

Edgar Filing: EBAY INC - Form 10-K

EBAY INC

Form 10-K

January 30, 2019

false--12-31FY20182018-12-3110-K0001065088914880451YesfalseLarge Accelerated Filer33679134490EBAY
INCfalsefalseNoYesEBAY000P2Y00000.0010.0013580000000358000000010290000009150000000.0020.0048P5Y0P1YP1M
0001065088 2018-01-01 2018-12-31 0001065088 2018-06-30 0001065088 2019-01-25 0001065088 2018-12-31
0001065088 2017-12-31 0001065088 2016-01-01 2016-12-31 0001065088 2017-01-01 2017-12-31 0001065088
us-gaap:RetainedEarningsMember 2016-01-01 2016-12-31 0001065088 2016-12-31 0001065088
us-gaap:AdditionalPaidInCapitalMember 2018-01-01 2018-12-31 0001065088
us-gaap:AdditionalPaidInCapitalMember 2017-01-01 2017-12-31 0001065088 us-gaap:CommonStockMember
2016-01-01 2016-12-31 0001065088 us-gaap:CommonStockMember 2017-01-01 2017-12-31 0001065088
us-gaap:AccumulatedOtherComprehensiveIncomeMember 2016-01-01 2016-12-31 0001065088
us-gaap:RetainedEarningsMember 2016-12-31 0001065088
us-gaap:AccumulatedOtherComprehensiveIncomeMember 2017-01-01 2017-12-31 0001065088
us-gaap:TreasuryStockMember 2017-12-31 0001065088 us-gaap:CommonStockMember 2018-01-01 2018-12-31
0001065088 us-gaap:AdditionalPaidInCapitalMember 2016-12-31 0001065088
us-gaap:AccumulatedOtherComprehensiveIncomeMember 2016-12-31 0001065088 us-gaap:CommonStockMember
2016-12-31 0001065088 us-gaap:AdditionalPaidInCapitalMember 2016-01-01 2016-12-31 0001065088
us-gaap:RetainedEarningsMember 2017-01-01 2017-12-31 0001065088 us-gaap:RetainedEarningsMember
2017-12-31 0001065088 us-gaap:RetainedEarningsMember 2018-01-01 2018-12-31 0001065088
us-gaap:TreasuryStockMember 2018-12-31 0001065088 us-gaap:TreasuryStockMember 2018-01-01 2018-12-31
0001065088 us-gaap:RetainedEarningsMember 2018-12-31 0001065088 us-gaap:CommonStockMember 2018-12-31
0001065088 us-gaap:TreasuryStockMember 2017-01-01 2017-12-31 0001065088 us-gaap:TreasuryStockMember
2016-01-01 2016-12-31 0001065088 us-gaap:CommonStockMember 2015-12-31 0001065088
us-gaap:AccumulatedOtherComprehensiveIncomeMember 2018-01-01 2018-12-31 0001065088
us-gaap:TreasuryStockMember 2016-12-31 0001065088 us-gaap:AccumulatedOtherComprehensiveIncomeMember
2017-12-31 0001065088 us-gaap:AccumulatedOtherComprehensiveIncomeMember 2015-12-31 0001065088
us-gaap:AdditionalPaidInCapitalMember 2017-12-31 0001065088 us-gaap:CommonStockMember 2017-12-31
0001065088 us-gaap:RetainedEarningsMember 2015-12-31 0001065088 us-gaap:AdditionalPaidInCapitalMember
2018-12-31 0001065088 us-gaap:TreasuryStockMember 2015-12-31 0001065088
us-gaap:AdditionalPaidInCapitalMember 2015-12-31 0001065088
us-gaap:AccumulatedOtherComprehensiveIncomeMember 2018-12-31 0001065088 2015-12-31 0001065088
srt:ScenarioPreviouslyReportedMember 2016-01-01 2016-12-31 0001065088
srt:ScenarioPreviouslyReportedMember 2017-01-01 2017-12-31 0001065088 srt:MinimumMember
us-gaap:ScenarioForecastMember 2019-01-01 0001065088 us-gaap:AccountingStandardsUpdate201409Member
us-gaap:DifferenceBetweenRevenueGuidanceInEffectBeforeAndAfterTopic606Member 2017-12-31 0001065088
us-gaap:AccountingStandardsUpdate201409Member
us-gaap:DifferenceBetweenRevenueGuidanceInEffectBeforeAndAfterTopic606Member 2016-12-31 0001065088
us-gaap:AccountingStandardsUpdate201409Member
us-gaap:DifferenceBetweenRevenueGuidanceInEffectBeforeAndAfterTopic606Member 2016-01-01 2016-12-31
0001065088 us-gaap:AccountingStandardsUpdate201409Member
us-gaap:DifferenceBetweenRevenueGuidanceInEffectBeforeAndAfterTopic606Member 2017-01-01 2017-12-31
0001065088 srt:MaximumMember us-gaap:ScenarioForecastMember 2019-01-01 0001065088
us-gaap:BuildingAndBuildingImprovementsMember 2018-01-01 2018-12-31 0001065088
us-gaap:FurnitureAndFixturesMember 2018-01-01 2018-12-31 0001065088 srt:MaximumMember 2018-01-01
2018-12-31 0001065088 srt:MaximumMember us-gaap:SoftwareDevelopmentMember 2018-01-01 2018-12-31
0001065088 srt:MinimumMember us-gaap:SoftwareDevelopmentMember 2018-01-01 2018-12-31 0001065088
srt:MinimumMember 2018-01-01 2018-12-31 0001065088 srt:MaximumMember
us-gaap:ComputerEquipmentMember 2018-01-01 2018-12-31 0001065088 srt:MinimumMember
us-gaap:ComputerEquipmentMember 2018-01-01 2018-12-31 0001065088 us-gaap:LeaseholdImprovementsMember
2018-01-01 2018-12-31 0001065088 ebay:GlosisMember 2018-12-31 0001065088 ebay:GlosisMember 2018-01-01

Edgar Filing: EBAY INC - Form 10-K

2018-12-31 0001065088 us-gaap:SeriesOfIndividuallyImmaterialBusinessAcquisitionsMember 2016-12-31
0001065088 ebay:AcquisitionsMember 2016-12-31 0001065088 ebay:TicketbisMember 2016-12-31 0001065088
us-gaap:DevelopedTechnologyRightsMember 2017-12-31 0001065088 us-gaap:TrademarksAndTradeNamesMember
2018-12-31 0001065088 us-gaap:OtherIntangibleAssetsMember 2018-12-31 0001065088
us-gaap:CustomerListsMember 2017-01-01 2017-12-31 0001065088 us-gaap:OtherIntangibleAssetsMember
2017-12-31 0001065088 us-gaap:OtherIntangibleAssetsMember 2018-01-01 2018-12-31 0001065088
us-gaap:TrademarksAndTradeNamesMember 2017-12-31 0001065088 us-gaap:CustomerListsMember 2018-12-31
0001065088 us-gaap:DevelopedTechnologyRightsMember 2017-01-01 2017-12-31 0001065088
us-gaap:TrademarksAndTradeNamesMember 2017-01-01 2017-12-31 0001065088
us-gaap:DevelopedTechnologyRightsMember 2018-12-31 0001065088 us-gaap:OtherIntangibleAssetsMember
2017-01-01 2017-12-31 0001065088 us-gaap:TrademarksAndTradeNamesMember 2018-01-01 2018-12-31
0001065088 us-gaap:CustomerListsMember 2017-12-31 0001065088 us-gaap:DevelopedTechnologyRightsMember
2018-01-01 2018-12-31 0001065088 us-gaap:CustomerListsMember 2018-01-01 2018-12-31 0001065088
us-gaap:NonUsMember 2018-12-31 0001065088 country:US 2017-12-31 0001065088 us-gaap:NonUsMember
2017-12-31 0001065088 country:US 2018-12-31 0001065088 ebay:ClassifiedsMember 2017-01-01 2017-12-31
0001065088 ebay:MarketplaceMember 2018-01-01 2018-12-31 0001065088
ebay:StubHubCorporateAndOtherServicesMember 2016-01-01 2016-12-31 0001065088
ebay:StubHubCorporateAndOtherServicesMember 2018-01-01 2018-12-31 0001065088 ebay:StubHubMember
2017-01-01 2017-12-31 0001065088 ebay:ClassifiedsMember 2018-01-01 2018-12-31 0001065088
ebay:MarketplaceMember 2016-01-01 2016-12-31 0001065088 ebay:MarketplaceMember 2017-01-01 2017-12-31
0001065088 ebay:StubHubCorporateAndOtherServicesMember 2017-01-01 2017-12-31 0001065088
ebay:ClassifiedsMember 2016-01-01 2016-12-31 0001065088 ebay:StubHubMember 2018-01-01 2018-12-31
0001065088 ebay:StubHubMember 2016-01-01 2016-12-31 0001065088 country:US 2016-01-01 2016-12-31
0001065088 ebay:RestofWorldMember 2018-01-01 2018-12-31 0001065088 country:KR 2016-01-01 2016-12-31
0001065088 country:GB 2017-01-01 2017-12-31 0001065088 country:DE 2016-01-01 2016-12-31 0001065088
country:US 2017-01-01 2017-12-31 0001065088 country:GB 2018-01-01 2018-12-31 0001065088
ebay:RestofWorldMember 2016-01-01 2016-12-31 0001065088 ebay:RestofWorldMember 2017-01-01 2017-12-31
0001065088 country:US 2018-01-01 2018-12-31 0001065088 country:DE 2017-01-01 2017-12-31 0001065088
country:DE 2018-01-01 2018-12-31 0001065088 country:KR 2018-01-01 2018-12-31 0001065088 country:KR
2017-01-01 2017-12-31 0001065088 country:GB 2016-01-01 2016-12-31 0001065088
us-gaap:ShortTermInvestmentsMember ebay:RestrictedCashMember 2017-12-31 0001065088
us-gaap:ShortTermInvestmentsMember us-gaap:CorporateDebtSecuritiesMember 2017-12-31 0001065088
us-gaap:ShortTermInvestmentsMember 2017-12-31 0001065088 ebay:LongTermInvestmentMember 2017-12-31
0001065088 ebay:LongTermInvestmentMember us-gaap:CorporateDebtSecuritiesMember 2017-12-31 0001065088
ebay:FlipkartMember 2017-01-01 2017-12-31 0001065088 ebay:EBay.inBusinessMember 2017-01-01 2017-12-31
0001065088 2018-09-30 0001065088 ebay:FlipkartMember 2017-12-31 0001065088
us-gaap:CostmethodInvestmentsMember 2017-01-01 2017-12-31 0001065088 ebay:FlipkartMember 2018-01-01
2018-12-31 0001065088 us-gaap:ShortTermInvestmentsMember 2018-12-31 0001065088
ebay:LongTermInvestmentMember us-gaap:CorporateDebtSecuritiesMember 2018-12-31 0001065088
us-gaap:ShortTermInvestmentsMember ebay:RestrictedCashMember 2018-12-31 0001065088
us-gaap:ShortTermInvestmentsMember us-gaap:CorporateDebtSecuritiesMember 2018-12-31 0001065088
ebay:LongTermInvestmentMember 2018-12-31 0001065088 us-gaap:ShortTermInvestmentsMember
us-gaap:USTreasuryAndGovernmentMember 2018-12-31 0001065088 us-gaap:WarrantMember
ebay:InterestAndOtherNetMember 2018-01-01 2018-12-31 0001065088 us-gaap:WarrantMember
ebay:InterestAndOtherNetMember 2017-01-01 2017-12-31 0001065088 us-gaap:WarrantMember
ebay:InterestAndOtherNetMember 2016-01-01 2016-12-31 0001065088 us-gaap:ForeignExchangeContractMember
us-gaap:NondesignatedMember 2017-12-31 0001065088 us-gaap:ForeignExchangeContractMember
us-gaap:CashFlowHedgingMember us-gaap:DesignatedAsHedgingInstrumentMember 2018-12-31 0001065088
us-gaap:ForeignExchangeContractMember us-gaap:NetInvestmentHedgingMember
us-gaap:DesignatedAsHedgingInstrumentMember 2018-12-31 0001065088 us-gaap:InterestRateContractMember
us-gaap:FairValueHedgingMember us-gaap:DesignatedAsHedgingInstrumentMember 2017-12-31 0001065088

Edgar Filing: EBAY INC - Form 10-K

us-gaap:InterestRateContractMember us-gaap:FairValueHedgingMember
us-gaap:DesignatedAsHedgingInstrumentMember 2018-12-31 0001065088
us-gaap:ForeignExchangeContractMember us-gaap:NondesignatedMember 2018-12-31 0001065088
us-gaap:ForeignExchangeContractMember us-gaap:NetInvestmentHedgingMember
us-gaap:DesignatedAsHedgingInstrumentMember 2017-12-31 0001065088
us-gaap:ForeignExchangeContractMember us-gaap:CashFlowHedgingMember
us-gaap:DesignatedAsHedgingInstrumentMember 2017-12-31 0001065088
us-gaap:ForeignExchangeContractMember us-gaap:CashFlowHedgingMember
us-gaap:DesignatedAsHedgingInstrumentMember 2017-01-01 2017-12-31 0001065088
us-gaap:ForeignExchangeContractMember us-gaap:CashFlowHedgingMember
us-gaap:DesignatedAsHedgingInstrumentMember 2016-12-31 0001065088 us-gaap:OtherCurrentAssetsMember
us-gaap:ForeignExchangeContractMember us-gaap:NondesignatedMember 2017-12-31 0001065088
us-gaap:OtherAssetsMember us-gaap:ForeignExchangeContractMember us-gaap:FairValueHedgingMember
us-gaap:DesignatedAsHedgingInstrumentMember 2018-12-31 0001065088 us-gaap:OtherAssetsMember
us-gaap:ForeignExchangeContractMember us-gaap:FairValueHedgingMember
us-gaap:DesignatedAsHedgingInstrumentMember 2017-12-31 0001065088 us-gaap:OtherCurrentAssetsMember
us-gaap:ForeignExchangeContractMember us-gaap:NondesignatedMember 2018-12-31 0001065088
us-gaap:OtherCurrentLiabilitiesMember us-gaap:InterestRateContractMember us-gaap:FairValueHedgingMember
us-gaap:DesignatedAsHedgingInstrumentMember 2018-12-31 0001065088 us-gaap:OtherAssetsMember
us-gaap:InterestRateContractMember us-gaap:FairValueHedgingMember
us-gaap:DesignatedAsHedgingInstrumentMember 2017-12-31 0001065088 us-gaap:OtherLiabilitiesMember
us-gaap:InterestRateContractMember us-gaap:FairValueHedgingMember
us-gaap:DesignatedAsHedgingInstrumentMember 2018-12-31 0001065088 us-gaap:OtherCurrentLiabilitiesMember
us-gaap:ForeignExchangeContractMember us-gaap:NetInvestmentHedgingMember
us-gaap:DesignatedAsHedgingInstrumentMember 2018-12-31 0001065088 us-gaap:OtherCurrentLiabilitiesMember
us-gaap:ForeignExchangeContractMember us-gaap:CashFlowHedgingMember
us-gaap:DesignatedAsHedgingInstrumentMember 2017-12-31 0001065088 us-gaap:OtherCurrentAssetsMember
us-gaap:ForeignExchangeContractMember us-gaap:CashFlowHedgingMember
us-gaap:DesignatedAsHedgingInstrumentMember 2018-12-31 0001065088 us-gaap:OtherAssetsMember
us-gaap:WarrantMember us-gaap:FairValueHedgingMember us-gaap:DesignatedAsHedgingInstrumentMember
2018-12-31 0001065088 us-gaap:OtherAssetsMember us-gaap:InterestRateContractMember
us-gaap:FairValueHedgingMember us-gaap:DesignatedAsHedgingInstrumentMember 2018-12-31 0001065088
us-gaap:OtherAssetsMember us-gaap:WarrantMember us-gaap:FairValueHedgingMember
us-gaap:DesignatedAsHedgingInstrumentMember 2017-12-31 0001065088 us-gaap:OtherCurrentLiabilitiesMember
us-gaap:InterestRateContractMember us-gaap:FairValueHedgingMember
us-gaap:DesignatedAsHedgingInstrumentMember 2017-12-31 0001065088 us-gaap:OtherLiabilitiesMember
us-gaap:InterestRateContractMember us-gaap:FairValueHedgingMember
us-gaap:DesignatedAsHedgingInstrumentMember 2017-12-31 0001065088 us-gaap:OtherCurrentLiabilitiesMember
us-gaap:ForeignExchangeContractMember us-gaap:NondesignatedMember 2018-12-31 0001065088
us-gaap:OtherCurrentAssetsMember us-gaap:ForeignExchangeContractMember us-gaap:CashFlowHedgingMember
us-gaap:DesignatedAsHedgingInstrumentMember 2017-12-31 0001065088 us-gaap:OtherCurrentLiabilitiesMember
us-gaap:ForeignExchangeContractMember us-gaap:NondesignatedMember 2017-12-31 0001065088
us-gaap:OtherCurrentLiabilitiesMember us-gaap:ForeignExchangeContractMember
us-gaap:NetInvestmentHedgingMember us-gaap:DesignatedAsHedgingInstrumentMember 2017-12-31 0001065088
us-gaap:OtherCurrentLiabilitiesMember us-gaap:ForeignExchangeContractMember
us-gaap:CashFlowHedgingMember us-gaap:DesignatedAsHedgingInstrumentMember 2018-12-31 0001065088
us-gaap:ForeignExchangeContractMember us-gaap:CashFlowHedgingMember
us-gaap:DesignatedAsHedgingInstrumentMember ebay:CostOfRevenuesAndOperatingExpensesMember 2017-01-01
2017-12-31 0001065088 us-gaap:ForeignExchangeContractMember us-gaap:CashFlowHedgingMember
us-gaap:DesignatedAsHedgingInstrumentMember ebay:InterestAndOtherNetMember 2017-01-01 2017-12-31
0001065088 us-gaap:ForeignExchangeContractMember 2017-01-01 2017-12-31 0001065088

