may construe and interpret the 1999 Plan and determine the persons to whom and the dates on which awards will be granted. It also may determine the number of shares of our common stock subject to each award, the exercise and vesting schedule, the exercise price, the type of consideration and other terms of the award. Pursuant to its authority to delegate administration of the 1999 Plan to a committee of one or more Board members, the Board has delegated administration to the Compensation Committee. Therefore, when referring to the "Board" in reference to the 1999 Plan, we are referring to the Compensation Committee as well as to the Board itself.

The regulations under Section 162(m) of the Code require that the directors who serve as members of the Compensation Committee must be "outside directors." This limitation would exclude from such committee directors who are: (i) current employees of ours or of an affiliate of ours; (ii) former employees of ours or an affiliate of ours receiving compensation for past services (other than benefits under a tax-qualified pension plan); (iii) current and former officers of ours or an affiliate of ours; (iv) directors currently receiving direct or indirect remuneration from us or an affiliate of ours in any capacity (other than as a director); and (v) any other person who is otherwise considered an "outside director" for purposes of Section 162(m). The definition of an "outside director" under Section 162(m) is generally narrower than the definition of a "non-employee director" under Rule 16b-3 of the Exchange Act. All of our directors on the Compensation Committee are and have been outside directors since our initial public offering.

ELIGIBILITY

In addition to permitting grants of awards to employees and consultants resident in or citizens of the United States, the 1999 Plan has been localized to permit us to issue awards to our employees in Australia, Austria, Belgium, Brazil, Canada, China, the Czech Republic, Estonia, France, Germany, Hong Kong, India, Ireland, Israel, Italy, Japan, Korea, Luxembourg, The Netherlands, the Philippines, Poland, Singapore, Spain, Sweden, Switzerland, Taiwan, and the United Kingdom. As of March 30, 2007, we and our consolidated subsidiaries employed approximately 13,200 people (excluding approximately 700 temporary employees), of whom approximately 5,000 (excluding approximately 300 temporary employees) were located outside the United States.

Under the 1999 Plan, no employee may be granted options under the plan covering more than 4,000,000 shares of our common stock during any calendar year.

In March 2007, in order to allow for potential deductibility to eBay of awards granted under the 1999 Plan other than options, the Board amended the 1999 Plan, subject to shareholder approval, to provide for a set of

performance criteria applicable to certain performance based awards and to establish a procedure for setting performance goals and assessing their attainment.

STOCK SUBJECT TO THE 1999 PLAN

We have reserved an aggregate of 52,000,000 shares of our common stock for issuance under the 1999 Plan. As of March 30, 2007, there were 24,906,602 shares to be issued pursuant to outstanding awards under the 1999 Plan and only 13,914,416 shares were available for future grant under the 1999 Plan from the 52,000,000 shares previously approved by our stockholders. If awards granted under the 1999 Plan expire or otherwise terminate without being exercised, the shares of our stock not acquired or issued pursuant to such awards again become available for issuance under the 1999 Plan. As of March 30, 2007, the closing price of our common stock as reported on the Nasdaq Global Select Market was $33.15 per share.

TERMS OF OPTIONS

Exercise Price; Payment. The Board determines the exercise price of options. A participant must pay the exercise price either in cash or, if allowed by the Board, by delivery of other shares of our common stock, pursuant to a deferred payment arrangement or in any other form of legal consideration acceptable to the Board. Under the 1999 Plan, no options may be granted at an exercise price less than 100% of the fair market value of the common stock on the date of grant (except in the context of a merger where such options replace outstanding options of a company we have acquired).

Option Exercise. Options granted under the 1999 Plan may become exercisable in cumulative increments, or vest, as determined by the Board, and the Board may accelerate the time during which an option may vest or be exercised. In addition, options may permit exercise prior to vesting, but in such event the participant will be required to enter into an early exercise stock purchase agreement that allows us to repurchase unvested shares, generally at the participant's exercise price, should the participant's service terminate before vesting. To the extent provided by the terms of an option, a participant may satisfy any tax withholding obligation relating to the exercise of the option by a cash payment upon exercise, by authorizing us to withhold a portion of the stock otherwise issuable to the participant, by delivering already-owned shares of our common stock or by a combination of these means.

Term. The terms and conditions of options will depend to a large extent upon the applicable law of the country where the participant resides. However, the term was generally 10 years for options granted prior to January 1, 2006, and has generally been seven years for options granted after January 1, 2006, and options generally are expected to terminate three months after termination of the participant's service. If such termination is due to the participant's disability, as determined under the 1999 Plan, the option generally may be exercised (to the extent the option was exercisable at the time of the termination of service) at any time within 12 months of such termination. If the participant dies during the option term, or within three months after termination of service, the option generally may be exercised (to the extent the option was exercisable at the time of the participant's death) within 18 months of the participant's death. A participant may designate a beneficiary who may exercise the option following the participant's death.

TERMS OF STOCK BONUSES, RESTRICTED STOCK UNITS, AND RESTRICTED STOCK PURCHASE AWARDS

Payment. The Board determines the purchase price of our stock under a restricted stock purchase award. However, the Board may award stock bonuses and restricted stock units in consideration of past services without a purchase payment. The Board also determines whether a restricted stock unit will be settled in cash or shares of common stock, or a combination thereof. The participant must make any required purchase payment either in cash or, if allowed by the Board, by delivery of other shares of our common stock, pursuant to a deferred payment arrangement or in any other form of legal consideration acceptable to the Board. To date, the Board has not made any grants of stock bonuses, restricted stock units or restricted stock purchase awards under the 1999 Plan. No more than 2,000,000 shares of common stock may be granted in the aggregate under full value awards that provide for payment of less than 100% of the fair market value of the common stock on the date of grant. Moreover, no

employee is eligible to be granted awards (including both full value awards and options) covering more than 4,000,000 shares of common stock during any calendar year.

Vesting. Shares of stock sold or awarded under the 1999 Plan, if any, may, but need not be, subject to a repurchase option in favor of eBay in accordance with a vesting schedule as determined by the Board. The Board has the power to accelerate the vesting of stock acquired pursuant to a restricted stock purchase award or stock bonus award under the 1999 Plan. In March 2007, the Board amended the 1999 Plan to reference the following specific performance criteria as ones on which performance vesting targets for full value awards under the 1999 Plan may, but need not, be based:

- 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
- market capitalization to revenue ratio

Any of the foregoing 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.

RESTRICTIONS ON TRANSFER

The participant may not transfer an award other than by will or by the laws of descent and distribution unless otherwise provided by the award terms.

ADJUSTMENT PROVISIONS

Certain transactions with our stockholders not involving our receipt of consideration, such as a stock split, spin-off, stock dividend, or certain recapitalizations may affect the share price of our common stock. We refer to these transactions as equity restructurings. In the event that an equity restructuring occurs, the Board will equitably adjust the class of shares issuable and the maximum number of shares of our stock subject to the 1999 Plan, and will equitably adjust outstanding awards as to the class, number of shares, and price per share of our stock. Other types of transactions may also affect our common stock, such as a dividend or other distribution, reorganization, merger, or other changes in corporate structure. In the event that there is such a transaction that is not an equity restructuring, and the Board determines that an adjustment to the plan and any outstanding awards would be appropriate to prevent any dilution or enlargement of benefits under the 1999 Plan, the Board will equitably adjust the 1999 Plan as to the class of shares issuable and the maximum number of shares of our stock subject to the 1999 Plan, as well as the maximum number of shares that may be issued to an employee during any calendar year, and will adjust any outstanding awards as to the class, number of shares and price per share of our stock in such manner as it may deem equitable.

EFFECT OF CERTAIN CORPORATE EVENTS

In the event of our dissolution or liquidation, outstanding awards will terminate. However, outstanding awards do not automatically terminate in the event of a change in control. A “change in control” means a sale, lease or other disposition of all or substantially all of our assets, a merger or consolidation in which we are not the surviving corporation, or a reverse merger in which we are the surviving corporation but the shares of our stock outstanding immediately preceding the merger are converted by virtue of the merger into other property. In the event of a change in control, any surviving corporation or acquiring corporation must either assume or continue outstanding awards or substitute similar awards. If it refuses to do so, then with respect to awards held by participants whose service has not terminated, the vesting of such awards (and, if applicable, the time during which such awards may be exercised) will be accelerated in full. The unexercised portion of all outstanding awards will terminate upon the change in control. The acceleration of an award in the event of a change in control may be viewed as an anti-takeover provision, which may have the effect of discouraging a proposal to acquire or otherwise obtain control of us.

DURATION, AMENDMENT, AND REPRICING

The Board may amend, suspend or terminate the 1999 Plan at any time or from time to time. Stockholders approved the 1999 Plan at our 2000 Annual Meeting of Stockholders. Stockholder approval of any amendment to the 1999 Plan must be sought only if necessary under applicable laws or regulations, but the Board may submit any amendment to the 1999 Plan for stockholder approval at its discretion. Additionally, stockholder approval is required before the Board may cancel an option and replace it with a new option or cash, reduce the exercise price of any option it has already granted under the 1999 Plan, or take any other action with respect to any outstanding option that is treated as a repricing under generally accepted accounting principles. The 1999 Plan does not have a set termination date, but the Board may terminate the plan at any time.

FEDERAL INCOME TAX INFORMATION

The following is a summary of the general U.S. federal income tax consequences of awards granted under the 1999 Plan to persons subject to United States taxation. U.S. tax consequences to any particular individual may be different.

There are no tax consequences to us or to the participant by reason of an option grant. Upon exercise of the option and acquisition of the stock, the participant normally will recognize taxable ordinary income equal to the excess, if any, of the stock’s fair market value on the acquisition date over the purchase price. However, to the extent the stock is subject to certain types of vesting restrictions, the taxable event will be delayed until the vesting restrictions lapse unless the participant elects to be taxed on receipt of the stock. With respect to employees, we are generally required to withhold from regular wages or supplemental wage payments an amount based on the ordinary income recognized. Subject to the requirement of reasonableness, the provisions of Section 162(m) of the Internal

Revenue Code and the satisfaction of a tax reporting obligation, we generally will be entitled to a business expense deduction equal to the taxable ordinary income realized by the participant.

Upon disposition of our stock, the participant will recognize a capital gain or loss equal to the difference between the selling price and the sum of the amount paid for such stock plus any amount recognized as ordinary income upon acquisition (or vesting) of the stock. Such gain or loss will be long-term or short-term depending on whether the participant held the stock for more than one year. Slightly different rules may apply to participants who acquire stock subject to certain repurchase options.

Long-term capital gains currently are generally subject to lower tax rates than ordinary income or short-term capital gains. The maximum long-term capital gains rate for federal income tax purposes is currently generally 15% while the maximum ordinary income rate and short-term capital gains rate is effectively 35%. Slightly different rules may apply to participants who acquire stock subject to our repurchase right.

Awards granted under the 1999 Plan to persons subject to taxation in jurisdictions outside of the U.S. have different tax consequences unique to each jurisdiction.

Potential Limitation on Company Deductions. Section 162(m) of the Code denies a deduction to any publicly held corporation for compensation paid to certain "covered employees" in a taxable year to the extent that compensation to such covered employee exceeds $1 million. It is possible that compensation attributable to options, when combined with all other types of compensation received by a covered employee from us, may cause this limitation to be exceeded in any particular year.

Certain kinds of compensation, including qualified "performance-based compensation," are disregarded for purposes of the deduction limitation. In accordance with Treasury Regulations issued under Section 162(m), compensation attributable to stock awards will generally qualify as performance-based compensation if (i) the award is granted by a compensation committee composed solely of two or more "outside directors," (ii) the plan contains a per-employee limitation on the number of awards which may be granted during a specified period, (iii) the plan is approved by the stockholders, and (iv) under the terms of the award, the amount of compensation an employee could receive is based solely on an increase in the value of the stock after the date of the grant (which requires that the exercise price of the option is not less than the fair market value of the stock on the date of grant), and for awards other than options, established performance criteria that must be met before the award actually will vest or be paid.

In March 2007, the Board amended certain provisions of the 1999 Plan to awards other than options to comply with Section 162(m), and we are asking you to approve an amendment setting forth the performance criteria described above and related procedures as required under Section 162(m). However, even if the stockholders do vote to amend the 1999 Plan to include the performance criteria and related procedures, full value awards granted thereunder will only be treated as qualified performance-based compensation under Section 162(m) if the full value awards and the procedures associated with them comply with all other requirements of Section 162(m). There can be no assurance that compensation attributable to options and full value awards granted under the 1999 Plan will be treated as qualified performance-based compensation under Section 162(m) and thus be deductible to the company.

PARTICIPATION IN THE 1999 PLAN

The grant of awards under the 1999 Plan to executive officers, including the executive officers named in the Summary Compensation Table set forth below is subject to the discretion of the Board. During 2006, no awards were granted to executive officers or directors, and awards with respect to 7,881,771 shares were granted to other employees under the 1999 Plan. During this period, options under the 1999 Plan to purchase an aggregate of 2,396,185 shares were cancelled. Since the 1999 Plan's inception, none of our directors has been granted awards under the 1999 Plan. As of December 31, 2006, the weighted average exercise price of outstanding options under the 1999 Plan was $33.83. As of the date hereof, there has been no determination as to future awards under the 1999 Plan. Accordingly, future benefits or amounts received are not determinable.

PROPOSAL 3

APPROVAL OF AN AMENDMENT TO OUR 1998 EMPLOYEE STOCK PURCHASE PLAN

We are asking you to approve our Amended and Restated 1998 Employee Stock Purchase Plan, which we refer to as the Purchase Plan. The Purchase Plan was originally adopted by the Board on July 10, 1998 and approved by our stockholders on August 14, 1998. The Purchase Plan became effective on September 24, 1998, the date on which our common stock was initially listed for trading in connection with or initial public offering. Under the Purchase Plan's current provisions, it is scheduled to expire on the tenth anniversary of its adoption by our Board, or July 10, 2008. The amended and restated Purchase Plan you are being asked to approve amends the termination provisions of the Purchase Plan so that its term is extended for an additional ten years from the date the Board approved the amended and restated Purchase Plan. Extending the termination date of the Purchase Plan will allow us to continue to make the benefits available under the Purchase Plan to eligible employees after its currently scheduled termination date. The amendment and restatement of the Purchase Plan is consistent with the Board's desire to continue to provide benefits under the Purchase Plan to our eligible employees. The Board believes the amendment is necessary to assist in the retention of current employees and hiring of new employees, and to continue to provide our employees with an incentive to contribute to our success by providing an opportunity to acquire shares of our common stock.

The Purchase Plan is not being amended to increase the number of shares reserved for issuance thereunder or in any other material respect other than to reflect the changes described above relating to the extension of the Purchase Plan's termination date. The maximum aggregate number of shares that may be reserved for issuance over the life of the Purchase Plan remains 36,000,000 shares.

Our board of directors approved the amended and restated Purchase Plan on March 28, 2007, subject to stockholder approval. The amended and restated Purchase Plan will become effective on November 1, 2007, after stockholder approval at the annual meeting.

THE BOARD OF DIRECTORS RECOMMENDS
A VOTE IN FAVOR OF PROPOSAL 3.

A summary of the Purchase Plan is set forth below. The discussion below is qualified in its entirety by reference to the Purchase Plan, a copy of which, as amended, is attached as Appendix B to this proxy statement. All references to share amounts in this section and elsewhere in this proxy statement reflect all of our prior stock splits.

PURPOSE

The purpose of the Purchase Plan is to provide an opportunity for our employees to purchase shares of our common stock and thereby to have an additional incentive to contribute to the prosperity of our company. The Purchase Plan enables our eligible employees and the employees of our subsidiaries to purchase, through payroll deductions, shares of our common stock at a discount from the market price of the stock at the time of purchase. The Purchase Plan is intended to qualify as an employee stock purchase plan within the meaning of Section 423 of the Internal Revenue Code.

ADMINISTRATION

The Compensation Committee of our board of directors will administer the Purchase Plan. All determinations and decisions by the Compensation Committee regarding the interpretation or application of the Purchase Plan shall be final and binding on all Purchase Plan participants. The Board and Compensation Committee are also authorized to adopt, amend and rescind rules or procedures relating to the administration of the Purchase Plan to accommodate the specific requirements of local laws and procedures. The Board or the Compensation Committee may also adopt sub-plans applicable to particular participating subsidiary corporations which may be designed to be outside the scope of Section 423 of the Internal Revenue Code.

ELIGIBILITY

Our employees and the employees of our participating subsidiaries that have been employed at least ten days and who customarily work more than twenty hours per week and more than five months per calendar year are eligible to participate in the Purchase Plan as of the first day of the first offering period after they become eligible to participate in the Purchase Plan. However, no employee is eligible to participate in the Purchase Plan if, immediately after the election to participate, such employee would own stock (including stock such employee may purchase under outstanding rights under the Purchase Plan) representing 5% or more of the total combined voting power or value of all classes of our stock or the stock of any of our parent or subsidiary corporations. In addition, no employee is permitted to participate if the rights of the employee to purchase our common stock under the Purchase Plan and all similar purchase plans maintained by us or our subsidiaries would accrue at a rate which exceeds $25,000 of the fair market value of such stock (determined at the time the right is granted) for each calendar year. As of March 30, 2007, we and our consolidated subsidiaries employed approximately 13,200 people (excluding approximately 700 temporary employees), of whom approximately 5,000 (excluding approximately 300 temporary employees) were located outside the United States.

STOCK SUBJECT TO THE PURCHASE PLAN

We have reserved an aggregate of 7,200,000 shares of our common stock for issuance under the Purchase Plan. The Purchase Plan contains an "evergreen" provision that automatically increases, on each January 1, the number of shares reserved for issuance under the Purchase Plan by the number of shares purchased under the Purchase Plan in the preceding calendar year, provided that the aggregate number of shares reserved for issuance under the Purchase Plan may not exceed 36,000,000 shares. The number of shares reserved for issuance under the Purchase Plan has not been increased since the initial adoption of the plan in 1998, other than through the operation of the "evergreen" provision and as a result of adjustments due to stock splits. As of March 30, 2007, an aggregate amount of 9,785,222 shares had been purchased under the Purchase Plan since its inception. An aggregate amount of 1,624,226 shares was purchased under the Purchase Plan in 2006. None of our other equity compensation plans has an "evergreen" provision. As of March 30, 2007, the closing price of our common stock as reported on the Nasdaq Global Select Market was $33.15 per share.

ENROLLMENT

Eligible employees become participants in the Purchase Plan by executing a subscription agreement and filing it with us no later than five days before the beginning of each offering period (unless the Compensation Committee has set a later time for the filing of such subscription agreement). By enrolling in the Purchase Plan, a participant is deemed to have elected to purchase the maximum number of whole shares of our common stock that can be purchased with the compensation withheld during each purchase period within the offering period for which the participant is enrolled.

TERMS

Offerings; Purchase Dates. Under the Purchase Plan, an offering period will last for 24-months, comprised of four six-month purchase periods. Under the Purchase Plan, purchases will be made four times during each offering period on the last trading day of each purchase period, and the dates of such purchases shall be "purchase dates." A new purchase period will begin the day after a purchase date. A new twenty-four month offering period will commence on each May 1st and November 1st during the term of the Purchase Plan. Our Compensation Committee may change the frequency and duration of offering periods and purchase dates under the Purchase Plan.

If the fair market value per share of our common stock on any purchase date is less than the fair market value per share on the start date of the two-year offering period, then that offering period will automatically terminate, and a new 24-month offering period will begin on the next trading day. All participants in the terminated offering period will be transferred to the new offering period.

Price and Payment. Employees electing to participate in the Purchase Plan will authorize us to automatically deduct after-tax dollars from each payment until the employee instructs us to stop the deductions or until the employee's employment is terminated. Participants may contribute between 2% and 10% (in whole percentages) of

their compensation through payroll deductions, and the accumulated deductions will be applied to the purchase of whole shares on each semi-annual purchase date. Compensation for purposes of the Purchase Plan means an employee's total cash wages or salary and performance-based pay, including without limitation 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 Internal Revenue Code, or any other compensation or remuneration that the Compensation Committee or our Board of Directors approves as "compensation" in accordance with Section 423 of the Internal Revenue Code. For purposes of the Purchase Plan, "compensation" does not include 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 the Purchase Plan or any other stock-based plan, including without limitation any stock option, stock purchase, deferred stock unit, or similar plan, of ours or any participating 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 Internal Revenue Code.

The purchase price per share will be equal to 85% of the fair market value per share on the participant's entry date into the offering period or, if lower, 85% of the fair market value per share on the semi-annual purchase date.

The maximum number of shares which may be purchased by any employee on any single purchase date is 25,000 shares.

The fair market value of a share of our common stock on any date will equal the closing price of a share of common stock on the Nasdaq Global Select Market on the date of determination, as reported in *The Wall Street Journal* or such other source as our compensation committee deems reliable. On March 30, 2007, the closing price of our common stock as reported on the Nasdaq Global Select Market was $33.15 per share.

Termination of Participation. Employees may end their participation in an offering at any time at least 15 days before a purchase date, and participation ends automatically on termination of employment with us or one of our subsidiaries or failure to qualify as an eligible employee. Upon such termination of the employee's participation in the Purchase Plan, such employee's payroll deductions not already used to purchase stock under the Purchase Plan will be returned to the employee.

ADJUSTMENT PROVISIONS

Certain transactions with our stockholders not involving our receipt of consideration, such as a stock split, spin-off, stock dividend, or certain recapitalizations, may affect the share price of our common stock. We refer to these transactions as equity restructurings. In the event that an equity restructuring occurs, the Board will equitably adjust the class of shares issuable and the maximum number of shares of our stock subject to the Purchase Plan, and will equitably adjust any rights outstanding as to the class, number of shares and price per share of our stock. Other types of transactions may also affect our common stock, such as a dividend or other distribution, reorganization, merger, or other changes in corporate structure. In the event that there is such a transaction that is not an equity restructuring, and the Board determines that an adjustment to the Purchase Plan and any rights outstanding would be appropriate to prevent any dilution or enlargement of benefits under the Purchase Plan, the Board will equitably adjust the Purchase Plan as to the class of shares issuable and the maximum number of shares of our stock subject to the Purchase Plan, as well as the maximum number of shares that may be purchased by an employee, and will adjust any rights outstanding as to the class, number of shares and price per share of our stock in such manner as it may deem equitable.

In the event we merge with or into another corporation in which we do not survive or in which we survive but our shareholders cease to own our shares, or we sell all or substantially all of our assets or more than 50% of our shares are sold in a tender offer or similar transaction, the outstanding rights under the Purchase Plan will continue unless otherwise provided by the compensation committee.

In the event of our proposed dissolution or liquidation, the offering period then in progress will be shortened by setting a new purchase date, and shall terminate immediately prior to the consummation of such proposed dissolution or liquidation, unless our compensation committee provides otherwise in its sole discretion.

AMENDMENT AND TERMINATION OF THE PURCHASE PLAN

The Board may at any time and for any reason amend, terminate or extend the Purchase Plan. Generally, no such termination can affect previously made grants or may adversely affect the rights of any participant without such participant's consent, nor may any amendment be made without approval of our stockholders within 12 months of its adoption by our Board if such amendment increases the number of shares that may be issued under the Purchase Plan or changes the designation of the employees or class of employees eligible to participate in the Purchase Plan.

Without stockholder consent and without regard to whether any participant rights may be considered to have been "adversely affected," the Board is entitled to make such amendments to the Purchase Plan as it determines are advisable if the continuation of the Purchase Plan or any offering period would result in financial accounting treatment for the Purchase Plan that is different from the financial accounting treatment in effect on the date the Purchase Plan was initially adopted by our Board of Directors.

The Purchase Plan as amended and restated will terminate no later than June 14, 2017.

FEDERAL INCOME TAX INFORMATION

The following is a general summary under current law of the material federal income tax consequences to participants in the Purchase Plan. This summary deals with the general tax principles that apply and is provided only for general information. Certain types of taxes, such as state and local income taxes, are not discussed. Tax laws are complex and subject to change and may vary depending on individual circumstances and from locality to locality. The summary does not discuss all aspects of income taxation that may be relevant to a participant in light of his or her personal investment circumstances. This summarized tax information is not tax advice.

The Purchase Plan, and the right of participants to make purchases thereunder, is intended to qualify under the provisions of Section 423 of the Internal Revenue Code. The Purchase Plan is not subject to any provisions of the Employees Retirement Income Security Act of 1974. Under the applicable Internal Revenue Code provisions, no income will be taxable to a participant until the sale or other disposition of the shares purchased under the Purchase Plan. Upon such sale or disposition, the participant will generally be subject to tax in an amount that depends upon the holding period. If the shares are sold or disposed of more than two years from the first day of the offering period and one year from the date of purchase, the participant will recognize ordinary income measured as the lesser of (1) the excess of the fair market value of the shares at the time of such sale or disposition over the purchase price or (2) an amount equal to 15% of the fair market value of the shares as of the first day of the offering period. Any additional gain will be treated as long-term capital gain. If the shares held for the periods described above, are sold and the sale price is less than the purchase price, there is no ordinary income and the participating employee has a long-term capital loss for the difference between the sale price and the purchase price. If the shares are sold or otherwise disposed of before the expiration of the holding periods described above, the participant will recognize ordinary income generally measured as the excess of the fair market value of the shares on the date the shares are purchased over the purchase price. Any additional gain or loss on such sale or disposition will be long-term or short-term capital gain or loss, depending on the capital gain holding period. We are not entitled to a deduction for amounts taxed as ordinary income or capital gain to a participant except to the extent of ordinary income recognized upon a sale or disposition of shares prior to the expiration of the holding periods described above. We will treat any transfer of record ownership of shares as a disposition, unless we are notified to the contrary. In order to enable us to learn of dispositions prior to the expiration of the holding periods described above and ascertain the amount of the deductions to which we are entitled, participating employees will be required to notify us in writing of the date and terms of any disposition of shares purchased under the Purchase Plan.

NEW PLAN BENEFITS

The amounts of future stock purchases under the Purchase Plan are not determinable because, under the terms of the Purchase Plan, purchases are based upon elections made by participants. Future purchase prices are not determinable because they are based upon fair market value of our common stock.

PROPOSAL 4

RATIFICATION OF SELECTION OF INDEPENDENT AUDITORS

We have selected PricewaterhouseCoopers LLP, or PwC, as our independent auditors for the fiscal year ending December 31, 2007. We are submitting our selection of independent auditors for ratification by the stockholders at the Annual Meeting. PwC has audited our historical consolidated financial statements for all annual periods since our incorporation in 1996. We expect that representatives of PwC will be present at the Annual Meeting, will have an opportunity to make a statement if they wish, and will be available to respond to appropriate questions.

Our Bylaws do not require that the stockholders ratify the selection of PwC as our independent auditors. However, we are submitting the selection of PwC to the stockholders for ratification as a matter of good corporate practice. If the stockholders do not ratify the selection, the Board and the Audit Committee will reconsider whether or not to retain PwC. Even if the selection is ratified, the Board and the Audit Committee, in their discretion, may change the appointment at any time during the year if they determine that such a change would be in the best interests of eBay and our stockholders.

THE BOARD OF DIRECTORS RECOMMENDS
A VOTE IN FAVOR OF PROPOSAL 4.

AUDIT AND OTHER PROFESSIONAL FEES

During the fiscal years ended December 31, 2005 and December 31, 2006, fees for services provided by PwC were as follows (in thousands):

	Year Ended December 31,	
	2005	2006
Audit Fees	$3,174	$5,694
Audit-Related Fees	2,202	756
Tax Fees	—	—
All Other Fees	—	—
Total	$5,376	$6,450

"Audit Fees" consist of fees incurred for services rendered for the audit of eBay's annual financial statements, review of financial statements included in eBay's quarterly reports on Form 10-Q, other services normally provided in connection with statutory and regulatory filings, and for attestation services related to Sarbanes-Oxley compliance. "Audit-Related Fees" consist of fees billed for due diligence procedures in connection with acquisitions and divestitures and consultation regarding financial accounting and reporting matters. We did not incur any "Tax Fees" or "All Other Fees" in the fiscal years ended December 31, 2005 and 2006.

The Audit Committee has determined that the rendering of non-audit services by PwC was compatible with maintaining their independence.

AUDIT COMMITTEE PRE-APPROVAL POLICY

The Audit Committee has adopted a policy requiring the pre-approval of any non-audit engagement of PwC. In the event that we wish to engage PwC to perform accounting, technical, diligence, or other permitted services not related to the services performed by PwC as our independent registered public accounting firm, our internal finance

personnel will prepare a summary of the proposed engagement, detailing the nature of the engagement, the reasons why PwC is the preferred provider of such services, and the estimated duration and cost of the engagement. The report will be provided to our Audit Committee or a designated committee member, who will evaluate whether the proposed engagement will interfere with the independence of PwC in the performance of its auditing services. Beginning with the first quarter of 2003, we have disclosed all approved non-audit engagements during a quarter in the appropriate quarterly report on Form 10-Q or annual report on Form 10-K.

AUDIT COMMITTEE REPORT [1]

We constitute the Audit Committee of the Board of Directors of eBay Inc. The Audit Committee's responsibility is to provide assistance and guidance to the Board of Directors in fulfilling its oversight responsibilities to eBay's stockholders with respect to (1) eBay's corporate accounting and reporting practices, (2) eBay's compliance with legal and regulatory requirements, (3) the independent auditor's qualifications and independence, (4) the performance of eBay's internal audit function and independent auditors, (5) the quality and integrity of eBay's financial statements and reports, (6) reviewing and approving all audit engagement fees and terms, as well as all non-audit engagements with the independent auditors, and (7) producing this report. The Audit Committee members are not professional accountants or auditors and these functions are not intended to replace or duplicate the activities of management or the independent auditors. Management has primary responsibility for preparing the financial statements and designing and assessing the effectiveness of internal control over financial reporting. Management and the internal auditing department are responsible for maintaining appropriate accounting and financial reporting principles and policies and internal controls and procedures that provide for compliance with accounting standards and applicable laws and regulations. PricewaterhouseCoopers LLP, or PwC, eBay's independent auditors, are responsible for planning and carrying out an audit of eBay's financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States) and of management's assessment of eBay's internal control over financial reporting, expressing an opinion on the conformity of eBay's audited financial statements with generally accepted accounting principles as well as the effectiveness of eBay's internal control over financial reporting and management's assessment thereof, reviewing eBay's quarterly financial statements prior to the filing of each quarterly report on Form 10-Q, and other procedures.

During the last year, and earlier in 2007, in connection with the preparation of eBay's annual report on Form 10-K for the year ended December 31, 2006, and in fulfillment of our oversight responsibilities, we did the following, among other things:

- discussed with PwC the overall scope of and plans for their audit;
- reviewed, upon completion of the audit, the financial statements to be included in the Form 10-K and management's report on internal control over financial reporting and discussed the financial statements and eBay's internal control over financial reporting with management;
- conferred with PwC and with senior management of eBay regarding the scope, adequacy and effectiveness of internal accounting and financial reporting controls (including eBay's internal control over financial reporting) in effect;
- instructed PwC that the independent auditors are ultimately accountable to the Board and the Audit Committee, as representatives of the stockholders;
- discussed with PwC the results of their audit, including PwC's assessment of the quality and appropriateness, not just acceptability, of the accounting principles applied by eBay, the reasonableness of significant judgments, the nature of significant risks and exposures, the adequacy of the disclosures in the financial statements as well as other matters required to be communicated under generally accepted auditing

[1] The material in this Audit Committee report is not "soliciting material," is not deemed "filed" with the SEC and is not to be incorporated by reference in any of our filings under the Securities Act of 1933, as amended, or the Exchange Act, whether made before or after the date hereof and irrespective of any general incorporation language in any such filing.

standards, including the matters required by the Statement on Auditing Standards No. 61 (Communications with Audit Committees); and

- obtained from PwC in connection with the audit a timely report relating to eBay's annual audited financial statements describing all critical accounting policies and practices to be used, all alternative treatments of financial information within generally accepted accounting principles that were discussed with management, ramifications of the use of such alternative disclosures and treatments, the treatment preferred by PwC, and any material written communications between PwC and management.

The Audit Committee held 13 meetings in 2006. Throughout the year we conferred with PwC, eBay's internal audit team, and senior management in separate executive sessions to discuss any matters that the Audit Committee, PwC, the internal audit team, or senior management believed should be discussed privately with the Audit Committee. We have direct and private access to both the internal and external auditors of eBay.

We have discussed with PwC their independence from management and eBay and have received and reviewed the written disclosure and the letter regarding the auditors' independence as required by Independence Standards Board Standard No. 1 (Independence Discussions with Audit Committee). We have also concluded that PwC's provision to eBay and its affiliates of the non-audit services described under "Audit and Other Professional Fees" above is compatible with PwC's obligation to remain independent.