Edgar Filing: EBAY INC - Form 10-K

us-gaap:ForeignExchangeContractMember 2018-01-01 2018-12-31 0001065088
us-gaap:ForeignExchangeContractMember us-gaap:NondesignatedMember ebay:InterestAndOtherNetMember
2017-01-01 2017-12-31 0001065088 us-gaap:ForeignExchangeContractMember us-gaap:CashFlowHedgingMember
us-gaap:DesignatedAsHedgingInstrumentMember ebay:InterestAndOtherNetMember 2018-01-01 2018-12-31
0001065088 us-gaap:ForeignExchangeContractMember us-gaap:CashFlowHedgingMember
us-gaap:DesignatedAsHedgingInstrumentMember ebay:RevenuesMember 2017-01-01 2017-12-31 0001065088
us-gaap:ForeignExchangeContractMember us-gaap:NondesignatedMember ebay:InterestAndOtherNetMember
2018-01-01 2018-12-31 0001065088 us-gaap:ForeignExchangeContractMember us-gaap:CashFlowHedgingMember
us-gaap:DesignatedAsHedgingInstrumentMember ebay:RevenuesMember 2018-01-01 2018-12-31 0001065088
us-gaap:ForeignExchangeContractMember us-gaap:CashFlowHedgingMember
us-gaap:DesignatedAsHedgingInstrumentMember ebay:InterestAndOtherNetMember 2016-01-01 2016-12-31
0001065088 us-gaap:ForeignExchangeContractMember 2016-01-01 2016-12-31 0001065088
us-gaap:ForeignExchangeContractMember us-gaap:CashFlowHedgingMember
us-gaap:DesignatedAsHedgingInstrumentMember ebay:CostOfRevenuesAndOperatingExpensesMember 2016-01-01
2016-12-31 0001065088 us-gaap:ForeignExchangeContractMember us-gaap:CashFlowHedgingMember
us-gaap:DesignatedAsHedgingInstrumentMember ebay:CostOfRevenuesAndOperatingExpensesMember 2018-01-01
2018-12-31 0001065088 us-gaap:ForeignExchangeContractMember us-gaap:NondesignatedMember
ebay:InterestAndOtherNetMember 2016-01-01 2016-12-31 0001065088 us-gaap:ForeignExchangeContractMember
us-gaap:CashFlowHedgingMember us-gaap:DesignatedAsHedgingInstrumentMember ebay:RevenuesMember
2016-01-01 2016-12-31 0001065088 us-gaap:InterestRateContractMember us-gaap:FairValueHedgingMember
us-gaap:DesignatedAsHedgingInstrumentMember ebay:InterestAndOtherNetMember 2016-01-01 2016-12-31
0001065088 us-gaap:InterestRateContractMember us-gaap:FairValueHedgingMember
us-gaap:DesignatedAsHedgingInstrumentMember ebay:InterestAndOtherNetMember 2017-01-01 2017-12-31
0001065088 us-gaap:InterestRateContractMember us-gaap:FairValueHedgingMember
us-gaap:DesignatedAsHedgingInstrumentMember ebay:InterestAndOtherNetMember 2018-01-01 2018-12-31
0001065088 us-gaap:ForeignExchangeContractMember us-gaap:CashFlowHedgingMember
us-gaap:DesignatedAsHedgingInstrumentMember 2018-01-01 2018-12-31 0001065088 us-gaap:WarrantMember
2018-12-31 0001065088 us-gaap:InterestRateSwapMember us-gaap:FairValueHedgingMember
us-gaap:DesignatedAsHedgingInstrumentMember 2014-07-31 0001065088 srt:MaximumMember
us-gaap:ForeignExchangeContractMember us-gaap:CashFlowHedgingMember
us-gaap:DesignatedAsHedgingInstrumentMember 2018-01-01 2018-12-31 0001065088 srt:MaximumMember
us-gaap:ForeignExchangeContractMember 2018-01-01 2018-12-31 0001065088 us-gaap:WarrantMember
2018-01-01 2018-12-31 0001065088 srt:MinimumMember us-gaap:ForeignExchangeContractMember 2018-01-01
2018-12-31 0001065088 us-gaap:WarrantMember us-gaap:FairValueInputsLevel3Member
us-gaap:FairValueMeasurementsRecurringMember 2018-01-01 2018-12-31 0001065088 us-gaap:WarrantMember
us-gaap:FairValueInputsLevel3Member us-gaap:FairValueMeasurementsRecurringMember 2017-12-31 0001065088
us-gaap:WarrantMember us-gaap:FairValueInputsLevel3Member us-gaap:FairValueMeasurementsRecurringMember
2018-12-31 0001065088 us-gaap:FairValueInputsLevel1Member us-gaap:FairValueMeasurementsRecurringMember
2017-12-31 0001065088 us-gaap:ShortTermInvestmentsMember us-gaap:FairValueMeasurementsRecurringMember
ebay:RestrictedCashMember 2017-12-31 0001065088 us-gaap:FairValueInputsLevel2Member
us-gaap:FairValueMeasurementsRecurringMember 2017-12-31 0001065088 us-gaap:OtherCurrentLiabilitiesMember
us-gaap:FairValueInputsLevel3Member us-gaap:FairValueMeasurementsRecurringMember 2017-12-31 0001065088
ebay:LongTermInvestmentMember us-gaap:FairValueInputsLevel2Member
us-gaap:FairValueMeasurementsRecurringMember 2017-12-31 0001065088 us-gaap:ShortTermInvestmentsMember
us-gaap:FairValueInputsLevel2Member us-gaap:FairValueMeasurementsRecurringMember
us-gaap:CorporateDebtSecuritiesMember 2017-12-31 0001065088 ebay:LongTermInvestmentMember
us-gaap:FairValueMeasurementsRecurringMember us-gaap:CorporateDebtSecuritiesMember 2017-12-31
0001065088 us-gaap:FairValueInputsLevel3Member us-gaap:FairValueMeasurementsRecurringMember 2017-12-31
0001065088 us-gaap:FairValueMeasurementsRecurringMember 2017-12-31 0001065088
us-gaap:ShortTermInvestmentsMember us-gaap:FairValueInputsLevel3Member
us-gaap:FairValueMeasurementsRecurringMember us-gaap:CorporateDebtSecuritiesMember 2017-12-31

Edgar Filing: EBAY INC - Form 10-K

ebay:RestrictedCashMember 2018-12-31 0001065088 us-gaap:ShortTermInvestmentsMember
us-gaap:FairValueInputsLevel2Member us-gaap:FairValueMeasurementsRecurringMember 2018-12-31 0001065088
us-gaap:OtherCurrentAssetsMember us-gaap:FairValueMeasurementsRecurringMember 2018-12-31 0001065088
us-gaap:OtherCurrentLiabilitiesMember us-gaap:FairValueInputsLevel1Member
us-gaap:FairValueMeasurementsRecurringMember 2018-12-31 0001065088 ebay:LongTermInvestmentMember
us-gaap:FairValueMeasurementsRecurringMember us-gaap:CorporateDebtSecuritiesMember 2018-12-31
0001065088 ebay:LongTermInvestmentMember us-gaap:FairValueInputsLevel3Member
us-gaap:FairValueMeasurementsRecurringMember 2018-12-31 0001065088 us-gaap:ShortTermInvestmentsMember
us-gaap:FairValueInputsLevel2Member us-gaap:FairValueMeasurementsRecurringMember
us-gaap:CorporateDebtSecuritiesMember 2018-12-31 0001065088 us-gaap:ShortTermInvestmentsMember
us-gaap:FairValueMeasurementsRecurringMember us-gaap:CorporateDebtSecuritiesMember 2018-12-31
0001065088 ebay:LongTermInvestmentMember us-gaap:FairValueInputsLevel2Member
us-gaap:FairValueMeasurementsRecurringMember 2018-12-31 0001065088 us-gaap:ShortTermInvestmentsMember
us-gaap:FairValueInputsLevel1Member us-gaap:FairValueMeasurementsRecurringMember 2018-12-31 0001065088
ebay:LongTermInvestmentMember us-gaap:FairValueInputsLevel1Member
us-gaap:FairValueMeasurementsRecurringMember 2018-12-31 0001065088 us-gaap:ShortTermInvestmentsMember
us-gaap:FairValueInputsLevel2Member us-gaap:FairValueMeasurementsRecurringMember
us-gaap:USTreasuryAndGovernmentMember 2018-12-31 0001065088 us-gaap:ShortTermInvestmentsMember
us-gaap:FairValueInputsLevel3Member us-gaap:FairValueMeasurementsRecurringMember
ebay:RestrictedCashMember 2018-12-31 0001065088 ebay:LongTermInvestmentMember
us-gaap:FairValueInputsLevel2Member us-gaap:FairValueMeasurementsRecurringMember
us-gaap:CorporateDebtSecuritiesMember 2018-12-31 0001065088 us-gaap:ShortTermInvestmentsMember
us-gaap:FairValueMeasurementsRecurringMember ebay:RestrictedCashMember 2018-12-31 0001065088
us-gaap:ShortTermInvestmentsMember us-gaap:FairValueInputsLevel1Member
us-gaap:FairValueMeasurementsRecurringMember us-gaap:CorporateDebtSecuritiesMember 2018-12-31
0001065088 ebay:LongTermInvestmentMember us-gaap:FairValueInputsLevel1Member
us-gaap:FairValueMeasurementsRecurringMember us-gaap:CorporateDebtSecuritiesMember 2018-12-31
0001065088 ebay:LongTermInvestmentMember us-gaap:FairValueInputsLevel3Member
us-gaap:FairValueMeasurementsRecurringMember us-gaap:CorporateDebtSecuritiesMember 2018-12-31
0001065088 us-gaap:OtherCurrentAssetsMember us-gaap:FairValueInputsLevel3Member
us-gaap:FairValueMeasurementsRecurringMember 2018-12-31 0001065088 ebay:LongTermInvestmentMember
us-gaap:FairValueMeasurementsRecurringMember 2018-12-31 0001065088 us-gaap:ShortTermInvestmentsMember
us-gaap:FairValueInputsLevel3Member us-gaap:FairValueMeasurementsRecurringMember
us-gaap:USTreasuryAndGovernmentMember 2018-12-31 0001065088
us-gaap:LandBuildingsAndImprovementsMember 2018-12-31 0001065088 us-gaap:LeaseholdImprovementsMember
2017-12-31 0001065088 ebay:ComputerEquipmentAndSoftwareMember 2017-12-31 0001065088
us-gaap:LeaseholdImprovementsMember 2018-12-31 0001065088 us-gaap:LandBuildingsAndImprovementsMember
2017-12-31 0001065088 ebay:ComputerEquipmentAndSoftwareMember 2018-12-31 0001065088
ebay:ConstructionInProgressAndOtherMember 2018-12-31 0001065088
ebay:ConstructionInProgressAndOtherMember 2017-12-31 0001065088 us-gaap:FurnitureAndFixturesMember
2017-12-31 0001065088 us-gaap:FurnitureAndFixturesMember 2018-12-31 0001065088
ebay:ThreePointSixHundredPercentSeniorNotesDueOn2027Member us-gaap:SeniorNotesMember 2018-12-31
0001065088 ebay:ThreePointEightHundredPercentSeniorNotesDueOn2022Member us-gaap:SeniorNotesMember
2017-12-31 0001065088 ebay:SeniorNotesFloatingRateDue2023Member us-gaap:SeniorNotesMember 2018-12-31
0001065088 ebay:TwoPointEightHundredSeventyFivePercentSeniorNotesDueOn2021Member
us-gaap:SeniorNotesMember 2018-12-31 0001065088
ebay:TwoPointSevenHundredFiftyPercentSeniorNotesDueOn2023Member us-gaap:SeniorNotesMember 2018-12-31
0001065088 ebay:ThreePointEightHundredPercentSeniorNotesDueOn2022Member us-gaap:SeniorNotesMember
2018-12-31 0001065088 ebay:TwoPointTwoPercentSeniorNotesDueOn2019Member us-gaap:SeniorNotesMember
2017-12-31 0001065088 ebay:ThreePointTwoHundredFiftyPercentSeniorNotesDueOn2020Member
us-gaap:SeniorNotesMember 2017-12-31 0001065088 ebay:SeniorNotesFloatingRateDue2019Member