We have also established procedures for the receipt, retention, and treatment of complaints received by eBay regarding accounting, internal accounting controls, or auditing matters and for the confidential anonymous submission by eBay employees of concerns regarding questionable accounting or auditing matters.

After reviewing the qualifications of the current members of the committee, and any relationships they may have with eBay that might affect their independence from eBay, the Board determined that each member of the Audit Committee meets the independence requirements of the Nasdaq Global Select Market and of Section 10A of the Exchange Act, that each member is able to read and understand fundamental financial statements and that Mr. Anderson qualifies as an "audit committee financial expert" under the applicable rules promulgated pursuant to the Exchange Act. The Audit Committee operates under a written charter adopted by the Board of Directors, which was last modified in March 2004. The Audit Committee Charter, as so amended, is shown on the corporate governance section of eBay's investor relations website at *http://investor.ebay.com/governance.* Any future changes in the charter or key practices will also be reflected on the website.

Based on our reviews and discussions described above, we recommended to the Board of Directors, and the Board approved, the inclusion of the audited financial statements in eBay's Annual Report on Form 10-K for the year ended December 31, 2006, which eBay filed with the SEC on February 28, 2007. We have also recommended, and the Board has approved, the selection of PwC as our independent auditors for 2007.

AUDIT COMMITTEE

Fred D. Anderson, Chair
Dawn G. Lepore
Richard T. Schlosberg, III

OUR EXECUTIVE OFFICERS

Executive officers are elected annually by the Board and serve at the discretion of the Board. Set forth below is information regarding our executive officers as of March 30, 2007.

Name	Age	Position
Margaret C. Whitman	50	President and Chief Executive Officer
Elizabeth L. Axelrod	44	Senior Vice President, Human Resources
William C. Cobb	50	President, eBay Marketplaces North America
John J. Donahoe	46	President, eBay Marketplaces
Rajiv Dutta	45	President, PayPal
Michael R. Jacobson	52	Senior Vice President Legal Affairs, General Counsel and Secretary
Eskander E. Kazim	41	Head of Strategic Initiatives
Robert H. Swan	46	Senior Vice President, Finance and Chief Financial Officer

Margaret C. Whitman' s biography is set forth under the heading "Proposal 1 — Election of Directors — Nominees for Election for a Three-Year Term Expiring at Our 2010 Annual Meeting," above.

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.

William C. Cobb serves eBay as President, eBay Marketplaces North America. He has served in that capacity since December 2006. From December 2004 to December 2006, Mr. Cobb served as President, eBay North America. From September 2002 to November 2004, Mr. Cobb served as Senior Vice President and General Manager, eBay International. From November 2000 to September 2002, Mr. Cobb served as eBay's Senior Vice President, Global Marketing. From February 2000 to June 2000, Mr. Cobb served as the General Manager of Consumer Sales for Netpliance, Inc., an Internet-based content company. From July 1997 to February 2000, Mr. Cobb served as the Senior Vice President of International Marketing for Tricon Global Restaurants, Inc. (now known as Yum! Brands, Inc.), a restaurant operator and franchiser. From August 1995 to July 1997, Mr. Cobb served as the Senior Vice President and Chief Marketing Officer for Pizza Hut, Inc., a division of Tricon Global Restaurants, Inc. Mr. Cobb holds a B.S. degree in Economics from the University of Pennsylvania and an M.B.A. degree from Northwestern University.

John J. Donahoe serves eBay as President, eBay Marketplaces. He has served in that capacity since March 2005. 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.

Rajiv Dutta serves eBay as President, PayPal. He has served in that capacity since June 2006. From March 2006 to June 2006, Mr. Dutta served as Skype's President. From January 2001 to March 2006, Mr. Dutta served as eBay's Senior Vice President and Chief Financial Officer. From August 1999 to January 2001, Mr. Dutta served as eBay's Vice President of Finance and Investor Relations. From July 1998 to August 1999, Mr. Dutta served as eBay's Finance director. From February 1998 to July 1998, Mr. Dutta served as the World Wide Sales Controller of KLA-Tencor, a manufacturer of semiconductor equipment. Prior to KLA-Tencor, Mr. Dutta spent ten years, from January 1988 to February 1998, at Bio-Rad Laboratories, Inc., a manufacturer and distributor of life science and diagnostic products with operations in over 24 countries. Mr. Dutta held a variety of positions with Bio-Rad,

including the group controller of the Life Science Group. Mr. Dutta holds a B.A. degree in Economics from St. Stephen's College, Delhi University in India and an M.B.A. degree from Drucker School of Management.

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 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.

Eskander E. Kazim serves eBay as Head of Strategic Initiatives. He has served in that capacity since January 2007. From June 2006 to January 2007, Mr. Kazim served as Skype's President. From October 2005 to June 2006, Mr. Kazim served as Skype's Vice President of Products. From December 2004 to October 2005, Mr. Kazim served as eBay's Senior Vice President, New Ventures. From October 2002 to December 2004, Mr. Kazim served as PayPal's Vice President of Marketing and Business Operations. From March 2002 to October 2002, Mr. Kazim served as eBay's Vice President, eBay Payments. From November 2000 to March 2002, Mr. Kazim served as eBay's Vice President of eBay's Platform Solutions Group. From August 1998 to November 2000, Mr. Kazim served as eBay's Director of Engineering. Mr. Kazim holds a B.S. degree in Mechanical Engineering from Rice University.

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. (Webvan filed a voluntary petition for Chapter 11 bankruptcy in 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.

COMPENSATION DISCUSSION AND ANALYSIS

Introduction; Objectives of Compensation Programs

Our compensation programs are designed to align compensation with business objectives and performance, enabling us to attract, retain, and reward executive officers and other key employees who contribute to our long-term success and motivate executive officers to enhance long-term stockholder value. We also strive to design programs to position eBay competitively among the companies against which we recruit and compete for talent. We recognize that compensation programs must be understandable to be effective and that program administration and decision making must be fair and equitable. We also consider the financial obligations created by our compensation programs and design them to be cost effective. To meet these objectives, the principal components of executive compensation in 2006 consisted of base salary, short-term cash incentive awards, and long-term equity incentive awards. For 2006, the equity incentive awards were primarily stock options, and, in specific circumstances, restricted stock and restricted stock units. We do not have any pension plan for our U.S. employees, including our executive officers.

The Compensation Committee reviews and sets our overall compensation strategy for all employees on an annual basis. In the course of this review, the committee considers our current compensation programs and whether to modify them or introduce new programs or elements of compensation in order to better meet our overall compensation objectives. As a result of its 2006 review, the Compensation Committee decided to add performance-based restricted stock units as a part of the long-term compensation program for all employees who are at the level of senior vice president and above starting in 2007.

Role of the Compensation Committee

The Compensation Committee reviews and approves all compensation programs (including equity compensation) applicable to our executive officers and directors, our overall strategy for employee compensation, and the specific compensation of our CEO, other executive officers, our other employees who are senior vice presidents,

and any vice president whose compensation exceeds approved guidelines for cash and equity compensation. The committee has the authority to select, retain, and terminate special counsel and other experts (including compensation consultants), as the committee deems appropriate. As discussed in more detail below, in 2006, the committee retained two compensation consultants, both of which reported directly to the committee.

Role of Executive Officers and Consultants in Compensation Decisions

While the Compensation Committee determines eBay's overall compensation philosophy and sets the compensation of our CEO and other executive officers, it looks to the executive officers identified below and the compensation consultants retained by the committee to work within the compensation philosophy to make recommendations to the committee with respect to both overall guidelines and specific compensation decisions. Our CEO also provides the Board and the Compensation Committee with her perspective on the performance of eBay's executive officers as part of the annual personnel review and succession planning discussions as well as a self-assessment of her own performance. The committee establishes compensation levels for our CEO in consultation with the compensation consultants it retains, and our CEO is not present during any of these discussions. Our CEO recommends to the committee specific compensation amounts for executive officers other than herself, and the committee considers those recommendations and makes the ultimate compensation decisions. Our CEO, CFO, Senior Vice President of Human Resources, and Senior Vice President, Legal Affairs & General Counsel regularly attend the Compensation Committee's meetings to provide perspectives on the competitive landscape and the needs of the business, information regarding eBay's performance, and technical advice. Members of the committee also participate in the Board's annual review of the CEO's performance and its setting of annual performance goals, in each case led by our lead independent director. See "Our Corporate Governance Practices" for further details.

As discussed above, in 2006 the committee retained Mercer Human Resources Consulting and Towers Perrin to provide advice, their opinions, and resources to help develop and execute our overall compensation strategy. As part of their engagements, the Compensation Committee has directed the compensation consultants to work with our Senior Vice President of Human Resources and other members of management to obtain information necessary for them to form their recommendations and evaluate management's recommendations. The compensation consultants also meet with the committee during the committee's regular meetings and in executive session, where no members of management are present, and with individual members of the committee outside of the regular meetings.

As part of its engagement in 2006, Mercer evaluated proposed performance goals under the eBay Incentive Plan, or eIP, and 2006 compensation levels recommended by management for executive officers. As part of its engagement in 2006, Towers Perrin evaluated and proposed a compensation strategy to start in 2007 and the related equity and cash compensation guidelines, which included an analysis of eBay's performance and that of specified peer groups. To facilitate making external compensation comparisons, both Mercer and Towers Perrin provided the Compensation Committee with competitive market data by analyzing proprietary third-party surveys provided to them by management and publicly-disclosed documents of companies in specified peer groups (see the section entitled "Competitive Considerations" below for a further discussion regarding these peer groups).

Competitive Considerations

To set total compensation guidelines, the Compensation Committee reviews market data of companies with which eBay competes for executive talent, business, and capital. The market data consists of publicly-disclosed data from companies in two peer groups (consisting of high-tech companies and consumer products companies) and proprietary third-party survey data. The committee believes that it is necessary to consider this market data in making compensation decisions in order to attract and retain talent. The committee also recognizes that at the executive level, we compete for talent against larger companies across the United States, not just technology companies based in Silicon Valley. As discussed in more detail below in the section entitled "Elements of Compensation/Executive Compensation Practices — Long-term Equity Incentive Awards," eBay also uses these

peer groups as benchmarks against which to assess its performance. In 2006, the peer groups consisted of the following companies:

High-Tech Peer Group:
- Adobe Systems Incorporated
- Amazon.com, Inc.
- Apple Inc.
- Cisco Systems, Inc.
- Dell Inc.
- Electronic Arts Inc.
- EMC Corporation
- First Data Corporation
- Google Inc.
- Intel Corporation
- IAC/InterActiveCorp
- Intuit Inc.
- Microsoft Corporation
- Qualcomm Incorporated
- Symantec Corporation
- Yahoo! Inc.

Consumer Products Peer Group:
- Coach, Inc.
- The Coca-Cola Company
- The Gap, Inc.
- General Mills, Inc.
- Harley-Davidson, Inc.
- The Hershey Company
- Kellogg Company
- Nike, Inc.
- PepsiCo, Inc.
- Polo Ralph Lauren Corporation
- Charles Schwab & Co., Inc.
- Starbucks Corporation
- Tiffany & Co.
- Time Warner Inc.
- Wm. Wrigley Jr. Company

In deciding whether a company should be included in one of the peer groups, the committee considers a number of screening criteria, which generally includes the company's revenue, market value, and historical growth rate, as well as the company's primary line of business, whether the company has a recognizable and well-regarded brand, and whether we compete with the company for talent. To ensure that these peer groups continue to reflect the markets in which we compete for executive talent, the committee reviews the peer groups annually. Before adding or deleting a company from a peer group, the committee considers how the change would impact the comparative market data. For 2006, two companies were deleted from, and one company was added to, the high-tech peer group and two companies were deleted from the consumer products peer group.

Elements of Compensation/Executive Compensation Practices

For 2006, the principal components of executive compensation consisted of base salary, short-term cash incentive awards, and long-term equity incentive awards. The equity awards were primarily stock options, and, in specific circumstances, restricted stock and restricted stock units. Our executive officers were also provided certain perquisites, as described below, and were also eligible to participate in our health and benefits plans, savings plans, and our employee stock purchase plan, which are generally available to our employees. Although the Compensation Committee has not established a policy for the allocation between cash and equity compensation or short-term and long-term compensation, as described below, the committee has policies for each component of compensation, and as part of its evaluation of the compensation of our executive officers, the committee reviews not only the individual elements of compensation, but also total compensation. In general, however, compensation of executive officers is weighted towards long-term equity incentives, as the committee wants the senior leadership team to have a long-term perspective on the company's affairs.

Base Salary

Base salary is the fixed portion of executive pay and is set to reward individuals' current contributions to the company and compensate them for their expected day-to-day performance. Our pay positioning strategy is to target annual base salary and short-term cash incentives of the executive group as a whole at median levels relative to our peer groups in the high-tech and consumer products sectors. The Compensation Committee then sets a salary range for each executive job level, with the midpoint of the salary range based on the median level of our peer groups, although more weight is given to the high-tech sector than the consumer product sector. For 2006, eBay's actual

cash compensation pay position for executives was somewhat higher than the median level, in part due to the performance of individual members of the executive group and the cash compensation paid to recently-hired executives, as described below. The committee believes that paying higher cash compensation was necessary to attract new executives, particularly those who came to us from industries with higher cash compensation levels.

The committee meets at least once a year to review and approve each executive officer's salary for the upcoming year. When reviewing base salaries, the committee considers the pay practices of companies in our peer groups, individual performance against specified goals, levels of responsibility, breadth of knowledge, and prior experience. Of these factors, competitive pay practices are the primary determinant of the range within which individual salaries are set. For 2006, the committee set the base salaries of our executive officers named in the Summary Compensation Table below (which are referred to as our named executive officers) within these ranges, except for Mr. Donahoe, whose base salary was above the range for his job level. Mr. Donahoe's salary exceeded the high end of his range in large measure due to the salary he negotiated when he joined us in 2005, which in turn reflected the high cash compensation he received in his previous position. Base salaries of our named executive officers (other than our CEO) were $400,000 to $800,000, effective March 1, 2006, which represent increases of 6.0% to 9.9% over the prior year. For the third straight year, our CEO's salary was maintained at $995,016. In determining Ms. Whitman's salary, the committee gave particular attention to Ms. Whitman's request that her salary not be raised.

Short-term Cash Incentive Awards

eBay Incentive Plan (eIP). The eIP is a cash incentive program designed to align executive compensation with quarterly and annual performance and to enable eBay to attract, retain, and reward individuals who contribute to eBay's success and motivate them to enhance the value of eBay. The eIP was approved by our stockholders in 2005. The Compensation Committee believes that incentive payouts should be tightly linked to eBay's performance, with individual compensation differentiated based on individual performance. As a result, funding and payouts under the eIP are dependent and based on eBay's performance and individual performance.

The committee determines the quarterly, annual, or other performance period under the eIP. For each performance period, the committee establishes (1) performance measures based on business criteria and target levels of performance and (2) a formula for calculating a participant's award based on actual performance compared to the pre-established performance goals. Performance measures may be based on a wide variety of business metrics. Management recommends to the committee a proposed approach to setting the performance measures and targets. Under ordinary circumstances, the committee sets the annual targets within 90 days of the commencement of the year and other targets within the period that is the first 25% of the quarter or other performance period.

For 2006, the eIP provided for (1) quarterly incentives based upon non-GAAP net income targets for each quarter and individual performance, so long as both minimum revenue (calculated on a constant foreign exchange basis) and non-GAAP net income thresholds were met and (2) an annual incentive based upon non-GAAP net income targets for the year, so long as both minimum revenue (calculated on a constant foreign exchange basis) and non-GAAP net income thresholds were met. Non-GAAP net income excludes certain items, primarily stock-based compensation expense and related payroll taxes, amortization of acquired intangible assets, and income taxes related to these items. For the quarterly incentives, if the minimum revenue and non-GAAP net income thresholds have been met, half of the award is based on the company's performance, and half of the award is based on individual performance. The committee selected non-GAAP net income target and revenue as the company performance measures because it believes they are the strongest drivers of long-term value for the company.

The amount by which the eIP is funded is determined based on the company's actual performance measured against the targets set by the committee. Unless both the threshold revenue and non-GAAP net income levels for any given performance period are met, there is no payout for that period. After the end of each performance period, the company's actual performance is compared to the targets to determine the funding level, and our CEO presents the committee with her assessment of the performance of each of the other executive officers; the committee reviews her assessments and determines the level of performance for each of those executive officers. In addition, the committee reviews and determines the CEO's level of performance, based in part on her self-assessment. For executive officers other than the CEO, quarterly assessments are typically based on performance against financial

performance measures for the executive's business unit or function, organizational development and leadership, and, as applicable, major product introductions, integration of acquisitions, and achievement of strategic and infrastructure objectives. For our CEO, quarterly assessments are based on the committee's subjective assessment of the company's overall financial performance, achievement of strategic objectives, and leadership of the executive team (which was a particularly important factor in 2006 given the substantial amount of change in the team over the course of the year) and of the company as a whole.

The committee sets the company performance measures with a goal of having the minimum threshold met approximately 90% of the time, the target level met approximately 50-60% of the time, and the maximum level met approximately 10% of the time. Target levels are generally set with reference to the company's annual budget (adjusted for actual financial performance year-to-date to a level expected to achieve the 50-60% probabilities of achievement referenced above). The minimum and maximum levels are set at an amount expected to result in the 10% probability of non-achievement and achievement, respectively, referenced above. The following table sets forth the 2006 performance measures set by the committee:

	Minimum	Target	Maximum
Annual 2006:			
Revenue threshold	$ 5.80B	—	—
Non-GAAP net income	$ 1.388B	$ 1.480B	$ 1.662B
Q1 2006:			
Revenue threshold	$ 1.365B	—	—
Non-GAAP net income	$315.1M	$333.0M	$361.6M
Q2 2006:			
Revenue threshold	$1.370 B	—	—
Non-GAAP net income	$317.3M	$347.0M	$376.9M
Q3 2006:			
Revenue threshold	$ 1.355B	—	—
Non-GAAP net income	$316.8M	$336.7M	$365.7M
Q4 2006:			
Revenue threshold	$1.671 B	—	—
Non-GAAP net income	$388.6M	$408.5M	$449.4M

In 2006, quarterly incentive amounts could range from 0% to 160% of an executive's target opportunity, based on financial and individual performance in the quarter. The maximum that could be paid on the annual component was 200% of target. Half of the total 2006 incentive target for executives was based on quarterly performance (12.5% per quarter), and half was based on annual performance. In 2006, total annual target incentive amounts for the named executive officers (other than the CEO) were 60% to 85% of base salary. The target incentive amount for the CEO remained 100% of base salary.

eBay paid incentive compensation for every quarter of 2006, which contributed, along with individual performance, to quarterly incentive payments to our named executive officers ranging from 91% to 152% of the quarterly target opportunity. Based on eBay's annual performance, the annual component for all executives, including the CEO, was paid out at 107% of the annual target opportunity.

Special Retention Bonus Plans. Messrs. Donahoe and Swan each have special retention bonus plans that were entered into in connection with their hiring. The Compensation Committee believed that it was necessary to enter into these special bonus plans to provide each of Messrs. Donahoe and Swan with a total compensation package that would be attractive to them and cause them to join eBay, in each case with particular reference to the compensation he had been receiving at his previous position. Under the terms of Mr. Donahoe's plan, he is eligible to receive a special retention bonus of up to $2,000,000 in cash, of which $500,000 was paid in each of 2005, 2006, and 2007. The plan provides that Mr. Donahoe will receive one additional bonus payment of $500,000, payable on the third anniversary of the date of his commencement of employment, assuming his continued employment with eBay. Under the terms of Mr. Swan's plan, he is eligible to receive a special retention bonus of up to $1,000,000 in

cash, of which $200,000 was paid in each of 2006 and 2007. The plan provides that Mr. Swan will receive three additional bonus payments of $200,000, payable on each of the second, third, and fourth anniversaries of the date of his commencement of employment, assuming his continued employment with eBay. The amounts paid to Messrs. Donahoe and Swan under these bonus plans were in addition to their base salaries and cash incentives earned under the eIP.

Long-term Equity Incentive Awards

During 2006, we granted our executive officers long-term equity incentives in the form of stock options to reward them for potential long-term contributions, align their incentives with the long-term interests of our stockholders, and provide a total compensation opportunity commensurate with our performance. Initial option grants for specific individuals also take into account specific recruitment needs. Following the initial hire grant, additional grants are made to participants pursuant to a periodic focal grant program or following a significant change in job responsibilities, scope, or title. See the section entitled "Equity Compensation Practices" below for a description of our equity grant practices. Focal grants are based upon a number of factors, including performance of the individual, job level, future potential contributions to eBay, competitive external levels of equity incentives, and the retention value associated with each individual's unvested equity. Vested equity held by the employee is generally not a factor in the Compensation Committee's consideration of equity grants. The number of shares subject to focal grants are determined within ranges established for each job level that are reviewed and approved by the committee on at least an annual basis. These job level ranges are established based on our desired pay positioning relative to the competitive market, with our CEO and Senior Vice President of Human Resources and the committee's compensation consultant involved in the process of recommending the job level ranges to the committee for approval. For both initial and focal grants, the committee approves the final sizes of awards for those employees who are at the level of senior vice president and above. The process and methodology for determining the size of awards for executives are generally the same as those used for our other employees. For 2006, the Compensation Committee set the stock option focal amounts for our named executive officers within the job level ranges, except for Mr. Donahoe, whose focal grant was above the range for his job level. The committee believed that it was necessary to set Mr. Donahoe's focal grant, which consisted of two option grants, one with slower than normal vesting, at the level it did to appropriately reflect the size of the business unit that Mr. Donahoe manages relative to eBay as a whole and his expected contributions to eBay's overall results.

Our pay positioning strategy for long-term incentive compensation varies, based on our performance. In setting annual long-term incentive award guidelines, the committee considers eBay's total stockholder return, revenue growth, and net income growth over trailing four-quarter and three-year periods relative to its peer groups of high-tech companies and consumer products companies. The committee also considers data from a proprietary third-party survey prepared by Buck Consultants that provides data on the equity guidelines of companies in the high-tech industry. From this survey, the committee can determine how eBay's long-term incentive award guidelines would likely compare against companies in the high-tech peer group. If eBay's performance compared to its peer group companies is average, the midpoints of long-term incentive award guidelines for the subsequent year are targeted to be positioned at the 50th percentile of the guidelines for the high-tech industry provided by the survey. If eBay's performance compared to its peer group companies is high, midpoints of long-term incentive award guidelines could be positioned as high as the 75th percentile. If eBay's performance compared to its peer group companies is low, midpoints of long-term incentive guidelines could be positioned as low as the 25th percentile. Once the midpoints of the long-term incentive guidelines are set, ranges around the midpoints are established to allow for differentiation of awards by individual. Individual awards may therefore be higher or lower than the pay positioning guidelines. The committee may also make special compensation-related decisions for performance, recognition, long-term retention value, and/or recruitment purposes that cause individual compensation to differ from the regular stated compensation strategy and guidelines. In addition to setting annual long-term incentive award guidelines, the committee determines a maximum dilution target rate for the year. The committee considers trends in the high-tech industry and dilution rates of companies in the high-tech peer group in setting the maximum dilution rate. In addition to following the guidelines described above, the company cannot grant awards in excess of the maximum dilution target without the committee's approval.

Given eBay's performance in 2005 (based on trailing four-quarter and three-year periods), the committee decided to position the midpoints of the long-term incentive award guidelines for 2006 at approximately the 75th percentile of the guidelines for the high-tech industry provided by the survey. This positioning was subject to a maximum gross dilution rate, including grants to existing employees and grants associated with anticipated growth in eBay's employee base. Consistent with the methodology described above, the committee reviewed eBay's performance in 2006 (based on trailing four-quarter and three-year periods) and determined that the midpoints of the guidelines for 2007 should be positioned at the 65th percentile, subject to a maximum gross dilution rate.

In connection with the commencement of his employment and in addition to his initial stock option grant, the committee granted Mr. Swan 50,000 shares of restricted stock. The committee granted Mr. Swan this special award to enhance the overall compensation package being offered to him.

As discussed above, as a result of its 2006 review of our compensation strategy and programs, the Compensation Committee decided that, while it expects that the company will continue to use stock options as a significant vehicle for long-term compensation for at least the most highly-compensated half of its employees, it would award, in addition to stock options, performance-based restricted stock units to all employees who are at the level of senior vice president and above starting in 2007. The committee's decision was based on a number of factors, including its desire to more strongly link equity awards to key financial performance metrics for executive officers, reduce the dependence of rewards on stock price appreciation while preserving the ability to have larger awards for outstanding company performance, recognize the volatility of eBay's stock price, and facilitate actual stock ownership. The committee also considered the impact on dilution and the accounting consequences associated with performance-based restricted stock units in light of the adoption of Financial Accounting Standard Board's Statement of Financial Accounting Standards 123(R). For employees awarded performance-based restricted stock units, which are all employees who are at the level of senior vice president and above, the performance-based restricted stock units are expected to constitute approximately 20% of their long-term incentive value in 2007, with the remaining 80% being stock options. The percentage of the long-term incentive value attributable to performance-based restricted stock units is expected to increase over time. For 2007, employees below the level of senior vice president will generally receive a mix of stock options and time-vested restricted stock units.

For 2007, performance-based restricted stock units were awarded with both a one-year performance period and a two-year performance period. After this transition year, all performance-based restricted stock units will have a two-year performance period, which will provide a longer time horizon than the one-year time horizon of our existing eIP incentive plan. The amount of the awards granted for the 2007 and 2007-2008 performance periods will be determined based on company performance under non-GAAP operating margin and revenue growth measures, which, in turn, will be modified by a return on invested capital performance metric, all set by the committee. Non-GAAP operating margin excludes certain items, primarily stock-based compensation expense and related payroll taxes, amortization of acquired intangible assets, and income taxes related to these items. If the performance criteria are satisfied, the performance-based restricted stock units will vest one-half on the first of March following the end of the performance period and one-half one year later.

Perquisites

We provide certain executive officers with perquisites and other personal benefits that the Compensation Committee believes are reasonable and consistent with our overall compensation programs and philosophy. These benefits are provided in order to enable us to attract and retain these executives. The committee periodically reviews the levels of these benefits provided to our executive officers. Of these benefits, the most significant is allowing certain executive officers to use the corporate aircraft for personal use and providing these executives with bonuses to cover related income taxes. In 2006, the committee authorized our CEO to use the corporate aircraft up to 200 hours for personal use and granted her a bonus to cover related income taxes.

In addition, we have (1) assisted certain executive officers with expenses they have incurred in connection with relocations, both when they join eBay and, if appropriate, when they take on new assignments within eBay that involve a geographic relocation and (2) provided executive officers with cost of living, housing, and automobile allowances in connection with overseas assignments. Mr. Swan's relocation assistance included assistance with selected costs and expenses related to moving from Texas to the San Francisco Bay Area (including transportation

and temporary housing) and the sale of his home and related tax reimbursements. Mr. Swan's relocation assistance was negotiated as part of the terms of his offer to join eBay, and the committee later agreed to provide Mr. Swan with additional relocation assistance, which included an agreement to pay Mr. Swan the difference between $3,000,000 and the sales price of Mr. Swan's home, to preserve the intent of the relocation assistance included in his original offer in light of the condition of the real estate market in Plano, Texas. The committee believes it was necessary to offer Mr. Swan relocation assistance in order to attract him to join eBay. In connection with Mr. Dutta's appointment as President, Skype, we provided him with relocation assistance, which included assistance with the costs and expenses related to moving from the San Francisco Bay Area to the United Kingdom (including transportation and temporary housing) and a cost of living allowance. The committee believes it was appropriate to provide Mr. Dutta with this assistance in light of this appointment.

Equity Compensation Practices

We do not have any program, plan, or practice to select option grant dates in coordination with the release of material non-public information, nor do we time the release of information for the purpose of affecting value. We do not backdate options or grant options retroactively. Initial grants of stock options are made to eligible employees in connection with the commencement of employment. The company has maintained a rules-based approach to new hire option grants since inception. From January 2004 to July 2006, grants were made on the Friday of the first week of employment for employees whose first day of employment was the first business day of the week and the following Friday if the employee started on a different day. Beginning in June 2005, grants of 100,000 shares or more (which we refer to as sizeable new hire grants) were split into two tranches, with the first tranche granted on the Friday following the employee's first full week of employment and the second tranche granted on the date 26 weeks from the date of the first grant. In July 2006, we changed our grant practices to provide that new hire options are granted on the second Friday of the month following the month in which employment commences. In all cases, the options are priced at the closing price of the company's stock on the date of grant. These grants generally become fully vested after four years, with 1/4th of the grant vesting on the first anniversary of the date of commencement of employment and 1/48th of the grant vesting monthly thereafter. Sizeable new hire grants are made in two equal tranches, with the first grant made and priced as described above and the second grant made and priced at the closing market price on the date 26 weeks from the date of the first grant. Both tranches vest with respect to 1/4th of the shares on the first anniversary of the date of commencement of employment and 1/48th of the shares vesting monthly thereafter. For all stock options granted after January 1, 2006, employees have seven years from the date of the grant to exercise vested options, assuming they remain an employee of an eBay company and subject to any requirements of local law.

Focal stock option grants are awarded on March 1 of each year (or if March 1 is not a trading day, the next trading day with vesting effective as of March 1) and are priced at the closing market price on the date of the grant. We selected the March 1 date to allow eBay to close its financial statements for the prior year, announce earnings for the prior year, and finalize the performance ratings of employees prior to the determination of the awards. In addition, we cluster our promotions semiannually to coincide with our focal grant date and September 1 (or if September 1 is not a trading day, the next trading day with vesting effective as of September 1) and most promotional grants are therefore made on those two dates.

Focal and promotional stock option grants generally become fully vested after four years, with 1/8th of the grant vesting six months after the date of the grant and 1/48th of the grant vesting monthly thereafter. For all stock options granted after January 1, 2006, employees have seven years from the date of the grant to exercise vested options, assuming they remain employees of eBay and subject to any requirements of local law.

Focal stock option grants awarded to executives are priced and granted to executives on the same date and at the same price that they are priced and granted to the rest of our employees and have the same four-year vesting schedule.

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

We do not have individual employment arrangements or change-in-control arrangements with any of our executive officers. We do not have any severance payment arrangements with any of our executive officers, except for our CEO, who was given a severance provision when she was initially hired in 1998. Under this provision, she is entitled to receive her base salary for six months if she is terminated other than for cause, and if she remains unemployed at the end of such six-month period, she is eligible to receive additional base salary for the lesser of six months or commencement of other employment. If our CEO had been terminated other than for cause at December 31, 2006, she would have been entitled to receive $497,508 during the first six months of 2007, and if she remained unemployed at the end of such six-month period, she would have been entitled to receive an additional $82,918 per month for each month she remained unemployed (up to an aggregate of $497,508).

Stock Ownership Guidelines

In September 2004, the Board adopted stock ownership guidelines to better align the interests of eBay's executives with the interests of stockholders and further promote eBay's commitment to sound corporate governance. Under the guidelines, executive officers are required to achieve ownership of eBay common stock valued at three times their annual base salary (five times in the case of the CEO). The guidelines provide that the required ownership level for each executive officer is re-calculated whenever an executive officer changes pay grade and as of January 1 of every third year. Until an executive achieves the required level of ownership, he or she is required to retain 25% of the after-tax net shares received as the result of the exercise of eBay stock options or the vesting of restricted stock or restricted stock units. A more detailed summary of the stock ownership guidelines can be found on our website at *http://investor.ebay.com/governance* . All of our directors and all of our executive officers who began their employment with eBay prior to January 1, 2005 have achieved the level of stock ownership required under the guidelines. The ownership levels of our executive officers as of March 30, 2007 are set forth in the section entitled "Security Ownership of Certain Beneficial Owners and Management" above. We also have an insider trading policy that, among other things, prohibits employees from trading any instrument that relates to the future price of our stock.

Impact of Accounting and Tax Requirements on Compensation

We are limited by Section 162(m) of the Internal Revenue Code of 1986 to a deduction for federal income tax purposes of up to $1,000,000 of compensation paid to our named executive officers in a taxable year. Compensation above $1,000,000 may be deducted if, by meeting certain technical requirements, it can be classified as "performance-based compensation." The eIP was approved by stockholders in 2005 and satisfies the requirements of Section 162(m) for "performance-based" compensation. In 2004, the Board adopted and stockholders approved amendments to eBay's 1999 Global Equity Incentive Plan to allow awards under that plan to qualify as "performance-based compensation," and in Proposal 2 we are asking our stockholders to approve an amendment to the 1999 Plan to further satisfy the requirements of Section 162(m). Although the Compensation Committee uses the requirements of Section 162(m) as a guideline, deductibility is not the sole factor it considers in assessing the appropriate levels and types of executive compensation and it will elect to forego deductibility when the committee believes it to be in the best interests of the company and its stockholders.

In addition to considering the tax consequences, the committee considers the accounting consequences of, including the impact of the Financial Accounting Standard Board's Statement of Financial Accounting Standards 123 (R), its decisions in determining the forms of different awards.

Conclusion

In evaluating the individual components of overall compensation for each of our executive officers, the Compensation Committee reviews not only the individual elements of compensation, but also total compensation. Through the compensation programs described above, a significant portion of the compensation awarded to our executive officers is contingent upon individual and eBay performance. The committee remains committed to this

philosophy of pay-for-performance and will continue to review executive compensation programs to ensure the interests of our stockholders are served.

COMPENSATION COMMITTEE REPORT [2]

The Compensation Committee reviews and approves eBay's compensation programs on behalf of the Board. In fulfilling its oversight responsibilities, the committee reviewed and discussed with management the Compensation Discussion and Analysis set forth in this proxy statement. Based upon the review and discussions referred to above, the Compensation Committee recommended to the Board that the Compensation Discussion and Analysis be included in this proxy statement.

COMPENSATION COMMITTEE

Edward W. Barnholt (Chairman)*
Philippe Bourguignon
William C. Ford, Jr.**
Robert C. Kagle***
Thomas J. Tierney

* Chairman since April 1, 2006.

** A member from July 27, 2005 to April 1, 2006.

*** Chairman until April 1, 2006.

[2] The material in this Compensation Committee report is not "soliciting material," is not deemed "filed" with the SEC and is not to be incorporated by reference in any of our filings under the Securities Act of 1933, as amended, or the Exchange Act, whether made before or after the date hereof and irrespective of any general incorporation language in any such filing.

SUMMARY COMPENSATION TABLE

The following table summarizes the total compensation earned by each of the named executive officers for the fiscal year ended December 31, 2006. We do not have individual long-term employment arrangements with any of our named executive officers. In setting the individual components of compensation for each of our named executive officers, the Compensation Committee reviews not only the individual elements of compensation, but also total compensation, including the value of equity compensation.

Name and Principal Position	Year	Salary ($)(1)	Bonus ($)(2)	Stock Awards ($)(3)	Option Awards ($)(4)	Non-Equity Incentive Plan Compensation ($)(5)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)	All Other Compensation ($)(6)	Total ($)(7)
Margaret C. Whitman. President and Chief Executive Officer	2006	$995,016	$221,008(8)	—	$12,605,385	$ 911,684	—	$ 1,007,943	$15,741,036
Robert H. Swan Senior Vice President, Finance and Chief Financial Officer	2006	456,162	294,899(9)	$387,064	1,008,342	354,862	—	981,390	3,482,719
Rajiv Dutta President, PayPal(10)	2006	524,231	86,295(8)	—	4,904,262	336,412	—	251,911	6,103,111
John J. Donahoe President, eBay Marketplaces	2006	790,385	655,563(11)	—	3,763,549	615,973	—	5,991	5,831,461
Michael R. Jacobson Senior Vice President, Legal Affairs, General Counsel and Secretary	2006	393,079	60,987(8)	—	3,807,757	216,276	—	2,227	4,480,326

(1) Effective March 1, 2006, all eligible employees of eBay, including certain of the Named Executive Officers, received an annual salary increase representing: (i) in the case of Mr. Dutta, a salary of $530,000 per annum; (ii) in the case of Mr. Donahoe, a salary of $800,000 per annum; and (iii) in the case of Mr. Jacobson, a salary of $400,000 per annum. Total salary amounts reported are lower than these 2006 annual salary increases because lower salaries were in effect for a portion of 2006. Ms. Whitman did not receive an annual salary increase. Mr. Swan received a salary of $600,000 per annum effective March 16, 2006 (the commencement date of his employment).

(2) Bonuses represent amounts paid in 2006 and 2007 for services rendered in 2006. Includes amounts paid pursuant to the portion of the quarterly awards based on individual performance under the eBay Incentive Plan (eIP). See the discussion under the section entitled “Compensation Discussion and Analysis — Elements of Compensation/Executive Compensation Practices — Short-term Cash Incentive Awards — eBay Incentive Plan (eIP)” above for further details on these awards.

(3) Reflects the dollar amount recognized for financial statement reporting purposes for the fiscal year ended December 31, 2006, in accordance with the Financial Accounting Standards Board’s Statement of Financial Accounting Standards 123(R) (FAS 123R). We calculated the estimated fair value of each stock award using the fair value of our common stock on the date of the grant. The compensation expense is recognized over the vesting period.

(4) Reflects the dollar amount recognized for financial statement reporting purposes for the fiscal year ended December 31, 2006, in accordance with FAS 123R, and thus includes amounts from awards granted in 2003 through 2006 that vested in 2006. In the case of Ms. Whitman, Mr. Jacobson, and Mr. Dutta, also reflects certain options granted in January 2001. These options did not begin to vest until options granted to these individuals prior to our initial public offering in 1998 were fully vested and thereafter vested over a four-year period.

We calculated the estimated fair value of each option award on the date of grant using the Black-Scholes option pricing model. For 2006, the following weighted-average assumptions were used: risk-free interest rate of 4.7%; expected life of five years; no dividend yield; and expected volatility of 37.5%. Our computation of

expected volatility was based on a combination of historical and market-based implied volatility from traded options on our stock. Our computation of expected life was determined based on historical experience of similar awards, giving consideration to the contractual terms of the stock-based awards, vesting schedules and expectations of future employee behavior. The interest rate for periods within the contractual life of the award is based on the U.S. Treasury yield curve in effect at the time of grant.

(5) Represents the following amounts paid pursuant to the eIP in 2006 and 2007 for services rendered in 2006: (i) the portion of the quarterly awards based on the company's performance; and (ii) the annual award. See the discussion under the section entitled "Compensation Discussion and Analysis — Elements of Compensation/Executive Compensation Practices — Short-term Cash Incentive Awards — eBay Incentive Plan (eIP)" above for further details on these awards.

(6) Includes the perquisites and tax reimbursements/gross-ups outlined in the table below. Also includes: (i) the cost of certain information technology support services provided for computer equipment located at the residences of our executive officers; (ii) matching contributions by eBay to a 401(k) savings plan (subject to a maximum of $1,500 per employee, including named executive officers); and (iii) premiums paid for group life insurance and accidental death and dismemberment coverage for the benefit of the named executive officer. Perquisites are valued at the incremental cost of providing such perquisites.

"Personal Aircraft Usage" consists of the incremental cost to eBay of personal usage of its corporate aircraft and is calculated based on a methodology that includes the weighted average cost of fuel, maintenance expenses, parts and supplies, landing fees, ground services, catering, and crew expenses associated with such use. Because the corporate aircraft is used primarily for business travel, the methodology excludes fixed costs that do not change based on usage. Fixed costs include pilot salaries, the purchase or lease costs of the aircraft, and the cost of maintenance not related to such personal travel. Executives, their families, and invited guests occasionally fly on the corporate aircraft as additional passengers on business flights. In those cases, the aggregate incremental cost to eBay is a *de minimis* amount, and as a result, no amount is reflected in the table. Executives and their families also occasionally fly on the corporate aircraft as additional passengers on personal flights that are attributed to another executive, in which case the entire incremental cost is allocated to the executive who arranged for the personal flight.

"Relocation & Expatriate Assistance" consists of: (i) in the case of Mr. Swan, costs and expenses related to moving from Texas to the San Francisco Bay Area and the sale of his home; and (ii) in the case of Mr. Dutta, costs and expenses related to moving from the San Francisco Bay Area to the United Kingdom, temporary housing, and a cost of living allowance. See the discussion under the section entitled "Compensation Discussion and Analysis — Elements of Compensation/Executive Compensation Practices — Perquisites" above for further details on the relocation assistance provided.

"Tax Reimbursements/Gross-ups" consist of additional bonuses granted by the Compensation Committee to cover income taxes (based on statutory withholding rates) relating to personal use of the corporate aircraft, including taxes on imputed income in accordance with Internal Revenue Service regulations. In the case of Mr. Swan, "Tax Reimbursements/Gross-ups" also consist of a gross-up to cover income taxes relating to relocation assistance provided to him.

Name	Personal Aircraft Usage	Relocation & Expatriate Assistance	Tax Reimbursements/ Gross-ups
Margaret C. Whitman	$773,467	—	$ 230,992
Robert H. Swan	22,398	$ 643,991	312,672
Rajiv Dutta	53,381	179,654	16,491
John J. Donahoe	—	—	1,555
Michael R. Jacobson	—	—	—

(7) If instead of valuing equity awards in accordance with FAS 123R (which calculates the value of awards based on the portion of awards that vested in 2006), we valued them based on the full Black-Scholes value at the time of grant solely for awards made in 2006, the value for stock awards, options awards, and total compensation for our named executive officers would have been as follows:

Name	Stock Awards	Option Awards	Total
Margaret C. Whitman	—	$ 7,952,650	$ 11,088,301
Robert H. Swan	$ 1,950,000	5,079,957	9,117,270
Rajiv Dutta	—	2,783,428	3,982,276
John J. Donahoe	—	5,566,855	7,634,766
Michael R. Jacobson	—	1,749,583	2,422,152

(8) Represents amounts paid pursuant to the portion of the quarterly awards based on individual performance under the eIP. See the discussion under the section entitled “Compensation Discussion and Analysis — Elements of Compensation/Executive Compensation Practices — Short-term Cash Incentive Awards — eBay Incentive Plan (eIP)” above for further details.

(9) Represents: (i) amounts paid pursuant to the portion of the quarterly awards based on individual performance under the eIP; and (ii) $200,000 paid under Mr. Swan’s special retention plan. Mr. Swan was eligible to participate in the quarterly component of the eIP for the second, third, and fourth quarters. See the discussion under the sections entitled “Compensation Discussion and Analysis — Elements of Compensation/Executive Compensation Practices — Short-term Cash Incentive Awards — eBay Incentive Plan (eIP)” and “Compensation Discussion and Analysis — Elements of Compensation/Executive Compensation Practices — Short-term Cash Incentive Awards — Special Retention Bonus Plans” above for further details.

(10) Mr. Dutta served eBay as Senior Vice President and Chief Financial Officer until March 16, 2006 and as President, Skype until July 7, 2006. Mr. Dutta commenced his role as President, PayPal on October 1, 2006.

(11) Represents: (i) amounts paid pursuant to the portion of the quarterly awards based on individual performance under the eIP; and (ii) $500,000 paid under Mr. Donahoe’s special retention plan. See the discussion under the sections entitled “Compensation Discussion and Analysis — Elements of Compensation/Executive Compensation Practices — Short-term Cash Incentive Awards — eBay Incentive Plan (eIP)” and “Compensation Discussion and Analysis — Elements of Compensation/Executive Compensation Practices — Short-term Cash Incentive Awards — Special Retention Bonus Plans” above for further details.

GRANTS OF PLAN-BASED AWARD

The following table sets forth for the fiscal year ended December 31, 2006, certain information regarding grants of plan-based awards to each of our named executive officers.

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards(1) Threshold ($)	Target ($)	Maximum ($)	All Other Stock Awards: Number of Shares of Stock or Units (#)	All Other Option Awards: Number of Securities Underlying Options (#)	Exercise or Base Price of Option Awards ($/Sh)	Grant Date Fair Value ($)(2)
Margaret C. Whitman	3/1/2006	—	—	—	—	500,000	$ 39.90	$7,952,650
eIP (Q1 component)	N/A	$ 33,486	$ 66,972	$133,944	—	—	—	—
eIP (Q2 component)	N/A	28,702	57,405	114,810	—	—	—	—
eIP (Q3 component)	N/A	33,486	$ 66,972	$133,944	—	—	—	—
eIP (Q4 component)	N/A	28,702	57,405	114,810	—	—	—	—
eIP (Annual component)	N/A	248,754	497,508	995,016	—	—	—	—
Robert H. Swan	3/31/2006	—	—	—	—	187,500(3)	39.00	2,914,969
	3/31/2006	—	—	—	50,000(4)	—	—	1,950,000
	9/29/2006	—	—	—	—	187,500(3)	28.36	2,164,988
eIP (Q2 component)	N/A	14,718	29,423	58,846	—	—	—	—
eIP (Q3 component)	N/A	17,172	34,327	68,654	—	—	—	—
eIP (Q4 component)	N/A	14,718	29,423	58,846	—	—	—	—
eIP (Annual component)	N/A	96,606	193,212	386,423	—	—	—	—
Rajiv Dutta	3/1/2006	—	—	—	—	175,000	39.90	2,783,428
eIP (Q1 component)	N/A	11,981	23,962	47,923	—	—	—	—
eIP (Q2 component)	N/A	10,702	21,404	42,808	—	—	—	—
eIP (Q3 component)	N/A	12,486	24,971	49,942	—	—	—	—
eIP (Q4 component)	N/A	10,702	21,404	42,808	—	—	—	—
eIP (Annual component)	N/A	91,740	183,481	366,962	—	—	—	—
John J. Donahoe	3/1/2006	—	—	—	—	250,000(5)	39.90	3,976,325
	3/1/2006	—	—	—	—	100,000(5)	39.90	1,590,530
eIP (Q1 component)	N/A	21,873	43,726	87,452	—	—	—	—
eIP (Q2 component)	N/A	19,625	39,231	78,462	—	—	—	—
eIP (Q3 component)	N/A	22,895	45,769	91,538	—	—	—	—
eIP (Q4 component)	N/A	19,625	39,231	78,462	—	—	—	—
eIP (Annual component)	N/A	167,957	335,913	671,827	—	—	—	—
Michael R. Jacobson	3/1/2006	—	—	—	—	110,000	39.90	1,749,583
eIP (Q1 component)	N/A	7,558	15,116	30,231	—	—	—	—
eIP (Q2 component)	N/A	6,923	13,846	27,692	—	—	—	—
eIP (Q3 component)	N/A	8,077	16,154	32,308	—	—	—	—
eIP (Q4 component)	N/A	6,923	13,846	27,692	—	—	—	—
eIP (Annual component)	N/A	58,962	117,924	235,847	—	—	—	—

(1) The amounts shown reflect estimated payouts for the fiscal year ended December 31, 2006 under the eIP for the portion of the quarterly component based on the company's performance and the annual component. For each component: (i) the amounts shown in the column entitled "Threshold" reflect the minimum payment levels if both the minimum revenue and net income thresholds have been met, which are 50% of the amounts shown under the column entitled "Target;" and (ii) the amounts shown in the column entitled "Maximum" are 200% of the amounts shown under the column entitled "Target." Estimated payouts in the first and third quarters are higher than the estimated payouts for the second and fourth quarters because there were seven pay periods in the first and third quarters of 2006 and only six pay periods in the second and fourth quarters of 2006. For

Messrs. Dutta, Donahoe, and Jacobson, estimated payouts in the third quarter are higher than the first quarter as a result of the salary increases they received effective March 1, 2006. Actual payouts are reflected in the column entitled "Non-Equity Incentive Plan Compensation" in the Summary Compensation Table above.

(2) Represents the estimated fair value of the awards as of the applicable grant date in accordance with FAS 123R, whereas the amounts shown under the columns entitled "Stock Awards" and "Option Awards" in the Summary Compensation Table above reflect only the dollar amount recognized for financial statement reporting purposes for the fiscal year ended December 31, 2006. We calculated the estimated fair value of each stock award using the fair value of our common stock on the date of the grant. We calculated the estimated fair value of each option award on the date of grant using the Black-Scholes option pricing model. For 2006, the following weighted-average assumptions were used: risk-free interest rate of 4.7%; expected life of five years; no dividend yield; and expected volatility of 37.5%. Our computation of expected volatility was based on a combination of historical and market-based implied volatility from traded options on our stock. Our computation of expected life was determined based on historical experience of similar awards, giving consideration to the contractual terms of the stock-based awards, vesting schedules and expectations of future employee behavior. The interest rate for periods within the contractual life of the award is based on the U.S. Treasury yield curve in effect at the time of grant.

(3) In connection with the commencement of his employment, Mr. Swan was granted an option to purchase 375,000 shares of the company's common stock. In accordance with the company's grant procedures for sizeable new hire stock option grants, this grant was made in two equal tranches, with the first grant made on the Friday following Mr. Swan's first full week of employment and the second grant made on the date 26 weeks from the date of the first grant. Each grant was priced at the closing market price on the date of the grant.

(4) In connection with the commencement of his employment, Mr. Swan was granted an award of restricted stock in the amount of 50,000 shares of the company's common stock. See "Elements of Compensation/Executive Compensation Practices — Long-term Equity Incentive Awards" above for a discussion of this award.

(5) Mr. Donahoe's focal grant consisted of two option grants. See "Compensation Discussion and Analysis — Elements of Compensation/Executive Compensation Practices — Long-term Equity Incentive Awards" above for a discussion of these option grants.

OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END

The following table sets forth certain information regarding outstanding equity awards each of our named executive officers as of December 31, 2006.

	Option Awards					Stock Awards	
Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested ($)
Margaret C. Whitman	3,000,000	0	0	$ 10.02	1/12/2011	—	—
	1,200,000	0	0	14.51	2/12/2012	—	—
	2,062,000	137,000(1)	0	22.02	3/18/2013	—	—
	825,000	375,000(2)	0	34.62	3/1/2014	—	—
	240,000	309,375(3)	0	42.58	3/1/2015	—	—
	93,750	406,250(4)	0	39.90	3/1/2013	—	—
Robert H. Swan	0	187,500(5)	0	39.00	3/31/2013	—	—
	0	187,500(6)	0	28.36	9/29/2013	—	—
	—	—	—	—	—	50,000(7)	$ 1,503,500(8)

	Option Awards					Stock Awards	
Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested ($)
Rajiv Dutta	40,000	0	0	14.93	8/30/2009	—	—
	714,000	0	0	10.02	1/12/2011	—	—
	500,000	0	0	14.51	2/12/2012	—	—
	468,750	31,250(9)	0	19.39	3/3/2013	—	—
	226,875	103,125(2)	0	34.62	3/1/2014	—	—
	80,937	104,063(3)	0	42.58	3/1/2015	—	—
	0	200,000(10)	0	46.71	11/25/2015	—	—
	32,812	142,188(4)	0	39.90	3/1/2013	—	—
John J. Donahoe	437,500	562,500(11)	0	35.50	3/25/2015	—	—
	46,875	203,125(12)	0	39.90	3/1/2013	—	—
	0	100,000(13)	0	39.90	3/1/2013	—	—
Michael R. Jacobson	320,136	0	0	0.63	8/24/2008	—	—
	1,600,000	0	0	10.02	1/12/2011	—	—
	500,000	0	0	14.51	2/12/2012	—	—
	468,750	31,250(9)	0	19.39	3/3/2013	—	—
	171,875	78,125(2)	0	34.62	3/1/2014	—	—
	61,250	78,750(3)	0	42.58	3/1/2015	—	—
	20,625	89,375(4)	0	39.90	3/1/2013	—	—

(1) Focal grant. The amount of Ms. Whitman's grant was not set until March 18, 2003 (which was the date of the grant); however, consistent with other focal grants, the vesting of this grant was effective as of March 1 (*i.e.* , 1/8th of the grant vested on September 1, 2003, and 1/48th of the grant vests monthly thereafter).

(2) Focal grant. Becomes fully vested after four years; 1/8th of the grant vested on September 1, 2004, and 1/48th of the grant vests monthly thereafter.

(3) Focal grant. Becomes fully vested after four years; 1/8th of the grant vested on September 1, 2005, and 1/48th of the grant vests monthly thereafter.

(4) Focal grant. Becomes fully vested after four years; 1/8th of the grant vested on September 1, 2006, and 1/48th of the grant vests monthly thereafter.

(5) First tranche of a sizeable new hire grant. Becomes fully vested after four years; 1/4th of the grant vested on March 16, 2007 (the first anniversary of the commencement of Mr. Swan's employment), and 1/48th of the grant vests monthly thereafter. See "Compensation Discussion and Analysis — Equity Compensation Practices" above for a more detailed discussion of our equity grant practices with respect to sizeable new hire grants.

(6) Second tranche of a sizeable new hire grant. Becomes fully vested after three and a half years; 1/4th of the grant vested on March 16, 2007 (the first anniversary of the commencement of Mr. Swan's employment), and 1/48th of the grant vests monthly thereafter. See "Compensation Discussion and Analysis — Equity Compensation Practices" above for a more detailed discussion of our equity grant practices with respect to sizeable new hire grants.

(7) Becomes fully vested after four years, with 25% of the award vesting on each of the following dates: March 16, 2007, March 16, 2008, March 16, 2009, and March 16, 2010 (the anniversary of the commencement of Mr. Swan's employment).

(8) Market value calculated based on the closing price of $30.07 of our common stock on December 29, 2006, the last trading day of 2006.

(9) Focal grant. Becomes fully vested after four years; 1/8th of the grant vested on September 1, 2003, and 1/48th of the grant vests monthly thereafter.

(10) Becomes fully vested after four years, with 50% of the grant vesting on November 22, 2007 and 1/48th of the grant vesting monthly thereafter.

(11) New hire grant. Becomes fully vested after four years; 1/4th of the grant vested on March 17, 2006 (the first anniversary of the commencement of Mr. Donahoe's employment), and 1/48th of the grant vests monthly thereafter.

(12) Focal grant. Becomes fully vested after four years; 1/8th of the grant vested on September 1, 2006, and 1/48th of the grant vests monthly thereafter. See "Compensation Discussion and Analysis — Elements of Compensation/Executive Compensation Practices — Long-term Equity Incentive Awards" above for a discussion of this option grant.

(13) Focal grant. Becomes fully vested after five years, with 30% of the grant vesting on March 1, 2009, 30% of the grant vesting on March 1, 2010, and the remaining 40% of the grant vesting on March 1, 2011. See "Compensation Discussion and Analysis — Elements of Compensation/Executive Compensation Practices — Long-term Equity Incentive Awards" above for a discussion of this option grant.

OPTION EXERCISES AND STOCK VESTED

The following table sets forth the number of shares acquired and the value realized upon exercise of stock options during 2006 by each of our named executive officers.

	Option Awards	
Name	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise ($)(1)
Margaret C. Whitman	—(2)	—
Robert H. Swan	—	—
Rajiv Dutta	150,000(3)	$ 4,231,343
John J. Donahoe	—	—
Michael R. Jacobson	480,000(4)	15,371,178

(1) Value realized on exercise is based on the fair market value of our common stock on the date of exercise minus the exercise price and does not necessarily reflect proceeds actually received by the named executive officer.

(2) No shares were sold in 2006 pursuant to a 10b5-1 plan adopted in February 2006. Up to 6,400,000 shares may be sold between June 2007 and February 2008 pursuant to a 10b5-1 plan adopted in February 2007.

(3) Shares sold in 2006 pursuant to a 10b5-1 plan adopted in May 2005. Up to 45,000 shares may be sold in the remainder of 2007 pursuant to a 10b5-1 plan adopted in February 2006. Mr. Dutta has indicated that he intends to terminate this plan and initiate a new 10b5-1 plan under which he could sell up to 500,000 shares in 2007.

(4) Shares sold in 2006 pursuant to a 10b5-1 plan adopted in May 2005. Up to 420,000 shares may be sold in the remainder of 2007 pursuant to a 10b5-1 plan adopted in November 2006.

COMPENSATION OF DIRECTORS

Board compensation is determined by the Compensation Committee. Prior to 2003, Board compensation was 100% equity based. After a review in December 2002, Board compensation was substantially revised by the Board, with equity compensation reduced and cash compensation added. Board compensation has subsequently been reviewed annually by the Compensation Committee, which has not changed cash compensation and has effectively reduced equity compensation by holding the number of options granted annually to the same absolute number notwithstanding two subsequent stock splits of eBay common stock.

New directors who are not employees of eBay, or any parent, subsidiary, or affiliate of eBay, receive deferred stock units, or DSUs, with an initial value of $150,000 under our 2003 Deferred Stock Unit Plan. DSUs represent an unfunded, unsecured right to receive shares of eBay common stock (or the equivalent value thereof in cash or property), and the value of DSUs varies directly with the price of eBay's common stock. Each DSU award granted to a non-employee director upon election to the Board vests as to 25% of the DSUs on the first anniversary of the date of grant and as to 1/48th of the DSUs each month thereafter, provided the director continues as a director or consultant of eBay. DSUs are payable in stock or cash (at eBay's election) following the termination of a non-employee director's tenure in such capacity.

Non-employee directors are also eligible to participate in the 1998 Directors Stock Option Plan, also referred to as the Directors Plan. Option grants under the Directors Plan are automatic and non-discretionary, and the exercise price of the options is 100% of the fair market value of the common stock on the date of grant. Each eligible director is granted an option to purchase 15,000 shares of eBay common stock at the time of each annual meeting if he or she has served continuously as a member of the Board since the date elected. The Compensation Committee elected to maintain the annual option grant under the Directors Plan at 15,000 shares notwithstanding the two-for-one split of eBay common stock in February 2005. All options granted under the Directors Plan vest as to 25% of the shares on the first anniversary of the date of grant and as to 1/48th of the shares each month thereafter, provided the optionee continues as a director or consultant of eBay. In the event of a change of control of eBay, the Directors Plan provides that options granted under the plan will become fully vested and the individual award agreements for directors under the 2003 Deferred Stock Unit Plan provide that DSUs granted under the plan will become fully vested.

Except for Mr. Omidyar, eBay's founder and Chairman of the Board, non-employee directors are paid a retainer of $50,000 per year, the chairman of the Audit Committee receives an additional $10,000 per year, and the Lead Independent Director and all other committee chairs receive an additional $5,000 per year. Directors may elect to receive, in lieu of these fees and at the time these fees would otherwise be payable (*i.e.* , on a quarterly basis in arrears for services provided), fully-vested DSUs with an initial value equal to the amount of these fees. DSUs are payable in stock or cash (at eBay's election) following the termination of a non-employee director's tenure in such capacity. Except for Mr. Omidyar, each non-employee director also receives meeting fees of $2,000 for each Board meeting and $1,000 for each committee meeting attended.

DIRECTOR SUMMARY COMPENSATION TABLE

The following table summarizes the total compensation paid by the company to non-employee directors for the fiscal year ended December 31, 2006.

Name	Fees Earned or Paid in Cash ($)(1)	Stock Awards ($)(2)	Option Awards ($)(3)	Total ($)
Fred D. Anderson	$ 81,000	$37,473	$154,798	$273,271
Edward W. Barnholt	72,750	37,467	59,012	169,229
Philippe Bourguignon	70,000	—	382,481	452,481
Scott D. Cook	67,000	—	382,481	449,481
William C. Ford, Jr.	63,000	37,467	25,425	125,892
Robert C. Kagle	70,250	—	382,481	452,731
Dawn G. Lepore	71,000	—	382,481	453,481
Pierre M. Omidyar	—	—	—	—
Richard R. Schlosberg, III	73,000	37,470	154,797	265,267
Thomas J. Tierney	79,000	37,458	301,591	418,049

(1) Includes fees with respect to which directors elected to receive DSUs in lieu of such fees. The following directors received DSUs in the amounts set forth below in lieu of the fees set forth below:

Name	Fees Foregone	DSUs
Edward W. Barnholt	$ 53,750	1,809
Scott D. Cook	55,000	1,845
William C. Ford, Jr.	50,000	1,677
Robert C. Kagle	51,250	1,713
Thomas J. Tierney	55,000	1,845

(2) Beginning in 2003, we have granted new directors who are not employees of eBay, or any parent, subsidiary, or affiliate of eBay, DSUs with an initial value of $150,000 under our 2003 Deferred Stock Unit Plan. Amounts shown reflect the dollar amount of DSU awards recognized for financial statement reporting purposes for the fiscal year ended December 31, 2006, in accordance with FAS 123R, and thus includes amounts from DSU awards granted in 2003 through 2005 that vested in 2006. As of December 31, 2006, the following non-employee directors held the following aggregate number of DSUs, which includes DSUs granted in lieu of fees: Mr. Anderson, 5,444; Mr. Barnholt, 7,019; Mr. Bourguignon, 887; Mr. Cook, 2,394; Mr. Ford, 5,475; Mr. Kagle, 2,301; Mr. Schlosberg, 4,326; and Mr. Tierney, 8,210. DSUs are not included in the Security Ownership of Certain Beneficial Owners and Management Table on page 10. As of December 31, 2006, Ms. Lepore and Mr. Omidyar did not hold any DSUs.

(3) Reflects the dollar amount of options recognized for financial statement reporting purposes for the fiscal year ended December 31, 2006, in accordance with FAS 123R, and thus includes amounts from options granted in 2002 through 2006 that vested in 2006. Each non-employee director (other than Mr. Omidyar) was granted an option to purchase 15,000 shares on June 13, 2006. The estimated fair value of each of these options as of the grant date in accordance with FAS 123R is $184,806. We calculated the estimated fair value of these options using the Black-Scholes option pricing model. For 2006, the following weighted-average assumptions were used: risk-free interest rate of 4.7%; expected life of five years; no dividend yield; and expected volatility of 37.5%. Our computation of expected volatility was based on a combination of historical and market-based implied volatility from traded options on our stock. Our computation of expected life was determined based on historical experience of similar awards, giving consideration to the contractual terms of the stock-based awards, vesting schedules and expectations of future employee behavior. The interest rate for periods within the contractual life of the award is based on the U.S. Treasury yield curve in effect at the time of grant. As of December 31, 2006, the following non-employee directors held options to purchase the following numbers of shares: Mr. Anderson, 60,000; Mr. Barnholt, 30,000; Mr. Bourguignon, 240,500; Mr. Cook, 1,248,184; Mr. Ford, 15,000; Mr. Kagle, 480,000; Ms. Lepore, 426,000; Mr. Schlosberg, 60,000; and Mr. Tierney, 110,000. Options exercisable within 60 days of March 30, 2007 are included in the Security Ownership of Certain Beneficial Owners and Management Table on page 10. As of December 31, 2006, Mr. Omidyar did not hold any options.

EQUITY COMPENSATION PLAN INFORMATION

The following table gives information about shares of our common stock that may be issued upon the exercise of options, warrants and rights under all of our existing equity compensation plans as of December 31, 2006, including our 1996 Stock Option Plan, 1997 Stock Option Plan, 1998 Employee Stock Purchase Plan, 1998 Equity Incentive Plan, 1998 Directors Stock Option Plan, 1999 Global Equity Incentive Plan, 2001 Equity Incentive Plan, and 2003 Deferred Stock Unit Plan, as well as shares of our common stock that may be issued under individual compensation arrangements that were not approved by our stockholders, also referred to as our non-plan grants. We refer to these plans and grants collectively as our Equity Compensation Plans. No warrants are outstanding under any of the foregoing plans.

As of March 30, 2007, there were 1,363,510,214 shares of eBay's common stock outstanding. As of March 30, 2007, there were (i) 143,075,600 shares to be issued upon the exercise of outstanding options under our Equity Compensation Plans at a weighted average exercise price of $30.82, and with a weighted average remaining life of

6.47 years, and (ii) 6,365,333 shares of restricted stock, restricted stock units, and deferred stock units granted and outstanding under our Equity Compensation Plans. As of March 30, 2007, there were 85,577,955 shares available for future grants under our Equity Compensation Plans.

The following table gives information about our Equity Compensation Plans as of December 31, 2006:

Plan Category	(a) Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights	(b) Weighted Average Exercise Price of Outstanding Options, Warrants and Rights	(c) Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column(a))
Equity compensation plans approved by security holders	133,608,434(1)	$ 31.01(2)	108,066,657(3)
Equity compensation plans not approved by security holders	768,184(4)	0.39	—
Total	134,376,618	$ 30.83	108,066,657

(1) Includes 36,056 shares of our common stock issuable pursuant to deferred stock units, or DSUs, under our 2003 Deferred Stock Unit Plan, and 508,150 shares of our common stock issuable pursuant to restricted stock units under our 1998 Equity Incentive Plan. DSUs and restricted stock units represent an unfunded, unsecured right to receive shares of eBay common stock (or, in the case of DSUs, the equivalent value thereof in cash or property), and the value of DSUs and restricted stock units varies directly with the price of eBay's common stock.

(2) Because DSUs and restricted stock units do not have an exercise price, the 36,056 shares of our common stock issuable pursuant to DSUs under our 2003 Deferred Stock Unit Plan and 508,150 shares of our common stock issuable pursuant to restricted stock units under our 1998 Equity Incentive Plan are not included in the calculation of weighted average exercise price.