Edgar Filing: EBAY INC - Form 10-K

us-gaap:SeniorNotesMember 2018-12-31 0001065088 ebay:FourPointZeroPercentSeniorNotesDueOn2042Member
us-gaap:SeniorNotesMember 2018-12-31 0001065088 ebay:SixPointZeroPercentSeniorNotesDueOn2056Member
us-gaap:SeniorNotesMember 2017-12-31 0001065088
ebay:ThreePointTwoHundredFiftyPercentSeniorNotesDueOn2020Member us-gaap:SeniorNotesMember 2018-12-31
0001065088 ebay:SeniorNotesFloatingRateDue2019Member us-gaap:SeniorNotesMember 2017-12-31 0001065088
ebay:TwoPointOneHundredFiftyPercentSeniorNotesDueOn2020Member us-gaap:SeniorNotesMember 2018-12-31
0001065088 ebay:TwoPointFiveHundredPercentSeniorNotesDueOn2018Member us-gaap:SeniorNotesMember
2018-12-31 0001065088 ebay:TwoPointSixPercentSeniorNotesDueOn2022Member us-gaap:SeniorNotesMember
2017-12-31 0001065088 ebay:SeniorNotesFloatingRateDue2023Member us-gaap:SeniorNotesMember 2017-12-31
0001065088 ebay:TwoPointSixPercentSeniorNotesDueOn2022Member us-gaap:SeniorNotesMember 2018-12-31
0001065088 ebay:ThreePointFourHundredFiftyPercentSeniorNotesDueOn2024Member us-gaap:SeniorNotesMember
2018-12-31 0001065088 ebay:ThreePointSixHundredPercentSeniorNotesDueOn2027Member
us-gaap:SeniorNotesMember 2017-12-31 0001065088
ebay:TwoPointFiveHundredPercentSeniorNotesDueOn2018Member us-gaap:SeniorNotesMember 2017-12-31
0001065088 ebay:FourPointZeroPercentSeniorNotesDueOn2042Member us-gaap:SeniorNotesMember 2017-12-31
0001065088 ebay:TwoPointEightHundredSeventyFivePercentSeniorNotesDueOn2021Member
us-gaap:SeniorNotesMember 2017-12-31 0001065088 ebay:SixPointZeroPercentSeniorNotesDueOn2056Member
us-gaap:SeniorNotesMember 2018-12-31 0001065088
ebay:TwoPointSevenHundredFiftyPercentSeniorNotesDueOn2023Member us-gaap:SeniorNotesMember 2017-12-31
0001065088 ebay:TwoPointTwoPercentSeniorNotesDueOn2019Member us-gaap:SeniorNotesMember 2018-12-31
0001065088 ebay:ThreePointFourHundredFiftyPercentSeniorNotesDueOn2024Member us-gaap:SeniorNotesMember
2017-12-31 0001065088 ebay:TwoPointOneHundredFiftyPercentSeniorNotesDueOn2020Member
us-gaap:SeniorNotesMember 2017-12-31 0001065088 us-gaap:InterestRateSwapMember
us-gaap:FairValueHedgingMember us-gaap:DesignatedAsHedgingInstrumentMember 2018-12-31 0001065088
us-gaap:SeniorNotesMember 2018-12-31 0001065088 us-gaap:RevolvingCreditFacilityMember
us-gaap:UnsecuredDebtMember 2018-12-31 0001065088 ebay:EffectiveRateCalculationOption1Member
srt:MaximumMember us-gaap:LondonInterbankOfferedRateLIBORMember 2015-11-01 2015-11-30 0001065088
ebay:EffectiveRateCalculationOption3Member srt:MinimumMember
us-gaap:LondonInterbankOfferedRateLIBORMember 2015-11-01 2015-11-30 0001065088
ebay:SixPointZeroPercentSeniorNotesDueOn2056Member us-gaap:SeniorNotesMember 2018-01-01 2018-12-31
0001065088 ebay:EffectiveRateCalculationOption3Member srt:MaximumMember
us-gaap:LondonInterbankOfferedRateLIBORMember 2015-11-01 2015-11-30 0001065088
ebay:TwoPointFiveHundredPercentSeniorNotesDueOn2018Member us-gaap:SeniorNotesMember 2018-01-01
2018-12-31 0001065088 ebay:EffectiveRateCalculationOption1Member srt:MinimumMember
us-gaap:LondonInterbankOfferedRateLIBORMember 2015-11-01 2015-11-30 0001065088
ebay:OnePointThreeHundredFiftyPercentSeniorNotesDueOn2017Member us-gaap:SeniorNotesMember 2018-12-31
0001065088 us-gaap:SeniorNotesMember 2017-12-31 0001065088 us-gaap:CommercialPaperMember 2018-12-31
0001065088 us-gaap:RevolvingCreditFacilityMember us-gaap:CommercialPaperMember 2018-12-31 0001065088
us-gaap:FederalFundsEffectiveSwapRateMember 2015-11-01 2015-11-30 0001065088 us-gaap:SeniorNotesMember
2016-01-01 2016-12-31 0001065088 srt:MaximumMember us-gaap:CommercialPaperMember 2018-01-01
2018-12-31 0001065088 us-gaap:SeniorNotesMember 2018-01-01 2018-12-31 0001065088
us-gaap:RevolvingCreditFacilityMember us-gaap:UnsecuredDebtMember 2015-11-30 0001065088
ebay:EffectiveRateCalculationOption2Member us-gaap:LondonInterbankOfferedRateLIBORMember 2015-11-01
2015-11-30 0001065088 us-gaap:SeniorNotesMember 2017-01-01 2017-12-31 0001065088
ebay:SeniorNotesFloatingRateDue2017Member us-gaap:SeniorNotesMember 2018-01-01 2018-12-31 0001065088
ebay:OnePointThreeHundredFiftyPercentSeniorNotesDueOn2017Member us-gaap:SeniorNotesMember 2018-01-01
2018-12-31 0001065088 us-gaap:RevolvingCreditFacilityMember us-gaap:UnsecuredDebtMember 2015-11-01
2015-11-30 0001065088 ebay:SeniorNotesFloatingRateDue2019Member us-gaap:SeniorNotesMember
us-gaap:LondonInterbankOfferedRateLIBORMember 2018-01-01 2018-12-31 0001065088
ebay:SeniorNotesFloatingRateDue2017Member us-gaap:SeniorNotesMember
us-gaap:LondonInterbankOfferedRateLIBORMember 2018-01-01 2018-12-31 0001065088

Edgar Filing: EBAY INC - Form 10-K

ebay:StockRepurchaseProgramJuly2016Member 2018-01-31 0001065088
ebay:StockRepurchaseProgramJuly2016Member 2017-07-21 0001065088 us-gaap:SubsequentEventMember
2019-01-01 2019-01-30 0001065088 ebay:StockRepurchaseProgramJanuary2019Member
us-gaap:SubsequentEventMember 2019-01-30 0001065088 us-gaap:ResearchAndDevelopmentExpenseMember
2017-01-01 2017-12-31 0001065088 us-gaap:CostOfSalesMember 2017-01-01 2017-12-31 0001065088
us-gaap:ResearchAndDevelopmentExpenseMember 2016-01-01 2016-12-31 0001065088
us-gaap:CostOfSalesMember 2018-01-01 2018-12-31 0001065088 us-gaap:CostOfSalesMember 2016-01-01
2016-12-31 0001065088 us-gaap:SellingAndMarketingExpenseMember 2016-01-01 2016-12-31 0001065088
us-gaap:GeneralAndAdministrativeExpenseMember 2017-01-01 2017-12-31 0001065088
us-gaap:ResearchAndDevelopmentExpenseMember 2018-01-01 2018-12-31 0001065088
us-gaap:GeneralAndAdministrativeExpenseMember 2016-01-01 2016-12-31 0001065088
us-gaap:SellingAndMarketingExpenseMember 2018-01-01 2018-12-31 0001065088
us-gaap:GeneralAndAdministrativeExpenseMember 2018-01-01 2018-12-31 0001065088
us-gaap:SellingAndMarketingExpenseMember 2017-01-01 2017-12-31 0001065088
ebay:EquityIncentivePlanMember 2018-12-31 0001065088 ebay:EmployeeSavingsPlanMember 2018-01-01
2018-12-31 0001065088 ebay:EmployeeSavingsPlanMember 2017-01-01 2017-12-31 0001065088
us-gaap:EmployeeStockOptionMember 2016-01-01 2016-12-31 0001065088
ebay:EmployeeStockPurchasePlanMember 2016-01-01 2016-12-31 0001065088 ebay:DeferredStockUnitMember
ebay:GradedVestingMember 2018-01-01 2018-12-31 0001065088 ebay:EmployeeStockPurchasePlanMember
2017-01-01 2017-12-31 0001065088 ebay:EmployeeStockPurchasePlanMember 2018-01-01 2018-12-31 0001065088
ebay:DeferredStockUnitMember ebay:CliffVestingMember 2018-01-01 2018-12-31 0001065088
us-gaap:RestrictedStockUnitsRSUMember 2018-01-01 2018-12-31 0001065088 ebay:NewEmployeesMember
us-gaap:EmployeeStockOptionMember ebay:EquityIncentivePlanMember ebay:CliffVestingYearOneMember
2018-01-01 2018-12-31 0001065088 ebay:DeferredStockUnitMember 2018-12-31 0001065088
ebay:ExistingEmployeesMember us-gaap:EmployeeStockOptionMember ebay:EquityIncentivePlanMember
ebay:CliffVestingSixMonthsMember 2018-01-01 2018-12-31 0001065088 us-gaap:RestrictedStockUnitsRSUMember
2017-01-01 2017-12-31 0001065088 ebay:EmployeeStockPurchasePlanMember 2018-12-31 0001065088
us-gaap:RestrictedStockUnitsRSUMember 2016-01-01 2016-12-31 0001065088
us-gaap:EmployeeStockOptionMember ebay:EquityIncentivePlanMember ebay:GradedVestingMember 2018-01-01
2018-12-31 0001065088 ebay:EmployeeSavingsPlanMember 2016-01-01 2016-12-31 0001065088
us-gaap:EmployeeStockOptionMember 2017-01-01 2017-12-31 0001065088 us-gaap:EmployeeStockOptionMember
2018-12-31 0001065088 us-gaap:EmployeeStockOptionMember 2018-01-01 2018-12-31 0001065088
us-gaap:RestrictedStockUnitsRSUMember 2018-12-31 0001065088 us-gaap:RestrictedStockUnitsRSUMember
2017-12-31 0001065088 us-gaap:RestrictedStockUnitsRSUMember ebay:EquityIncentivePlanMember
us-gaap:ExecutiveOfficerMember us-gaap:ShareBasedCompensationAwardTrancheTwoMember 2018-01-01
2018-12-31 0001065088 srt:MaximumMember us-gaap:EmployeeStockOptionMember
ebay:EquityIncentivePlanMember 2018-01-01 2018-12-31 0001065088 us-gaap:RestrictedStockUnitsRSUMember
ebay:EquityIncentivePlanMember us-gaap:ExecutiveOfficerMember
us-gaap:ShareBasedCompensationAwardTrancheOneMember 2016-01-01 2016-12-31 0001065088
us-gaap:RestrictedStockUnitsRSUMember ebay:EquityIncentivePlanMember us-gaap:ExecutiveOfficerMember
us-gaap:ShareBasedCompensationAwardTrancheOneMember 2018-01-01 2018-12-31 0001065088
us-gaap:RestrictedStockUnitsRSUMember ebay:EquityIncentivePlanMember us-gaap:ExecutiveOfficerMember
us-gaap:ShareBasedCompensationAwardTrancheTwoMember 2016-01-01 2016-12-31 0001065088
srt:MinimumMember us-gaap:RestrictedStockUnitsRSUMember ebay:EquityIncentivePlanMember 2018-01-01
2018-12-31 0001065088 srt:MaximumMember us-gaap:RestrictedStockUnitsRSUMember
ebay:EquityIncentivePlanMember 2018-01-01 2018-12-31 0001065088 srt:MinimumMember
us-gaap:EmployeeStockOptionMember ebay:EquityIncentivePlanMember 2018-01-01 2018-12-31 0001065088
ebay:TaxPeriodTwoThousandandTwentyFourMember 2018-12-31 0001065088 srt:AffiliatedEntityMember
2018-12-31 0001065088 2017-10-01 2017-12-31 0001065088 us-gaap:StateAndLocalJurisdictionMember
2018-12-31 0001065088 2016-10-01 2016-12-31 0001065088 2018-10-01 2018-12-31 0001065088
ebay:StateTaxCreditCarryforwardMember 2018-12-31 0001065088 us-gaap:ForeignCountryMember 2018-12-31

Edgar Filing: EBAY INC - Form 10-K

0001065088 us-gaap:OtherLiabilitiesMember 2017-12-31 0001065088 us-gaap:DomesticCountryMember
2018-12-31 0001065088 ebay:TaxPeriodTwoThousandandNineteenMember 2018-12-31 0001065088
us-gaap:OtherLiabilitiesMember 2018-12-31 0001065088 us-gaap:SwissFederalTaxAdministrationFTAMember
2017-10-01 2017-12-31 0001065088 ebay:MercadoLibreInc.Member 2016-10-01 2016-12-31 0001065088
us-gaap:AccumulatedTranslationAdjustmentMember 2018-01-01 2018-12-31 0001065088
us-gaap:AccumulatedNetUnrealizedInvestmentGainLossMember 2018-01-01 2018-12-31 0001065088
us-gaap:AccumulatedNetUnrealizedInvestmentGainLossMember 2017-12-31 0001065088
us-gaap:AccumulatedTranslationAdjustmentMember 2017-12-31 0001065088
us-gaap:AociIncludingPortionAttributableToNoncontrollingInterestMember 2018-01-01 2018-12-31 0001065088
us-gaap:AccumulatedGainLossNetCashFlowHedgeParentMember 2018-01-01 2018-12-31 0001065088
us-gaap:AccumulatedNetUnrealizedInvestmentGainLossMember 2018-12-31 0001065088
us-gaap:AccumulatedGainLossNetCashFlowHedgeParentMember 2017-12-31 0001065088
us-gaap:AccumulatedGainLossNetCashFlowHedgeParentMember 2018-12-31 0001065088
us-gaap:AociIncludingPortionAttributableToNoncontrollingInterestMember 2017-12-31 0001065088
us-gaap:AccumulatedTranslationAdjustmentMember 2018-12-31 0001065088
us-gaap:AociIncludingPortionAttributableToNoncontrollingInterestMember 2018-12-31 0001065088
us-gaap:AccumulatedNetUnrealizedInvestmentGainLossMember 2017-01-01 2017-12-31 0001065088
us-gaap:AociIncludingPortionAttributableToNoncontrollingInterestMember 2017-01-01 2017-12-31 0001065088
us-gaap:AccumulatedGainLossNetCashFlowHedgeParentMember 2016-12-31 0001065088
us-gaap:AccumulatedGainLossNetCashFlowHedgeParentMember 2017-01-01 2017-12-31 0001065088
us-gaap:AccumulatedTranslationAdjustmentMember 2017-01-01 2017-12-31 0001065088
us-gaap:AccumulatedTranslationAdjustmentMember 2016-12-31 0001065088
us-gaap:AccumulatedNetUnrealizedInvestmentGainLossMember 2016-12-31 0001065088
us-gaap:AociIncludingPortionAttributableToNoncontrollingInterestMember 2016-12-31 0001065088
us-gaap:ForeignExchangeContractMember
us-gaap:ReclassificationOutOfAccumulatedOtherComprehensiveIncomeMember
us-gaap:AccumulatedGainLossNetCashFlowHedgeParentMember 2018-01-01 2018-12-31 0001065088
us-gaap:ForeignExchangeContractMember
us-gaap:ReclassificationOutOfAccumulatedOtherComprehensiveIncomeMember
us-gaap:AccumulatedGainLossNetCashFlowHedgeParentMember 2017-01-01 2017-12-31 0001065088
us-gaap:ReclassificationOutOfAccumulatedOtherComprehensiveIncomeMember
us-gaap:AccumulatedNetUnrealizedInvestmentGainLossMember 2017-01-01 2017-12-31 0001065088
us-gaap:ReclassificationOutOfAccumulatedOtherComprehensiveIncomeMember
us-gaap:AccumulatedNetUnrealizedInvestmentGainLossMember 2018-01-01 2018-12-31 0001065088 2018-04-01
2018-06-30 0001065088 2018-01-01 2018-03-31 0001065088 2018-07-01 2018-09-30 0001065088 2017-01-01
2017-03-31 0001065088 2017-07-01 2017-09-30 0001065088 2017-04-01 2017-06-30 0001065088
ebay:SECSchedule1209AllowanceAccountsReceivableMember 2016-12-31 0001065088
ebay:SECSchedule1209AllowanceAccountsReceivableMember 2017-01-01 2017-12-31 0001065088
us-gaap:ValuationAllowanceOfDeferredTaxAssetsMember 2018-01-01 2018-12-31 0001065088
us-gaap:ValuationAllowanceOfDeferredTaxAssetsMember 2018-12-31 0001065088
us-gaap:ValuationAllowanceOfDeferredTaxAssetsMember 2017-01-01 2017-12-31 0001065088
ebay:AllowanceForTrasactionLoanAndInterestLossesMember 2018-01-01 2018-12-31 0001065088
ebay:AllowanceForTrasactionLoanAndInterestLossesMember 2016-01-01 2016-12-31 0001065088
ebay:SECSchedule1209AllowanceAccountsReceivableMember 2017-12-31 0001065088
ebay:AllowanceForTrasactionLoanAndInterestLossesMember 2016-12-31 0001065088
us-gaap:ValuationAllowanceOfDeferredTaxAssetsMember 2016-01-01 2016-12-31 0001065088
ebay:AllowanceForTrasactionLoanAndInterestLossesMember 2018-12-31 0001065088
ebay:SECSchedule1209AllowanceAccountsReceivableMember 2018-01-01 2018-12-31 0001065088
ebay:AllowanceForTrasactionLoanAndInterestLossesMember 2017-12-31 0001065088
us-gaap:ValuationAllowanceOfDeferredTaxAssetsMember 2017-12-31 0001065088
us-gaap:ValuationAllowanceOfDeferredTaxAssetsMember 2016-12-31 0001065088

Edgar Filing: EBAY INC - Form 10-K

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405) 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

Edgar Filing: EBAY INC - Form 10-K

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

Large accelerated filer Accelerated filer
Non-accelerated filer Smaller reporting company
Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

As of June 30, 2018, the aggregate market value of the registrant's common stock held by non-affiliates of the registrant was \$33,679,134,490 based on the closing sale price as reported on The Nasdaq Global Select Market.

914,880,451 shares of common stock issued and outstanding as of January 25, 2019.

DOCUMENTS INCORPORATED BY REFERENCE

Part III incorporates information by reference from the definitive proxy statement for the registrant's Annual Meeting of Stockholders expected to be held on May 30, 2019.

eBay Inc.
Form 10-K
For the Fiscal Year Ended December 31, 2018
TABLE OF CONTENTS

	Page
Part I	
Item 1. Business	<u>4</u>
Item 1A. Risk Factors	<u>10</u>
Item 1B. Unresolved Staff Comments	<u>28</u>
Item 2. Properties	<u>29</u>
Item 3. Legal Proceedings	<u>30</u>
Item 4. Mine Safety Disclosures	<u>31</u>
Part II	
Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities	<u>32</u>
Item 6. Selected Financial Data	<u>34</u>
Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations	<u>36</u>
Item 7A. Quantitative and Qualitative Disclosures About Market Risk	<u>55</u>
Item 8. Financial Statements and Supplementary Data	<u>57</u>
Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure	<u>57</u>
Item 9A. Controls and Procedures	<u>57</u>
Item 9B. Other Information	<u>57</u>
Part III	
Item 10. Directors, Executive Officers and Corporate Governance	<u>58</u>
Item 11. Executive Compensation	<u>58</u>
Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	<u>58</u>
Item 13. Certain Relationships and Related Transactions and Director Independence	<u>58</u>
Item 14. Principal Accountant Fees and Services	<u>58</u>
Part IV	
Item 15. Exhibits and Financial Statement Schedule	<u>59</u>
Item 16. Form 10-K Summary	

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, future results of operations or financial condition, new or planned features or services, or management strategies). You can identify these forward-looking statements by words such as “may,” “will,” “would,” “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 in our consolidated financial statements, related notes, and the other 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 2025 Hamilton Avenue, San Jose, California 95125, and our telephone number is (408) 376-7400. Unless otherwise expressly stated or the context otherwise requires, when we refer to “we,” “our,” “us” or “eBay” in this Annual Report on Form 10-K, we mean eBay Inc. and its consolidated subsidiaries. When we refer to “eBay Inc.” we mean our Marketplace, StubHub and Classifieds platforms.

eBay Inc. is a global commerce leader, which includes our Marketplace, StubHub and Classifieds platforms. Collectively, we connect millions of buyers and sellers around the world, empowering people and creating opportunity for all. Our technologies and services are designed to give buyers choice and a breadth of relevant inventory and to enable sellers worldwide to organize and offer their inventory for sale, virtually anytime and anywhere. Our Marketplace platforms include our online marketplace located at www.ebay.com, its localized counterparts and the eBay suite of mobile apps. We believe that these are among the world’s largest and most vibrant marketplaces for discovering great value and unique selection. Our StubHub platforms include our online ticket platform located at www.stubhub.com, its localized counterparts and the StubHub mobile apps. These platforms connect fans with their favorite sporting events, shows and artists and enable them to buy and sell millions of tickets annually, whenever and wherever they want. Our Classifieds platforms include a collection of brands such as mobile.de, Kijiji, Gumtree, Marktplaats, eBay Kleinanzeigen and others. Offering online classifieds around the world, these platforms help people find what they are looking for in their local communities.

Our platforms are accessible through a traditional online experience (e.g., desktop and laptop computers), mobile devices (e.g., smartphones and tablets) and our application programming interfaces or APIs (platform access for third party software developers). Our multi-screen approach offers downloadable, easy-to-use applications for iOS and Android mobile devices that allow access to ebay.com and some of our other websites and vertical shopping experiences. In addition, our platform is increasingly based on open source technologies that provide industry-standard ways for software developers and merchants to

access our APIs and develop software and solutions for commerce.

4

Our Strategy

Delivering the best choice, the most relevance and the most powerful selling platform

Our strategy is to drive the best choice, the most relevance and the most powerful selling platform for our buyers and sellers. We focus on connecting buyers and sellers through simplified experiences to make it easier for users to list, buy and sell items.

On our Marketplace platform, our strategy is to drive the best choice by attracting and retaining sellers and brands that bring differentiated inventory to eBay and provide our consumers with great selection and value. This includes new, everyday items as well as rare and unique goods, many of which are available with free shipping and delivery in three business days or less. We are in the midst of a multi-year transformation of our platform to deliver a shopping experience that is designed to attract new buyers and that is highly personalized, modern and engaging for users. To help deliver the most relevance to buyers, we are innovating shopping experiences tailored to each user's interests, passions and shopping history. Leveraging a foundation of structured data — our initiative to better understand, organize and leverage inventory on eBay — we are progressing toward a more personalized, discovery-based user experience and making it easier for customers to find inventory both on and off eBay. We focus on offering a powerful selling platform for our business and consumer sellers by continuing to expand adoption of our Seller Hub product, a tool that helps sellers run their eBay business, while adding new capabilities to enable sellers to build their businesses and drive profitable sales on eBay.

As one of the world's largest ticket marketplaces, StubHub brings the joy of live events to fans around the world. In 2018, more than 240 million unique visitors came from 64 countries to StubHub to buy or sell tickets to live sports, music, theater and other events. StubHub business partners include more than 150 leagues, teams, venues, events or other major third party companies in the U.S. and internationally across major sports leagues such as the NFL, MLB, NBA, NHL, and the NCAA. We aim to continue extending StubHub's reach by focusing on supply expansion, which includes increasing consumer selling on our site, and broadening StubHub's international footprint.

A world leader in online classifieds, eBay Classifieds is designed to help people list their products and services, generally for free, find what they are looking for in their local communities and trade at a local level. eBay Classifieds Group's brands offer both horizontal and vertical experiences, such as motors, real estate and jobs. We offer a personalized classifieds experience and focus on expanding our value proposition by leveraging data and analytics to improve customer relevance and grow the classifieds opportunity on mobile.

Business model and pricing

On our eBay and StubHub platforms, our business model and pricing are designed so that our business is successful primarily when our sellers are successful. We make money primarily through fees collected on successfully closed sales. On our Classifieds platform, we monetize our business primarily through advertising.

The size and scale of our platforms are designed to enable our buyers and sellers to leverage our economies of scale and capital investments, such as in sales and marketing, mobile, customer acquisition and customer service.

Our offerings for buyers and sellers

We provide a number of features for our buyers and sellers that are designed to build trust, help users feel more comfortable buying and selling on our platforms and reward our top sellers for their loyalty.

For our buyers we offer:

Breadth of inventory and spectrum of value

Multiple delivery options through eBay Guaranteed Delivery

- eBay's 110% Best Price Guarantee across select products in the United States

Under \$10 offerings

Confidence in purchasing products through Money Back Guarantee and eBay Authenticate

We believe that, through our sellers, eBay offers some of the best value and deals available for a number of consumer products. The majority of our transactions on the eBay Marketplace in the U.S., the U.K. and Germany include free shipping, and we encourage sellers to offer free returns. Through eBay Guaranteed Delivery, we provide faster and more precise delivery dates on more than 100 million eligible items. In 2018, we introduced Best Price Guarantee, which offers shoppers in the United States 110 percent of the price difference if they find an item for less on a competitor's website, replacing our former Price Match Guarantee offering. In 2018, we also launched a new shopping destination called Under \$10, which features millions of new items in more than a hundred categories, all priced for \$10 or under with free shipping, no bidding required.

In order to further strengthen our buyers' confidence and trust in our services, in late 2017, we unveiled eBay Authenticate, in which sellers can have their high-end handbags authenticated by eBay. In 2018, we expanded the service to apply to luxury watches and jewelry. Through the service, thousands of watches and handbags from sought-after brands are marked with an "Authenticity Verified" label. The program has also expanded beyond the United States into several European markets, including the United Kingdom and Germany. Another feature intended to secure our customers' confidence is eBay Money Back Guarantee, which allows buyers to get their money back if the item they ordered does not arrive, is faulty or damaged, or if it does not match the listing. eBay Money Back Guarantee covers most items purchased on the eBay platform in a number of countries, including the U.S., the U.K., Germany and Australia, through a qualifying payment method. Some purchases, including some vehicles, are not covered.

We continue to explore new tools and features that are intended to create a better buying experience on eBay. We launched Interests in 2018, allowing users to personalize their shopping experience. To assist consumers looking to buy automotive parts on eBay, we launched our Shop by Diagram feature, which lets shoppers use interactive schematics to determine which parts are necessary for their vehicles and then makes the items they need available for purchase. We also enhanced our My Garage experience last year, allowing buyers to shop a personalized "virtual garage" of parts and accessories tailored specifically to their vehicles.

For our sellers we offer:

- Choice to list products and services through fixed price listings or an auction-style format on our platforms.
- Ability to list items that are new, refurbished and used, and common and rare on our Marketplace platforms.
- Offerings that improve the visibility of item listings so that items have a better chance of standing out and selling faster, such as Promoted Listings.
- Fee discounts and improved search standing for qualifying listings through eBay's Top Rated Seller program.
- Insights about optimal listing and pricing approaches through our Seller Hub portal.

At eBay, we only win when our sellers succeed. We partner with them but do not compete, investing in the tools and technologies they can leverage to grow and thrive. For example, eBay's Top Rated Seller program rewards qualifying sellers with fee discounts and improved search standing for qualifying listings if they are able to maintain excellent customer service ratings and meet specified criteria for shipping and returns. We believe that sellers who fulfill these standards help promote our goal of maintaining an online marketplace that is safe and hassle-free. In 2018, we also added analytics tools and merchandising tools to our Seller Hub portal for sellers that are designed to make selling on eBay even easier so that sellers know what to sell, when to sell it and at what price. eBay regularly evaluates pricing relative to alternatives in the market in order to remain competitive, and we continue to invest in more tools and new programs intended to help grow the overall seller ecosystem.

Our Impact and Responsibility

eBay is committed to creating economic opportunity for all. We work to generate this opportunity through a variety of means, both on our platform and in our communities around the world.

For more than two decades, we have worked to create a dynamic online marketplace that is inclusive and fair, fosters global trade and empowers entrepreneurship. By connecting buyers and sellers around the world, we are creating tools designed to enable them to extend the reach of their businesses far beyond their local markets, enriching their lives, livelihoods and communities in the process.

We embrace the potential of eCommerce to level the playing field and fuel sustainable growth for all businesses, regardless of their size or location. We also embrace our responsibility to help businesses access the technology and tools they need to sell online and effectively compete in this ever-changing economy. This is the driving motivation behind Retail Revival, which launched in early 2018, where we partner with select cities to bring their local brick-and-mortar businesses online, providing access to new customers around the world. Participating businesses receive in-

depth training, dedicated coaching and promotional support designed to enable their successful expansion into the digital marketplace. To date we have partnered with Akron, Ohio, and Lansing, Michigan, in the United States and Wolverhampton in the United Kingdom. We plan to launch 2 to 3 new cities during 2019 to further scale this initiative.

We also enable eBay users to support over 60,000 nonprofit organizations in the U.S. and internationally through our eBay for Charity platform. Since its inception approximately 17 years ago, eBay for Charity has helped raise nearly \$912 million for nonprofits. Our goal is to increase this number to \$1.0 billion by 2020.

Finally, we strive to operate in an environmentally and socially sustainable way. For example, eBay is working to protect the world's most endangered and threatened species from illegal trade. We are proud to be a founding member of the Global Coalition to End Wildlife Trafficking Online, which aims to reduce illegal trafficking online by 80 percent by 2020. To reduce our company's environmental impact, we are focused on moving to 100 percent renewable energy in our electricity supply at eBay data centers and offices by 2025. This initiative is designed to not only substantially cut the energy consumption at our data centers, but also reduce the environmental impact of transactions on eBay.

Financial Information

We measure our footprint in our addressable market according to Gross Merchandise Volume ("GMV"). GMV consists of the total value of all successfully closed transactions between users on our Marketplace or StubHub platforms during the applicable period, regardless of whether the buyer and seller actually consummated the transaction. In 2018, we generated \$95 billion in GMV, of which approximately 60 percent was generated outside the U.S.

At the end of 2018, our Marketplace and StubHub platforms had more than 179 million active buyers and over one billion live listings globally. The term "active buyer" means, as of any date, all buyers who successfully closed a transaction on our Marketplace or StubHub platforms within the previous 12-month period. Buyers may register more than once and, as a result, may have more than one account.

We generate revenue primarily from the transactions we successfully enable and through marketing services, including classifieds and advertising. The majority of our revenue comes from a take rate on the GMV of transactions closed on our Marketplace and StubHub platforms. We define "take rate" as net transaction revenues divided by GMV.

Notable Business Transactions in 2018

We regularly review and manage our investments to ensure that they support eBay's strategic direction and complement our disciplined approach to value creation, profitability and capital allocation. In the second quarter of 2018, we completed the acquisition of Giosis Pte. Ltd.'s ("Giosis") Japan business, including the Qoo10.jp platform, in exchange for \$306 million in cash and the relinquishment of our existing equity method investment in Giosis, which allows us to offer Japanese consumers access to more inventory and grows our international presence. In the third quarter of 2018, we sold our equity investment in Flipkart, for cash proceeds of approximately \$1.0 billion. In the fourth quarter of 2018, we announced our intention to acquire the U.K.-based classifieds site, Motors.co.uk. We believe the acquisition will increase our international presence and give buyers access to more listings. We expect to close this transaction in the first half of 2019, subject to customary closing conditions and regulatory approvals.

Competition

We encounter vigorous competition in our business from numerous sources. Our users can list, buy, sell and pay for similar items through a variety of competing online, mobile and offline channels. These include, but are not limited to, retailers, distributors, liquidators, import and export companies, auctioneers, catalog and mail-order companies, classifieds, directories, search engines, commerce participants (consumer-to-consumer, business-to-consumer and business-to-business), 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, mobile and offline channels for those new offerings. We compete on the basis of price, product selection and services.

For more information regarding risks of competition, see the information in “Item 1A: Risk Factors” under the captions “Substantial and increasingly intense competition worldwide in ecommerce may harm our business” and “We are subject to regulatory activity and antitrust litigation under competition laws.”