(3) Includes 5,575,774 shares of our common stock remaining reserved for future issuance under our 1998 Employee Stock Purchase Plan, or the Purchase Plan, as of December 31, 2006. Our Purchase Plan contains an "evergreen" provision that automatically increases, on each January 1, the number of securities reserved for issuance under the Purchase Plan by the number of shares purchased under the Purchase Plan in the preceding calendar year, provided that the aggregate number of shares reserved for issuance under the Purchase Plan may not exceed 36,000,000 shares. As of December 31, 2006, an aggregate amount of 9,785,222 shares had been purchased under the Purchase Plan since its inception. An aggregate amount of 1,624,226 shares was purchased under the Purchase Plan in 2006, and the number of securities available for issuance under the Purchase Plan was increased by that number on January 1, 2007, bringing the total number of shares reserved for future issuance on January 1, 2007 to 7,200,000. None of our other equity compensation plans has an "evergreen" provision.

(4) Does not include: (i) 7,050 shares of our common stock, with a weighted average exercise price of $2.73 per share, to be issued upon exercise of outstanding options assumed by us under the Half.com, Inc. 1999 Equity Compensation Plan; (ii) 37,726 shares of our common stock, with a weighted average exercise price of $0.77 per share, to be issued upon exercise of outstanding options assumed by us under the X.com Corporation 1999 Stock Plan; (iii) 494,108 shares of our common stock, with a weighted average exercise price of $9.14 per share, to be issued upon exercise of outstanding options assumed by us under the PayPal, Inc. 2001 Equity Incentive Plan; (iv) 184,562 shares of our common stock, with a weighted average exercise price of $9.47 per share, to be issued upon exercise of outstanding options assumed by us under the Shopping.com Ltd. 2003 Omnibus Stock Option and Restricted Stock Incentive Plan; (v) 944,682 shares of our common stock, with a weighted average exercise price of $36.30 per share, to be issued upon exercise of outstanding options assumed by us under the Shopping.com Ltd. 2004 Equity Incentive Plan; or (vi) 1,118,794 shares of our common stock, with a weighted average exercise price of $3.88 per share, to be issued upon exercise of outstanding options assumed by us under the Skype Technologies S.A. Stock Option Plan Rules. All of the options and related plans referenced above

were assumed by us in connection with acquisitions. We cannot make subsequent grants or awards of our equity securities under any of these plans. Prior to each acquisition, the stockholders of the acquired company approved the acquired company's plan. Our stockholders, however, did not approve any of the plans in connection with the acquisitions.

The only outstanding non-plan grant as of December 31, 2006 relates to an individual compensation arrangement that was made prior to the initial public offering of our common stock in 1998. At the time of this non-plan grant, members of our Board and their affiliates beneficially owned in excess of 90% of our then outstanding equity and voting interests. This non-plan grant was initially disclosed in our initial public offering prospectus filed with the SEC on September 25, 1998 under the headings "Management — Director Compensation" and "— Compensation Arrangements." Except as set forth below, the terms and conditions of this non-plan grant are identical to the terms of options granted under our 1997 Stock Option Plan, a copy of which was filed as an exhibit to our S-1 Registration Statement (No. 33-59097) filed in connection with our initial public offering. The outstanding non-plan grant involved the Board's grant of an option to purchase 3,600,000 shares of our common stock at an exercise price of $0.39 to Scott Cook upon his joining our Board in June 1998 as an independent director. These options granted to Mr. Cook were non-qualified options and were immediately exercisable, with a term of 10 years. These options fully vested in June 2002. Mr. Cook exercised options to purchase 480,000 shares in 2002, exercised options to purchase 1,430,000 shares in 2003, exercised options to purchase 307,272 shares during 2005, exercised options to purchase 614,544 shares during 2006, and exercised options to purchase 153,636 shares in January 2007. As of December 31, 2006, options to purchase 768,184 shares remained outstanding under the non-plan grant, and as of March 30, 2007, options to purchase 614,548 shares remained outstanding under the non-plan grant.

OTHER MATTERS

The Board of Directors knows of no other matter that will be presented for consideration at the Annual Meeting. If any other matters are properly brought before the meeting, the persons named in the accompanying proxy intend to vote on those matters in accordance with their best judgment.

By Order of the Board of Directors

Michael R. Jacobson
Secretary

April 30, 2007

Copies of this proxy statement and of our annual report for the fiscal year ended December 31, 2006 are available by visiting our investor relations website at *http://investor.ebay.com/annuals.cfm* or free of charge by writing to Investor Relations, eBay Inc., 2145 Hamilton Avenue, San Jose, California 95125.

APPENDIX A

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

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 (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:

(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.

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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.
3 Denotes that such share number reflects the stock split of eBay's common stock occurring in 8/03 and 2/05.

(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.

APPENDIX B

eBay Inc.

AMENDED AND RESTATED 1998 EMPLOYEE STOCK PURCHASE PLAN

As Adopted on March 28, 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 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 shares.5 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 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.

5 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.

(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 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;

(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; and

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.

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2145 HAMILTON AVE.
SAN JOSE, CA 95125

VOTE BY INTERNET - www.proxyvote.com
Use the Internet to transmit your voting instructions and for electronic delivery of information up until 11:59 p.m. Eastern time the day before the meeting date. Have your proxy card in hand when you access the web site and follow the instructions provided.

ELECTRONIC DELIVERY OF FUTURE SHAREHOLDER COMMUNICATIONS
If you would like to reduce the costs incurred by eBay Inc. in mailing proxy materials, you can consent to receiving all future proxy statements, proxy cards and annual reports electronically via e-mail or the Internet. To sign up for electronic delivery, please follow the instructions above to vote using the Internet and, when prompted, indicate that you agree to receive or access stockholder communications electronically in future years.

VOTE BY PHONE - 1-800-690-6903
Use any touch-tone telephone to transmit your voting instructions up until 11:59 p.m. Eastern time the day before the meeting date. Have your proxy card in hand when you call and follow the simple instructions the Vote Voice provides to you.

VOTE BY MAIL
Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return to eBay Inc., c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717. Your proxy card must be received by June 13, 2007.

TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS: EBAY01 KEEP THIS PORTION FOR YOUR RECORDS

DETACH AND RETURN THIS PORTION ONLY

THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED.

eBay Inc.

Vote on Directors

The Board of Directors recommends a vote "FOR" the listed nominees.

	For All	Withhold All	For All Except
1. Election of three directors to hold office until our 2010 Annual Meeting of Stockholders.			
Nominees: 01) Philippe Bourguignon	☐	☐	☐
02) Thomas J. Tierney			
03) Margaret C. Whitman			

To withhold authority to vote for any individual nominee(s), mark "For All Except" and write the number(s) of the nominee(s) on the line below.

_____

Vote on Proposals

The Board of Directors recommends a vote "FOR" Proposals 2, 3 and 4.

	For	Against	Abstain
2. Approval of an amendment to our 1999 Global Equity Incentive Plan to further satisfy the requirements of Section 162(m) of the Internal Revenue Code.	☐	☐	☐
3. Approval of an amendment to our 1998 Employee Stock Purchase Plan to extend the term of the Purchase Plan.	☐	☐	☐
4. Ratification of the selection of PricewaterhouseCoopers LLP as our independent auditors for our fiscal year ending December 31, 2007.	☐	☐	☐

MATERIALS ELECTION

As of July 1, 2007, SEC rules permit companies to send you a notice that proxy information is available on the Internet, instead of mailing you a complete set of materials. Check the box to the right if you want to receive a complete set of future proxy materials by mail, at no cost to you. If you do not take action you may receive only a Notice. ☐

Signature [PLEASE SIGN WITHIN BOX] Date

Signature (Joint Owners) Date

eBay Inc.
PROXY SOLICITED BY THE BOARD OF DIRECTORS NOTICE OF ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON JUNE 14, 2007

The undersigned hereby appoints MARGARET C. WHITMAN, ROBERT H. SWAN AND MICHAEL R. JACOBSON, and each of them, as attorneys and proxies of the undersigned, with full power of substitution, to vote all shares of stock of **eBay Inc.** that the undersigned may be entitled to vote at the Annual Meeting of Stockholders of **eBay Inc.** , a Delaware corporation, to be held on Thursday, June 14, 2007, at 8:00 a.m. Eastern time at the Back Bay Events Center, Back Bay Grand Room, 180 Berkeley Street, Boston, Massachusetts 02116 for the purposes listed on the reverse side and at any and all continuations and adjournments of that meeting, with all powers that the undersigned would possess if personally present, upon and in respect of the instructions indicated on the reverse side, with discretionary authority as to any and all other matters that may properly come before the meeting.

PLEASE VOTE, SIGN, DATE AND PROMPTLY RETURN THIS PROXY IN THE ENCLOSED RETURN ENVELOPE THAT IS POSTAGE PREPAID IF MAILED IN THE UNITED STATES.

EXHIBIT VIII

CURRENT REPORT ON FORM 8-K AND AMENDED CURRENT REPORT ON FORM 8-K/A FILED BY EBAY INC. WITH THE SEC ON JULY 16, 2007 AND JULY 18, 2007, RESPECTIVELY

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): July 13, 2007

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))

Top of the Form

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

On July 16, 2007, eBay Inc. announced that David Moffett had been appointed as a new member of eBay's Board of Directors. A copy of eBay's press release announcing Mr. Moffett's appointment is attached as an exhibit to this filing.

Mr. Moffett's term on the Board of Directors began on July 13, 2007. Mr. Moffett fills a vacancy created by an increase in the size of the Board of Directors from eleven to twelve. eBay's Certificate of Incorporation and Bylaws provide for its Board of Directors to be divided into three classes, with each class having a three-year term. Mr. Moffett will be a member of the third class of diretors, with a term of office expiring at eBay's annual meeting of stockholders in 2010. Mr. Moffett will also join the Audit Committee of eBay's Board of Directors.

Top of the Form

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.

July 16, 2007

By: Brian H. Levey

Name: Brian H. Levey
Title: Vice President, Deputy General Counsel and Assistant Secretary

Top of the Form

Exhibit Index

Exhibit No.	Description
99.1	Press Release dated July 16, 2007, announcing that David Moffett had been appointed as a member of the Board of Directors of eBay Inc.

Media Contact:
Hani Durzy
eBay Inc.
eBay Inc. Media Hotline: 408-376-7458
hdurzy@ebay.com

eBay Inc. Names New Board Member

David Moffett, Former Vice Chairman and CFO of U.S. Bancorp, Joins Board

SAN JOSE, Calif., July 16, 2007 — eBay Inc. (NASDAQ: EBAY; www.ebay.com), today announced the appointment of David Moffett, former Vice Chairman and CFO of U.S. Bancorp, to its Board of Directors. Moffett's term on the Board began on Friday, July 13th; he will serve on the Board's Audit Committee.

"We are delighted that David has joined eBay's Board," said Meg Whitman, eBay Inc.'s president and CEO. "David's deep experience in the financial services industry and decades of global financial management expertise will be instrumental in helping shape eBay Inc.'s growth strategy moving forward. He will be a natural fit for our outstanding Board."

Moffett brings 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 in 1998, which then acquired U.S. Bancorp in February 2001, retaining the U.S. Bancorp name. As Vice Chairman and CFO of U.S. Bancorp, Moffett successfully managed both organic- and acquisition-fueled growth strategies. He was a financial architect of more than 30 acquisitions and helped the company grow from less than $1 billion to approximately $20 billion in revenue and less than $1 billion to $60 billion in market capitalization.

Prior to 1993, Moffett held executive level positions at some of the nation's leading financial services companies, including Bank of America and Security Pacific Corp. He currently serves on the Boards of three other companies — MBIA, Building Materials Holding Corporation (BMHC) and E.W. Scripps Company

eBay's Board of Directors also includes: Pierre Omidyar, Founder and Chairman of the Board; Meg Whitman, president and CEO; Fred Anderson, managing director of Elevation Partners; Scott Cook, chairman of the executive committee of Intuit Inc.; Robert Kagle, general partner of Benchmark Capital Partners; Dawn G. Lepore, CEO and chairman of drugstore.com; Philippe Bourguignon, Vice Chairman of Revolution Resorts, a division of Revolution LLC; Thomas Tierney, founder and chairman of The Bridgespan Group; Richard T. Schlosberg, III, former President and CEO of the David and Lucile Packard Foundation; Ned Barnholt, former Chairman, President and CEO of Agilent Technologies; and Bill Ford, Executive Chairman of the Board of Directors of Ford Motor Company.

About eBay Inc.
Founded in 1995, eBay Inc. connects hundreds of millions of people around the world every day through commerce, delivering fun, engaging and trusted online experiences. We are constantly finding new ways to empower people worldwide to explore, learn, shop, share and talk with each other. Since its inception, eBay Inc. has expanded to include some of the strongest brands in the world, including eBay, PayPal, Skype, Shopping.com, and others. eBay Inc. is headquartered in San Jose, California.

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K/A

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of Earliest Event Reported): July 17, 2007

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))

Top of the Form

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

This Current Report on Form 8-K/A amends the Current Report on Form 8-K filed by eBay Inc. on July 16, 2007 to correct the effective date of Mr. Moffett's appointment to eBay's Board of Directors and the Audit Committee of eBay's Board of Directors from July 13, 2007 to July 17, 2007.

Top of the Form

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.

July 17, 2007

By: Brian H. Levey

Name: Brian H. Levey
Title: Vice President, Deputy General Counsel and Assistant Secretary

EXHIBIT IX

EXCERPTS FROM THE PRESS RELEASE DATED JANUARY 23, 2008, RELATING TO THE FINANCIAL RESULTS OF EBAY INC. FOR THE FOURTH QUARTER AND FULL YEAR ENDED DECEMBER 31, 2007

eBAY INC. REPORTS FOURTH QUARTER AND FULL YEAR 2007 RESULTS

Major businesses and robust growth in newer lines of business drive revenue

San Jose, Calif, January 23, 2008 — eBay Inc. (Nasdaq: EBAY; www.ebay.com) today reported financial results for its fourth quarter and year ended December 31, 2007. The ecommerce company posted fourth quarter revenue of $2.18 billion, representing a $461 million year-over-year increase. Revenue grew across all businesses highlighted by more robust growth from PayPal, StubHub, Skype, classifieds and advertising. The company recorded net income on a GAAP basis of $531 million or $0.39 per diluted share, and non-GAAP net income of $611 million or $0.45 per diluted share.

For the full year, eBay Inc. posted $7.67 billion in revenue, net income on a GAAP basis of $348 million or $0.25 per diluted share, and non-GAAP net income of $2.11 billion or $1.53 per diluted share.

GAAP operating margin increased to 28.7% for the quarter, compared to 26.2% for the same period last year. Non-GAAP operating margin increased to 34.6% for the quarter, from 33.4% for the same period last year. For the full year GAAP operating margin came in at 8.0%, with non-GAAP operating margin at 33.1%.

eBay Inc. generated $793 million of operating cash flow and $665 million of free cash flow during the fourth quarter. The company's full year operating cash flow was $2.64 billion and free cash flow was $2.19 billion.

"We're very pleased with the results for the quarter which were strengthened by a solid holiday shopping season," said eBay Inc. President and CEO, Meg Whitman. "We had a remarkably strong year from a financial perspective. We enter 2008 with our most diverse portfolio of ecommerce offerings ever — positioning us to drive long-term growth in the global ecommerce market."

Quarterly Business Highlights

- The company purchased approximately 9.2 million shares of its common stock at a cost of approximately $312 million (For the full year, the company repurchased 44.6 million shares of its common stock for approximately $1.5 billion).
- eBay announced a cross border trade agreement with Yahoo! Japan to provide Japanese consumers with access to eBay.com through the site Seikamon.com.
- eBay completed the acquisition of Afterbuy to extend service and support for professional sellers in Germany.
- StubHub completed its 10 millionth ticket sale and announced a promotional agreement with ESPN to make StubHub the exclusive tickets provider on ESPN.com.
- PayPal signed top merchant service account deals with U.S. Airways, AirTran, drugstore.com and Shop NBC among others.
- PayPal hired four seasoned executives with deep consumer, technology and international experience to help drive the company's ongoing expansion.
- Skype announced a partnership with MySpace enabling voice communications for more than 110 million MySpace users.
- Skype launched the *3 Skypephone* in eight countries including the United Kingdom, Italy and Australia to enable users to make Skype-to-Skype calls and chats on mobile phones.

"Our fourth quarter results capped off a great year for eBay, with strong top-line growth, stronger bottom-line growth, and excellent free cash flows," said Bob Swan, eBay Inc. CFO. "We closed the year with a very strong balance sheet, giving us the financial flexibility to invest across all of our business units in order to extend our leadership positions."

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

	Fourth Quarter			
	2007	2006	Change	
Net revenue	$ 2,181	$ 1,720	$ 461	27%
GAAP				
Net income	$ 531	$ 346	$ 185	53%
Earnings per share (diluted)	$ 0.39	$ 0.25	$ 0.14	57%
Non-GAAP				
Net income	$ 611	$ 431	$ 180	42%
Earnings per share (diluted)	$ 0.45	$ 0.31	$ 0.14	45%

	Full Year			
	2007	2006	Change	
Net revenue	$ 7,672	$ 5,970	$ 1,702	29%
GAAP				
Net income	$ 348*	$ 1,126	$ (778)	(69)%
Earnings per share (diluted)	$ 0.25*	$ 0.79	$ (0.54)	(68)%
Non-GAAP				
Net income	$ 2,106	$ 1,492	$ 614	41%
Earnings per share (diluted)	$ 1.53	$ 1.05	$ 0.48	46%

* Includes previously reported goodwill impairment charge of $1.39 billion recorded in the third quarter of 2007, which was not deductible for tax purposes.

Quarterly Business Unit Discussion

Marketplaces

The Marketplaces business unit, which consists of eBay, Shopping.com, StubHub, Kijiji and other ecommerce sites, had a strong quarter with a record $1.50 billion in revenue, equating to 21% year-over-year growth. Revenue growth was driven by StubHub, advertising, the fixed price format on eBay and, in part, by the benefit of a weaker U.S. dollar. Based on average monthly unique visits, eBay was the number one ecommerce site in the U.S., UK and Germany during the 2007 holiday shopping season, according to Nielsen Online. Approximately 54% of Marketplaces revenue came from markets outside the U.S. Gross merchandise volume was $16.21 billion for the quarter, an increase of 12% over the fourth quarter of 2006. eBay continues to focus on buyer and seller initiatives to accelerate gross merchandise volume in the U.S., Germany and the United Kingdom.

Payments

PayPal posted another stellar quarter with $563 million in revenue, an increase of 35% year-over-year. Net total payment volume (TPV) for the quarter was $14.04 billion, an increase of 35% year-over-year. The revenue and net TPV growth represents increased penetration on eBay as well as expanded adoption of PayPal Merchant Services across the Web. PayPal will continue to focus on greater penetration into the Marketplaces business as well as the acquisition of new merchants.

Communications

Skype contributed $115 million in revenue, representing 76% year-over-year growth, and posted a fourth consecutive quarter of segment profitability. Skype attracted new users at a rapid pace through the quarter and ended the period with more than 276 million registered users around the world.

Selected Financial Results

- Taxes — The GAAP effective tax rate for the quarter was 21%, compared to 28% for the fourth quarter of 2006. The non-GAAP effective tax rate for the quarter was 24% compared to 29% for the fourth quarter of 2006. The GAAP effective tax rate for 2007 was 54% while the full year non-GAAP tax rate came in at 21%.

- Cash, cash equivalents and investments — The company's cash, cash equivalents and investments totaled $5.04 billion at December 31, 2007 compared to $3.50 billion at December 31, 2006.

Business Outlook

[…]

- First quarter 2008 — eBay expects net revenues in the range of $2.000 to $2.050 billion with GAAP earnings per diluted share in the range of $0.28 to $0.30 and non-GAAP earnings per diluted share in the range of $0.37 to $0.39.

Other Updates

- In a separate press release, the company also announced today changes to its management team, including the retirement of current President and CEO Meg Whitman and the naming of John Donahoe as her successor as of March 31, 2008.

- The company's board of directors has approved another stock repurchase program for $2 billion. The new program gives the company the ability to repurchase up to $2.85 billion of its common stock under its combined repurchase programs.

Quarterly Conference Call

eBay will host a conference call to discuss fourth quarter results at 2:00 p.m. Pacific Time today. A live webcast of the conference call, together with a slide presentation that includes supplemental financial information and reconciliations of certain non-GAAP measures to their nearest comparable GAAP measures, can be accessed through the company's Investor Relations web site at http://investor.ebay.com. In addition, an archive of the webcast will be accessible through the same link.

About eBay Inc.

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

Non-GAAP Financial Measures

This press release includes the following financial measures defined as "non-GAAP financial measures" by the Securities and Exchange Commission (SEC): non-GAAP net income, non-GAAP earnings per diluted share, non-GAAP operating margin, non-GAAP effective tax rate, and free cash flow. These measures may be different from non-GAAP financial measures used by other companies. The presentation of this financial information, which is not prepared under any comprehensive set of accounting rules or principles, is not intended to be considered in isolation or as a substitute for the financial information prepared and presented in accordance with generally accepted accounting principles. For a reconciliation of other non-GAAP financial measures to the nearest comparable GAAP measures, see "Non-GAAP Measures of Financial Performance," "Reconciliation of GAAP Operating Margin to Non-GAAP Operating Margin," "Reconciliation of GAAP Net Income to Non-GAAP Net Income," "Reconciliation of GAAP to Non-GAAP Effective Tax Rate," "Reconciliation of Operating Cash Flows to Free Cash Flow" and "Business Outlook" included in this press release.

Forward-Looking Statements

This press release contains forward-looking statements relating to the future performance of eBay and its consolidated subsidiaries that are based on our current expectations, forecasts and assumptions and involve risks and uncertainties. The company's actual results could differ materially from those predicted and reported results should not be considered as an indication of future performance. Factors that could cause or contribute to such differences include, but are not limited to: the company's need to increasingly achieve growth from its existing users 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 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 regulatory, patent, 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 need to manage other regulatory, tax, and litigation risks as its services are offered in more jurisdictions and applicable laws become more restrictive; the company's ability to upgrade and develop its systems, infrastructure and customer service capabilities at reasonable cost; 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; 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; and, the company's ability to profitably integrate, manage and grow businesses that have been acquired recently or may be acquired in the future. 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 annual report on Form 10-K and 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:	Tracey Ford	408-376-7205
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	

eBay Inc.

Unaudited Condensed Consolidated Balance Sheet
(In Thousands)

	December 31, 2006	December 31, 2007
ASSETS		
Current assets:		
Cash and cash equivalents	$ 2,662,792	$ 4,221,191
Short-term investments	554,841	676,264
Accounts receivable, net	393,195	480,557
Funds receivable	399,297	427,337
Other current assets	960,461	1,317,156
Total current assets	4,970,586	7,122,505
Long-term investments	277,853	138,237
Property and equipment, net	998,196	1,120,452
Goodwill	6,544,278	6,257,153
Intangible assets, net	682,977	596,038
Other assets	20,121	131,652
	$ 13,494,011	$ 15,366,037
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 83,392	$ 156,613
Funds payable and amounts due to customers	1,159,952	1,513,578
Accrued expenses and other current liabilities	681,669	1,151,139
Deferred revenue and customer advances	128,964	166,495
Income taxes payable	464,418	111,754
Total current liabilities	2,518,395	3,099,579
Deferred and other tax liabilities, net	31,784	510,557
Other liabilities	39,200	51,299
Total liabilities	2,589,379	3,661,435
Total stockholders' equity	10,904,632	11,704,602
	$ 13,494,011	$ 15,366,037

eBay Inc.

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

	Three Months Ended December 31,		Year Ended December 31,	
	2006	2007	2006	2007
Net revenues(2)	$ 1,719,901	$ 2,180,606	$ 5,969,741	$ 7,672,329
Cost of net revenues(1)	356,317	505,973	1,256,792	1,762,972
Gross profit	1,363,584	1,674,633	4,712,949	5,909,357
Operating expenses(1):				
Sales and marketing	461,329	519,133	1,619,857	1,925,393
Product development	131,248	169,316	494,695	619,727
General and administrative	275,724	306,731	978,363	1,156,015
Amortization of acquired intangible assets	45,398	53,313	197,078	204,104
Impairment of goodwill	—	—	—	1,390,938
Total operating expenses	913,699	1,048,493	3,289,993	5,296,177
Income from operations(3)	449,885	626,140	1,422,956	613,180
Interest and other income, net	37,399	51,921	130,017	154,271
Interest expense	(3,687)	(6,596)	(5,916)	(16,600)
Income before income taxes	483,597	671,465	1,547,057	750,851
Provision for income taxes	(137,130)	(140,579)	(421,418)	(402,600)
Net income	$ 346,467	$ 530,886	$ 1,125,639	$ 348,251
Net income per share:				
Basic	$ 0.25	$ 0.39	$ 0.80	$ 0.26
Diluted	$ 0.25	$ 0.39	$ 0.79	$ 0.25
Weighted average shares:				
Basic	1,380,577	1,352,077	1,399,251	1,358,797
Diluted	1,402,749	1,368,067	1,425,472	1,376,174
(1) Includes stock-based compensation as follows:				
Cost of net revenues	$ 7,873	$ 9,466	$ 32,981	$ 37,009
Sales and marketing	21,614	16,798	96,547	81,299
Product development	18,787	19,251	81,489	76,002
General and administrative	26,391	24,138	106,393	107,503
Total stock-based compensation	$ 74,665	$ 69,653	$ 317,410	$ 301,813

(2) Net revenues for the three-month period ended December 31, 2007 were positively impacted by foreign currency translation of approximately $97 million compared to the same period of the prior year. Net revenues for the twelve-month period ended December 31, 2007 were positively impacted by foreign currency translation of approximately $276 million compared to the same period of the prior year. On a sequential period, net revenues for the three-month period ended December 31, 2007 were positively impacted by foreign currency translation of approximately $45 million.

(3) Operating income for the three-month period ended December 31, 2007 was positively impacted by foreign currency translation of approximately $49 million compared to the same period of the prior year. Operating income for the twelve-month period ended December 31, 2007 was positively impacted by foreign currency translation of approximately $146 million compared to the same period of the prior year. On a sequential period, operating income for the three-month period ended December 31, 2007 was positively impacted by foreign currency translation of approximately $25 million.

eBay Inc.
Unaudited Condensed Consolidated Statement of Cash Flows
(In Thousands)

	Three Months Ended December 31,		Year Ended December 31,	
	2006	2007	2006	2007
Cash flows from operating activities:				
Net income	$ 346,467	$ 530,886	$ 1,125,639	$ 348,251
Adjustments:				
Provision for doubtful accounts and authorized credits	26,536	29,613	100,729	96,461
Provision for transaction losses	44,743	38,407	126,439	139,255
Depreciation and amortization	143,616	159,816	544,552	601,707
Impairment of goodwill	—	—	—	1,390,938
Stock-based compensation related to stock options and employee stock purchases	74,665	69,653	317,410	301,813
Deferred income taxes	(96,393)	(72,469)	(227,850)	(141,403)
Tax benefit from stock-based compensation	39,775	30,320	148,565	143,203
Excess tax benefit from stock-based compensation	(15,108)	(15,804)	(92,371)	(84,830)
Changes in assets and liabilities, net of acquisition effects:				
Accounts receivable	(52,719)	(99,300)	(169,750)	(185,616)
Funds receivable	(92,528)	137,952	(146,900)	(25,780)
Other current assets	(104,252)	20,735	(443,530)	(416,277)
Other non-current assets	(743)	(9,648)	10,126	(88,717)
Accounts payable	(30,915)	24,247	32,986	36,954
Funds payable and amounts due to customers	187,671	(83,942)	575,137	336,875
Accrued expenses and other liabilities	19,208	(24,467)	(31,022)	(18,825)
Deferred revenue and customer advances	11,195	10,330	47,859	37,807
Income taxes payable and other tax liabilities	124,743	46,217	329,772	169,293
Net cash provided by operating activities	625,961	792,546	2,247,791	2,641,109
Cash flows from investing activities:				
Purchases of property and equipment, net	(96,573)	(127,933)	(515,448)	(453,967)
Purchases of investments	(35,850)	(65,378)	(583,263)	(270,676)
Maturities and sales of investments	497,948	104,941	1,380,227	888,757
Acquisitions, net of cash acquired	—	(543,370)	(45,505)	(863,565)
Other	1,638	783	(7,158)	6,305
Net cash provided by (used in) investing activities	367,163	(630,957)	228,853	(693,146)
Cash flows from financing activities:				
Proceeds from issuance of common stock, net	104,407	141,756	313,482	506,955
Repurchases of common stock, net	(999,999)	(314,698)	(1,666,540)	(1,485,397)
Excess tax benefits from stock-based compensation	15,108	15,804	92,371	84,830
Proceeds from borrowings	—	200,220	—	200,220
Net cash (used in) provided by financing activities	(880,484)	43,082	(1,260,687)	(693,392)
Effect of exchange rate changes on cash and cash equivalents	67,895	103,929	133,255	303,828
Net increase in cash and cash equivalents	180,535	308,600	1,349,212	1,558,399
Cash and cash equivalents at beginning of period	2,482,257	3,912,591	1,313,580	2,662,792
Cash and cash equivalents at end of period	$ 2,662,792	$ 4,221,191	$ 2,662,792	$ 4,221,191

eBay Inc.

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

Net Revenues by Type

	Three Months Ended				
	December 31, 2006	March 31, 2007	June 30, 2007	September 30, 2007	December 31, 2007
Net transaction revenues					
Marketplaces	$ 1,198,418	$ 1,211,545	$ 1,236,835	$ 1,267,463	$ 1,419,520
Current quarter vs prior quarter	*18%*	*1%*	*2%*	*2%*	*12%*
Current quarter vs prior year quarter	*24%*	*22%*	*24%*	*25%*	*18%*
Percent of Marketplaces revenue from international	*51%*	*52%*	*52%*	*51%*	*54%*
Payments	402,958	418,992	432,294	447,952	539,301
Current quarter vs prior quarter	*19%*	*4%*	*3%*	*4%*	*20%*
Current quarter vs prior year quarter	*35%*	*28%*	*31%*	*32%*	*34%*
Percent of Payments revenue from international	*40%*	*41%*	*42%*	*43%*	*44%*
Communications	63,417	77,078	89,133	96,772	113,732
Current quarter vs prior quarter	*27%*	*22%*	*16%*	*9%*	*18%*
Current quarter vs prior year quarter	*156%*	*119%*	*102%*	*93%*	*79%*
Percent of Communications revenue from international	*84%*	*85%*	*85%*	*83%*	*83%*
Total net transaction revenues	1,664,793	1,707,615	1,758,262	1,812,187	2,072,553
Current quarter vs prior quarter	*18%*	*3%*	*3%*	*3%*	*14%*
Current quarter vs prior year quarter	*29%*	*26%*	*28%*	*29%*	*24%*
Advertising and other non-transaction revenues					
Total advertising and other non-transaction revenues	55,108	60,459	76,167	77,033	108,053
Current quarter vs prior quarter	*33%*	*10%*	*26%*	*1%*	*40%*
Current quarter vs prior year quarter	*49%*	*65%*	*96%*	*86%*	*96%*
Total net revenues	$ 1,719,901	$ 1,768,074	$ 1,834,429	$ 1,889,220	$ 2,180,606
Current quarter vs prior quarter	*19%*	*3%*	*4%*	*3%*	*15%*
Current quarter vs prior year quarter	*29%*	*27%*	*30%*	*30%*	*27%*

eBay Inc.

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

Net Revenues by Segment

	Three Months Ended				
	December 31, 2006	March 31, 2007	June 30, 2007	September 30, 2007	December 31, 2007
Marketplaces	$ 1,237,523	$ 1,250,200	$ 1,290,552	$ 1,320,632	$ 1,502,507
Current quarter vs prior quarter	*18%*	*1%*	*3%*	*2%*	*14%*
Current quarter vs prior year quarter	*24%*	*23%*	*26%*	*26%*	*21%*
Percent of Marketplaces revenue from international	*50%*	*51%*	*52%*	*51%*	*54%*
Payments	416,796	439,341	454,167	470,396	562,712
Current quarter vs prior quarter	*19%*	*5%*	*3%*	*4%*	*20%*
Current quarter vs prior year quarter	*37%*	*31%*	*34%*	*35%*	*35%*
Percent of Payments revenue from international	*41%*	*41%*	*42%*	*43%*	*44%*
Communications	65,582	78,533	89,710	98,192	115,387
Current quarter vs prior quarter	*31%*	*20%*	*14%*	*9%*	*18%*
Current quarter vs prior year quarter	*164%*	*123%*	*103%*	*96%*	*76%*
Percent of Communications revenue from international	*84%*	*85%*	*84%*	*82%*	*83%*
Total net revenues	$ 1,719,901	$ 1,768,074	$ 1,834,429	$ 1,889,220	$ 2,180,606
Current quarter vs prior quarter	*19%*	*3%*	*4%*	*3%*	*15%*
Current quarter vs prior year quarter	*29%*	*27%*	*30%*	*30%*	*27%*

Net Revenues by Geography

	Three Months Ended				
	December 31, 2006	March 31, 2007	June 30, 2007	September 30, 2007	December 31, 2007
US net revenues	$ 872,287	$ 884,909	$ 895,820	$ 929,605	$ 1,032,336
Current quarter vs prior quarter	*14%*	*1%*	*1%*	*4%*	*11%*
Current quarter vs prior year quarter	*20%*	*18%*	*24%*	*22%*	*18%*
Percent of total	*51%*	*50%*	*49%*	*49%*	*47%*
International net revenues	847,614	883,165	938,609	959,615	1,148,270
Current quarter vs prior quarter	*24%*	*4%*	*6%*	*2%*	*20%*
Current quarter vs prior year quarter	*40%*	*38%*	*37%*	*40%*	*35%*
Percent of total	*49%*	*50%*	*51%*	*51%*	*53%*
Total net revenues	$ 1,719,901	$ 1,768,074	$ 1,834,429	$ 1,889,220	$ 2,180,606
Current quarter vs prior quarter	*19%*	*3%*	*4%*	*3%*	*15%*
Current quarter vs prior year quarter	*29%*	*27%*	*30%*	*30%*	*27%*

eBay Inc.

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

	December 31, 2006	March 31, 2007	June 30, 2007	September 30, 2007	December 31, 2007
Active Users (1)	81.8	82.9	83.3	83.0	83.2
Current quarter vs prior quarter	*3%*	*1%*	*0%*	*(0)%*	*0%*
Current quarter vs prior year quarter	*14%*	*10%*	*7%*	*4%*	*2%*
Number of New Listings (2)	610.2	588.5	559.2	555.6	637.2
Current quarter vs prior quarter	*5%*	*(4)%*	*(5)%*	*(1)%*	*15%*
Current quarter vs prior year quarter	*12%*	*2%*	*(6)%*	*(5)%*	*4%*
Gross Merchandise Volume (3)	$ 14,434	$ 14,281	$ 14,464	$ 14,395	$ 16,213
Current quarter vs prior quarter	*14%*	*(1%)*	*1%*	*(0%)*	*13%*
Current quarter vs prior year quarter	*20%*	*14%*	*12%*	*14%*	*12%*
Fixed Price Trading **(4)** as % of gross merchandise volume	*38%*	*39%*	*39%*	*41%*	*42%*
eBay Stores (5) (in thousands)	593	632	649	520	532
Current quarter vs prior quarter	*3%*	*7%*	*3%*	*(20)%*	*2%*
					)
Current quarter vs prior year quarter	*55%*	*30%*	*20%*	*(9)%*	*(10%*
Percent of eBay Stores hosted internationally	*56%*	*57%*	*57%*	*46%*	*46%*

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

(1) All users, excluding users of StubHub, Half.com and Internet Auction, who bid on, bought, or listed an item within the previous 12-month period. Users may register more than once, and as a result, may have more than one account.

(2) Listings on eBay Marketplaces trading platforms during the quarter, regardless of whether the listing subsequently closed successfully.

(3) Total value of all successfully closed items between users on eBay Marketplaces trading platforms during the quarter, regardless of whether the buyer and seller actually consummated the transaction.

(4) Primarily, GMV related to eBay's "Buy It Now" feature on eBay Marketplaces trading platforms during the quarter.

(5) Total number of eBay Stores worldwide, hosted on eBay's Marketplaces trading platforms as of each respective quarter end. Beginning in Q3-07, eBay China stores are excluded.

eBay Inc.

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

The metrics for all periods shown below have been adjusted to reflect new management definitions which we believe improve the consistency between how management measures and monitors its business.

	December 31, 2006	March 31, 2007	June 30, 2007	September 30, 2007	December 31, 2007
Active registered accounts (1)	49.4	51.3	52.8	54.8	57.3
Current quarter vs prior quarter	*5%*	*4%*	*3%*	*4%*	*5%*
Current quarter vs prior year quarter	*20%*	*18%*	*16%*	*16%*	*16%*
Net number of payments (2)	167.2	171.9	168.0	172.2	203.9
			)		
Current quarter vs prior quarter	*18%*	*3%*	*(2%*	*3%*	*18%*
Current quarter vs prior year quarter	*24%*	*19%*	*20%*	*21%*	*22%*
Net total payment volume (3)	$ 10,439	$ 10,777	$ 11,080	$ 11,569	$ 14,044
Current quarter vs prior quarter	*21%*	*3%*	*3%*	*4%*	*21%*
Current quarter vs prior year quarter	*36%*	*30%*	*32%*	*34%*	*35%*
Merchant Services net total payment volume as% of net total payment volume	*35%*	*38%*	*42%*	*44%*	*44%*
Transaction rates (4)					
Transaction revenue rate	3.86%	3.89%	3.90%	3.87%	3.84%
Transaction processing expense rate	1.13%	1.15%	1.18%	1.21%	1.18%
Transaction loss rate	0.43%	0.33%	0.31%	0.27%	0.27%

(1) All registered accounts that successfully sent or received at least one payment or payment reversal through the PayPal system within the previous 12-month period.

(2) Number of payments, net of payment reversals, successfully completed through the PayPal system during the quarter, excluding the payment gateway business.

(3) Total dollar volume of payments, net of payment reversals, successfully completed through the PayPal system during the quarter, excluding the payment gateway business.

(4) Transaction rates represent the ratio of PayPal net transaction revenues (including the payment gateway business), PayPal third-party processing expenses, and PayPal fraud and protection program losses relative to net total payment volume.

eBay Inc.
Unaudited Communications Supplemental Operating Data
(In Millions, Except Percentages)

	December 31, 2006	March 31, 2007	June 30, 2007	September 30, 2007	December 31, 2007
Registered users (1)	171.2	195.5	219.6	245.7	276.3
Current quarter vs prior quarter	*26%*	*14%*	*12%*	*12%*	*12%*
Current quarter vs prior year quarter	*129%*	*107%*	*94%*	*81%*	*61%*

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

eBay Inc.
Business Outlook
(In Millions, Except Per Share Amounts And Percentages)

The guidance figures provided below and elsewhere in this press release are forward-looking statements and are approximate in nature because eBay's future performance is difficult to predict. Such guidance is based on information available on the date of this earnings release, and eBay assumes no obligation to update it.

eBay's future performance involves risks and uncertainties, and the company's actual results could differ materially from the information below. Some of the factors that could affect the company's operating results are set forth under the caption "Forward-Looking Statements" above in this press release. More information about factors that could affect eBay's operating results is included under the captions "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in its most recent annual report on Form 10-K and quarterly reports on Form 10-Q, copies of which may be obtained by visiting the company's investor relations web site at http://investor.ebay.com or the SEC's web site at www.sec.gov .

	Three months ending March 31, 2008	
	GAAP	Non-GAAP(a)
Net revenues	$ 2,000-$2,050	$ 2,000-$2,050
Diluted EPS	$ 0.28-$0.30	$ 0.37-$0.39

	Year ending December 31, 2008	
	GAAP	Non-GAAP(a)
Net revenues	$ 8,500-$8,750	$ 8,500-$8,750
Operating margin	~24%	~32%
[…]		
Effective tax rate	21.0%-22.0%	22.0%-23.0%

(a) Non-GAAP amounts and percentages reflect estimated quarterly adjustments to exclude the amortization of acquired intangible assets of approximately $55-$60 million and stock-based compensation and payroll taxes on employee stock options of approximately $95-$110 million. See further discussion regarding non-GAAP measures of financial performance on the following pages.

eBay Inc.

Non-GAAP Measures of Financial Performance

To supplement the company's consolidated financial statements presented in accordance with generally accepted accounting principles, or GAAP, eBay uses non-GAAP measures of certain components of financial performance. These non-GAAP measures include non-GAAP net income, non-GAAP earnings per diluted share, non-GAAP operating margin, non-GAAP effective tax rate, and free cash flow.

These non-GAAP measures are not in accordance with, or an alternative for, measures prepared in accordance with GAAP and may be different from non-GAAP measures used by other companies. In addition, these non-GAAP measures are not based on any comprehensive set of accounting rules or principles. Non-GAAP measures have limitations in that they do not reflect all of the amounts associated with eBay's results of operations as determined in accordance with GAAP. These measures should only be used to evaluate eBay's results of operations in conjunction with the corresponding GAAP measures.

Reconciliation to the nearest GAAP measure of all non-GAAP measures included in this press release can be found in the tables included on page 13, 15 and 16 of this press release.

These non-GAAP measures are provided to enhance investors' overall understanding of the company's current financial performance and the company's prospects for the future. Specifically, the company believes the non-GAAP measures provide useful information to both management and investors by excluding certain expenses, gains and losses, and net purchases of property and equipment that may not be indicative of its core operating results and business outlook. In addition, because eBay has historically reported certain non-GAAP results to investors, the company believes the inclusion of non-GAAP measures provides consistency in the company's financial reporting.

For its internal budgeting process, and as discussed further below, eBay's management uses financial statements that do not include stock-based compensation expense related to employee stock options and employee stock purchases, employer payroll taxes on employee non-qualified stock option gains, amortization or impairment of acquired intangible assets and the income taxes associated with the foregoing. In addition to the corresponding GAAP measures, eBay's management also uses the foregoing non-GAAP measures in reviewing the financial results of eBay.

eBay excludes the following items from non-GAAP net income, non-GAAP earnings per diluted share, non-GAAP operating margin and non-GAAP effective tax rate:

Stock-based compensation related to stock options and employee stock purchases. These expenses consist of expenses for stock options and employee stock purchases under Statement of Financial Accounting Standards No. 123 (revised 2004), "Share-Based Payment." eBay excludes stock-based compensation expenses from its non-GAAP measures primarily because they are non-cash expenses that eBay does not believe are reflective of ongoing operating results.

Employer payroll taxes on employee non-qualified stock option gains. This amount is dependent on eBay's stock price and the timing and size of exercise by employees of their stock options, over which management has limited to no control, and as such does not correlate to eBay's operation of the business.

Amortization or impairment of acquired intangible assets and impairment of goodwill. eBay incurs amortization or impairments of acquired intangible assets in connection with acquisitions and investments. eBay excludes these items because they arise from eBay's prior acquisitions and have no direct correlation to the current operating results of eBay's business.

Income taxes associated with certain non-GAAP entries. This amount is used to present stock-based compensation and the other amounts described above on an after-tax basis consistent with the presentation of non-GAAP net income.

In addition to the non-GAAP measures discussed above, eBay also uses free cash flow. Free cash flow represents operating cash flows less net purchases of property and equipment. eBay considers free cash flow to be a liquidity measure that provides useful information to management and investors about the amount of cash generated by the business after the purchases of property, buildings, and equipment, which can then be used to, among other things, invest in eBay's business, make strategic acquisitions, strengthen the balance sheet and repurchase stock. A limitation of free cash flow is that it does not represent the total increase or decrease in the company's cash balance for the period.

eBay Inc.
Reconciliation of GAAP Operating Margin to Non-GAAP Operating Margin
(In Thousands, Except Percentages)

	Three Months Ended		Year Ended	
	December 31, 2006	December 31, 2007	December 31, 2006	December 31, 2007
GAAP operating income	$ 449,885	$ 626,140	$ 1,422,956	$ 613,180
Stock-based compensation expense related to employee stock options and employee stock purchases	74,665	69,653	317,410	301,813
Payroll tax on stock option exercise	919	1,522	5,319	6,872
Amortization of developed technology (1)	4,140	4,351	17,851	19,625
Amortization of acquired intangible assets	45,398	53,313	197,078	204,104
Impairment of goodwill	—	—	—	1,390,938
Non-GAAP operating income	$ 575,007	$ 754,979	$ 1,960,614	$ 2,536,532
Non-GAAP operating margin	33.4%	34.6%	32.8%	33.1%

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

	Three Months Ended		Year Ended	
	December 31, 2006	December 31, 2007	December 31, 2006	December 31, 2007
GAAP net income	$ 346,467	$ 530,886	$ 1,125,639	$ 348,251
Stock-based compensation expense related to employee stock options and employee stock purchases	74,665	69,653	317,410	301,813
Payroll tax on stock option exercise	919	1,522	5,319	6,872
Amortization of developed technology (1)	4,140	4,351	17,851	19,625
Amortization of acquired intangible assets	45,398	53,313	197,078	204,104
Impairment of goodwill	—	—	—	1,390,938
Income taxes associated with certain non-GAAP entries	(41,042)	(48,853)	(171,690)	(165,421)
Non-GAAP net income	$ 430,547	$ 610,872	$ 1,491,607	$ 2,106,182
Diluted net income per share:				
GAAP	$ 0.25	$ 0.39	$ 0.79	$ 0.25
Non-GAAP	$ 0.31	$ 0.45	$ 1.05	$ 1.53
Shares used in GAAP and non-GAAP diluted net income per-share calculation	1,402,749	1,368,067	1,425,472	1,376,174

(1) Included within cost of net revenues on the Unaudited Condensed Consolidated Statement of Income

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

	Three Months Ended		Year Ended	
	December 31, 2006	December 31, 2007	December 31, 2006	December 31, 2007
GAAP provision for income taxes (a)	$ 137,130	$ 140,579	$ 421,418	$ 402,600
Income taxes associated with certain non-GAAP entries	41,042	48,853	171,690	165,421
Non-GAAP provision for income taxes (b)	$ 178,172	$ 189,432	$ 593,108	$ 568,021
GAAP income before income taxes (c)	$ 483,597	$ 671,465	$ 1,547,057	$ 750,851
Stock-based compensation expense related to employee stock options and employee stock purchases	74,665	69,653	317,410	301,813
Payroll tax on stock option exercise	919	1,522	5,319	6,872
Amortization of developed technology (1)	4,140	4,351	17,851	19,625
Amortization of acquired intangible assets	45,398	53,313	197,078	204,104
Impairment of goodwill	—	—	—	1,390,938
Non-GAAP income before income taxes (d)	$ 608,719	$ 800,304	$ 2,084,715	$ 2,674,203
GAAP effective tax rate (a/c)	28%	21%	27%	54%
Non-GAAP effective tax rate (b/d)	29%	24%	28%	21%

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

	Three Months Ended		Year Ended	
	December 31, 2006	December 31, 2007	December 31, 2006	December 31, 2007
Net cash provided by operating activities	$ 625,961	$ 792,546	$ 2,247,791	$ 2,641,109
Less: Purchases of property and equipment, net	(96,573)	(127,933)	(515,448)	(453,967)
Free cash flow	$ 529,388	$ 664,613	$ 1,732,343	$ 2,187,142

(1) Included within cost of net revenues on the Unaudited Condensed Consolidated Statement of Income

EXHIBIT X

CURRENT REPORT ON FORM 8-K FILED BY EBAY INC. WITH THE SEC ON JANUARY 16, 2008 (INCLUDING AMENDED AND RESTATED BYLAWS OF EBAY INC. AS OF JANUARY 15, 2008)

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): January 15, 2008

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 5.03 Amendments to Articles of Incorporation or Bylaws; Change in Fiscal Year.

On January 15, 2008, the Board of Directors of eBay Inc. (the "Company") amended and restated the Company's Amended and Restated Bylaws, as amended and restated to date (the "Bylaws"), to, among other things:

• change the plurality vote standard for election of directors to a majority vote standard in uncontested elections of directors and to set forth the mechanics for acceptance of director resignations by a committee of the Board of Directors in the case of failed reelections;

• amend the provisions relating to meetings of the stockholders of the Company to clarify the procedures applicable to and voting standards for actions taken at such meetings and to allow such meetings to take place by remote communication;

• amend the provisions relating to notice requirements to facilitate the giving of and to allow the waiver of notice by electronic transmission and, in the case of notice of special meetings of the Board of Directors, to change the advance notice requirement from 48 to 24 hours if such notice is given by telephone, hand delivery, overnight express courier, facsimile, electronic mail or other electronic transmission;

• provide that (i) a stockholder's notice of nominations of persons for election to the Board of Directors or the proposal of business to be considered by the stockholders at an annual meeting of stockholders must be delivered to the Company not later than the close of business on the 90th day nor earlier than the close of business on the 120th day prior to the first anniversary of the preceding year's annual meeting; provided, however, that in the event that the date of the annual meeting is more than 30 days before or more than 60 days after such anniversary date, notice by the stockholder must be so delivered not earlier than the close of business on the 120th day prior to such annual meeting and not later than the close of business on the later of the 90th day prior to such annual meeting or the close of business on the 10th day following the day on which public announcement of the date of such meeting is first made by the Company, and to make similar changes in the notice period for director nominations at a special meeting of stockholders; and (ii) any such notice regarding a proposed director nominee must include a statement regarding whether such nominee, if elected, would tender a resignation that will become effective upon both (A) the failure to receive the required vote for reelection at the next meeting and (B) acceptance of such resignation by a committee of the Board of Directors;

• amend the provisions governing stock certificates to enable the Board of Directors to issue uncertificated shares, as required by The Nasdaq Stock Market; and

• amend Section 2.3 (regarding the filling of vacancies in the Board of Directors) and Section 10.1 (regarding Bylaws amendments) to conform to the Company's Amended and Restated Certificate of Incorporation.

A copy of the Bylaws is attached hereto as Exhibit 3.1 and incorporated herein by reference. The foregoing description of the Bylaws is qualified in its entirety by reference to the full text thereof.

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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.

January 16, 2008

By: Michael R. Jacobson

Name: Michael R. Jacobson
Title: Senior Vice President, Legal Affairs, General Counsel and Secretary

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Exhibit Index

Exhibit No.	Description
3.1	Amended and Restated Bylaws of eBay Inc.

EXHIBIT 3.1

AMENDED AND RESTATED BYLAWS

OF

EBAY INC.

(a Delaware corporation)

eBay Inc. (the "Corporation"), pursuant to the provisions of Section 109 of the Delaware General Corporation Law, hereby adopts these Amended and Restated Bylaws, which restate, amend and supersede the bylaws of the Corporation, as previously amended and restated, in their entirety as described below:

ARTICLE I.

STOCKHOLDERS

Section 1.1: Place of Meetings . Meetings of the stockholders of the Corporation may be held at such place, either within or without the State of Delaware, as may be designated from time to time by the Board of Directors. The Board of Directors may, in its sole discretion, determine that the meeting shall not be held at any place, but may instead be held solely by means of remote communication as provided under the Delaware General Corporation Law.

Section 1.2: Annual Meetings . If required by applicable law, an annual meeting of stockholders shall be held for the election of directors at such date and time, as the Board of Directors shall each year fix. Any other proper business may be transacted at the annual meeting.

Section 1.3: Special Meetings . Special meetings of the stockholders, for any purpose or purposes described in the notice of the meeting, may be called only by (i) the Board of Directors 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 of Directors for adoption), (ii) the Chairman of the Board or (iii) the Chief Executive Officer and shall be held at such place, if any, on such date, and at such time as they shall fix. Business transacted at special meetings shall be confined to the purpose or purposes stated in the notice.

Section 1.4: Notice of Meetings . Written notice of all meetings of stockholders shall be given that shall state the place, if any, date and time of the meeting, the means of remote communications, if any, by which stockholders and proxy holders may be deemed to be present in person and vote at such meeting and, in the case of a special meeting, the purpose or purposes for which the meeting is called. Unless otherwise required by applicable law or the Certificate of Incorporation of the Corporation as currently in effect (the "Certificate of Incorporation"), such notice shall be given not less than ten (10) nor more than sixty (60) days before the date of the meeting to each stockholder entitled to vote at such meeting.

Section 1.5: Manner of Giving Notice; Affidavit of Notice .

(a) Notice of any meeting of stockholders, if mailed, is given when deposited in the United States mail, postage prepaid, directed to the stockholder at his, her or its address as it appears on the records of the Corporation.

(b) Except as otherwise prohibited by the Delaware General Corporation Law and without limiting the foregoing, any notice to stockholders given by the Corporation under any provision of the Delaware General Corporation Law, the Certificate of Incorporation or these Bylaws shall be effective if given by a form of electronic transmission consented to (and not properly revoked by written notice to the Corporation) by the stockholder to whom the notice is given, to the extent such consent is required by the Delaware General Corporation Law. Any such consent shall be revocable by the stockholder by written notice to the Corporation. Any such consent shall be deemed revoked if (i) the Corporation is unable to deliver by electronic transmission two (2) consecutive notices given by the Corporation in accordance with such consent and (ii) such inability becomes known to the Secretary or an Assistant

Secretary of the Corporation or to the transfer agent of the Corporation, or other person responsible for the giving of notice; provided, however, the inadvertent failure to treat such inability as a revocation shall not invalidate any meeting or other action. Any such notice shall be deemed given (i) if by facsimile telecommunication, when directed to a number at which the stockholder has consented to receive notice; (ii) if by electronic mail, when directed to an electronic mail address at which the stockholder has consented to receive notice; (iii) if by a posting on an electronic network together with separate notice to the stockholder of such specific posting, upon the later of (A) such posting and (B) the giving of such separate notice; and (iv) if by any other form of electronic transmission, when directed to the stockholder.

(c) For the purposes of these Bylaws, an "electronic transmission" means any form of communication, not directly involving the physical transmission of paper, that creates a record that may be retained, retrieved and reviewed by a recipient thereof, and that may be directly reproduced in paper form by such a recipient through an automated process.

(d) Except as otherwise prohibited under the Delaware General Corporation Law and without limiting the manner by which notice otherwise may be given to stockholders, any notice to stockholders given by the Corporation under any provision of the Delaware General Corporation Law, the Certificate of Incorporation or these Bylaws may be given by a single written notice to stockholders who share an address if consented to by the stockholders at that address to whom such notice is given. Such consent shall have been deemed to have been given if a stockholder fails to object in writing to the Corporation within sixty (60) days of having been given written notice by the Corporation of its intention to send the single notice in accordance with this Section 1.5(d). Any such consent shall be revocable by the stockholders by written notice to the Corporation

(e) An affidavit of the Secretary or an Assistant Secretary of the Corporation or of the transfer agent or other agent of the Corporation that the notice has been given shall, in the absence of fraud, be *prima facie* evidence of the facts stated therein.

Section 1.6: Adjournments . Any meeting of stockholders may adjourn from time to time to reconvene at the same or another place, if any, or by means of remote communications, if any, by which stockholders and proxy holders may be deemed to be present in person and vote at such meeting, and notice need not be given of any such adjourned meeting if the place, if any, time and date thereof, and the means of remote communications, if any, by which stockholders and proxy holders may be deemed to be present in person and vote at such adjourned meeting are announced at the meeting at which the adjournment is taken; provided, however, that if the adjournment is for more than thirty (30) days, or if after the adjournment a new record date is fixed for the adjourned meeting, then a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting. At the adjourned meeting the Corporation may transact any business that might have been transacted at the original meeting.

Section 1.7: Quorum . At each meeting of stockholders the holders of a majority of the shares of stock entitled to vote at the meeting, present in person or represented by proxy, shall constitute a quorum for the transaction of business, except if otherwise required by applicable law. Where a separate vote by a class or classes or series is required, a majority of the shares of such class or classes or series then outstanding and entitled to vote present in person or by proxy shall constitute a quorum entitled to take action with respect to that vote on that matter. If a quorum shall fail to attend any meeting, the chairman of the meeting or the holders of a majority of the shares entitled to vote who are present, in person or by proxy, at the meeting may adjourn the meeting. Shares of the Corporation's stock belonging to the Corporation (or to another corporation, if a majority of the shares entitled to vote in the election of directors of such other corporation are held, directly or indirectly, by the Corporation), shall neither be entitled to vote nor be counted for quorum purposes; provided, however, that the foregoing shall not limit the right of the Corporation or any other corporation to vote any shares of the Corporation's stock held by it in a fiduciary capacity.

Section 1.8: Conduct of Business . Meetings of stockholders shall be presided over by such person as the Board of Directors may designate as chairman of the meeting, or, in the absence of such a person, the Chairman of the Board, or, in the absence of such person, the President of the Corporation, or, in the absence of such person, such person as may be chosen by the holders of a majority of the shares entitled to vote who are present, in person or by proxy, at the meeting. The Secretary of the Corporation shall act as secretary of the meeting, but in his or her absence the chairman of the meeting may appoint any person to act as secretary of the meeting. The Board of Directors shall be entitled to make such rules or regulations for the conduct of meetings of stockholders as it shall deem necessary,

appropriate or convenient. Subject to such rules and regulations of the Board of Directors, if any, the chairman of the meeting shall have the right and authority to prescribe such rules, regulations and procedures and to do all such acts as, in the judgment of such chairman, are necessary, appropriate or convenient for the proper conduct of the meeting, including, without limitation, establishing an agenda or order of business for the meeting, rules and procedures for maintaining order at the meeting and the safety of those present, limitations on participation in the meeting to stockholders of record of the Corporation, their duly authorized and constituted proxies and such other persons as the chairman shall permit, restrictions on entry to the meeting after the time fixed for the commencement thereof, limitations on the time allotted to questions or comments by participants and regulation of the opening and closing of the polls for balloting and matters which are to be voted on by ballot.

Section 1.9: Voting; Proxies . Unless otherwise provided by law or the Certificate of Incorporation, each stockholder shall be entitled to one (1) vote for each share of stock held by such stockholder of record according to the records of the Corporation. The stockholders entitled to vote at any meeting of stockholders shall be determined in accordance with the provisions of Section 1.11 of these Bylaws, subject to Section 217 (relating to voting rights of fiduciaries, pledgors and joint owners of stock) and Section 218 (relating to voting trusts and other voting agreements) of the Delaware General Corporation Law. Each stockholder entitled to vote at a meeting of stockholders may authorize another person or persons to act for such stockholder by proxy. Such a proxy may be prepared, transmitted and delivered in any manner permitted by applicable law. Unless otherwise provided in the Certificate of Incorporation or a Certificate of Designation relating to a series of Preferred Stock, directors shall be elected as provided in Section 2.2 of these Bylaws. Unless otherwise provided by applicable law, the rules or regulations of any stock exchange applicable to the Corporation, the Certificate of Incorporation or these Bylaws, every matter other than the election of directors shall be decided by the affirmative vote of the holders of a majority in voting power of the shares of stock entitled to vote thereon that are present in person or represented by proxy at the meeting.

Section 1.10: [Intentionally Omitted.]

Section 1.11: Fixing Date for Determination of Stockholders of Record . In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board of Directors may fix, in advance, a record date, which (i) in the case of determination of stockholders entitled to vote at any meeting of stockholders or adjournment thereof, shall, unless otherwise required by law, not be more than sixty (60) nor less than ten (10) days before the date of such meeting, and (ii) in the case of any other action, shall not be more than sixty (60) days prior to any such other action. If no record date is fixed by the Board of Directors, then the record date shall be as provided by applicable law. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

Section 1.12: List of Stockholders Entitled to Vote . A complete list of stockholders entitled to vote at any meeting of stockholders, arranged in alphabetical order and showing the address of each stockholder and the number of shares registered in the name of each stockholder, shall be open to the examination of any stockholder, for any purpose germane to the meeting, for a period of at least ten (10) days prior to the meeting, (i) on a reasonably accessible electronic network, provided that the information required to gain access to such list is provided with the notice of the meeting, or (ii) during ordinary business hours, at the principal place of business of the Corporation. In the event that the Corporation determines to make the list available on an electronic network, the Corporation may take reasonable steps to ensure that such information is available only to the stockholders of the Corporation. If the meeting is to be held at a place, then the list shall be produced and kept at the time and place of the meeting during the whole time thereof and may be inspected by any stockholder who is present. If the meeting is to be held solely by means of remote communication, then the list shall also be open to the examination of any stockholder during the whole time of the meeting on a reasonably accessible electronic network, and the information required to access such list shall be provided with the notice of the meeting. Except as otherwise provided by law, such list shall be the only evidence as to who are the stockholders entitled to examine the list of stockholders required by this Section 1.12 or to vote in person or by proxy at any meeting of the stockholders. The Corporation shall not be required to include electronic mail addresses or other electronic contact information on such list.

Section 1.13: Inspectors of Elections .

(a) Applicability . Unless otherwise provided in the Corporation's Certificate of Incorporation or required by the Delaware General Corporation Law, the following provisions of this Section 1.13 shall apply only if and when the Corporation has a class of voting stock that is:

(i) listed on a national securities exchange;

(ii) authorized for quotation on an interdealer quotation system of a registered national securities association; or

(iii) held of record by more than 2,000 stockholders; in all other cases, observance of the provisions of this Section 1.13 shall be optional, and at the discretion of the Corporation.

(b) Appointment . The Corporation shall, in advance of any meeting of stockholders, appoint one or more inspectors of election to act at the meeting and make a written report thereof. The Corporation may designate one or more persons as alternate inspectors to replace any inspector who fails to act. If no inspector or alternate is able to act at a meeting of stockholders, the person presiding at the meeting shall appoint one or more inspectors to act at the meeting.

(c) Inspector's Oath . Each inspector of election, before entering upon the discharge of his or her duties, shall take and sign an oath faithfully to execute the duties of inspector with strict impartiality and according to the best of his or her ability.

(d) Duties of Inspectors . At a meeting of stockholders, the inspectors of election shall

(i) ascertain the number of shares outstanding and the voting power of each share;

(ii) determine the shares represented at a meeting and the validity of proxies and ballots;

(iii) count all votes and ballots;

(iv) determine and retain for a reasonable period of time a record of the disposition of any challenges made to any determination by the inspectors; and

(v) certify their determination of the number of shares represented at the meeting, and their count of all votes and ballots. The inspectors may appoint or retain other persons or entities to assist the inspectors in the performance of the duties of the inspectors.

(e) Opening and Closing of Polls . The date and time of the opening and the closing of the polls for each matter upon which the stockholders will vote at a meeting shall be announced by the inspectors at the meeting. No ballot, proxies or votes, nor any revocations thereof or changes thereto, shall be accepted by the inspectors after the closing of the polls unless the Court of Chancery upon application by a stockholder shall determine otherwise.

(f) Determinations . In determining the validity and counting of proxies and ballots, the inspectors shall be limited to an examination of the proxies, any envelopes submitted with those proxies, any information provided in connection with proxies in accordance with Section 211(e) or Section 212(c)(2) of the Delaware General Corporation Law, or any information provided pursuant to Section 211(a)(2)(B)(i) or (iii) of the Delaware General Corporation Law, ballots and the regular books and records of the Corporation, except that the inspectors may consider other reliable information for the limited purpose of reconciling proxies and ballots submitted by or on behalf of banks, brokers, their nominees or similar persons which represent more votes than the holder of a proxy is authorized by the record owner to cast or more votes than the stockholder holds of record. If the inspectors consider other reliable information for the limited purpose permitted herein, the inspectors at the time they make their certification of their determinations pursuant to this Section 1.13 shall specify the precise information considered by them, including the person or persons from whom they obtained the information, when the information was obtained, the means by which the information was obtained and the basis for the inspectors' belief that such information is accurate and reliable.

Section 1.14: Notice of Stockholder Business; Nominations .

(a) Annual Meeting of Stockholders .

(i) Nominations of persons for election to the Board of Directors and the proposal of business to be considered by the stockholders shall be made at an annual meeting of stockholders (A) pursuant to the Corporation's notice of such meeting, (B) by or at the direction of the Board of Directors or (C) by any stockholder of the Corporation who was a stockholder of record at the time of giving of the notice provided for in this Section 1.14, who is entitled to vote at such meeting and who complies with the notice procedures set forth in this Section 1.14.