To compete effectively, we will need to continue to expend significant resources in technology and marketing. These efforts require substantial expenditures, which could reduce our margins and have a material adverse effect on our business, financial position, operating results and cash flows and reduce the market price of our common stock and outstanding debt securities. Despite our efforts to preserve and expand the size, diversity and transaction activity of our buyers and sellers and to enhance the user experience, we may not be able to effectively manage our operating expenses, to increase or maintain our revenue or to avoid a decline in our consolidated net income or a net loss.

Government Regulation

Government regulation impacts key aspects of our business. In particular, we are subject to laws and regulations that affect the ecommerce industry in many countries where we operate. For more information regarding regulatory risks, see the information in “Item 1A: Risk Factors” under the caption “Our business is subject to extensive government regulation and oversight.”

Seasonality

We expect transaction activity patterns on our platforms to mirror general consumer buying patterns. Please see the additional information in “Item 7: Management’s Discussion and Analysis of Financial Condition and Results of Operations” under the caption “Seasonality.”

Technology

eBay Inc.’s platforms use a combination of proprietary technologies and services as well as technologies and services provided by others. We have developed intuitive user interfaces, buyer and seller 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.

For information regarding technology-related risks, see the information in “Item 1A: Risk Factors” under the caption “Systems failures or cyberattacks and resulting interruptions in the availability of or degradation in the performance of our websites, applications, products or services could harm our business.”

In support of our ongoing commitment to innovation and a better customer experience, we have been on a multi-year evolution to modernize our marketplace. Our aim is to create a fully relevant and personalized shopping experience, built on a foundation of structured data and leveraging advanced technologies like artificial intelligence and computer vision. Our goal is to make every product image on the Internet shoppable, with features such as Image Search, Find It On eBay, and our drag-and-drop search capabilities.

To ensure that the technology supporting these features and capabilities is as efficient, scalable, and secure as possible, we are also undergoing an ambitious three-year effort to re-platform our backend infrastructure. As part of that effort, in 2018, we announced that we are developing our own custom-designed servers, built by eBay, for eBay.

Intellectual Property

We regard the protection of our intellectual property, including our trademarks (particularly those covering the eBay name), patents, copyrights, domain names, trade dress and trade secrets as critical to our success. We aggressively protect our intellectual property rights by relying on federal, state and common law rights in the U.S. and internationally, as well as a variety of administrative procedures. We also rely on contractual restrictions to protect our proprietary rights in products and services. We routinely enter into confidentiality and invention assignment agreements with our employees and contractors and nondisclosure agreements with parties with whom we conduct business to limit access to and disclosure of our proprietary information.

We pursue the registration of our domain names, trademarks and service marks in the U.S. and internationally. Additionally, we have filed U.S. and international patent applications covering certain aspects of our proprietary technology. Effective trademark, copyright, patent, domain name, trade dress and trade secret protection is typically expensive to maintain and may require litigation. We must protect our intellectual property rights and other proprietary

rights in an increasing number of jurisdictions, a process that is expensive and time consuming and may not be successful.

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 register or protect our trademarks or domain names, we could be adversely affected in any jurisdiction in which our trademarks or domain names are not registered or protected. 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.

From time to time, third parties have claimed - and others will likely claim in the future - that we have infringed their intellectual property rights. We are typically involved in a number of such legal proceedings at any time. Please see the information in "Item 3: Legal Proceedings" and in "Item 1A: Risk Factors" under the captions "We are subject to patent litigation," "The listing or sale by our users of items that allegedly infringe the intellectual property rights of rights owners, including pirated or counterfeit items, may harm our business," and "We may be unable to adequately protect or enforce our intellectual property rights, or third parties may allege that we are infringing their intellectual property rights."

Employees

As of December 31, 2018, we employed approximately 14,000 people globally. Approximately 7,100 of our employees were located in the U.S.

Available Information

Our Internet address is www.ebay.com. Our investor relations website is located at investors.ebayinc.com. We make available free of charge on our investor relations website under the heading "Financial Information - 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 such materials are electronically filed with (or furnished to) the SEC.

We webcast our earnings calls and certain events we participate in or host with members of the investment community on our investor relations website. Additionally, we provide notifications of news or announcements regarding our financial performance, including SEC filings, investor events, press and earnings releases, and blogs on our investor relations website. Further corporate governance information, including our governance guidelines for our Board of Directors ("Board"), board committee charters and code of conduct, is also available on our investor relations website under the heading "Corporate Governance."

The contents of our websites and webcasts and information that can be accessed through our websites and webcasts are not incorporated by reference into this Annual Report on Form 10-K or in any other report or document we file with (or furnish to) the SEC, and any references to our websites and webcasts are intended to be inactive textual references only.

Item 1A: RISK FACTORS

You should carefully review the following discussion of the risks that may affect our business, results of operations and financial condition, as well as our consolidated financial statements and notes thereto and the other information appearing in this report, for important information regarding risks that affect us.

Risk Factors That May Affect our Business, Results of Operations and Financial Condition

Our operating and financial results are subject to various risks and uncertainties that could adversely affect our business, financial condition, results of operations and cash flows, as well as the trading price of our common stock and debt securities.

Our operating and financial results have varied on a quarterly basis during our operating history and may continue to fluctuate significantly as a result of a variety of factors, including as a result of the risks set forth in this “Risk Factors” section. It is difficult for us to forecast the level or source of our revenues or earnings (loss) accurately. In view of the rapidly evolving nature of our business, 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 during that quarter. Due to the inherent difficulty in forecasting revenues, it is also difficult to forecast expenses as a percentage of net revenues. Quarterly and annual expenses as a percentage of net revenues reflected in our consolidated financial statements 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. The trading price of our common stock and debt securities could decline, perhaps substantially, as a result of the factors described in this paragraph.

Substantial and increasingly intense competition worldwide in ecommerce may harm our business.

The businesses and markets in which we operate are intensely competitive. We currently and potentially compete with a wide variety of online and offline companies providing goods and services to consumers and merchants. The Internet and mobile networks provide new, rapidly evolving and intensely competitive channels for the sale of all types of goods and services. We compete in two-sided markets, and must attract both buyers and sellers to use our platforms. Consumers who purchase or sell goods and services through us have more and more alternatives, and merchants have more channels to reach consumers. We expect competition to continue to intensify. Online and offline businesses increasingly are competing with each other and our competitors include a number of online and offline retailers with significant resources, large user communities and well-established brands. Moreover, the barriers to entry into these channels can be low, and businesses easily can launch online sites or mobile platforms and applications at nominal cost by using commercially available software or partnering with any of a number of successful ecommerce companies. As we respond to changes in the competitive environment, we may, from time to time, make pricing, service or marketing decisions or acquisitions that may be controversial with and lead to dissatisfaction among sellers, which could reduce activity on our platform and harm our profitability.

We face increased competitive pressure online and offline. In particular, the competitive norm for, and the expected level of service from, ecommerce and mobile commerce has significantly increased, due to, among other factors, improved user experience, greater ease of buying goods, lower (or no) shipping costs, faster shipping times and more favorable return policies. In addition, certain platform businesses, such as Alibaba, Amazon, Apple, Facebook and Google, many of whom are larger than us or have greater capitalization, have a dominant and secure position in other industries or certain significant markets, and offer other goods and services to consumers and merchants that we do not offer. If we are unable to

change our products, offerings and services in ways that reflect the changing demands of ecommerce and mobile commerce marketplaces, particularly the higher growth of sales of fixed-price items and higher expected service levels (some of which depend on services provided by sellers on our platforms), or compete effectively with and adapt to changes in larger platform businesses, our business will suffer.

Competitors with other revenue sources may also be able to devote more resources to marketing and promotional campaigns, adopt more aggressive pricing policies and devote more resources to website, mobile platforms and applications and systems development than we can. Other competitors may offer or continue to offer faster and/or free shipping, delivery on Sunday, same-day delivery, favorable return policies or other transaction-related services which improve the user experience on their sites and which could be impractical or inefficient for our sellers to match. Competitors may be able to innovate faster and more efficiently, and new technologies may increase the competitive pressures by enabling competitors to offer more efficient or lower-cost services.

10

Some of our competitors control other products and services that are important to our success, including credit card interchange, Internet search, and mobile operating systems. Such competitors could manipulate pricing, availability, terms or operation of service related to their products and services in a manner that impacts our competitive offerings. For example, Google, which operates a shopping platform service, has from time to time made changes to its search algorithms that reduced the amount of search traffic directed to us from searches on Google. If we are unable to use or adapt to operational changes in such services, we may face higher costs for such services, face integration or technological barriers or lose customers, which could cause our business to suffer.

Consumers who might use our sites to buy goods have a wide variety of alternatives, including traditional department, warehouse, boutique, discount and general merchandise stores (as well as the online and mobile operations of these traditional retailers), online retailers and their related mobile offerings, online and offline classified services and other shopping channels, such as offline and online home shopping networks. In the United States, these include Amazon.com, Facebook, Google, Wal-Mart, Target, Macy's, JC Penney, Costco, Office Depot, Staples, OfficeMax, Sam's Club, Rakuten, MSN, QVC and Home Shopping Network, among others. In addition, consumers have a large number of online and offline channels focused on one or more of the categories of products offered on our site.

Consumers also can turn to many companies that offer a variety of services that provide other channels for buyers to find and buy items from sellers of all sizes, including social media, online aggregation and classifieds platforms, such as craigslist, Oodle.com and a number of international websites operated by Schibsted ASA or Naspers Limited. Consumers also can turn to shopping-comparison sites, such as Google Shopping. In certain markets, our fixed-price listing and traditional auction-style listing formats increasingly are being challenged by other formats, such as classifieds.

Our Classifieds platforms offer classifieds listings in a variety of international markets. In many markets in which they operate, our Classifieds platforms compete for customers and for advertisers against more established online and offline classifieds platforms or other competing websites.

We use product search engines and paid search advertising to help users find our sites, but these services also have the potential to divert users to other online shopping destinations. Consumers may choose to search for products and services with a horizontal search engine or shopping comparison website, and such sites may also send users to other shopping destinations. In addition, sellers are increasingly utilizing multiple sales channels, including the acquisition of new customers by paying for search-related advertisements on horizontal search engine sites, such as Google, Naver and Baidu.

Consumers and merchants who might use our sites to sell goods also have many alternatives, including general ecommerce sites, such as Amazon, Alibaba and 11Street, and more specialized sites, such as Etsy. Our international sites also compete for sellers with general and specialized ecommerce sites. Sellers may also choose to sell their goods through other channels, such as classifieds platforms. Consumers and merchants also can create and sell through their own sites, and may choose to purchase online advertising instead of using our services. In some countries, there are online sites that have larger customer bases and greater brand recognition, as well as competitors that may have a better understanding of local culture and commerce. We increasingly may compete with local competitors in developing countries that have unique advantages, such as a greater ability to operate under local regulatory authorities.

In addition, certain manufacturers may limit or cease distribution of their products through online channels, such as our sites. Manufacturers may attempt to use contractual obligations or existing or future

government regulation to prohibit or limit ecommerce in certain categories of goods or services. Manufacturers may also attempt to enforce minimum resale price maintenance or minimum advertised price arrangements to prevent distributors from selling on our platforms or on the Internet generally, or at prices that would make us less attractive relative to other alternatives. The adoption by manufacturers of policies, or their use of laws or regulations, in each case discouraging or restricting the sales of goods or services over the Internet, could force our users to stop selling certain products on our platforms, which could result in reduced operating margins, loss of market share and diminished value of our brands.

The principal competitive factors for us include the following:

- ability to attract, retain and engage buyers and sellers;
- volume of transactions and price and selection of goods;
- trust in the seller and the transaction;
- customer service;
- brand recognition;
- community cohesion, interaction and size;
- website, mobile platform and application ease-of-use and accessibility;
- system reliability and security;
- reliability of delivery and payment, including customer preference for fast delivery and free shipping and returns;
- level of service fees; and
- quality of search tools.

We may be unable to compete successfully against current and future competitors. 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.

Global and regional economic conditions could harm our business.

Our operations and performance depend significantly on global and regional economic conditions. Adverse economic conditions and events (including volatility or distress in the equity and/or debt or credit markets) have in the past negatively impacted regional and global financial markets and will likely continue to do so from time to time in the future. These events and conditions, including uncertainties and instability in economic and market conditions caused by the United Kingdom's vote to exit the European Union and any outcomes resulting from that vote, could have a negative and adverse impact on companies and customers with which we do business or cause us to write down our assets or investments. In addition, financial turmoil affecting the banking system or financial markets could cause additional consolidation of the financial services industry, or significant financial service institution failures, new or incremental tightening in the credit markets, low liquidity, and extreme volatility in fixed income, credit, currency, and equity markets. Adverse impacts to the companies and customers with which we do business, the banking system, or financial markets could have a material adverse effect on our business, including a reduction in the volume and prices of transactions on our commerce platforms.

We are exposed to fluctuations in foreign currency exchange rates.

Because we generate the majority of our revenues outside the United States but report our financial results in U.S. dollars, our financial results are impacted by fluctuations in foreign currency exchange rates, or foreign exchange rates. The results of operations of many of our internationally focused platforms 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 for financial reporting purposes. If the U.S. dollar weakens against foreign currencies, the translation of these foreign currency denominated revenues or expenses will result in increased U.S. dollar denominated revenues and expenses. Similarly, if the U.S. dollar strengthens against foreign currencies, particularly the euro, British pound, Korean won or Australian dollar, our translation of foreign currency denominated revenues or expenses will result in lower U.S. dollar denominated net revenues and expenses. In addition to this translation effect, a strengthening U.S. dollar will typically adversely affect the volume of goods being sold by U.S. sellers to Europe and Australia more than it positively affects the volume of goods being sold by sellers in those geographies to buyers in the

United States, thereby further negatively impacting our financial results.

While from time to time we enter into transactions to hedge portions of our foreign currency translation exposure, it is impossible to predict or eliminate the effects of this exposure. Fluctuations in foreign exchange rates could significantly impact our financial results, which may have a significant impact on the trading price of our common stock and debt securities.

Our international operations are subject to increased risks, which could harm our business.

Our international businesses, especially in the United Kingdom, Germany, Australia and Korea, and cross-border business from greater China, have generated a majority of our net revenues in recent years. In addition to uncertainty about our ability to generate revenues from our foreign operations and expand into international markets, there are risks inherent in doing business internationally, including:

- uncertainties and instability in economic and market conditions caused by the United Kingdom's vote to exit the European Union and any outcomes resulting from that vote;
- uncertainty regarding how the United Kingdom's access to the European Union Single Market and the wider trading, legal, regulatory and labor environments, especially in the United Kingdom and European Union, will be impacted by the United Kingdom's vote to exit the European Union and any outcomes resulting from that vote, including the resulting impact on our business and that of our clients;
- expenses associated with localizing our products and services and customer data, including offering customers the ability to transact business in the local currency and adapting our products and services to local preferences (e.g., payment methods) with which we may have limited or no experience;
- trade barriers and changes in trade regulations;
- difficulties in developing, staffing, and simultaneously managing a large number of varying foreign operations as a result of distance, language, and cultural differences;
- stringent local labor laws and regulations;
- credit risk and higher levels of payment fraud;
- profit repatriation restrictions, foreign currency exchange restrictions or extreme fluctuations in foreign currency exchange rates for a particular currency;
- political or social unrest, economic instability, repression, or human rights issues;
- geopolitical events, including natural disasters, public health issues, acts of war, and terrorism;
- import or export regulations;
- compliance with U.S. laws such as the Foreign Corrupt Practices Act, and foreign laws prohibiting corrupt payments to government officials, as well as U.S. and foreign laws designed to combat money laundering and the financing of terrorist activities;
- antitrust and competition regulations;
- potentially adverse tax developments and consequences;
- economic uncertainties relating to sovereign and other debt;
- different, uncertain, or more stringent user protection, data protection, privacy, and other laws;
- risks related to other government regulation or required compliance with local laws;
- national or regional differences in macroeconomic growth rates;
- local licensing and reporting obligations; and
- increased difficulties in collecting accounts receivable.