(ii) For nominations or other business to be properly brought before an annual meeting by a stockholder pursuant to clause (C) of subparagraph (a)(i) of this Section 1.14, the stockholder must have given timely notice thereof in writing to the Secretary of the Corporation and such other business must otherwise be a proper matter for stockholder action. To be timely, a stockholder's notice must be delivered to the Secretary at the principal executive offices of the Corporation not later than the close of business on the ninetieth (90th) day nor earlier than the close of business on the one hundred twentieth (120th) day prior to the first anniversary of the preceding year's annual meeting; provided, however, that in the event that the date of the annual meeting is more than thirty (30) days before or more than sixty (60) days after such anniversary date, notice by the stockholder to be timely must be so delivered not earlier than the close of business on the one hundred twentieth (120th) day prior to such annual meeting and not later than the close of business on the later of the ninetieth (90th) day prior to such annual meeting or the close of business on the tenth (10th) day following the day on which public announcement of the date of such meeting is first made by the Corporation. Such stockholder's notice shall set forth: (a) as to each person whom the stockholder proposes to nominate for election or reelection as a director (x) all information relating to such person as would be required to be disclosed in solicitations of proxies for the election of such nominees as directors pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), (y) such person's written consent to being named in the proxy statement as a nominee and to serving as a director if elected, and (z) a statement as to whether such person, if elected, intends to tender, promptly following such person's election or re-election, an irrevocable resignation effective upon the occurrence of both (1) such person's failure to receive the required vote for re-election at the next meeting at which such person would face re-election and (2) acceptance of such resignation in accordance with Section 2.2 of these Bylaws and the Corporation's Governance Guidelines for the Board of Directors; (b) as to any other business that the stockholder proposes to bring before the meeting, a brief description of the business desired to be brought before the meeting, the text of the proposal or business (including the text of any resolutions proposed for consideration and in the event that such business includes a proposal to amend these Bylaws, the language of the proposed amendment), the reasons for conducting such business at the meeting and any material interest in such business of such stockholder and the beneficial owner, if any, on whose behalf the proposal is made; and (c) as to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the nomination or proposal is made (1) the name and address of such stockholder, as they appear on the Corporation's books, and of such beneficial owner, and (2) the class and number of shares of the Corporation that are owned beneficially and held of record by such stockholder and such beneficial owner.

(iii) Notwithstanding anything in the second sentence of subparagraph (a)(ii) of this Section 1.14 to the contrary, in the event that the number of directors to be elected to the Board of Directors of the Corporation is increased and there is no public announcement by the Corporation naming all of the nominees for director or specifying the size of the increased board of directors at least seventy (70) days prior to the first anniversary of the preceding year's annual meeting (or, if the annual meeting is held more than thirty (30) days before or sixty (60) days after such anniversary date, at least seventy (70) days prior to such annual meeting), a stockholder's notice required by this Section 1.14 shall also be considered timely, but only with respect to nominees for any new positions created by such increase, if it shall be delivered to the Secretary of the Corporation at the principal executive office of the Corporation not later than the close of business on the tenth (10th) day following the day on which such public announcement is first made by the Corporation.

(b) Special Meetings of Stockholders . Only such business shall be conducted at a special meeting of stockholders as shall have been brought before the meeting pursuant to the Corporation's notice of such meeting. Nominations of persons for election to the Board of Directors may be made at a special meeting of stockholders at which directors are to be elected pursuant to the Corporation's notice of such meeting

(i) by or at the direction of the Board of Directors or

(ii) provided that the Board of Directors has determined that directors shall be elected at such meeting, by any stockholder of the Corporation who is a stockholder of record at the time of giving of notice of the special meeting, who shall be entitled to vote at the meeting and who complies with the notice procedures set forth in this Section 1.14. In the event the Corporation calls a special meeting of stockholders for the purpose of electing one or more directors to the Board of Directors, any such stockholder may nominate a person or persons (as the case may be), for election to such position(s) as specified in the Corporation's notice of meeting, if the stockholder's notice required by subparagraph (a)(ii) of this Section 1.14 shall be delivered to the Secretary of the Corporation at the principal executive offices of the Corporation not earlier than the one hundred twentieth (120th) day prior to such special meeting and not later than the close of business on the later of the ninetieth (90th) day prior to such special meeting or the tenth (10th) day following the day on which public announcement is first made of the date of the special meeting and of the nominees proposed by the Board of Directors to be elected at such meeting.

(c) General .

(i) Only such persons who are nominated in accordance with the procedures set forth in this Section 1.14 shall be eligible to serve as directors and only such business shall be conducted at a meeting of stockholders as shall have been brought before the meeting in accordance with the procedures set forth in this Section 1.14. Except as otherwise provided by law or these Bylaws, the chairman of the meeting shall have the power and duty to determine whether a nomination or any business proposed to be brought before the meeting was made or proposed, as the case may be, in accordance with the procedures set forth in this Section 1.14 and, if any proposed nomination or business is not in compliance herewith, to declare that such defective proposal or nomination shall be disregarded.

(ii) For purposes of this Section 1.14, the term "public announcement" shall mean disclosure in a press release reported by the Dow Jones News Service, Associated Press or comparable national news service or in a document publicly filed by the Corporation with the Securities and Exchange Commission pursuant to section 13, 14 or 15(d) of the Exchange Act.

(iii) Notwithstanding the foregoing provisions of this Section 1.14, a stockholder shall also comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder with respect to the matters set forth herein. Nothing in this Section 1.14 shall be deemed to affect any rights of stockholders to request inclusion of proposals in the Corporation's proxy statement pursuant to Rule 14a-8 under the Exchange Act.

ARTICLE II.

BOARD OF DIRECTORS

Section 2.1: Number; Qualifications . The Board of Directors shall consist of one or more members. The initial number of directors shall be five (5), and thereafter shall be fixed from time to time by resolution of the Board of Directors. No decrease in the authorized number of directors constituting the Board of Directors shall shorten the term of any incumbent director. Directors need not be stockholders of the Corporation.

Section 2.2: Election .

(a) The directors shall be divided into three classes, with the term of each class to expire at each third succeeding annual meeting of stockholders after such election.

(b) Each director to be elected by the stockholders of the Corporation shall be elected by the affirmative vote of a majority of the votes cast with respect to such director by the shares represented and entitled to vote therefor at a meeting of the stockholders for the election of directors at which a quorum is present (an "Election Meeting"); provided, however, that if the Board of Directors determines that the number of nominees exceeds the number of directors to be elected at such meeting (a "Contested Election"), and the Board of Directors has not rescinded such determination by the date that is twenty (20) days prior to the date of the Election Meeting as initially announced, each of the directors to be elected at the Election Meeting shall be elected by the affirmative vote of a

plurality of the votes cast by the shares represented and entitled to vote at such meeting with respect to the election of such director. For purposes of this Section 2.2, a "majority of the votes cast" means that the number of votes cast "for" a candidate for director exceeds the number of votes cast "against" that director. In an election other than a Contested Election, stockholders will be given the choice to cast votes "for" or "against" the election of directors or to "abstain" from such vote and shall not have the ability to cast any other vote with respect to such election of directors. In a Contested Election, stockholders will be given the choice to cast "for" or "withhold" votes for the election of directors and shall not have the ability to cast any other vote with respect to such election of directors. In the event an Election Meeting involves the election of directors by separate votes by class or classes or series, the determination as to whether an election constitutes a Contested Election shall be made on a class by class or series by series basis, as applicable.

(c) In the event one or more incumbent directors (each, a "Subject Director") fails to receive the affirmative vote of a majority of the votes cast at an Election Meeting at which there was no Contested Election, either (i) the Corporate Governance and Nominating Committee or (ii) if one or more of the members of the Corporate Governance and Nominating Committee is a Subject Director or the Board of Directors determines that any decision to be made with respect to a Subject Director should be made by a committee other than the Corporate Governance and Nominating Committee, a committee consisting solely of independent directors (as determined in accordance with any stock exchange rules and regulations applicable to the Corporation and any additional criteria set forth in the Corporation's Governance Guidelines for the Board of Directors or Corporate Governance and Nominating Committee Charter, as applicable) who are not Subject Directors (the committee described in clause (i) or (ii) of this sentence, the "Committee") will make a determination as to whether to accept or reject any previously tendered Resignations (as defined below), or whether other action should be taken (including whether to request that a Subject Director resign from the Board of Directors if no Resignation had been tendered prior to the relevant Election Meeting). The Committee will act with respect to any Subject Directors within ninety (90) days from the date of the certification of the election results and shall notify the Subject Directors of its decision. The Committee may consider all factors it considers relevant, including any stated reasons for "against" votes, whether the underlying cause or causes of the "against" votes are curable, the factors, if any, set forth in the Corporation's Governance Guidelines for the Board of Directors or other policies that are to be considered by the Corporate Governance and Nominating Committee in evaluating potential candidates for the Board of Directors as such criteria relate to each Subject Director, the length of service of each Subject Director, each Subject Director's contributions to the Corporation, and whether accepting the Resignation would cause the Corporation to fail to meet any applicable rule or regulation (including exchange listing requirements or federal securities laws). Subject Directors shall not participate in the deliberation or decision(s) of the Committee. The Corporation shall publicly disclose the decision(s) of the Committee in a Current Report on Form 8-K filed with the Securities and Exchange Commission. Notwithstanding the foregoing, if the result of accepting all tendered Resignations then pending and requesting resignations from incumbent directors who did not submit a Resignation prior to the relevant Election Meeting, would be that the Corporation would have fewer than three (3) directors who were in office before the election of directors, the Committee may determine to extend such ninety (90)-day period by an additional ninety (90) days if it determines that such an extension is in the best interests of the Corporation and its stockholders. For purposes of this Section 2.2, a "Resignation" is an irrevocable resignation submitted by an incumbent director nominated for re-election prior to the relevant Election Meeting that will become effective upon the occurrence of both (i) the failure to receive the affirmative vote of a majority of the votes cast at an Election Meeting at which there was no Contested Election and (ii) acceptance of such resignation by the Committee.

(d) If a Subject Director's tendered Resignation is not accepted by the Committee or such Subject Director does not otherwise submit his or her resignation to the Board of Directors, such director shall continue to serve until his or her successor is duly elected, or his or her earlier resignation or removal pursuant to Section 2.3. If a Subject Director's Resignation is accepted by the Committee pursuant to this Section 2.2, or if a nominee for director is not elected and the nominee is not an incumbent director, then the Board of Directors, in its sole discretion, may fill any resulting vacancy pursuant to the provisions of Section 2.3 or decrease the size of the Board of Directors pursuant to the provisions of Section 2.1 of these Bylaws.

Section 2.3: Resignation; Removal; Vacancies . Subject to the provisions of the Certificate of Incorporation, each Director shall serve until his or her successor is duly elected and qualified, or until his or her earlier resignation or removal. Any director may resign at any time upon notice given in writing or by electronic transmission to the Corporation. Subject to the rights of any holders of Preferred Stock then outstanding and the Certificate of Incorporation:

(i) any director or the entire Board of Directors may be removed, only for cause, by the holders of a majority of the shares then entitled to vote at an election of directors and

(ii) any vacancy occurring in the Board of Directors for any reason, and any newly created directorship resulting from any increase in the authorized number of directors to be elected by all stockholders having the right to vote as a single class, shall be filled only by a majority of the directors then in office, although less than a quorum, or by a sole remaining director. No director nor the entire Board of Directors may be removed without cause.

Section 2.4: Regular Meetings . Regular meetings of the Board of Directors may be held at such places, within or without the State of Delaware, and at such times as the Board of Directors may from time to time determine. Notice of regular meetings need not be given if the date, times and places thereof are fixed by resolution of the Board of Directors.

Section 2.5: Special Meetings . Special meetings of the Board of Directors may be called by the Chairman of the Board, the Chief Executive Officer or a majority of the members of the Board of Directors then in office and may be held at any time, date or place, within or without the State of Delaware, as the person or persons calling the meeting shall fix. Notice of the time, date and place of such meeting shall be given, orally or in writing, by the person or persons calling the meeting to all directors at least four (4) days before the meeting if the notice is mailed, or at least twenty-four (24) hours before the meeting if such notice is given by telephone, hand delivery, overnight express courier, facsimile, electronic mail or other electronic transmission. Unless otherwise indicated in the notice, any and all business may be transacted at a special meeting. The notice shall be deemed given

(i) in the case of hand delivery or notice by telephone, when received by the director to whom notice is to be given or by any person accepting such notice on behalf of such director,

(ii) in the case of delivery by mail, upon deposit in the United States mail, postage prepaid, directed to the director to whom notice is being given at such director's address as it appears on the records of the Corporation,

(iii) in the case of delivery by overnight express courier, on the first business day after such notice is dispatched, and

(iv) in the case of delivery via facsimile, electronic mail or other electronic transmission, when sent to the director to whom notice is to be given or by any person accepting such notice on behalf of such director at such director's facsimile number or electronic mail address, as the case may be, as it appears on the Corporation's records.

Section 2.6: Telephonic Meetings Permitted . Members of the Board of Directors, or any committee of the Board of Directors, may participate in a meeting of the Board of Directors or such committee by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting pursuant to conference telephone or similar communications equipment shall constitute presence in person at such meeting.

Section 2.7: Quorum; Vote Required for Action . At all meetings of the Board of Directors a majority of the total number of authorized directors shall constitute a quorum for the transaction of business. Except as otherwise provided herein or in the Certificate of Incorporation, or required by law, the vote of a majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors. If a quorum is not present at any meeting of the Board of Directors, then the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum is present.

Section 2.8: Chairman of the Board . The Board of Directors shall have the power to elect the Chairman of the Board from among the members of the Board of Directors. The Chairman of the Board shall have the power to preside at all meetings of the Board of Directors and shall have such other powers and duties as provided in these Bylaws and as the Board of Directors may from time to time prescribe.

Section 2.9: Organization . Meetings of the Board of Directors shall be presided over by the Chairman of the Board, or in his or her absence by the Chief Executive Officer, or in his or her absence by a chairman chosen at the meeting. The Secretary shall act as secretary of the meeting, but in his or her absence the chairman of the meeting may

appoint any person to act as secretary of the meeting.

Section 2.10: Written Action by Directors . Any action required or permitted to be taken at any meeting of the Board of Directors, or of any committee thereof, may be taken without a meeting if all members of the Board or such committee, as the case may be, consent thereto in writing, or by electronic transmission and the writing or writings or electronic transmission or transmissions are filed with the minutes of proceedings of the Board or committee, respectively. Such filing shall be in paper form if the minutes are maintained in paper form and shall be in electronic form if the minutes are maintained in electronic form.

Section 2.11: Powers . The Board of Directors may, except as otherwise required by law or the Certificate of Incorporation, exercise all such powers and do all such acts and things as may be exercised or done by the Corporation.

Section 2.12: Compensation of Directors . Directors, as such, may receive, pursuant to a resolution of the Board of Directors, fees and other compensation for their services as directors, including without limitation their services as members of committees of the Board of Directors.

ARTICLE III.

COMMITTEES

Section 3.1: Committees . The Board of Directors may, by resolution passed by a majority of the authorized number of directors, designate one or more committees, each committee to consist of one or more of the directors of the Corporation. The Board may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of a member of the committee, the member or members thereof present at any meeting of such committee who are not disqualified from voting, whether or not he, she or they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in place of any such absent or disqualified member. Any such committee, to the extent provided in a resolution of the Board of Directors, shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the Corporation and may authorize the seal of the Corporation to be affixed to all papers that may require it; but no such committee shall have power or authority in reference to the following matters: (i) approving or adopting, or recommending to the stockholders, any action or matter (other than the election or removal of directors) expressly required by the Delaware General Corporation Law to be submitted to stockholders for approval, or (ii) adopting, amending or repealing any Bylaw of the Corporation.

Section 3.2: Committee Rules . Unless the Board of Directors otherwise provides, each committee designated by the Board of Directors may make, alter and repeal rules for the conduct of its business. In the absence of such rules each committee shall conduct its business in the same manner as the Board of Directors conducts its business pursuant to Article II of these Bylaws.

ARTICLE IV.

OFFICERS

Section 4.1: Generally . The officers of the Corporation shall consist of a Chief Executive Officer and/or a President, one or more Vice Presidents, a Secretary, a Treasurer and such other officers, including a Chief Financial Officer, as may from time to time be appointed by the Board of Directors. All officers shall be elected by the Board of Directors; provided, however, that the Board of Directors may empower the Chief Executive Officer of the Corporation to appoint officers other than the Chief Executive Officer, the President, the Chief Financial Officer or the Treasurer. Each officer shall hold office until his or her successor is elected and qualified or until his or her earlier resignation or removal. Any number of offices may be held by the same person. Any officer may resign at any time upon written notice to the Corporation. Any vacancy occurring in any office of the Corporation by death, resignation, removal or otherwise may be filled by the Board of Directors.

Section 4.2: Chief Executive Officer . Subject to the control of the Board of Directors and such supervisory powers, if any, as may be given by the Board of Directors, the powers and duties of the Chief Executive Officer of the Corporation are:

(a) To act as the general manager and, subject to the control of the Board of Directors, to have general supervision, direction and control of the business and affairs of the Corporation;

(b) To preside at all meetings of the stockholders;

(c) To call meetings of the stockholders to be held at such times and, subject to the limitations prescribed by law or by these Bylaws, at such places as he or she shall deem proper; and

(d) To affix the signature of the Corporation to all deeds, conveyances, mortgages, guarantees, leases, obligations, bonds, certificates and other papers and instruments in writing which have been authorized by the Board of Directors or which, in the judgment of the Chief Executive Officer, should be executed on behalf of the Corporation; to sign certificates for shares of stock of the Corporation; and, subject to the direction of the Board of Directors, to have general charge of the property of the Corporation and to supervise and control all officers, agents and employees of the Corporation.

The President shall be the Chief Executive Officer of the Corporation unless the Board of Directors shall designate another officer to be the Chief Executive Officer. If there is no President, and the Board of Directors has not designated any other officer to be the Chief Executive Officer, then the Chairman of the Board shall be the Chief Executive Officer.

Section 4.3: President . The President shall be the Chief Executive Officer of the Corporation unless the Board of Directors shall have designated another officer as the Chief Executive Officer of the Corporation. Subject to the provisions of these Bylaws and to the direction of the Board of Directors, and subject to the supervisory powers of the Chief Executive Officer (if the Chief Executive Officer is an officer other than the President), and subject to such supervisory powers and authority as may be given by the Board of Directors to the Chairman of the Board, and/or to any other officer, the President shall have the responsibility for the general management and the control of the business and affairs of the Corporation and the general supervision and direction of all of the officers, employees and agents of the Corporation (other than the Chief Executive Officer, if the Chief Executive Officer is an officer other than the President) and shall perform all duties and have all powers that are commonly incident to the office of President or that are delegated to the President by the Board of Directors.

Section 4.4: Vice President . Each Vice President shall have all such powers and duties as are commonly incident to the office of Vice President, or that are delegated to him or her by the Board of Directors or the Chief Executive Officer. A Vice President may be designated by the Board to perform the duties and exercise the powers of the Chief Executive Officer in the event of the Chief Executive Officer’s absence or disability.

Section 4.5: Chief Financial Officer . Subject to the direction of the Board of Directors and the President, the Chief Financial Officer shall perform all duties and have all powers that are commonly incident to the office of chief financial officer.

Section 4.6: Treasurer . The Treasurer shall have custody of all monies and securities of the Corporation. The Treasurer shall make such disbursements of the funds of the Corporation as are authorized and shall render from time to time an account of all such transactions. The Treasurer shall also perform such other duties and have such other powers as are commonly incident to the office of Treasurer, or as the Board of Directors or the President may from time to time prescribe.

Section 4.7: Secretary . The Secretary shall issue or cause to be issued all authorized notices for, and shall keep, or cause to be kept, minutes of all meetings of the stockholders and the Board of Directors. The Secretary shall have charge of the corporate minute books and similar records and shall perform such other duties and have such other powers as are commonly incident to the office of Secretary, or as the Board of Directors or the President may from time to time prescribe.

Section 4.8: Delegation of Authority . The Board of Directors may from time to time delegate the powers or duties of any officer to any other officers or agents, notwithstanding any provision hereof.

Section 4.9: Removal . Any officer of the Corporation shall serve at the pleasure of the Board of Directors

and may be removed at any time, with or without cause, by the Board of Directors. Such removal shall be without prejudice to the contractual rights of such officer, if any, with the Corporation.

ARTICLE V.

STOCK

Section 5.1: Certificates . The shares of the Corporation shall be represented by certificates, provided that the Board of Directors may provide by resolution or resolutions that some or all of any or all classes or series of the Corporation's stock shall be uncertificated shares. Any such resolution shall not apply to shares represented by a certificate until such certificate is surrendered to the Corporation. Every holder of stock represented by certificates shall be entitled to have a certificate signed by or in the name of the Corporation by the Chairman or Vice-Chairman of the Board of Directors, or the President or a Vice President, and by the Treasurer or an Assistant Treasurer, or the Secretary or an Assistant Secretary, of the Corporation, representing the number of shares registered in certificate form. Any or all of the signatures on the certificate may be a facsimile.

Section 5.2: Lost, Stolen or Destroyed Stock Certificates; Issuance of New Certificates or Uncertificated Shares . The Corporation may issue a new certificate of stock or uncertificated shares in the place of any certificate previously issued by it, alleged to have been lost, stolen or destroyed, and the Corporation may require the owner of the lost, stolen or destroyed certificate, or such owner's legal representative, to agree to indemnify the Corporation and/or to give the Corporation a bond sufficient to indemnify it, against any claim that may be made against it on account of the alleged loss, theft or destruction of any such certificate or the issuance of such new certificate or uncertificated shares.

Section 5.3: Other Regulations . The issue, transfer, conversion and registration of stock certificates or uncertificated shares shall be governed by such other regulations as the Board of Directors may establish.

ARTICLE VI.

INDEMNIFICATION

Section 6.1: Indemnification of Officers and Directors . Each person who was or is made a party to, or is threatened to be made a party to, or is involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (a "proceeding"), by reason of the fact that he or she (or a person of whom he or she is the legal representative), is or was a director or officer of the Corporation or a Reincorporated Predecessor (as defined below) or is or was serving at the request of the Corporation or a Reincorporated Predecessor (as defined below) as a director, officer or employee of another corporation, or of a partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans, shall be indemnified and held harmless by the Corporation to the fullest extent permitted by the Delaware General Corporation Law, against all expenses, liability and loss (including attorneys' fees, judgments, fines, ERISA excise taxes and penalties and amounts paid or to be paid in settlement) reasonably incurred or suffered by such person in connection therewith, and such indemnification shall continue as to a person who has ceased to be a director or officer and shall inure to the benefit of his or her heirs, executors and administrators; provided, however, that the Corporation shall indemnify any such person seeking indemnity in connection with a proceeding (or part thereof) initiated by such person only if such proceeding (or part thereof) was authorized by the Board of Directors of the Corporation. As used herein, the term "Reincorporated Predecessor" means a corporation that is merged with and into the Corporation in a statutory merger where (a) the Corporation is the surviving corporation of such merger; (b) the primary purpose of such merger is to change the corporate domicile of the Reincorporated Predecessor to Delaware.

Section 6.2: Advance of Expenses . The Corporation shall pay all expenses (including attorneys' fees) incurred by such a director or officer in defending any such proceeding as they are incurred in advance of its final disposition; provided, however, that if the Delaware General Corporation Law then so requires, the payment of such expenses incurred by such a director or officer in advance of the final disposition of such proceeding shall be made only upon delivery to the Corporation of an undertaking, by or on behalf of such director or officer, to repay all amounts so advanced if it should be determined ultimately that such director or officer is not entitled to be indemnified under this Article VI or otherwise; and provided, further, that the Corporation shall not be required to advance any

expenses to a person against whom the Corporation directly brings a claim, in a proceeding, alleging that such person has breached his or her duty of loyalty to the Corporation, committed an act or omission not in good faith or that involves intentional misconduct or a knowing violation of law, or derived an improper personal benefit from a transaction.

Section 6.3: Non-Exclusivity of Rights . The rights conferred on any person in this Article VI shall not be exclusive of any other right that such person may have or hereafter acquire under any statute, provision of the Certificate of Incorporation, Bylaw, agreement, vote or consent of stockholders or disinterested directors, or otherwise. Additionally, nothing in this Article VI shall limit the ability of the Corporation, in its discretion, to indemnify or advance expenses to persons whom the Corporation is not obligated to indemnify or advance expenses pursuant to this Article VI. The Board of Directors of the Corporation shall have the power to delegate to such officer or other person as the Board of Directors shall specify the determination of whether indemnification shall be given to any person pursuant to this Section 6.3.

Section 6.4: Indemnification Contracts . The Board of Directors is authorized to cause the Corporation to enter into indemnification contracts with any director, officer, employee or agent of the Corporation, or any person serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, including employee benefit plans, providing indemnification rights to such person. Such rights may be greater than those provided in this Article VI.

Section 6.5: Effect of Amendment . Any amendment, repeal or modification of any provision of this Article VI shall be prospective only, and shall not adversely affect any right or protection conferred on a person pursuant to this Article VI and existing at the time of such amendment, repeal or modification.

ARTICLE VII.

NOTICES

Section 7.1: Notice .

(a) General . Except as otherwise specifically provided herein or required by law, all notices required to be given pursuant to these Bylaws shall be in writing and may in every instance be effectively given by hand delivery (including use of a delivery service), by depositing such notice in the mail, postage prepaid, or by sending such notice by prepaid overnight express courier or facsimile. Any such notice shall be addressed to the person to whom notice is to be given at such person’s address or facsimile number, as the case may be, as it appears on the records of the Corporation. The notice shall be deemed given

(i) in the case of hand delivery, when received by the person to whom notice is to be given or by any person accepting such notice on behalf of such person;

(ii) in the case of delivery by mail, upon deposit in the United States mail, postage prepaid, directed to the person to whom notice is being given at such person’s address as it appears on the records of the Corporation;

(iii) in the case of delivery by overnight express courier, on the first business day after such notice is dispatched; and

(iv) in the case of delivery via facsimile, when directed to the person to whom notice is to be given or by any person accepting such notice on behalf of such person.

Section 7.2: Waiver of Notice . Whenever notice is required to be given under any provision of these Bylaws, a written waiver of notice, signed by the person entitled to notice, or a waiver by electronic transmission by the person entitled to notice, whether before or after the time stated therein, shall be deemed equivalent to notice. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when the person attends a meeting for the express purpose of objecting at the beginning of the meeting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the stockholders, directors or members of a committee of directors need be specified in any written waiver

of notice or any waiver by electronic transmission.

ARTICLE VIII.

INTERESTED DIRECTORS

Section 8.1: Interested Directors; Quorum . No contract or transaction between the Corporation and one or more of its directors or officers, or between the Corporation and any other corporation, partnership, association or other organization in which one or more of its directors or officers are directors or officers, or have a financial interest, shall be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the Board of Directors or committee thereof that authorizes the contract or transaction, or solely because his, her or their votes are counted for such purpose, if:

(i) the material facts as to his, her or their relationship or interest and as to the contract or transaction are disclosed or are known to the Board of Directors or the committee, and the Board of Directors or committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors, even though the disinterested directors be less than a quorum;

(ii) the material facts as to his, her or their relationship or interest and as to the contract or transaction are disclosed or are known to the stockholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the stockholders; or

(iii) the contract or transaction is fair as to the Corporation as of the time it is authorized, approved or ratified by the Board of Directors, a committee thereof, or the stockholders. Common or interested directors may be counted in determining the presence of a quorum at a meeting of the Board of Directors or of a committee which authorizes the contract or transaction.

ARTICLE IX.

MISCELLANEOUS

Section 9.1: Fiscal Year . The fiscal year of the Corporation shall be determined by resolution of the Board of Directors.

Section 9.2: Seal . The Board of Directors may provide for a corporate seal, which shall have the name of the Corporation inscribed thereon and shall otherwise be in such form as may be approved from time to time by the Board of Directors.

Section 9.3: Form of Records . Any records maintained by the Corporation in the regular course of its business, including its stock ledger, books of account and minute books, may be kept on, or by means of, or be in the form of, any information storage device or method provided that the records so kept can be converted into clearly legible paper form within a reasonable time. The Corporation shall so convert any records so kept upon the request of any person entitled to inspect such records pursuant to any provision of the Delaware General Corporation Law.

Section 9.4: Reliance Upon Books and Records . A member of the Board of Directors, or a member of any committee designated by the Board of Directors shall, in the performance of his or her duties, be fully protected in relying in good faith upon records of the Corporation and upon such information, opinions, reports or statements presented to the Corporation by any of the Corporation’s officers or employees, or committees of the Board of Directors, or by any other person as to matters the member reasonably believes are within such other person’s professional or expert competence and who has been selected with reasonable care by or on behalf of the Corporation.

Section 9.5: Certificate of Incorporation Governs . In the event of any conflict between the provisions of the Corporation’s Certificate of Incorporation and Bylaws, the provisions of the Certificate of Incorporation shall govern.

Section 9.6: Severability . If any provision of these Bylaws shall be held to be invalid, illegal, unenforceable

or in conflict with the provisions of the Corporation's Certificate of Incorporation, then such provision shall nonetheless be enforced to the maximum extent possible consistent with such holding and the remaining provisions of these Bylaws (including without limitation, all portions of any section of these Bylaws containing any such provision held to be invalid, illegal, unenforceable or in conflict with the Certificate of Incorporation, that are not themselves invalid, illegal, unenforceable or in conflict with the Certificate of Incorporation) shall remain in full force and effect.

ARTICLE X.

AMENDMENT

Section 10.1: Amendments . Subject to Section 6.5 of these Bylaws, stockholders of the Corporation holding at least sixty-six and two-thirds percent of the Corporation's outstanding voting stock shall have the power to adopt, amend or repeal Bylaws. To the extent provided in the Corporation's Certificate of Incorporation, the Board of Directors of the Corporation shall also have the power to adopt, amend or repeal Bylaws of the Corporation.

EXHIBIT XI

CURRENT REPORT ON FORM 8-K FILED BY EBAY INC. WITH THE SEC ON JANUARY 25, 2008

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): January 21, 2008

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 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

On January 23, 2008, eBay Inc. announced the following management succession and other actions:

• Meg Whitman is resigning as eBay's president and chief executive officer, effective March 31, 2008. Ms. Whitman will remain a member of eBay's board of directors and will serve as a special advisor to eBay's president and chief executive officer through December 31, 2008.

• John Donahoe, President of eBay Marketplaces, has been named by eBay's board of directors to succeed Ms. Whitman as eBay's president and chief executive officer. Mr. Donahoe will assume the role of CEO-designate immediately and will transition to the role of president and chief executive officer upon Ms. Whitman's resignation. Mr. Donahoe also has been appointed as a new member to eBay's board of directors, effective January 23, 2008, with a term of office expiring at eBay's annual meeting of stockholders in 2008. Mr. Donahoe's biography appears in eBay's 2007 proxy statement, filed with the SEC on April 30, 2007 and is incorporated by reference herein.

• Rajiv Dutta, President of PayPal, has been named by eBay's board of directors to succeed Mr. Donahoe as President of eBay Marketplaces, effective immediately. Mr. Dutta also has been appointed as a new member to eBay's board of directors, effective January 23, 2008, with a term of office expiring at eBay's annual meeting of stockholders in 2009. Mr. Dutta's biography appears in eBay's 2007 proxy statement, filed with the SEC on April 30, 2007 and is incorporated by reference herein.

In connection with Ms. Whitman's transition, her compensation arrangements will be modified on her transition date to reflect her role as special advisor and she will thereafter have an annual salary of $600,000 and a target annual incentive bonus of 100% of salary, or $600,000. Ms. Whitman will also remain eligible to (i) receive amounts she would have received with respect to the 2008 annual component of the eBay Incentive Plan had she remained eligible to receive payment through the first quarter of 2009 and (ii) vest with respect to the performance-based restricted stock units she would have been granted had she remained eligible to receive such units through the first quarter of 2009. Additionally, Ms. Whitman will receive the use of office space and IT and secretarial services for a total of three years. Ms. Whitman will not receive new equity awards in 2008.

In connection with Mr. Donahoe's promotion to president and chief executive officer, it is expected that his compensation arrangements will be modified. The board currently anticipates that Mr. Donahoe's revised compensation arrangements will include:

• an annual salary of $900,000;
• a target annual incentive bonus of 125% of salary, or $1,125,000;
• a long-term equity incentive focal award to be granted effective the first business day of March 2008, eBay's normal date for issuing its annual focal grants to existing eligible employees (the "Focal Date"), comprising a combination of stock options (vesting over a four-year period) and performance-based restricted stock units (with standard vesting terms for such program) and having a target value of approximately $8,000,000 on the Focal Date;
• a promotion equity award comprising (i) a combination of restricted stock units and stock options vesting over a four-year period and having a target value of approximately $15,000,000 on the Focal Date and (ii) 60,000 restricted stock units vesting over a two-year period; and
• a severance arrangement in the event of Mr. Donahoe's termination without cause (as such term will be defined in Mr. Donahoe's employment letter) providing a cash payment equal to two years' target cash compensation (defined as annual base salary plus target annual incentive bonus) if the termination occurs within two years of Mr. Donahoe's promotion, one and one-half years' target cash compensation if the termination occurs more than two but within three years of the promotion, and one year's target cash compensation if the termination occurs more than three years after the promotion.