Violations of the complex foreign and U.S. laws and regulations that apply to our international operations may result in fines, criminal actions, or sanctions against us, our officers, or our employees; prohibitions on the conduct of our business; and damage to our reputation. Although we have implemented policies and procedures designed to promote compliance with these laws, there can be no assurance that our employees, contractors, or agents will not violate our policies. These risks inherent in our international operations and expansion increase our costs of doing business internationally and could harm our business.

Any factors that reduce cross-border trade or make such trade more difficult could harm our business.

Cross-border trade is an important source of both revenue and profits for us. Cross-border trade also represents our primary (or in some cases, only) presence in certain important markets, such as Brazil/Latin America, China, and various other countries. In addition, our cross-border trade is also subject to, and may be impacted by, foreign exchange rate fluctuations.

The interpretation and application of specific national or regional laws, such as those related to intellectual property rights of authentic products, selective distribution networks, and sellers in other countries listing items on the Internet, and the potential interpretation and application of laws of multiple jurisdictions (e.g., the jurisdiction of the buyer, the seller, and/or the location of the item being sold) are often extremely complicated in the context of cross-border trade. The interpretation and/or application of such laws could impose restrictions on, or increase the costs of, purchasing, selling, shipping, or returning goods across national borders.

The shipping of goods across national borders is often more expensive and complicated than domestic shipping. Customs and duty procedures and reviews, including duty-free thresholds in various key markets, the interaction of national postal systems, and security related governmental processes at international borders, may increase costs, discourage cross-border purchases, delay transit and create shipping uncertainties. Any factors that increase the costs of cross-border trade or restrict, delay, or make cross-border trade more difficult or impractical would lower our revenues and profits and could harm our business.

Our business may be adversely affected by geopolitical events, natural disasters, seasonal factors and other factors that cause our users to spend less time on our websites or mobile platforms and applications, including increased usage of other websites.

Our users may spend less time on our websites and our applications for mobile devices as a result of a variety of diversions, including: geopolitical events, such as war, the threat of war, or terrorist activity; natural disasters; power shortages or outages, major public health issues, including pandemics; social networking or other entertainment websites or mobile applications; significant local, national or global events capturing the attention of a large part of the population; and seasonal fluctuations due to a variety of factors. If any of these, or any other factors, divert our users from using of our websites or mobile applications, our business could be materially adversely affected.

Our success depends to a large degree on our ability to successfully address the rapidly evolving market for transactions on mobile devices.

Mobile devices are increasingly used for ecommerce transactions. A significant and growing portion of our users access our platforms through mobile devices. We may lose users if we are not able to continue to meet our users' mobile and multi-screen experience expectations. The variety of technical and other configurations across different mobile devices and platforms increases the challenges associated with this environment. In addition, a number of other companies with significant resources and a number of innovative startups have introduced products and services focusing on mobile markets.

Our ability to successfully address the challenges posed by the rapidly evolving market for mobile transactions is crucial to our continued success, and any failure to continuously increase the volume of mobile transactions effected through our platforms could harm our business.

If we cannot keep pace with rapid technological developments or continue to innovate and create new initiatives to provide new programs, products and services, the use of our products and our revenues could decline.

Rapid, significant technological changes continue to confront the industries in which we operate and we cannot predict the effect of technological changes on our business. We also continuously strive to create new initiatives and innovations that offer growth opportunities, such as our new payments and advertising offerings. In addition to our own initiatives and innovations, we rely in part on third parties, including some of our competitors, for the development of and access to new technologies. We expect that new services and technologies applicable to the industries in which we operate will continue to emerge. These new services and technologies may be superior to, or render obsolete, the technologies we currently use in our products and services. Incorporating new technologies into our products and services may require substantial expenditures and take considerable time, and ultimately may not be successful. In addition, our ability to adopt new services and develop new technologies may be inhibited by industry-wide standards,

new laws and regulations, resistance to change from our users, clients or merchants, or third parties' intellectual property rights. Our success will depend on our ability to develop new technologies and adapt to technological changes and evolving industry standards.

Our business is subject to extensive government regulation and oversight.

We are subject to laws and regulations affecting our domestic and international operations in a number of areas, including consumer protection, data privacy requirements, intellectual property ownership and infringement, prohibited items and stolen goods, resale of event tickets, tax, anti-competition, export requirements, anti-corruption, labor, advertising, digital content, real estate, billing, ecommerce, promotions, quality of services, telecommunications, mobile communications and media, environmental, and health and safety regulations, as well as laws and regulations intended to combat money laundering and the financing of terrorist activities. In addition, we are, or may become, subject to further regulation in some of the above-mentioned areas or new areas as a result of our new payments capabilities.

Compliance with these laws, regulations, and similar requirements may be onerous and expensive, and variances and inconsistencies from jurisdiction to jurisdiction may further increase the cost of compliance and doing business. Any such costs, which may rise in the future as a result of changes in these laws and regulations or in their interpretation, could individually or in the aggregate make our products and services less attractive to our customers, delay the introduction of new products or services in one or more regions, or cause us to change or limit our business practices. We have implemented policies and procedures designed to ensure compliance with applicable laws and regulations, but there can be no assurance that our employees, contractors, or agents will not violate such laws and regulations or our policies and procedures.

Regulation in the areas of privacy and protection of user data could harm our business.

We are subject to laws relating to the collection, use, retention, security, and transfer of personally identifiable information about our users around the world. Much of the personal information that we collect, especially financial information, is regulated by multiple laws. User data protection laws may be interpreted and applied inconsistently from country to country. In many cases, these laws apply not only to third-party transactions, but also to transfers of information between or among ourselves, our subsidiaries, and other parties with which we have commercial relations. These laws continue to develop in ways we cannot predict and that may harm our business.

Regulatory scrutiny of privacy, user data protection, use of data and data collection is increasing on a global basis. We are subject to a number of privacy and similar laws and regulations in the countries in which we operate and these laws and regulations will likely continue to evolve over time, both through regulatory and legislative action and judicial decisions. For example, the General Data Protection Regulation (“GDPR”) was approved by the European Union Parliament in April 2016 and became effective in May 2018. The GDPR was designed to harmonize and enhance data privacy laws across Europe. Some of these laws impose requirements that are inconsistent with one another, yet regulators may claim that both apply. Complying with these varying national requirements could cause us to incur substantial costs or require us to change our business practices in a manner adverse to our business and violations of privacy-related laws can result in significant penalties. In addition, compliance with these laws may restrict our ability to provide services to our customers that they may find to be valuable. A determination that there have been violations of laws relating to our practices under communications-based laws could expose us to significant damage awards, fines and other penalties that could, individually or in the aggregate, materially harm our business. In particular, because of the enormous number of texts, emails and other communications we send to our users, communications laws that provide a specified monetary damage award or fine for each violation (such as those described below) could result in particularly large awards or fines.

For example, the Federal Communications Commission amended certain of its regulations under the Telephone Consumer Protection Act, or TCPA, in 2012 and 2013 in a manner that could increase our exposure to liability for certain types of telephonic communication with customers, including but not limited to text messages to mobile phones. Under the TCPA, plaintiffs may seek actual monetary loss or statutory damages of \$500 per violation, whichever is greater, and courts may treble the damage award for willful or knowing violations. We are regularly subject to class-action lawsuits, as well as individual lawsuits, containing allegations that our businesses violated the TCPA. These lawsuits, and other private lawsuits not currently alleged as class actions, seek damages (including statutory damages) and injunctive relief, among other remedies. Given the enormous number of communications we send to our users, a determination that there have been violations of the TCPA or other communications-based statutes could

expose us to significant damage awards that could, individually or in the aggregate, materially harm our business.

We post on our websites our 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 (e.g., class action privacy litigation), subject us to significant penalties and negative publicity, require us to change our business practices, increase our costs and adversely affect our business. Data collection, privacy and security have become the subject of increasing public concern. If Internet and mobile users were to reduce their use of our websites, mobile platforms, products, and services as a result of these concerns, our business could be harmed. As noted above, we are also subject to the possibility of security breaches, which themselves may result in a violation of these laws.

Other laws and regulations could harm our business.

It is not always clear how laws and regulations governing matters relevant to our business, such as property ownership, copyrights, trademarks, and other intellectual property issues, parallel imports and distribution controls, taxation, libel and defamation, and obscenity apply to our businesses. Many of these laws were adopted prior to the advent of the Internet, mobile, and related technologies and, as a result, do not contemplate or address the unique issues of the Internet and related technologies. Many of these laws, including some of those that do reference the Internet are subject to interpretation by the courts on an ongoing basis and the resulting uncertainty in the scope and application of these laws and regulations increases the risk that we will be subject to private claims and governmental actions alleging violations of those laws and regulations.

As our activities, the products and services we offer, and our geographical scope continue to expand, regulatory agencies or courts may claim or hold that we or our users are subject to additional requirements (including licensure) or prohibited from conducting our business in their jurisdiction, either generally or with respect to certain actions. Financial and political events have increased the level of regulatory scrutiny on large companies, and regulatory agencies may view matters or interpret laws and regulations differently than they have in the past and in a manner adverse to our businesses. Our success and increased visibility have driven some existing businesses that perceive us to be a threat to their businesses to raise concerns about our business models to policymakers and regulators. These 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. These established businesses have raised concerns relating to pricing, parallel imports, professional seller obligations, selective distribution networks, 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. Any changes to the legal or regulatory regimes in a manner that would increase our liability for third-party listings could negatively impact our business.

Numerous U.S. states and foreign jurisdictions, including the State of California, have regulations regarding “auctions” and the handling of property by “secondhand dealers” or “pawnbrokers.” Several states and some foreign jurisdictions have attempted to impose such regulations upon us or our users, and others may attempt to do so in the future. Attempted enforcement of these laws against some of our users appears to be increasing and we could be required to change the way we or our users do business in ways that increase costs or reduce revenues, such as forcing us to prohibit listings of certain items or restrict certain listing formats in 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 platforms subject to unfavorable local laws. For example, “trademark exhaustion” principles provide trademark owners with certain rights to control the sale of a branded authentic product until it has been placed on the market by the trademark holder or with the holder’s consent. The application of “trademark exhaustion” principles is largely unsettled in the context of the Internet, and if trademark owners are able to force us to prohibit listings of certain items in one or more locations, our business could be harmed.

As we expand and localize our international activities, we are increasingly becoming obligated to comply with the laws of the countries or markets in which we operate. In addition, because our services are accessible worldwide and we facilitate sales of goods and provide services to users worldwide, one or more

jurisdictions may claim that we or our users are required to comply with their laws based on the location of our servers or one or more of our users, or the location of the product or service being sold or provided in an ecommerce transaction. For example, we were found liable in France, under French law, for transactions on some of our websites worldwide that did not involve French buyers or sellers. Laws regulating Internet, mobile and ecommerce technologies outside of the United States are generally less favorable to us than those in the United States. 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 us or our users may harm our business. In addition, we may be subject to multiple overlapping legal or regulatory regimes that impose conflicting requirements on us (e.g., in cross-border trade). Our alleged failure to comply with foreign laws could subject us to penalties ranging from criminal prosecution to significant fines to bans on our services, in addition to the significant costs we may incur in defending against such actions.

We are regularly subject to general litigation, regulatory disputes, and government inquiries.

We are regularly subject to claims, lawsuits (including class actions and individual lawsuits), government investigations, and other proceedings involving competition and antitrust, intellectual property, privacy, consumer protection, accessibility claims, securities, tax, labor and employment, commercial disputes, content generated by our users, services and other matters. The number and significance of these disputes and inquiries have increased as our company has grown larger, our businesses have expanded in scope and geographic reach, and our products and services have increased in complexity.

The outcome and impact of such claims, lawsuits, government investigations, and proceedings cannot be predicted with certainty. Regardless of the outcome, such investigations and proceedings can have an adverse impact on us because of legal costs, diversion of management resources, and other factors. Determining reserves for our pending litigation is a complex, fact-intensive process that is subject to judgment calls. It is possible that a resolution of one or more such proceedings could require us to make substantial payments to satisfy judgments, fines or penalties or to settle claims or proceedings, any of which could harm our business. These proceedings could also result in reputational harm, criminal sanctions, consent decrees, or orders preventing us from offering certain products, or services, or requiring a change in our business practices in costly ways, or requiring development of non-infringing or otherwise altered products or technologies. Any of these consequences could harm our business.

We are subject to regulatory activity and antitrust litigation under competition laws.

We are subject to scrutiny by various government agencies under U.S. and foreign laws and regulations, including competition laws. Some jurisdictions also provide private rights of action for competitors or consumers to assert claims of anti-competitive conduct. 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 United States, individual states, the European Commission or other countries, or otherwise constitute unfair competition. An increasing number of governments are regulating competition law activities, including increased scrutiny in large markets such as China. Our business partnerships or agreements or arrangements with customers or other companies could give rise to regulatory action or antitrust litigation. Some regulators, particularly those outside of the United States, may perceive our business to be used so broadly that otherwise uncontroversial business practices could be deemed anticompetitive. Certain competition authorities have conducted market studies of our industries. Such claims and investigations, even if without foundation, may be very expensive to defend, involve negative publicity and substantial diversion of management time and effort and could result in significant judgments against us or require us to change our business practices.

We are subject to patent litigation.

We have repeatedly been sued for allegedly infringing other parties' patents. We are a defendant in a number of patent suits and have been notified of several other potential patent disputes. We expect that we will increasingly be subject to patent infringement claims because, among other reasons:

- our products and services continue to expand in scope and complexity;
- we continue to expand into new businesses, including through acquisitions; and
- the universe of patent owners who may claim that we, any of the companies that we have acquired, or our customers infringe their patents, and the aggregate number of patents controlled by such patent owners, continues to increase.

Such claims may be brought directly against us and/or against our customers whom we may indemnify either because we are contractually obligated to do so or we choose to do so as a business matter. We believe that an increasing number of these claims against us and other technology companies have been, and continue to be, initiated by third parties whose sole or primary business is to assert such claims. In addition, we have seen significant patent disputes between operating companies in some technology industries. Patent claims, whether meritorious or not, are time-consuming and costly to defend and resolve, and could require us to make expensive changes in our methods of doing business, enter into costly royalty or licensing agreements, make substantial payments to satisfy adverse judgments or settle claims or proceedings, or cease conducting certain operations, which would harm our business.

We are exposed to fluctuations in interest rates.

Some of our borrowings bear interest at floating rates and we have entered into agreements intended to convert the interest rate on some of our fixed rate debt instruments to floating rates. To the extent that prevailing rates increase, our interest expense under these debt instruments will increase.

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 investment securities may be adversely impacted due to a rise in interest rates. In general, fixed-rate 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 and may also suffer a decline in market value if interest rates increase. Due in part to these factors, our investment income may decline or we may suffer losses in principal if securities are sold that have declined in market value due to changes in interest rates. In addition, relatively low interest rates limit our investment income. Fluctuations in interest rates that increase the cost of our current or future indebtedness, cause the market value of our assets to decline or reduce our investment income could adversely affect our financial results.

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

Our tickets business, which includes StubHub, is subject to numerous risks, including:

Some jurisdictions, in particular jurisdictions outside the United States, prohibit the resale of event tickets (anti-scalping laws) at prices above the face value of the tickets or at all, or highly regulate the resale of tickets, and new laws and regulations or changes to existing laws and regulations imposing these or other restrictions could limit or inhibit our ability to operate, or our users' ability to continue to use, our tickets business.

Regulatory agencies or courts may claim or hold that we are responsible for ensuring that our users comply with these laws and regulations.

In many jurisdictions, our tickets business depends on commercial partnerships with event organizers or licensed ticket vendors, which we must develop and maintain on acceptable terms for our tickets business to be successful.

Our tickets business is subject to seasonal fluctuations and the general economic and business conditions that impact the sporting events and live entertainment industries.

A portion of the tickets inventory sold by sellers on the StubHub platform is processed by StubHub in digital form. Systems failures, security breaches, theft or other disruptions that result in the loss of such sellers' tickets inventory, could result in significant costs and a loss of consumer confidence in our tickets business. Lawsuits alleging a variety of causes of actions have in the past, and may in the future, be filed against StubHub and eBay by venue owners, competitors, ticket buyers, and unsuccessful ticket buyers. Such lawsuits could result in significant costs and require us to change our business practices in ways that negatively affect our tickets business.

Our tickets business also faces significant competition from a number of sources, including ticketing service companies, event organizers, ticket brokers, and online and offline ticket resellers. Some ticketing service companies, event organizers, and professional sports teams have begun to issue event tickets through various forms of electronic ticketing systems that are designed to restrict or prohibit the transferability (and by extension, the resale) of such event tickets either to favor their own resale affiliates or to discourage resale or restrict resale of season tickets to a preferred, designated website. Ticketing service companies have also begun to use market-based pricing strategies or dynamic pricing to charge much higher prices, and impose additional restrictions on transferability, for premium tickets.

- Some sports teams have threatened to revoke the privileges of season ticket owners if they resell their tickets through a platform that is not affiliated with, or approved by, such sports teams. To the extent that StubHub holds ticket inventory, we may be exposed to losses associated with such inventory.

The listing or sale by our users of items that allegedly infringe the intellectual property rights of rights owners, including pirated or counterfeit items, may harm our business.

The listing or sale by our users of unlawful, counterfeit or stolen goods or unlawful services, or sale of goods or services in an unlawful manner, has resulted and may continue to result in allegations of civil or criminal liability for unlawful activities against us (including the employees and directors of our various entities) involving activities carried out by users through our services. In a number of circumstances, third parties, including government regulators and law enforcement officials, have alleged that our services aid and abet violations of certain laws, including laws regarding the sale of counterfeit items, laws restricting or prohibiting the transferability (and by extension, the resale) of digital goods (e.g., event tickets, books, music and software), the fencing of stolen goods, selective distribution channel laws, customs laws, distance selling laws, anti-scalping laws with respect to the resale of tickets, and the sale of items outside of the United States that are regulated by U.S. export controls.

In addition, allegations of infringement of intellectual property rights, including but not limited to counterfeit items, have resulted in threatened and actual litigation from time to time by rights owners, including the following luxury brand owners: Tiffany & Co. in the United States; Rolex S.A. and Coty Prestige Lancaster Group GmbH in Germany; Louis Vuitton Malletier and Christian Dior Couture in France; and L'Oréal SA, Lancôme Parfums et Beauté & Cie, and Laboratoire Garnier & Cie in several European countries. Plaintiffs in these and similar suits seek, among other remedies, injunctive relief and damages. Statutory damages for copyright or trademark violations could range up to \$150,000 per copyright violation and \$2,000,000 per trademark violation in the United States, and may be even higher in other jurisdictions. In the past, we have paid substantial amounts in connection with resolving certain trademark and copyright suits. These and similar suits may also force us to modify our business practices in a manner that increases costs, lowers revenue, makes our websites and mobile platforms less convenient to customers, and requires us to spend substantial resources to take additional protective measures or discontinue certain service offerings in order to combat these practices. In addition, we have received significant media attention relating to the listing or sale of illegal or counterfeit goods, which could damage our reputation, diminish the value of our brand names, and make users reluctant to use our products and services.

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

Online services companies may be subject to claims relating to information disseminated through their services, including claims alleging defamation, libel, breach of contract, invasion of privacy, negligence, copyright or trademark infringement, among other things. The laws relating to the liability of online services companies for information disseminated through their services are subject to frequent challenges both in the United States and foreign jurisdictions. Any liabilities incurred as a result of these matters could require us to incur additional costs and harm our reputation and our business.

Our potential liability to third parties for the user-provided content on our sites, particularly in jurisdictions outside the United States where laws governing Internet transactions are unsettled, may increase. If we become liable for information provided by our users and carried on our service in any jurisdiction in which we operate, we could be directly harmed and we may be forced to implement new measures to reduce our exposure to this liability, including expending substantial resources or discontinuing certain service offerings, which could harm our business.

Changes to our programs to protect buyers and sellers could increase our costs and loss rate.

Our eBay Money Back Guarantee program represents the means by which we compensate users who believe that they have been defrauded, have not received the item that they purchased or have received an item different from what was described. In addition, as we roll out our new payments capabilities, we may be exposed to losses associated with compensating our sellers for fraudulent payments. 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 slowly beginning to be clarified in some jurisdictions and may be higher in some non-U.S. jurisdictions than it is in the United States. Litigation involving liability for any such third-party actions could be costly and time consuming for us, divert management attention, result in increased costs of doing business, lead to adverse judgments or settlements 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.

We may be unable to adequately protect or enforce our intellectual property rights, or third parties may allege that we are infringing their intellectual property rights.

We believe the protection of our intellectual property, including our trademarks, patents, copyrights, domain names, trade dress, and trade secrets, is critical to our success. We seek to protect our intellectual property rights by relying on applicable laws and regulations in the United States and internationally, as well as a variety of administrative procedures. We also rely on contractual restrictions to protect our proprietary rights when offering or procuring products and services, including confidentiality and invention assignment agreements entered into with our employees and contractors and confidentiality agreements with parties with whom we conduct business.

However, effective intellectual property protection may not be available in every country in which our products and services are made available, and contractual arrangements and other steps we have taken to protect our intellectual property may not prevent third parties from infringing or misappropriating our intellectual property or deter independent development of equivalent or superior intellectual property rights by others. Trademark, copyright, patent, domain name, trade dress and trade secret protection is very expensive to maintain and may require litigation. We must protect our intellectual property rights and other proprietary rights in an increasing number of jurisdictions, a process that is expensive and time consuming and may not be successful in every jurisdiction. Also, we may not be able to discover or determine the extent of any unauthorized use of our proprietary rights. 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. Any failure to adequately protect or enforce our intellectual property rights, or significant costs incurred in doing so, could materially harm our business.

As the number of products in the software industry increases and the functionality of these products further overlap, and as we acquire technology through acquisitions or licenses, we may become increasingly subject to infringement claims, including patent, copyright, and trademark infringement claims. Litigation may be necessary to determine the validity and scope of the patent and other intellectual property rights of others. The ultimate outcome of any allegation is uncertain and, regardless of the outcome, any such claim, with or without merit, may be time-consuming, result in costly litigation, divert management's time and attention from our business, require us to stop selling, delay roll-out, or redesign our products, or require us to pay substantial amounts to satisfy judgments or settle claims or lawsuits or to pay substantial royalty or licensing fees, or to satisfy indemnification obligations that we have with some of our customers. Our failure to obtain necessary license or other rights, or litigation or claims arising out of intellectual property matters, may harm our business.

Failure to deal effectively with fraudulent activities on our platforms would increase our loss rate and harm our business, and could severely diminish merchant and consumer confidence in and use of our services.

We face risks with respect to fraudulent activities on our platforms and periodically receive complaints from buyers and sellers who may not have received the goods that they had contracted to purchase or payment for the goods that a buyer had contracted to purchase. In some European and Asian jurisdictions, buyers may also have the right to withdraw from a sale made by a professional seller within a specified time period. While we can, in some cases, suspend the accounts of users who fail to fulfill their payment or delivery obligations to other users, we do not have the ability to require users to make payment or deliver goods, or otherwise make users whole other than through our buyer protection program, which in the United States we refer to as the eBay Money Back Guarantee, or as we roll out our new payments capabilities, by compensating our sellers for fraudulent payments. Although we have implemented

measures to detect and reduce the occurrence of fraudulent activities, combat bad buyer experiences and increase buyer satisfaction, including evaluating sellers on the basis of their transaction history and restricting or suspending their activity, there can be no assurance that these measures will be effective in combating fraudulent transactions or improving overall satisfaction among sellers, buyers, and other participants. Additional measures to address fraud could negatively affect the attractiveness of our services to buyers or sellers, resulting in a reduction in the ability to attract new users or retain current users, damage to our reputation, or a diminution in the value of our brand names.

We have substantial indebtedness, and we may incur substantial additional indebtedness in the future, and we may not generate sufficient cash flow from our business to service our indebtedness. Failure to comply with the terms of our indebtedness could result in the acceleration of our indebtedness, which could have an adverse effect on our cash flow and liquidity.

We have a substantial amount of outstanding indebtedness and we may incur substantial additional indebtedness in the future, including under our commercial paper program and revolving credit facility or through public or private offerings of debt securities. Our outstanding indebtedness and any additional indebtedness we incur may have significant consequences, including, without limitation, any of the following:

- requiring us to use a significant portion of our cash flow from operations and other available cash to service our indebtedness, thereby reducing the amount of cash available for other purposes, including capital expenditures and acquisitions;
- our indebtedness and leverage may increase our vulnerability to downturns in our business, to competitive pressures, and to adverse changes in general economic and industry conditions;
- adverse changes in the ratings assigned to our debt securities by credit rating agencies will likely increase our borrowing costs;
- our ability to obtain additional financing for working capital, capital expenditures, acquisitions, share repurchases, dividends or other general corporate and other purposes may be limited; and
- our flexibility in planning for, or reacting to, changes in our business and our industry may be limited.

Our ability to make payments of principal of and interest on our indebtedness depends upon our future performance, which will be subject to general economic conditions, industry cycles and financial, business and other factors affecting our consolidated results of operations and financial condition, many of which are beyond our control. If we are unable to generate sufficient cash flow from operations in the future to service our debt, we may be required to, among other things:

- incur the tax cost of repatriating funds to the United States;
- seek additional financing in the debt or equity markets;
- refinance or restructure all or a portion of our indebtedness;
- sell selected assets; or
- reduce or delay planned capital or operating expenditures.

Such measures might not be sufficient to enable us to service our debt. In addition, any such financing, refinancing or sale of assets might not be available on economically favorable terms or at all.

Our revolving credit facility and the indenture pursuant to which certain of our outstanding debt securities were issued contain, and any debt instruments we enter into in the future may contain, financial and other covenants that restrict or could restrict, among other things, our business and operations. If we fail to pay amounts due under, or breach any of the covenants in, a debt instrument, then the lenders would typically have the right to demand immediate repayment of all borrowings thereunder (subject in certain cases to grace or cure period). Moreover, any such acceleration and required repayment of or default in respect of any of our indebtedness could, in turn, constitute an event of default under other debt instruments, thereby resulting in the acceleration and required repayment of that other indebtedness. Any of these events could materially adversely affect our liquidity and financial condition.

A downgrade in our credit ratings could materially adversely affect our business.

Some of our outstanding indebtedness has received credit ratings from certain rating agencies. Such ratings are limited in scope and do not purport to address all risks relating to an investment in those debt securities, but rather reflect only the view of each rating agency at the time the rating was issued. The credit ratings assigned to our debt securities could change based upon, among other things, our results of operations and financial condition. These ratings are subject to ongoing evaluation by credit rating agencies, and there can be no assurance that such ratings will not be lowered, suspended or withdrawn entirely by a rating agency or placed on a so-called “watch list” for a possible downgrade or assigned a negative ratings outlook if, in any rating agency’s judgment, circumstances so warrant. Moreover, these credit ratings are not recommendations to buy, sell or hold any of our debt securities. Actual or anticipated changes or downgrades in our credit ratings, including any announcement that our ratings are under review for a downgrade or have been assigned a negative outlook, would likely increase our borrowing costs, which could in turn have a material adverse effect on our financial condition, results of operations, cash flows and could harm our business.

Our credit ratings were downgraded as a result of the distribution of 100% of the outstanding common stock of PayPal to our stockholders (the “Distribution”), pursuant to which PayPal became an independent company. As of January 1, 2014, our long-term debt and short-term funding were rated investment grade by Standard and Poor’s Financial Services, LLC (long-term rated A, short-term rated A-1, with a stable outlook), Moody’s Investor Service (long-term rated A2, short-term rated P-1, with a stable outlook), and Fitch Ratings, Inc. (long-term rated A, short-term rated F-1, with a stable outlook). All of these credit rating agencies lowered their ratings in connection with the Distribution, which occurred on July 17, 2015. Since July 20, 2015, we have been rated investment grade by Standard and Poor’s Financial Services, LLC (long-term rated BBB+, short-term rated A-2, with a stable outlook), Moody’s Investor Service (long-term rated Baa1, short-term rated P-2, with a stable outlook), and Fitch Ratings, Inc. (long-term rated BBB, short-term rated F-2, with a stable outlook). We disclose these ratings to enhance the understanding of our sources of liquidity and the effects of these ratings on our costs of funds. Our borrowing costs depend, in part, on our credit ratings and any further actions taken by these credit rating agencies to lower our credit ratings, as described above, will likely increase our borrowing costs.

Our business may be subject to sales and other taxes.

The application of indirect taxes (such as sales and use tax, value-added tax (“VAT”), goods and services tax (including the “digital services tax”), business tax and gross receipt tax) to ecommerce businesses is a complex and evolving issue. Many of the fundamental statutes and regulations that impose these taxes were established before the adoption and growth of the Internet and ecommerce. In many cases, it is not clear how existing statutes apply to ecommerce services. In addition, many state and foreign governments are increasingly looking for ways to increase revenues, which has resulted in legislative action, including new taxes on services and gross revenues and through other indirect taxes. There are many transactions that occur during the ordinary course of business for which the ultimate tax determination is uncertain.

From time to time, some taxing authorities in the United States have notified us that they believe we owe them certain taxes imposed on our services. These notifications have not resulted in any significant tax liabilities to date, but there is a risk that some jurisdiction may be successful in the future, which would harm our business.

Similar issues exist outside of the United States, where the application of VAT or other indirect taxes on ecommerce providers is complex and evolving. While we attempt to comply in those jurisdictions where it is clear that a tax is due, some of our subsidiaries have, from time to time, received claims relating to the

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

In certain jurisdictions, we collect and remit indirect taxes on our fees and pay taxes on our purchases of goods and services. However, tax authorities may raise questions about our calculation, reporting and collection of these taxes and may ask us to remit additional taxes. Should any new taxes become applicable to our services or if the taxes we pay are found to be deficient, our business could be harmed.

We may have exposure to greater than anticipated tax liabilities.

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

In addition, our future income taxes could be adversely affected by a shift in our jurisdictional earning mix, by changes in the valuation of our deferred tax assets and liabilities, as a result of gains on our foreign exchange risk management program, or changes in tax laws, regulations, or accounting principles, as well as certain discrete items.

In light of continuing fiscal challenges in certain U.S. states and in many countries in Europe, various levels of government are increasingly focused on tax reform and other legislative action to increase tax revenue, including corporate income taxes. A number of U.S. states have attempted to increase corporate tax revenues by taking an expansive view of corporate presence to attempt to impose corporate income taxes and other direct business taxes on companies that have no physical presence in their state, and taxing authorities in foreign jurisdictions may take similar actions. Many U.S. states are also altering their apportionment formulas to increase the amount of taxable income or loss attributable to their state from certain out-of-state businesses. Similarly, in Europe, and elsewhere in the world, there are various tax reform efforts underway designed to ensure that corporate entities are taxed on a larger percentage of their earnings. Companies that operate over the Internet, such as eBay, are a target of some of these efforts. If more taxing authorities are successful in applying direct taxes to Internet companies that do not have a physical presence in their respective jurisdictions, this could increase our effective tax rate.

Our business and its users are subject to internet sales tax and sales reporting and record-keeping obligations.