In connection with Mr. Dutta's promotion, it is expected that his compensation arrangements will be modified. The board currently anticipates that Mr. Dutta's revised compensation arrangements will include:

• an annual salary of $720,000;
• a target annual incentive bonus of 100% of salary, or $720,000;
• a long-term equity incentive focal award, comprising a combination of stock options (to be granted on the Focal Date, vesting over a four-year period) and performance-based restricted stock units (with standard vesting terms for such program) and having a target value of approximately $6,400,000 on the Focal Date;
• a promotion equity award comprising (i) a combination of restricted stock units and stock options vesting over a four-year period and having a target value of approximately $10,000,000 on the Focal Date and (ii) options to purchase 150,000 shares of common stock vesting over a four-year period; and
• a severance arrangement in the event of Mr. Dutta's termination without cause (as such term will be defined in Mr. Dutta's employment letter) providing a cash payment equal to two years' target cash compensation if the termination occurs within two years of Mr. Dutta's promotion, one and one-half years' target cash compensation if the termination occurs more than two but within three years of the promotion, and one year's target cash compensation if the termination occurs more than three years after the promotion.

Messrs. Donahoe and Dutta have not been and are not expected to be elected to any board committees.

One half of the stock options awarded to Messrs. Donahoe and Dutta as part of their respective promotion equity awards, as described above, will be granted and priced on the Focal Date and one half on the date 26 weeks from the Focal Date.

A copy of eBay's press release announcing these management changes is attached as an exhibit to this filing.

The attached press release also announces that (i) Scott Thompson, most recently PayPal's Chief Technology Officer, will replace Mr. Dutta as President, PayPal and (ii) Lorrie Norrington, most recently President of eBay Marketplaces International will become President, Marketplaces Operations, and (iii) Bill Cobb will be stepping down from his role as President, eBay Marketplaces North America and then retiring from eBay at the end of 2008.

Item 9.01 Financial Statements and Exhibits.

(c) Exhibits.

The following exhibit is filed with this report:

99.1 Press release dated January 23, 2008

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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.

January 25, 2008

By: Michael R. Jacobson

Name: Michael R. Jacobson
Title: Senior Vice President, Legal Affairs, General Counsel and Secretary

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Exhibit Index

Exhibit No.	Description
99.1	Press release dated January 23, 2008

MEG WHITMAN TO STEP DOWN AS PRESIDENT AND CEO OF EBAY

John Donahoe Will Become President and CEO on March 31

San Jose, Calif., January 23, 2008 – eBay Inc. (Nasdaq: EBAY; www.ebay.com) announced today that Meg Whitman will step down as President and CEO of eBay on March 31, 2008. Whitman will remain on the company's Board of Directors.

Whitman joined eBay in March 1998. At the time, eBay was a U.S.-only, auction-based trading site with 500,000 registered users, just 30 employees, and $4.7 million in revenue. Today, the company has hundreds of millions of users worldwide, more than 15,000 employees and nearly $7.7 billion in revenue. Whitman led eBay to become one of the fastest-growing companies in history. Over the last 10 years, she has built an unforgettable portfolio of brands and a thriving business that enables millions of people to trade, pay and communicate online.

"Meg's passion for all things eBay changed the world," said , Founder of eBay and Chairman of the Board. "With humor, smarts and unflappable determination, Meg took a small, barely known online auction site and helped it become an integral part of our lives. We're all enormously grateful that Meg dedicated herself to stewarding eBay through its 10 most formative years."

eBay's Board of Directors voted unanimously to elect John Donahoe President and CEO. Donahoe came to eBay in February 2005 from Bain & Company, where he had served as worldwide managing director since 1999. For nearly three years, Donahoe has been President of eBay Marketplaces, which accounts for more than 70 percent of the company's global revenues. In this role, Donahoe has been responsible for the growth of eBay and its other ecommerce businesses around the world, and during the time he has managed this business unit, both revenues and profits doubled.

"During the last three years, John and I have worked very closely together to arrive at this day, and we'll continue to work together through the transition," said Whitman. "I'm extremely confident in John's skills and the abilities of John's veteran management team. eBay and its millions of users are in great hands as they head into the future."

Omidyar added, "John is a great choice to lead eBay. He understands our community and is committed to continuing Meg's legacy. The Board and I look forward to supporting John as he takes eBay into the future."

In addition, eBay announced that Rajiv Dutta, currently the President of PayPal, has been named Executive Vice President of eBay Inc. and will also replace Donahoe as President of eBay Marketplaces. Dutta, who will report to Donahoe, has also been elected to the eBay Board of Directors.

Dutta is a 10-year eBay veteran who has previously served as eBay's Chief Financial Officer, and President of Skype, eBay's communications business. Since July 2006, Dutta has successfully led PayPal to achieve more than $65 billion in payment volume and three consecutive quarters of accelerating revenue growth. Dutta will apply his experience, strategic abilities and leadership skills to accelerating growth in the company's core business.

"Rajiv is one of the most talented executives I've met," said Whitman. "John and Rajiv make a fantastic combination, one that will help ensure the continued growth and success of all our businesses."

Scott Thompson, PayPal's current Chief Technology Officer, will replace Dutta as President of PayPal. A three-year PayPal veteran, and a 25-year veteran of the payment and financial services industry, Thompson has been responsible for the products and system architecture that has fueled PayPal's growth and global expansion.

Bill Cobb, President of eBay North America, has decided to step down from that role. Cobb, an early eBay executive who created the company's first integrated marketing campaigns and later led eBay's international expansion, will retire from the company at the end of the year. Lorrie Norrington, currently President of eBay International, will become President of eBay Marketplaces Operations and assume Cobb's responsibilities. Norrington will report to Dutta.

About eBay

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, Shopping.com and others. eBay Inc. is headquartered in San Jose, California.

# # #

Editor's Note:
Related B-roll footage is available at the following times and coordinates:

4:30 p.m. ET – 4:45 p.m. ET/1:30 p.m. PT – 1:45 p.m. PT/1630 –1645 ET
Coordinates: Galaxy 26 / Transponder 5 C-Band
Downlink Frequency 3800 MHz Vertical

6:30 p.m. ET – 6:45 p.m. ET/ 3:30 p.m. PT – 3:45 p.m. PT/1830 –1845 ET
Coordinates: Galaxy 26 / Transponder 5 C-Band
Downlink Frequency 3800 MHz Vertical

Please direct requests for special feeds to the Beyond Pix Broadcast Center at 415.434.1027.

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EXHIBIT XII

RESTATED CERTIFICATE OF INCORPORATION OF EBAY INC.

Exhibit 10.35

AMENDED AND RESTATED CERTIFICATE OF INCORPORATION
OF
eBay Inc.

[Pursuant to Section 242 and 245 of the General Corporation Law of the State of Delaware]

eBay Inc., a corporation organized and existing under the laws of the State of Delaware, does hereby certify as follows:

1. The name of the corporation is eBay Inc. The date of the filing of its original certification of incorporation with the Secretary of State was March 13, 1998.

2. This amended and restated certificate of incorporation amends, restates and integrates the certificate of incorporation of said corporation and has been duly adopted in accordance with the provisions of Sections 242 and 245 of the General Corporation Law of the State of Delaware by the favorable vote of the holders of a majority of the outstanding stock entitled to vote thereon.

3. The text of the certificate of incorporation is hereby amended and restated to read herein as set forth in full.

ARTICLE I

The name of the corporation is eBay Inc.

ARTICLE II

The address of the registered office of the corporation in the State of Delaware is 160 Greentree Drive, Suite 101, City of Dover 19904, County of Kent. The name of its registered agent at that address is National Registered Agents, Inc.

ARTICLE III

The purpose of the corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware.

ARTICLE IV

The total number of shares of all classes of stock which the corporation has the authority to issue is Three Billion Five Hundred Ninety Million (3,590,000,000) shares, consisting of two classes: Three Billion Five Hundred Eighty Million (3,580,000,000) shares of Common Stock, $0.001 par value per share, and Ten Million (10,000,000) shares of Preferred Stock, $0.001 par value per share.

The Board of Directors is authorized, subject to any limitations prescribed by the law of the State of Delaware, to provide for the issuance of the shares of Preferred Stock in one or more series, and, by filing a Certificate of Designation pursuant to the applicable law of the State of Delaware, to establish from time to time the number of shares to be included in each such series, to fix the designation, powers, preferences and rights of the shares of each such series and any qualifications, limitations or restrictions thereof, and to increase or decrease the number of shares of any such series (but not below the number of shares of such series then outstanding). The number of authorized shares of Preferred Stock may also be increased or decreased (but not below the number of shares thereof then outstanding) by the affirmative vote of the holders of a majority of the stock of the corporation entitled to vote, unless a vote of any other holders is required pursuant to a Certificate or Certificates establishing a series of Preferred Stock.

Except as otherwise expressly provided in any Certificate of Designation designating any series of Preferred Stock pursuant to the foregoing provisions of this Article IV, any new series of Preferred Stock may be designated, fixed and determined as provided herein by the Board of Directors without approval of the holders of Common Stock or the holders of Preferred Stock, or any series thereof, and any such new series may have powers, preferences and rights, including, without limitation, voting rights, dividend rights, liquidation rights, redemption rights and conversion rights, senior to, junior to or pari passu with the rights of the Common Stock, the Preferred Stock, or any future class or series of Preferred Stock or Common Stock.

ARTICLE V

The Board of Directors of the corporation shall have the power to adopt, amend or repeal Bylaws of the corporation.

ARTICLE VI

A. Election of directors need not be by written ballot unless the Bylaws of the corporation shall so provide.

B. The directors, other than those who may be elected by the holders of Preferred Stock under specified circumstances, shall be divided into three classes with the term of office of the first class (Class I) to expire at the annual meeting of the stockholders held in 1999; the term of office of the second class (Class II) to expire at the annual meeting of stockholders held in 2000; the term of office of the third class (Class III) to expire at the annual meeting of stockholders held in 2001; and thereafter for each such term to expire at each third succeeding annual meeting of stockholders after such election. All directors shall hold office until the expiration of the term for which elected, and until their respective successors are elected, except in the case of the death, resignation, or removal of any director.

C. Subject to the rights of the holders of any series of Preferred Stock then outstanding, newly created directorships resulting from any increase in the authorized number of directors or any vacancies in the Board of Directors resulting from death, resignation or other cause may be filled (a) by a majority of the directors, although less than a quorum, or (b) by a sole remaining director, and directors so chosen shall hold office for a term expiring at the next annual meeting of stockholders at which the term of office of the class to which they have been elected expires, and until their respective successors are elected, except in the case of the death, resignation, or removal of any director. No decrease in the number of directors constituting the Board of Directors shall shorten the term of any incumbent director.

D. Any action required or permitted to be taken by the stockholders of the corporation must be effected at a duly called annual or special meeting of stockholders of the corporation and may not be effected by any consent in writing by such stockholders.

E. Special meetings of stockholders of the corporation may be called only by either the Board of Directors 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 VII

A. To the fullest extent permitted by law, no director of the corporation shall be personally liable for monetary damages for breach of fiduciary duty as a director. Without limiting the effect of the preceding sentence, if the Delaware General Corporation Law is hereafter amended to authorize the further elimination or limitation of the liability of a director, then the liability of a director of the corporation shall be eliminated or limited to the fullest extent permitted by the Delaware General Corporation Law, as so amended.

B. To the fullest extent permitted by applicable law, this corporation is also authorized to provide indemnification of (and advancement of expenses to) agents (and any other persons to which Delaware law permits this corporation to provide indemnification) through bylaw provisions, agreements with such agents or other persons, vote of stockholders or disinterested directors or otherwise, in excess of the indemnification and advancement otherwise permitted by Section 145 of the Delaware General Corporation Law, subject only to limits created by applicable Delaware law (statutory or non−statutory), with respect to actions for breach of duty to the corporation, its stockholders, and others.

C. Neither any amendment nor repeal of this Article VII, nor the adoption of any provision of this Amended and Restated Certificate of Incorporation inconsistent with this Article VII, shall eliminate, reduce or otherwise adversely affect any limitation on the personal liability of a director of the corporation existing at the time of such amendment, repeal or adoption of such an inconsistent provision.

In Witness Whereof, this Amended and Restated Certificate of Incorporation of eBay Inc. has been signed and attested as of this 23rd day of June, 2005.

/s/ MARGARET C. WHITMAN

Margaret C. Whitman,
President and Chief Executive Officer

Attest:
/s/ MICHAEL R. JACOBSON

Michael R. Jacobson, Secretary

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/Section**
1.	**PERSONS RESPONSIBLE**		
1.1.	All persons responsible for the information given in the prospectus	Prospectus	5 (Company Representative for Prospectus)
		Exhibit V	Exhibits 31.01, 31.02, 32.01 and 32.02
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	Exhibit V	69 (Report of 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	Exhibit V	42 – 43 (Item 6: Selected Financial Data)
3.2.	Interim periods	Exhibit V	98 (Supplementary Data - Quarterly Financial Data - Unaudited)
4.	**Risk Factors**	Exhibit V	13 – 36 (Item 1A: Risk Factors) and 60 – 62 (Item 7A: Quantitative and Qualitative Disclosures About

Item #	Item contents	Chapter/Exhibit	Page/Section
			Market Risk)
5.	**Information about the Issuer**		
5.1.	**History and Development of the Issuer**		
5.1.1.	the legal and commercial name of the issuer;	Exhibit V	Cover page
5.1.2	the place of registration of the issuer and its registration number;	Exhibit V	Cover page
		Exhibit XII	Article 2
5.1.3	the date of incorporation and the length of life of the issuer, except where indefinite;	Exhibit V	3 (Overview)
5.1.4	the domicile and legal form of the issuer, the legislation under which the issuer operates, its country of incorporation, as well as the address and telephone number;	Exhibit V	cover page
5.1.5	Important events in the development of the issuer's business.	Exhibit V	3 – 11 (Excerpts from Item 1: Business)
5.2.	**Investments**		
5.2.1.	A description, (including the amount) of the issuer's principal investments for each financial year for the period covered by the historical financial information up to the date of the prospectus	Exhibit V	81 – 83 (Note 3 – Business Combinations, Goodwill and Intangible Assets), 84 – 85 (Note 5 – Investments) and 98 (Paragraph beginning "On January 30, 2008 ...")
5.2.2	A description of the issuer's principal investments that are in progress	Exhibit V	55 (Commitments and Contingencies) and 87 (Lease Arrangements)
5.2.3	Information concerning the issuer's principal future investments on which its management bodies have already made firm commitments.	Exhibit V	55 (Commitments and Contingencies) and

Item #	Item contents	Chapter/Exhibit	Page/Section
			87 (Lease Arrangements)
6.	**Business Overview**		
6.1.	**Principal Activities**		
6.1.1	A description of, and key factors relating to, the nature of the issuer's operations and its principal activities; and	Exhibit V	3 – 13 (Excerpts from Item 1: Business)
6.1.2	An indication of any significant new products and/or services that have been introduced	Exhibit V	3 – 11 (Excerpts from Item 1: Business)
6.2.	Principal Markets	Exhibit V	3 – 13 (Excerpts from Item 1: Business), 46 – 50 (Net Revenues) and 83 – 84 (Note 4 - Segments)
6.3.	Where the information given pursuant to items **6.1.** and **6.2.** has been influenced by exceptional factors, mention that fact.	Not applicable	Not applicable
6.4.	The extent to which the issuer is dependent, on patents or licences, industrial, commercial or financial contracts or new manufacturing processes.	Exhibit V	12 – 13 (Technology), 13 (Intellectual Property), 29 (Risk factor: “Skype depends on key technology that is licensed from third parties.”), 29 (Risk factor: "Our businesses depend on…"), 35 (Risk factors: “Our business depends on the development and maintenance of the

Item #	Item contents	Chapter/Exhibit	Page/Section
			Internet infrastructure.") and 36 ("We may be unable to protect and enforce our own intellectual property rights adequately.")
6.5.	Issuer's competitive position.	Exhibit V	12 (Competition), 29 (Risk factor: "Our tickets business is subject to regulatory, competitive,…") and 31 – 34 (Risk factor: "Our industry is intensely competitive, and…")
7.	**Organizational Structure**		
7.1.	Description of the group.	Chapter D	23 (VI. Organizational Structure)
		Exhibit V	3 (Overview), 43 – 44 (Our Business), 81 – 83 (Note 3 – Business Combinations, Goodwill and Intangible Assets) and 97 – 98 (Note 14 – Subsequent Events)
7.2.	A list of the issuer's significant subsidiaries.	Chapter D	23 (VI. Organizational Structure)
		Exhibit V	81 – 83 (Note 3: – Business Combinations, Goodwill and Intangible Assets),

Item #	Item contents	Chapter/Exhibit	Page/Section
			98 (Paragraph beginning "On January 30, 2008 ...") and Exhibit 21.01 (List of Subsidiaries)
8.	**Property, Plants and Equipment**		
8.1.	Information regarding any existing or planned material tangible fixed assets.	Exhibit V	36 – 37 (Item 2: Properties), 77 (Property and equipment) and 86 (Property and equipment, net)
8.2.	Environmental issues that may affect the issuer's utilization of the tangible fixed assets.	Exhibit V	36 (Risk factor: "We are subject to the risks of owning real property.")
9.	**Operating and Financial Review**		
9.1.	Financial Condition	Exhibit V	43 – 60 (Item 7: Management's Discussion and Analysis of Financial Condition and Results of Operations up to Liquidity and Capital Resources)
9.2.	Operating Results		
9.2.1.	Significant factors materially affecting the issuer's income from operations	Exhibit V	43 – 60 (Item 7: Management's Discussion and Analysis of Financial Condition and Result of Operation up to Liquidity and Capital Resources)
9.2.2	Material changes in net sales or revenues	Exhibit V	46 – 50 (Net Revenues)

Item #	Item contents	Chapter/Exhibit	Page/Section
9.2.3.	Governmental, economic, fiscal, monetary or political policies or factors that have materially affected, or could materially affect, directly or indirectly, the issuer's operations.	Exhibit V	14 – 16, 20 – 29, 31 – 34 (Excerpts from Item 1A Risk Factors) and 60 – 62 (Item 7A. Quantitative and Qualitative Disclosures About Market Risk)
10.	**Capital Resources**		
10.1.	Issuer's capital resources;	Exhibit V	53 – 54 (Cash Flows)
10.2.	Narrative description of the issuer's cash flows;	Exhibit V	53 – 54 (Cash Flows)
10.3.	Information on the borrowing requirements and funding structure of the issuer.	Exhibit V	54 (Paragraph beginning "In August 2007 …") and 88 (Credit Agreement)
10.4.	Information regarding any restrictions on the use of capital resources.	Exhibit V	55 (Commitments and Contingencies), 87 (Lease Arrangements) and 88 (Credit Agreement)
10.5.	Information regarding the anticipated sources of funds needed to fulfill commitments referred to in items **5.2.3.** and **8.1.**	Exhibit V	53 – 54 (Cash Flows) and 88 (Credit Agreement)
11.	**Research and Development, Patents and Licenses**	Exhibit V	12 – 13 (Technology), 13 (Intellectual Property), 17 (Risk factor: "We are subject to patent litigation."),

Item #	Item contents	Chapter/Exhibit	Page/Section
			29 (Risk factor: "Skype depends on key technology that is licensed from third parties."), 34 – 35 (Risk factor: "Our failure to manage growth could harm our business."), 36 (Risk factor: "We may be unable to protect and enforce our own intellectual property rights adequately.") and 50 – 51 (Product Development)
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.	Exhibit V	43 – 60 (Item 7: Management's Discussion and Analysis of Financial Condition and Result of Operation up to Liquidity and Capital Resources)
		Exhibit VIII	All pages
12.2.	Trends, uncertainties or events that are likely to affect the issuer for at least the current financial year.	Exhibit V	7 (Marketplaces Growth Strategy), 9 – 10 (PayPal Growth Strategy), 11 (Skype Growth Strategy), 13 – 36 (Item 1A: Risk Factors), 45 (Excerpts from Financial Summary) and 60 – 62 Item 7A.

Item #	Item contents	Chapter/Exhibit	Page/Section
			Quantitative and Qualitative Disclosures About Market Risk)
		Exhibit IX	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: a) members of the administrative, management or supervisory bodies;	Exhibit VII	13 – 16 (Proposal 1. Election of Directors)
		Exhibit VIII	All pages
		Exhibit XI	All pages
	b) partners with unlimited liability, in the case of a limited partnership with a share capital; (not applicable)	Not applicable	Not applicable
	c) founders, if the issuer has been established for fewer than five years; and (not applicable)	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.	Exhibit VII	29 – 30 (Our Executive Officers)
		Exhibit XI	All pages
	The nature of any family relationship between any of those persons.	Chapter D	25 – 26 (8.2 Executive Officers as of January 31, 2008)

Item #	Item contents	Chapter/Exhibit	Page/Section
	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: (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.	Exhibit VII	13 – 16 (Proposal 1. Election of Directors) and 29 – 30 (Our Executive Officers)
	(b) any convictions in relation to fraudulent offences for at least the previous five years; (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; (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. If there is no such information to be disclosed, a statement to that effect is to be made.	Chapter D	25 – 26 (8.2 Executive Officers as of January 31, 2008)
		Exhibit VII	14 (Fred D. Anderson)
14.2.	Administrative, management, and supervisory bodies and senior management conflicts of interests.	Exhibit V	91 (Note 9 – Related Party Transactions)

Item #	Item contents	Chapter/Exhibit	Page/Section
		Exhibit VII	9 (Compensation Committee Interlocks and Insider Participation) and 12 (Transaction with Related Persons)
15.	**Remuneration and Benefits**		
15.1.	The amount of remuneration paid to the members of the administrative, management, supervisory and senior management bodies or to the general managers of the Issuer.	Exhibit VII	30 – 39 (Excerpts from Compensation Discussion and Analysis), 40 – 42 (Summary Compensation Table) and 46 – 48 (Compensation of Directors and Director Summary Compensation Table)
15.2.	The total amounts set aside or accrued by the issuer or its subsidiaries to provide pension, retirement or similar benefits to the above persons.	Exhibit VII	30 ("[eBay] does not have any pension plan . . .) and 40 – 42 (Summary Compensation Table)
16.	**Board Practices**		
16.1.	Date of expiration of the current term of office, if applicable, and the period during which the person has served in that office.	Exhibit VII	13 – 16 (Proposal 1. Election of Directors)
16.2.	Information about members of the administrative, management or supervisory bodies' service contracts with the issuer or any of its subsidiaries providing for benefits upon termination of employment.	Exhibit VII	38 (Employment Agreements, Change-in-Control Arrangements, and Severance Arrangements with Executive Officers)
16.3.	Information about the issuer's audit committee and remuneration committee, including the names of committee members and a summary of the conditions	Exhibit VII	8 – 9 (Audit Committee and Compensation

Item #	Item contents	Chapter/Exhibit	Page/Section
	of their term.		Committee), 27 – 28 (Audit Committee Report) and 39 (Compensation Committee Report)
16.4.	Compliance with corporate governance regime(s).	Exhibit V	Exhibits 31.01, 31.02, 32.01 and 32.02
		Exhibit VII	6 (Corporate Governance), 6 – 8 (Our Corporate Governance Practices) and 8 - 9 (Board Committees and Meetings)
17.	**Employees**		
17.1.	Number of employees.	Chapter D	26 (IX. Employees)
		Exhibit V	12 (Employees)
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.	Exhibit VII	7 (Stock Ownership Guidelines), 10 – 11 (Security Ownership of Certain Beneficial Owners and Management), 38 (Stock Ownership Guidelines), 43 – 44 (Grants of Plan-Based Awards), and 44 – 46 (Outstanding Equity Awards at Fiscal

Item #	Item contents	Chapter/Exhibit	Page/Section
			Year-End) and 46 (Option Exercises and Stock Vested)
17.3	Description of any arrangements for involving the employees in the capital of the issuer.	Exhibit I, II, III and IV	All sections
		Exhibit V	40 – 41 (Equity Compensation Plan Information), 59 – 60 (Stock-Based Compensation), 79 (Stock-Based Compensation) and 92 – 96 (Note 12 — Benefit Plans)
		Exhibit VII	16 – 21 (Proposal 2 Approval of an Amendment to 1999 Global Equity Incentive Plan) and 22 – 26 (Proposal 3 Approval of an Amendment to 1998 Employee Stock Purchase Plan)
18.	**Major Shareholders**		
18.1.	Name of any stockholders who are not members of administrative and/or management bodies.	Chapter B	10 – 11 (II. General Information Concerning eBay)
18.2.	Whether the issuer's Major shareholders have different voting rights.	Chapter D	20 – 21 (Voting Rights)
		Exhibit VII	1 (How many shares are entitled to vote?)
18.3.	Information on the persons directly or indirectly controlling the issuer.	Not applicable	Not applicable

Item #	Item contents	Chapter/Exhibit	Page/Section
18.4.	Agreement known to the Issuer that may result in a change in control of the issuer.	Not applicable	Not applicable
19.	**Related Party Transactions**	Exhibit V	91 (Note 9 – Related Party Transactions)
		Exhibit VII	12 (Transactions with Related Persons)
20.	**Financial Information concerning the Issuer's Assets and Liabilities, Financial Position and Profits and Losses**		
20.1.	Historical Financial Information Consolidated balance sheets of eBay and subsidiaries as of December 31, 2007 and 2006, and the related consolidated statements of income, comprehensive income, stockholders' equity and of cash flows for each of the three years in the period ended December 31, 2007.	Exhibit V	70 – 99 (Item 15(a): Consolidated Financial Statements and Financial Statement Schedules)
	Consolidated balance sheets of eBay and subsidiaries as of December 31, 2006 and 2005, and the related consolidated statements of income, comprehensive income, stockholders' equity and of cash flows for each of the three years in the period ended December 31, 2006.	Exhibit VI	All pages
20.2.	Pro forma financial information	Not applicable	Not applicable
20.3.	Financial statements Consolidated balance sheets of eBay and subsidiaries as of December 31, 2007 and 2006, and the related consolidated statements of income, comprehensive income, stockholders' equity and of cash flows for each of the three years in the period ended December 31, 2007	Exhibit V	70 – 99 (Item 15(a): Consolidated Financial Statements and Financial Statement Schedules)
	Consolidated balance sheets of eBay and subsidiaries as of December 31, 2006 and 2005, and the related consolidated statements of income, comprehensive income, stockholders' equity and of cash flows for each of the three years in the period ended December 31, 2006.	Exhibit VI	All pages

Item #	Item contents	Chapter/Exhibit	Page/Section
20.4.	**Auditing of historical annual financial information**		
20.4.1	Statement that the historical financial information has been audited. Report of Independent Registered Public Accounting Firm on consolidated balance sheets of eBay and subsidiaries as of December 31, 2007 and 2006, and the related consolidated statements of income, comprehensive income, stockholders' equity and of cash flows for each of the three years in the period ended December 31, 2007.	Exhibit V	69 (Report of Independent Registered Public Accounting Firm)
	Report of Independent Registered Public Accounting Firm on consolidated balance sheets of eBay and subsidiaries as of December 31, 2006 and 2005, and the related consolidated statements of income, comprehensive income, stockholders' equity and of cash flows for each of the three years in the period ended December 31, 2006.	Exhibit VI	Report of Independent Registered Public Accounting Firm
20.4.2.	Indication of other information in the prospectus which has been audited by the auditors.	Exhibit V	63 (Management's Report on Internal Control Over Financial Reporting) and 69 (Report of Independent Registered Public Accounting Firm insofar as it relates to internal control over financial reporting)
20.4.3.	Unaudited financial data in prospectus.	Exhibit V	98 (Supplementary Data – Quarterly Financial Data - Unaudited)
20.5.	**Age of latest financial information**		
20.5.1.	The last year of audited financial information	Exhibit V	69 (Report of Independent Registered Public Accounting Firm)
20.6.	**Interim and other financial information**		
20.6.1.	Quarterly or half yearly financial information since the	Not applicable	Not applicable

Item #	Item contents	Chapter/Exhibit	Page/Section
	date of the last audited financial statements.		
20.6.2.	Interim financial information	Not applicable	Not applicable
20.7.	**Dividend policy**		
20.7.1.	The amount of the dividend per share for each financial year for the period covered by the historical financial information	Exhibit V	40 (Dividend Policy)
		Chapter D	19 (Dividend Rights)
20.8.	Legal and arbitration proceedings	Exhibit V	17 (Risk factor: "We are subject to patent litigation."), 18 (Risk factor: "We are subject to general litigation and regulatory disputes."), 37 – 39 (Item 3: Legal Proceedings) and 88 – 90 (Litigation and Other Legal Matters)
20.9.	Significant change in the issuer's financial or trading position	Not applicable	Not applicable
21.	**Additional Information**		
21.1.	**Share Capital**		
21.1.1.	The amount of issued capital	Exhibit V	70 (Consolidated Balance Sheet) and 73 (Consolidated Statement of Stockholders' Equity)
21.1.2.	Shares not representing capital	Not applicable	Not applicable
21.1.3.	Shares in the issuer held by the issuer or subsidiaries.	Exhibit V	41 – 42 (Issuer Purchases of Equity Securities), 91 – 92 (Treasury Stock) and

Item #	Item contents	Chapter/Exhibit	Page/Section
			98 (Paragraph beginning “In January 2008 …”)
21.1.4.	The amount of any convertible securities, exchangeable securities or securities with warrants, with an indication of the conditions governing and the procedures for conversion, exchange or subscription.	Not applicable	Not applicable
21.1.5.	Information about and terms of any acquisition rights and or obligations over authorized but unissued capital or an undertaking to increase the capital.	Exhibit V	91 (Note 10 – Preferred Stock)
21.1.6.	Information about any capital of any member of the group which is under option or agreed conditionally or unconditionally to be put under option.	Exhibit V	59 – 60 (Stock-Based Compensation), 91 (Excerpt from Note 11 – Common Stock) and 92 – 96 (Note 12 – Benefit Plans)
		Exhibit VII	48 – 50 (Equity Compensation Plan Information)
21.1.7.	A history of share capital for the period covered by the historical financial information.	Exhibit V	73 (Consolidated Statement of Stockholders' Equity)
21.2.	**Memorandum and Articles of Association**		
21.2.1.	Issuer's objects and purposes.	Exhibit XII	Article III
21.2.2.	A summary of any provisions of the issuer's articles of association, statutes, charter or bylaws with respect to the members of the administrative, management and supervisory bodies.	Exhibit X	Articles II, III, and IV of Amended and Restated Bylaws
		Exhibit XII	Articles V, VI and VII
21.2.3.	A description of the rights, preferences and restrictions attaching to each class of the existing shares.	Chapter D	18 – 22 (IV. Rights Related to the Shares)
21.2.4.	What action is necessary to change the rights of holders of the shares.	Chapter D	19 – 21 (4.5 Rights Attached to the Securities)

Item #	Item contents	Chapter/Exhibit	Page/Section
21.2.5.	Conditions governing the manner in which annual general meetings and extraordinary general meetings of shareholders are called.	Chapter D	19 – 21 (4.5 Rights Attached to the Securities)
		Exhibit X	Article I of the Amended and Restated Bylaws
		Exhibit XII	Article VI Sections D and E
21.2.6.	Provisions of the issuer's articles of association, statutes, charter or bylaws that would have an effect of delaying, deferring or preventing a change in control of the issuer.	Not applicable	Not applicable
21.2.7.	An indication of the articles of association, statutes, charter or bylaw provisions, if any, governing the ownership threshold above which shareholder ownership must be disclosed.	Not applicable	Not applicable
21.2.8.	A description of the conditions imposed by the memorandum and articles of association statutes, charter or bylaw governing changes in the capital, where such conditions are more stringent than is required by law.	Not applicable	Not applicable
22.	**MATERIAL CONTRACTS**	Exhibit V	3 (Overview), 36 – 37 (Item 2: Properties), 55 (Commitments and Contingencies) and 87 – 88 (Lease Arrangements and Credit Agreement)
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	Not applicable	Not applicable

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	been accurately reproduced.		
24.	**DOCUMENTS ON DISPLAY**	Exhibit V	13 (Available Information)
25.	**INFORMATION ON HOLDINGS**	Chapter D	23 (VI. Organizational Structure)
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ANNEX III

Minimum Disclosure Requirements for the Share Securities Note (schedule)

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		Exhibit V	Exhibits 31.01, 31.02, 32.01 and 32.02
1.2.	A declaration by those responsible for the prospectus.	Prospectus	5 (Company Representative for Prospectus)
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3.	**KEY INFORMATION**		
3.1	Working capital statement	Chapter D	26 (X. Working Capital Statement)
3.2	Capitalization and indebtedness	Chapter D	22 – 23 (V. Statement of Capitalization and Indebtedness)
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4.2	Legislation under which the securities have been created.	Chapter D	18 (4.2 Legislation Under Which the Securities Have Been Created)
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		Exhibit III	Section 15
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4.3	Form of securities, name and address of the entity in charge of keeping the records.	Chapter D	18 – 19 (4.3 Form of Securities, Name and Address of the Entity in Charge of Keeping the Records)
4.4	Currency of the securities issue.	Chapter D	19 (4.4 Currency of the Securities Issue)
4.5	Rights attached to the securities.	Chapter D	18 – 19 (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.	Exhibit I	Section 1 (subheader)
		Exhibit II	Section 1 (subheader)
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		Exhibit IV	Section 1 (subheader)
4.7	Expected issue date of the securities.	Chapter D	15 (1.3 Purchase Period)

Item #	Item contents	Chapter/Exhibit	Page/Section
4.8	Description of any restrictions on the free transferability of the securities.	Chapter D	21 (4.6 Transferability)
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4.9	Mandatory takeover bids and/or squeeze-out and sell-out rules in relation to the securities.	Chapter D	21 – 22 (4.7 General Provisions Applying to Business Combinations)
4.10	An indication of public takeover bids by third parties in respect of the issuer's equity, which have occurred during the last financial year and the current financial year.	Not applicable	Not applicable
4.11	Information on taxes on the income from the securities withheld at source	Chapter D	26 – 51 (Tax Consequences)
5.	**TERMS AND CONDITIONS OF THE OFFER**		
5.1	Conditions, offer statistics, expected timetable and action required to apply for the offer		
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5.1.2	Total amount of the issue/offer.	Chapter D	14 – 15 (1.2 Shares Offered under the ESPP)
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5.1.4	Circumstances under which the offer may be revoked or suspended and whether revocation can occur after dealing has begun.	Chapter D	16 (1.7 Termination or Amendment of the ESPP) and 18 (2.5 Termination of Employment of Participating Employees)
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5.1.5	Possibility to reduce subscriptions and the manner for refunding excess amount paid by applicants.	Chapter D	17 – 18 (2.4 Discontinuance of Participation of Participating Employees)
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		Exhibit I	Section 11
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5.1.10	Procedure for the exercise of any right of pre-emption.	Not applicable	Not applicable
5.2	**Plan of distribution and allotment**		
5.2.1.	The various categories of potential investors to which the securities are offered.	Chapter D	16 (2.1 Participation of Eligible Employees)
		Exhibit II	Section 3
		Exhibit III	Section 5
		Exhibit IV	Section 5
5.2.2.	Indication of whether major shareholders or members of the issuer's management, supervisory or administrative bodies intended to subscribe in the offer, or whether any person intends to subscribe for more than five per cent of the offer.	Exhibit V	92 (Equity Incentive Plans)
		Exhibit VII	21 (Participation in the 1999 Plan)
5.2.3.	**Pre-allotment Disclosure:**		
a)	The division into tranches of the offer;	Not applicable	Not applicable
b)	The conditions under which the claw-back may be used;	Not applicable	Not applicable
c)	The allotment method or methods to be used for the retail and issuer's employee tranche;	Not applicable	Not applicable
d)	Pre-determined preferential treatment to be accorded to certain classes of investors or certain affinity groups.	Not applicable	Not applicable
e)	Whether the treatment of subscriptions or bids to subscribe in the allotment may be determined on the basis of which firm they are made	Not applicable	Not applicable

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	through or by;		
f)	A target minimum individual allotment if any within the retail tranche;	Not applicable	Not applicable
g)	The conditions for the closing of the offer as well as the date on which the offer may be closed at the earliest;	Not applicable	Not applicable
h)	Whether or not multiple subscriptions are admitted.	Not applicable	Not applicable
5.2.4.	Process for notification to applicants of the amount allotted.	Chapter D	18 -- 19 (4.3 Form of Securities, Name and Address of the Entity in Charge of Keeping the Records)
5.2.5.	**Over-allotment and 'green shoe':**		
a)	The existence and size of any over-allotment facility and/or 'green shoe'.	Not applicable	Not applicable
b)	The existence period of the over-allotment facility and/or 'green shoe'.	Not applicable	Not applicable
c)	Any conditions for the use of the over-allotment facility or exercise of the 'green shoe'.	Not applicable	Not applicable
5.3	**Pricing**		
5.3.1.	An indication of the price at which the securities will be offered.	Chapter D	15 (1.4 Purchase Price)
		Exhibit II	Section 5.4, 6.2, 7.3
		Exhibit III	Sections 6(a), 7(a) and 7(b)(i)
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5.3.2.	Process for the disclosure of the offer price.	Chapter D	18 – 19 (4.3 Form of Securities, Name and Address of the Entity in Charge of Keeping the Records)
		Exhibit II	Sections 5.4, 6.2 and 7.3
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5.3.3.	If the issuer's equity holders have pre-emptive purchase rights and this right is restricted or withdrawn.	Chapter D	21 (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**		
5.4.1	Name and address of the co-ordinator(s) of the global offer.	Not applicable	Not applicable
5.4.2	Name and address of any paying agents and depository agents in each country.	Chapter D	18 – 19 (4.3 Form of Securities, Name and Address of the Entity in Charge of Keeping the Records)
5.4.3.	Name and address of the entities agreeing to underwrite the issue on a firm commitment basis.	Not applicable	Not applicable
5.4.4.	When the underwriting agreement has been or will be reached.	Not applicable	Not applicable
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 D	18 (4.1 Type and the 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 trading.	Chapter D	18 (4.1 Type and the Class of the Securities Being Offered, Including the Security Identification Code)
		Exhibit V	Cover page
6.3	Simultaneous private placement.	Not applicable	Not applicable

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6.4	Details of the entities which have a firm commitment to act as intermediaries in secondary trading, providing liquidity.	Not applicable	Not applicable
6.5	**Stabilization:**		
6.5.1.	The fact that stabilization may be undertaken, that there is no assurance that it will be undertaken and that it may be stopped at any time,	Not applicable	Not applicable
6.5.2.	The beginning and the end of the period during which stabilization may occur,	Not applicable	Not applicable
6.5.3.	Identity of the stabilization manager	Not applicable	Not applicable
6.5.4.	The fact that stabilization transactions may result in a market price that is higher than would otherwise prevail.	Not applicable	Not applicable
7.	**SELLING SECURITIES HOLDERS**		
7.1.	Name and business address of the person or entity offering to sell the securities.	Not applicable	Not applicable
7.2.	The number and class of securities being offered by each of the selling security holders.	Not applicable	Not applicable
7.3.	Lock-up agreements	Not applicable	Not applicable
8.	**EXPENSE OF THE ISSUE/OFFER**		
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9.	**DILUTION**		
9.1.	The amount and percentage of immediate dilution resulting from the offer.	Chapter D	23 – 24 (7.1 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

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10.2.	An indication of other information in the Securities Note which has been audited or reviewed by statutory auditors.	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, Ameerika Ühendriigid

The eBay Inc. 1998. a Töötajate Aktsiaoptsiooniplaan koos muudatustega
The eBay Inc. 1998. a Kapitaliosaluse Preemiasüsteem koos muudatustega
The eBay Inc. 1999. a Globaalne Kapitaliosaluse Preemiasüsteem koos muudatustega
The eBay Inc. 2001. a Kapitaliosaluse Preemiasüsteem koos muudatustega

Prospekt eBay Inc. Euroopa Majanduspiirkonna (“EMP”) teatud tütarettevõtjate töötajatele

MÄRKUS PROSPEKTI KOKKUVÕTTE JUURDE

AMF VIISA NUMBER 08-058 KUUPÄEVAGA 25. MÄRTS 2008. A

Emitent hoiatab lugejat , et:

Käesolevat kokkuvõtet tuleb käsitleda prospekti sissejuhatusena. Käesoleva tehinguga seotud finantsinstrumentidesse investeerimise otsuse peaks investor tegema arvestades kogu prospekti tervikuna. Kui prospektis sisalduva informatsiooniga seotud nõue esitatakse lahendamiseks kohtule, võib hagejast investor vastavalt Euroopa Ühenduse liikmesriikide kohalikule seadusandlusele või Euroopa Majanduspiirkonna lepingu liikmesriikide kohalikule seadusandlusele olla kohustatud kandma prospekti tõlkimise kulud enne kohtumenetluse algust. Tsiviilvastutus kohaldub üksnes nende isikute suhtes, kes on esitanud käesoleva kokkuvõtte ning selle mis tahes tõlke, üksnes juhul, kui kokkuvõte on prospekti teiste osadega koos lugedes eksitav, ebatäpne või vastuoluline.

PEATÜKK A:
THE EBAY INC. 1998. A TÖÖTAJATE AKTSIAOPTSIOONIPLAAN KOOS MUUDATUSTEGA
THE EBAY INC. 1998. A KAPITALIOSALUSE PREEMIASÜSTEEM KOOS MUUDATUSTEGA
THE EBAY INC. 1999. A GLOBAALNE KAPITALIOSALUSE PREEMIASÜSTEEM KOOS MUUDATUSTEGA
THE EBAY INC. 2001. A KAPITALIOSALUSE PREEMIASÜSTEEM KOOS MUUDATUSTEGA

eBay Inc. („eBay" või „Äriühing"), Delaware korporatsioon, mille peakontor asub 2145 Hamilton Avenue, San Jose, California, Ameerika Ühendriigid, annab Äriühingu ja tema tütarettevõtjate valitud töötajatele õiguse osta Äriühingu lihtaktsiaid nimiväärtusega 0,001 dollarit aktsia kohta („Aktsiad") kooskõlas „eBay Inc. 1998. a töötajate aktsiaoptsiooniplaaniga koos muudatustega" („TAP''). Samuti annab eBay Äriühingu ja tema tütarettevõtjate valitud töötajatele (ja mõnedel juhtudel ka juhtkonna liikmetele, juhatuse liikmetele, konsultantidele, sõltumatutele tööettevõtjatele ja nõustajatele) õiguse omandada Aktsiaid vastavalt „eBay Inc. 1998. a kapitaliosaluse preemiasüsteemile koos muudatustega" („1998 KPS"), „eBay Inc. 1999. a globaalsele kapitaliosaluse preemiasüsteemile koos muudatustega" („1999 GKPS"), ja/või „eBay Inc. 2001. a kapitaliosaluse preemiasüsteemile koos muudatustega" („2001 KPS'') (koos nimetatud „Süsteemid"). TAP, 1998 KPS, 1999 GKPS ja 2001 KPS on eraldi töötajate kapitaliosaluse süsteemid ning neid pakutakse sõltumata teineteisest. Äriühingu Aktsiad on noteeritud Nasdaq Global Select börsil („Nasdaq") tähisega „EBAY".

Lisaks eeltoodule võib Äriühing pakkuda teatud isikutele õigust omandada Aktsiaid mõne muu plaani alusel, mis on Äriühingu poolt nõuetekohaselt vastu võetud ning Äriühingu aktsionäride poolt heaks kiidetud. Mis tahes õigused Aktsiate omandamiseks nimetatud plaani alusel saavad olema olulises osas sarnased õigustele Aktsiate omandamiseks Süsteemide alusel.

TAP-i ja/või Süsteemide pakkumist loetakse väärtpaberite avalikuks pakkumiseks vastavalt Euroopa Parlamendi ja Nõukogu 4. novembri 2003.a direktiivile 2003/71/EC („Prospekti Direktiiv'') alljärgnevates Euroopa Majanduspiirkonna riikides vastavalt kohalikule seadusandlusele: Austria, Eesti, Prantsusmaa, Saksamaa, Iirimaa, Holland ja Suurbritannia Samuti tehakse TAP-i ja/või Süsteemide pakkumine alljärgnevates Euroopa Majanduspiirkonna riikides: Belgia, Tšehhi, Itaalia, Luksemburg, Poola, Hispaania ja Rootsi. Kuid käesolevat pakkumist ei loeta avalikuks väärtpaberite pakkumiseks ja/või kohustus avalikustada prospekt ei kehti pakkumise korral, mis on tehtud riikides, kus rakendub Prospekti Direktiiv. TAP-i ja/või Süsteemide pakkumise kogumaksumus Euroopa Majanduspiirkonnas on rohkem kui 2,5 miljonit eurot 12-kuuse perioodi jooksul.

Käesolev prospekt tehakse kättesaadavaks eBay tütarettevõtete töötajatele eelnimetatud riikides, kus TAP-i ja/või Süsteeme loetakse avalikuks väärtpaberite pakkumiseks vastavates tööandjate peakorterites.

I. TAP

TAP-i korraldab Äriühingu juhatuse („Juhatus") poolt määratud komitee („Komitee"). TAP-ist tulenevaid õigusi ei saa üle anda, loovutada, pantida ega muul viisil käsutada (välja arvatud testamendiga, pärimisseaduste alusel või soodustatud isiku täitmisele pööratava määrangu kohaselt).

TAP-i pakutakse eBay ja selle kindlaksmääratud tütarettevõtjate või sidusettevõtjate („Osalevad Äriühingud") sobivatele töötajatele. TAP-is osalemiseks peavad töötajad olema Osaleva Äriühingu poolt tööle võetud kümnendaks päevaks enne Pakkumisperioodi (mille definitsioon on toodud allpool) algust. Osalus on piiratud järgmiselt: (i) Aktsiate ostud õiglase turuväärtusega Pakkumiskuupäeva esimesel päeval ei ületa kogusummas 25 000 dollarit kalendriaastas ja (ii) töötajatele kuulub vähem kui 5% eBay hääleõigusega aktsiatest või kapitaliosadest. Kohaldatakse ka teatud teisi TAP-i piiranguid.

Reeglina pakutakse sobivatele töötajatele osalust TAP-is ja nad võivad otsustada TAP-iga liituda („Osalevad Töötajad"), kui nad sõlmivad märkimislepingu ja täidavad muud eBay poolt nõutavad dokumendid („Osalusdokumendid").

TAP 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. Pakkumisperioodid sisaldavad nelja järjestikust kuuekuulist ostuperioodi („Ostuperioodid"). Iga Pakkumisperioodi esimene tööpäev on „Pakkumiskuupäev". Pakkumisperioodil, mis algab 1. mail 2008. a, osalemiseks peavad sobivad töötajad liituma 23. aprilliks 2008. a.

Iga Pakkumisperioodi alguses annavad Osalevad Töötajad Osalusdokumentides volituse sissemaksete tegemiseks TAP-i oma töötasu arvelt 2% kuni 10%-se mahaarvamisena saadaolevast töötasust. Osalev Töötaja võib Komitee poolt määratud ajal ja viisil muuta tema töötasust tema poolt lubatud mahaarvatavat protsenti või taganeda TAP-ist.

TAP-iga liitunud Osalevate Töötajate töötasust mahaarvatud summade kogusummat kasutatakse Aktsiate ostmiseks soodushinnaga iga Ostuperioodi viimasel tööpäeval ("Ostukuupäev"). Aktsia ostuhind on tavaliselt 85% kas (1) Aktsia õiglasest turuväärtusest Pakkumiskuupäeval ja (2) Aktsia õiglasest turuväärtusest Ostukuupäeval olenevalt sellest, kumb on madalam.

Seisuga 1. jaanuar 2008. a oli ülemaailmselt ligikaudu 7,2 miljonit Aktsiat, mille võiks lasta välja TAP-i alusel (millest maksimaalselt 36 000 000 Aktsiat olid saadaval TAP-i perioodi jooksul). Vastavalt käesoleva prospekti Peatüki D paragrahvis 7.1 kirjeldatud eeldustele, pakutakse järgneva 12 kuu jooksul ligikaudu 3 442 sobivale töötajale Austrias, Eestis, Prantsusmaal, Saksamaal, Iirimaal, Hollandis ja Suurbritannias vastavalt käesolevale prospektile kõige rohkem 2 443 308 Aktsiat. eBayl on õigus otsustada, kas käesolevad Aktsiad on tresooraktsiad või uued väljalastavad aktsiad. TAP on töötaja eraldi kapitaliosaluse vorm, ja seda pakutakse sõltumata Süsteemidest.

II. 1998 KPS

Vastavalt 1998. a kapitaliosaluse preemiasüsteemile („1998 KPS") võib eBay pakkuda aktsiaoptsioone („Optsioone"), Piiratud Aktsiaid („PA"), Piiratud Aktsiate Osakuid („PAO") ja/või Aktsiapreemiaid („Aktsiapreemia") (koos nimetatud „Preemiad") eBay või selle mistahes emaettevõtjate või tütarettevõtjate töötajatele, juhtkonna liikmetele, juhatuse liikmetele, konsultantidele, sõltumatutele tööettevõtjatele ja nõustajatele („Preemiasaajad"). Komitee otsustab kooskõlas 1998 KPS-i piirangutega, kes Preemia saavad ja millistel tingimustel Preemia antakse. Preemiasaaja ei saa Preemiat üle anda ega loovutada muul viisil kui testamendiga, pärimisseaduste alusel või muul Komitee poolt kindlaksmääratud viisil.

Optsioonid on õigus osta Aktsiaid mingil tulevikukuupäeval kindlaksmääratud kasutushinnaga. Optsiooni omandamise järel võib Optsiooni saanud töötaja („Optsiooni Omanik") Optsiooni kasutada Aktsiate ostmiseks. Optsiooni kasutamise ajal peab Optsiooni omanik maksma kasutushinna Komitee poolt Optsiooni andmise ajal kinnitatud viisil Optsiooni Omaniku töösuhte lõpetamisel kaotab Optsiooni omanik omandamata Optsioonid ja tal on kindel tähtaeg pärast töösuhte lõpetamist omandatud Optsioonide kasutamiseks.

Piiratud Aktsia on eBay pakkumine müüa Preemiasaajale Aktsiaid, mille suhtes kehtivad piirangud. Komitee määrab kindlaks Preemiasaaja, Aktsiate arvu, mida Preemiasaaja võib osta, tasumisele kuuluva hinna, piirangud, mis Aktsiate suhtes kehtivad (mis võivad põhineda tööstaažil või saavutatud töötulemustel) ning kõik muud Piiratud Aktsiatega seotud tingimused. Aktsiad lastakse Preemiasaajale reeglina välja nende omandamisel ning Preemiasaaja omandab Aktsiatega seotud hääleõiguse ja õiguse dividendile, kuid tal ei ole õigust Aktsiaid võõrandada ega müüa kuni Preemia omandamiseni (s.o kuni piirangute aegumiseni). Preemiasaaja töösuhte lõpetamisel jääb ta reeglina ilma kõigist Piiratud Aktsiatest, mis ei ole omandatud.

Piiratud Aktsiate Osakud on eBay lubadus lasta Preemiasaajale välja teatud arvul Aktsiaid, mille suhtes kehtivad teatud omandamispiirangud (mis võivad põhineda tööstaažil või saavutatud töötulemustel). Komitee määrab kindlaks Preemiasaaja, Piiratud Aktsiate Osakutega seotud Aktsiate arvu ning Piiratud Aktsiate Osakute tingimused. Aktsiad lastakse Preemiasaajale välja, kui kõik kohaldatavad piirangud on aegunud ning enne Aktsiate väljalaset ei omandata osalust eBays. Preemiasaaja töösuhte lõpetamisel jääb ta reeglina ilma kõigist Piiratud Aktsiate Osakutest, mis ei ole omandatud.

Aktsiapreemiad on Aktsiate (mis võivad koosneda Piiratud Aktsiatest) pakkumised, mida võidakse teha eBayle minevikus osutatud teenete eest või Komitee poolt kehtestatud eesmärkide saavutamisel. Aktsiapreemiate suhtes võib kohaldada muid Komitee poolt määratud kriteeriume. Komiteel on õigus maksta Aktsiapreemiad välja rahas või Aktsiates või nende kombinatsioonis.

Seisuga 31. detsember 2007. a oli ülemaailmselt saadaval 26 197 467 1998 KPS-i alusel väljalastavat Aktsiat (maksimaalselt 108 000 000 Aktsiast, mis oli esialgselt 1998 KPS alusel saadaval). eBayl on õigus otsustada, kas käesolevad Aktsiad on tresooraktsiad või uued väljalastavad aktsiad.

III. 1999 GKPS

Vastavalt 1999. a globaalse kapitaliosaluse preemiasüsteemi („1999 GKPS") tingimustele võib eBay pakkuda Preemiaid eBay ja selle tütarettevõtjate ja sidusettevõtjate töötajatele või konsultantidele („Preemiasaajad"). Juhatus (või üks või mitu Juhatuse liiget, kelle Juhatus on määranud 1999 GKPS-i korraldama) otsustab, millised töötajad Preemia saavad ja millistel tingimustel Preemia antakse, võttes arvesse 1999 GKPS-i piiranguid. Preemiad on võõrandatavad ainult Preemiat tõendavas lepingus sätestatud määral. Kui sellises lepingus pole võõrandamist ette nähtud, siis ei saa Preemiasaaja Preemiat üle anda muul viisil kui testamendiga, pärimisseaduste alusel või soodustatud isiku täitmisele pööratava määrangu kohaselt.

1999 GKPS-i alusel pakutavad Preemiad on üldjoontes sarnased 1998 KPS-i alusel pakutavatele Preemiatele.

Seisuga 31. detsember 2007. a oli ülemaailmselt saadaval 37 301 234 1999 GKPS-i alusel väljalastavat Aktsiat (maksimaalselt 52 000 000 Aktsiast, mis oli esialgselt 1999 GKPS-i alusel saadaval). eBayl on õigus otsustada, kas käesolevad Aktsiad on tresooraktsiad või uued väljalastavad aktsiad

IV. 2001 KPS

Vastavalt 2001. a kapitaliosaluse preemiasüsteemile („2001 KPS") võib eBay pakkuda Optsioone eBay ja selle tütarettevõtjate ja sidusettevõtjate töötajatele, juhatuse liikmetele või konsultantidele („Optsiooni Omanikud"). Optsiooni Omanik ei saa Optsiooni võõrandada muul viisil kui testamendiga, pärimisseaduste alusel või soodustatud isiku täitmisele pööratava määrangu kohaselt (kui ei ole tegemist mittepõhikirjalise aktsiaoptsiooniga, mis näeb ette, et Optsiooni tõendavas lepingus tuleb sätestada võõrandatavus).

2001 KPS-i alusel pakutavad Optsioonid on üldiselt sarnased 1998 KPS-i ja 1999 GKPS-i alusel pakutavatele Optsioonidele.

Seisuga 31. detsember 2007. a oli ülemaailmselt saadaval 142 552 418 2001 KPS-i alusel väljalastavat Aktsiat (maksimaalselt 222 000 000 Aktsiast, mis oli esialgselt 2001 KPS-i alusel saadaval). eBayl on õigus otsustada, kas käesolevad Aktsiad on tresooraktsiad või uued väljalastavad aktsiad.

TAP-I JA SÜSTEEMIDE TÄIELIK KIRJELDUS SISALDUB SÜSTEEMIDE DOKUMENTIDES, MIS ON LISATUD PROSPEKTI LISADENA I - IV.

PEATÜKK B:
EBAY INC. ORGANISATSIOON JA TEGEVUS

I. EBAY ÜLDKIRJELDUS

eBay tegutseb kolmel peamisel tegevusalal: turud, maksed ja kommunikatsioonid. eBay turud pakuvad infrastruktuuri globaalse *online* äri tegemiseks mitmete platvormide abil, hõlmates nii traditsioonilist eBay.com-i kui ka teisi *online* platvorme, nagu näiteks Shopping.com-i, StubHub-i, salastatud koduleheküljesid, Half.com-i ja Rent.com-i. eBay maksetega seotud tegevusharu, mis koosneb PayPalist, võimaldab füüsilistel ja juriidilistel isikutel turvaliselt, lihtsalt ja kiiresti makseid saata ja saada. eBay kommunikatsiooniharu, mis koosneb Skype'ist, võimaldab Skype'i kasutajate vahelist Interneti telefoniühendust ning annab Skype'i kasutajatele ka madala hinnaga tavatelefoniühenduse ja mobiiliühenduse.

Müügitulu igal eBay tegevusalal aastatel, mis lõppesid 31. detsembril 2007, 2006 ja 2005:

	2007	2006	2005
	(tuhandetes, välja arvatud protsentide arvud)		
Turud	$ 5,363,891	$ 4,334,290	$ 3,499,137
Müügiprotsent	*69.9%*	*72.6%*	*76.9%*
Maksed	1,926,616	1,440,530	1,028,455
Müügiprotsent	*25.1%*	24.1%	*22.6%*
Kommunikatsioon	381,822	194,921	24,809
Müügiprotsent	*5.0%*	*3.3%*	*0.5.%*
Kogu müügitulu	$ 7,672,329	$ 5,969,741	$ 4,552,401

II. EBAY-d PUUDUTAV ÜLDINE INFORMATSIOON

Seisuga 31. detsember 2007. a oli eBayl 3 580 000 000 Aktsia väljalaskmise õigus ning 10 000 000 eelisaktsia väljalaskmise õigus, iga aktsia nimiväärtusega 0,001 dollarit. Seisuga 22. veebruar 2008. a oli jaotamata 1 327 947 115 Aktsiat ning välja ei olnud lastud ega jaotatud ühtegi eelisaktsiat.

Alljärgnevas tabelis on seisuga 15. veebruar 2008. a toodud eBayle teadaolevad tegelikud aktsionärid, kellele kuulub üle 5% eBay Aktsiatest (protsent põhineb 1,327,947,115 jaotamata Aktsial seisuga 22. veebruar 2008. a).

Reaalomaniku nimi	Reaalomandis olevad aktsiad	
	Arv	Protsent
Pierre M. Omidyar[(1)]	178,045,408	13.4%

(1) Põhineb Pierre M. Omidyar poolt Väärtpaberi- ja Börsikomisjonile 5. veebruaril 2008. a esitatud muudetud tegeliku osaluse omandamise teatest mis esitati vastavalt Lisale 13G/A , ja Pierre M. Omidyar poolt Väärtpaberi- ja Börsikomisjonile 15. veebruaril 2008. a esitatud Vormil 4. Käesolev arv ei sisalda 100, 000 aktsiat, mis kuuluvad Pamela K. Omidyarile, Mr. Omidyari abikaasale, millele Pierre M. Omidyaril ei ole ei hääle- ega käsutusõigusi.

Ühelgi eBayle teadaolevast tegelikust aktsionärist, kellele kuulub üle 5% eBay lihtaktsiatest, ei ole erinevaid hääleõigusi**.**

III. RISKIFAKTORID

Alljärgnevalt on toodud kokkuvõtted riskidest, määramatustest ja teiste faktoritest, mis võivad mõjutada eBay tulemusi tulevikus. Käesolevate ja teiste riskifaktorite täielik kirjeldus sisaldub prospekti lisas V (eBay poolt Väärtpaberi- ja Börsikomisjonile esitatud 31. detsembril 2007. a lõppenud majandusaasta aastaaruanne, vorm 10-K), lk 12-35 ja 62-64.

Alljärgnevaid riskifaktoreid tuleks lugeda koos teiste faktoritega, mis on toodud käesolevas prospektis:

- Piraat- või võltsitud kauba nimekirja võtmine või müük eBay kasutajate poolt võib kahjustada tema majandustegevust.

- Suutmatus efektiivselt tegeleda kelmustega eBay koduleheküljegedel ning kliendivaidlustega võib tõsta eBay kahjumimäära ja tema tegevusele ebasoodsalt mõjuda.

- eBay tegevusega kaasnevad *online* turvalisuse riskid, sealhulgas turvalisuse rikkumine ja identiteedivargus.

- Uued ja olemasolevad regulatsioonid võivad eBay tegevust kahjustada.

- eBay tegevusalal on väga suur konkurents ning teised ettevõtjad või valitsusasutused võivad väita, et eBay käitumine on konkurentsivaenulik.

IV. VIIMASED SÜNDMUSED

23. jaanuaril 2008. a teatas eBay oma 31. detsembril 2007. a lõppenud neljanda kvartali („Q4-07") ja kogu aasta finantstulemused. eBay Q4-07 tulu moodustas 2,18 miljardit dollarit, mis näitab 461-miljonist aastast-aastasse kasvu. Tulu kasvas kõigil tegevusaladel, kuid märkimisväärsemat kasvu näitasid PayPal, StubHub, Skype, salastatud koduleheküljed ja reklaam. eBay sai puhaskasumi 531 miljonit dollarit ehk 0,39 dollarit aktsia kohta. Kogu aasta kohta sai eBay konsolideeritud müügitulu 7,67 miljardit dollarit, konsolideeritud puhaskasumi 348 miljonit dollarit ehk 0,25 dollarit aktsia kohta.

23. märtsil 2008. a teavitas eBay oma presidendi ja juhatuse esimehe (CEO) Margaret (Meg) C. Whitmani lahkumisest alates 31. märtsist 2008. a. Lisaks eeltoodule teavitas eBay ka mitmest muust muudatusest oma juhtkonnas, sealhulgas John Donahoe määramisest pr Whitmani asemel presidendiks ja juhatuse esimeheks (CEO), Rajiv Dutta määramisest hr Donahoe asemel eBay turgude presidendiks ja Scott Thompsoni määramisest hr Dutta asemel tütarühingu PayPal, Inc. presidendiks (täiendava informatsiooni saamiseks vt Lisa X).

eBay korraldas ümber teatud ärioperatsioonid eesmärgiga viia need vastavusse käesolevate tegevuseesmärkidega, mis tõi kaasa personali ümberpaigutamise ning tööjõu kerge vähenemise. Osades riikides, näiteks nagu Ameerika Ühendriigid, Kanada, Belgia, Hispaania ja Austria, on muudatused suuremad kui teistes riikides, kuid eeldavalt ei mõjuta personali vähenemine rohkem kui 1% ülemaailmsest personalist.

PEATÜKK C:
31. DETSEMBRIL 2007, 2006 JA 2005 LÕPPENUD MAJANDUSAASTATE FINANTSINFORMATSIOON EBAY INC. KOHTA

Käesolevas prospektis toodud eBay konsolideeritud raamatupidamisaruanded on koostatud kooskõlas Ameerika Ühendriikide hea raamatupidamistavaga („US GAAP") vastavalt Prospektide määruse § 35 (5) järgi. Alljärgnev valikuline finantsinformatsioon eBay möödunud majandusaastatest on võetud eelmiste aastate konsolideeritud raamatupidamisaruannetest ning seda tuleks vaadata koos konsolideeritud raamatupidamisaruannetega ja nende lisadega.

eBay ja tema tütarettevõtjate konsolideeritud bilansside osas seisuga 31. detsember 2007 ja 2006 ning vastavate konsolideeritud kasumiaruannete, konsolideeritud koondkasumiaruande, konsolideeritud omakapitaliaruande ja konsolideeritud rahavoogude aruande osas kolmest aastast iga aasta kohta perioodil, mis lõppes 31. detsembril 2007. a palutakse lugejal tutvuda eBay 31. detsembril 2007. aastal lõppenud majandusaasta aastaaruandega, vorm 10-K, mis esitati Väärtpaberi- ja Börsikomisjonile 29. veebruaril 2008. aastal ja mis on toodud käesoleva prospekti Lisas V.

eBay ja tema tütarettevõtjate konsolideeritud bilansi osas seisuga 31. detsember 2005 palutakse lugejal tutvuda eBay Inc. 31. detsembri 2006. a ja 2005. a seisuga koostatud ja 31. detsembril 2006. a lõppenud perioodi kohta kolmest aastast iga aasta konsolideeritud raamatupidamisaruandega, mis on toodud käesoleva prospekti Lisas VI.

VALIKULINE FINANTSINFORMATSIOON

(eBay auditeeritud konsolideeritud raamatupidamisaruanded, mis on koostatud kooskõlas Ameerika Ühendriikide hea raamatupidamistavaga („US GAAP").)

	Aasta, mis lõppes 31. detsembril		
	2007(2)	**2006(2)**	**2005**
	(tuhandetes, välja arvatud aktsia kohta toodud arvud)		
Konsolideeritud kasumiaruande andmed (1)			
Müügitulu	$7.672.329	$5.969.741	$4.552.401
Puhaskasum	$348.251	$1.125.639	$1.082.043
Näitajad tava aktsia kohta	$0,26	$0,80	$0,79
Näitajad lahustatud aktsia kohta	$0,25	$0,79	$0,78

	Aasta, mis lõppes 31. detsembril		
	2007	**2006**	**2005**
Konsolideeritud bilansi andmed:		**(tuhandetes)**	
Raha ja raha ekvivalendid	$4.221.191	$2.662.792	$1.313.580
Lühiajalised investeeringud	676.264	554.841	804.352
Pikaajalised investeeringud	138.237	277.853	825.667
Käibekapital (3)	4.022.926	2.452.191	1.698.302
Varad kokku	15.366.037	13.494.011	11.788.986
Kogu omakapital	11.704.602	10.904.632	10.047.981

(1), (2), (3) Vt Märkused (1), (2) ja (3) Lisa V lk 44 (eBay poolt Väärtpaberi- ja Börsikomisjonile 29. veebruaril 2008. aastal esitatud aastaaruanne, vorm 10-K).