The application of sales tax and other indirect taxes on cross border sales by remote sellers is continuing to change and evolve. On June 21, 2018, the U.S. Supreme Court decided *South Dakota v. Wayfair, Inc. et al*, a case challenging the current law under which online retailers are not required to collect sales and use tax unless they have a physical presence in the buyer's state. This decision will now allow states to adopt new or enforce existing laws requiring sellers to collect and remit sales and use tax, even in states in which the seller has no presence. The adoption or enforcement of any such legislation could result in a sales and use tax collection responsibility for certain of our sellers. This collection responsibility and the additional costs associated with complex sales and use tax collection, remittance and audit requirements could create additional burdens for buyers and sellers on our websites and mobile platforms and could harm our business. Similar laws imposing tax collection responsibility on foreign sellers are being considered in other countries as well. We are now jointly liable for U.K. VAT for certain non-U.K. sellers who fail to fulfill their U.K. VAT obligations unless we suspend their eBay activity until the seller resolves the matter with the U.K. VAT authority. Other jurisdictions are considering similar legislation.

Some jurisdictions have enacted laws which require marketplaces to report user activity or collect and remit taxes on certain items sold on the marketplace. For example, we are collecting Australian GST on certain imports into Australia and remitting the GST to the Australian Tax Office. Several U.S. states have enacted laws that require marketplace facilitators to collect and remit sales tax for some or all sellers using these marketplaces. The cost of complying with these new rules and the addition of taxes on certain items may harm our business.

One or more states, the U.S. federal government or foreign countries may seek to impose reporting or record-keeping obligations on companies that engage in or facilitate ecommerce. Such an obligation could be imposed by legislation intended to improve tax compliance or if one of our companies was ever deemed to be the legal agent of the users of our services by a jurisdiction in which it operates. Certain of our companies are required to report to the IRS and most states on customers subject to U.S. income tax if they reach certain payment thresholds. As a result, we are required to request tax identification numbers from certain payees, track payments by tax identification number and, under certain conditions, withhold a portion of payments and forward such withholding to the IRS. Our systems are able to meet these requirements. These obligations can increase operational costs and change our user experience.

Any failure by us to meet these requirements could result in substantial monetary penalties and other sanctions and could harm our business. Imposition of an information reporting requirement could decrease seller or buyer activity on our sites and would harm our business.

We have periodically received requests from tax authorities 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 or buyers, could decrease activity on our sites and harm our business.

Our business is subject to online security risks, including security breaches and cyberattacks.

Our businesses involve the storage and transmission of users' personal financial information. In addition, a significant number of our users authorize us to bill their payment card accounts directly for all transaction and other fees charged by us. An increasing number of websites, including those owned by several other large Internet and offline companies, have disclosed breaches of their security, some of which have involved sophisticated and highly targeted attacks on portions of their websites or infrastructure. The techniques used to obtain unauthorized access, disable, or degrade service, or sabotage systems, change frequently, may be difficult to detect for a long time, and often are not recognized until launched against a target. Certain efforts may be state sponsored and supported by significant financial and technological resources and therefore may be even more difficult to detect. As a result, we may be unable to anticipate these techniques or to implement adequate preventative measures. Unauthorized parties may also attempt to gain access to our systems or facilities through various means, including hacking into our systems or facilities, fraud, trickery or other means of deceiving our employees, contractors and temporary staff. A party that is able to circumvent our security measures could misappropriate our or our users' personal information, cause interruption or degradations in our operations, damage our computers or those of our users, or otherwise damage our reputation. In addition, our users have been and likely will continue to be targeted by parties using fraudulent "spoof" and "phishing" emails to misappropriate user names, passwords, payment card numbers, or other personal information or to introduce viruses or other malware through "trojan horse" programs to our users' computers. Our information technology and infrastructure may be vulnerable to cyberattacks or security incidents and third parties may be able to access our users' proprietary information and payment card data that are stored on or accessible through our systems. Any security breach at a company providing services to us or our users could have similar effects.

In May 2014, we publicly announced that criminals were able to penetrate and steal certain data, including user names, encrypted user passwords and other non-financial user data. Upon making this announcement, we required all buyers and sellers on our platform to reset their passwords in order to log into their account. The breach and subsequent password reset have negatively impacted the business. In July 2014, a putative class action lawsuit was filed against us for alleged violations and harm resulting from the breach. The lawsuit was recently dismissed with leave to amend. In addition, we have received requests for information and are subject to investigations regarding this incident from numerous regulatory and other government agencies across the world.

We may also need to expend significant additional resources to protect against security breaches or to redress problems caused by breaches. These issues are likely to become more difficult and costly as we expand the number of markets where we operate. Additionally, our insurance policies carry low coverage limits, which may not be adequate to reimburse us for losses caused by security breaches and we may not

be able to fully collect, if at all, under these insurance policies.

Systems failures or cyberattacks and resulting interruptions in the availability of or degradation in the performance of our websites, applications, products or services could harm our business.

Our systems may experience service interruptions or degradation due to of hardware and software defects or malfunctions, computer denial-of-service and other cyberattacks, human error, earthquakes, hurricanes, floods, fires, natural disasters, power losses, disruptions in telecommunications services, fraud, military or political conflicts, terrorist attacks, computer viruses, or other events. Our systems are also subject to break-ins, sabotage and intentional acts of vandalism. Some of our systems are not fully redundant and our disaster recovery planning is not sufficient for all eventualities.

We have experienced and will likely continue to experience system failures, denial of service attacks and other events or conditions from time to time that interrupt the availability or reduce the speed or functionality of our websites and mobile applications. These events have resulted and likely will result in loss of revenue. A prolonged interruption in the availability or reduction in the speed or other functionality of our websites and mobile applications could materially harm our business. 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. Moreover, to the extent that any system failure or similar event results in damages to our customers or their businesses, these customers could seek significant compensation from us for their losses and those claims, even if unsuccessful, would likely be time-consuming and costly for us to address. We also rely on facilities, components and services supplied by third parties and our business may be materially adversely affected to the extent these components or services do not meet our expectations or these third parties cease to provide the services or facilities. In particular, a decision by any of our third party hosting providers to close a facility that we use could cause system interruptions and delays, result in loss of critical data and cause 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 systems failures and similar events.

Acquisitions, dispositions, joint ventures, strategic partnerships and strategic investments could result in operating difficulties and could harm our business or impact our financial results.

We have acquired a significant number of businesses of varying size and scope, technologies, services, and products and have in July 2015 distributed 100% of the outstanding common stock of PayPal to our stockholders, pursuant to which PayPal became an independent company, and sold our Enterprise business in November 2015. We also expect to continue to evaluate and consider a wide array of potential strategic transactions as part of our overall business strategy, including business combinations, acquisitions, and dispositions of businesses, technologies, services, products, and other assets, as well as strategic investments and joint ventures.

These transactions may involve significant challenges and risks, including:

- the potential loss of key customers, merchants, vendors and other key business partners of the companies we acquire, or dispose of, following and continuing after announcement of our transaction plans;
- declining employee morale and retention issues affecting employees of companies that we acquire or dispose of, which may result from changes in compensation, or changes in management, reporting relationships, future prospects or the direction of the acquired or disposed business;
- difficulty making new and strategic hires of new employees;
- diversion of management time and a shift of focus from operating the businesses to the transaction, and in the case of an acquisition, integration and administration;
- the need to provide transition services to a disposed of company, which may result in the diversion of resources and focus;
- the need to integrate the operations, systems (including accounting, management, information, human resource and other administrative systems), technologies, products and personnel of each acquired company, which is an inherently risky and potentially lengthy and costly process;
- the inefficiencies and lack of control that may result if such integration is delayed or not implemented, and unforeseen difficulties and expenditures that may arise as a result;
- the need to implement or improve controls, procedures and policies appropriate for a larger public company at companies that prior to acquisition may have lacked such controls, procedures and policies or whose controls, procedures and policies did not meet applicable legal and other standards;

risks associated with our expansion into new international markets;
derivative lawsuits resulting from the acquisition or disposition;
liability for activities of the acquired or disposed of company before the transaction, including intellectual property and other litigation claims or disputes, violations of laws, rules and regulations, commercial disputes, tax liabilities and other known and unknown liabilities and, in the case of dispositions, liabilities to the acquirors of those businesses under contractual provisions such as representations, warranties and indemnities;
the potential loss of key employees following the transaction;
the acquisition of new customer and employee personal information by us or a third party acquiring assets or businesses from us, which in and of itself may require regulatory approval and or additional controls, policies and procedures and subject us to additional exposure; and
our dependence on the acquired business' accounting, financial reporting, operating metrics and similar systems, controls and processes and the risk that errors or irregularities in those systems, controls and

processes will lead to errors in our consolidated financial statements or make it more difficult to manage the acquired business.

At any given time, we may be engaged in discussions or negotiations with respect to one or more of these types of transactions and any of these transactions could be material to our financial condition and results of operations. In addition, it may take us longer than expected to fully realize the anticipated benefits of these transactions, and those benefits may ultimately be smaller than anticipated or may not be realized at all, which could adversely affect our business and operating results. Any acquisitions or dispositions may also require us to issue additional equity securities, spend our cash, or incur debt (and increased interest expense), liabilities, and amortization expenses related to intangible assets or write-offs of goodwill, which could adversely affect our results of operations and dilute the economic and voting rights of our stockholders.

We have made certain investments, including through joint ventures, in which we have a minority equity interest and/or lack management and operational control. The controlling joint venture partner in a joint venture may have business interests, strategies, or goals that are inconsistent with ours, and business decisions or other actions or omissions of the controlling joint venture partner or the joint venture company may result in harm to our reputation or adversely affect the value of our investment in the joint venture. Our strategic investments may also expose us to additional risks. Any circumstances, which may be out of our control, that adversely affect the value of our investments, or cost resulting from regulatory action or lawsuits in connection with our investments, could harm our business or negatively impact our financial results.

In connection with a commercial agreement, we entered into a warrant agreement with a service provider that entitles us to acquire a fixed number of shares of the service provider's common stock subject to certain milestones being met. This warrant is accounted for as a derivative instrument under ASC Topic 815, Derivatives and Hedging. Changes in the service provider's common stock price and equity volatility may have a significant impact on the value of this warrant. We report this warrant on a quarterly basis at fair value in our consolidated balance sheets, and changes in the fair value of this warrant are recognized in our consolidated statement of income. Fluctuations in the service provider's common stock or other changes in assumptions could result in material changes in the fair value that we report in our consolidated balance sheets and our consolidated statement of income, which could have a material impact on our financial results.

Our success largely depends on key personnel. Because competition for our key employees is intense, we may not be able to attract, retain, and develop the highly skilled employees we need to support our business. The loss of senior management or other key personnel could harm our business.

Our future performance depends substantially on the continued services of our senior management and other key personnel, including key engineering and product development personnel, and our ability to attract, retain, and motivate key personnel. Competition for key personnel is intense, especially in the Silicon Valley where our corporate headquarters are located, and we may be unable to successfully attract, integrate, or retain sufficiently qualified key personnel. In making employment decisions, particularly in the Internet and high-technology industries, job candidates often consider the value of the equity awards they would receive in connection with their employment and fluctuations in our stock price may make it more difficult to attract, retain, and motivate employees. In addition, we do not have long-term employment agreements with any of our key personnel and do not maintain any "key person" life insurance policies. The loss of the services of any of our senior management or other key personnel, or our inability to attract highly qualified senior management and other key personnel, could harm our business.

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

A number of third parties provide services to us or to our sellers. 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 sellers list items and shipping providers that deliver goods sold on our platform, among others. Financial or regulatory issues, labor issues (e.g., strikes, lockouts, or work stoppages), or other problems that prevent these companies from providing services to us or our sellers could harm our business.

Price increases by, or service terminations, disruptions or interruptions at, companies that provide services to us and our sellers and clients could also reduce the number of listings on our platforms or make it more difficult for our sellers to complete transactions, thereby harming our business. Some third parties who provide services to us or our

sellers may have or gain market power and be able to increase their prices to us without competitive constraint. While we continue to work with global carriers to offer our sellers a variety of shipping options and to enhance their shipping experience, postal rate increases may reduce the competitiveness of certain sellers' offerings, and postal service changes could require certain sellers to utilize alternatives which could be more expensive or inconvenient, which could in turn decrease the number of transactions on our sites, thereby harming our business.

We have outsourced certain functions to third-party providers, including some 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 could harm our business.

There can be no assurance that third parties who provide services directly to us or our sellers will continue to do so on acceptable terms, or at all. If any third parties were to stop providing services to us or our sellers on acceptable terms, including as a result of bankruptcy, we may be unable to procure alternatives from other third parties in a timely and efficient manner and on acceptable terms, or at all.

Our developer platforms, which are open to merchants and third-party developers, subject us to additional risks.

We provide third-party developers with access to application programming interfaces, software development kits and other tools designed to allow them to produce applications for use, with a particular focus on mobile applications. There can be no assurance that merchants or third-party developers will develop and maintain applications and services on our open platforms on a timely basis or at all, and a number of factors could cause such third-party developers to curtail or stop development for our platforms. In addition, our business is subject to many regulatory restrictions. It is possible that merchants and third-party developers who utilize our development platforms or tools could violate these regulatory restrictions and we may be held responsible for such violations, which could harm our business.

We cannot assure that we will continue to pay dividends on our common stock.

In January 2019, we initiated a quarterly cash dividend on our common stock. The timing, declaration, amount and payment of any future dividends fall within the discretion of our Board of Directors and will depend on many factors, including our available cash, working capital, financial condition, results of operations, capital requirements, covenants in our debt instruments, applicable law and other considerations that our Board of Directors considers relevant. A reduction in the amount of cash dividends on our common stock, the suspension of those dividends or a failure to meet market expectations regarding potential dividend increases could have a material adverse effect on the market price of our common stock. If we do not pay cash dividends on our common stock in the future, realization of a gain on an investment in our common stock will depend entirely on the appreciation of the price of our common stock, which may not occur.

We could incur significant liability if the Distribution is determined to be a taxable transaction.

We have received an opinion from outside tax counsel to the effect that the Distribution qualifies as a transaction that is described in Sections 355 and 368(a)(1)(D) of the Internal Revenue Code. The opinion relies on certain facts, assumptions, representations and undertakings from PayPal and us regarding the past and future conduct of the companies' respective businesses and other matters. If any of these facts, assumptions, representations or undertakings are incorrect or not satisfied, our shareholders and we may

not be able to rely on the opinion of tax counsel and could be subject to significant tax liabilities. Notwithstanding the opinion of tax counsel we have received, the IRS could determine on audit that the Distribution is taxable if it determines that any of these facts, assumptions, representations or undertakings are not correct or have been violated or if it disagrees with the conclusions in the opinion. If the Distribution is determined to be taxable for U.S. federal income tax purposes, our shareholders that are subject to U.S. federal income tax and we could incur significant U.S. federal income tax liabilities.

We may be exposed to claims and liabilities as a result of the Distribution.

We entered into a separation and distribution agreement and various other agreements with PayPal to govern the Distribution and the relationship of the two companies. These agreements provide for specific indemnity and liability obligations and could lead to disputes between us and PayPal. The indemnity rights we have against PayPal under the agreements may not be sufficient to protect us. In addition, our indemnity obligations to PayPal may be significant and these risks could negatively affect our results of operations and financial condition.

ITEM 1B: *UNRESOLVED STAFF COMMENTS*

Not applicable.

28

ITEM 2: PROPERTIES

We own and lease various properties in the U.S. and 33 other countries around the world. We use the properties for executive and administrative offices, data centers, product development offices, fulfillment centers and customer service offices. Our headquarters are located in San Jose, California and occupies approximately 0.5 million square feet. Our owned data centers are solely located in Utah. As of December 31, 2018, our owned and leased properties provided us with aggregate square footage as follows (in millions):

	United States	Other Countries	Total
Owned facilities	1.3	—	1.3
Leased facilities	0.8	4.3	5.1
Total facilities	2.1	4.3	6.4

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

ITEM 3: LEGAL PROCEEDINGS

Overview

We are involved in legal and regulatory proceedings on an ongoing basis. Many of these proceedings are in early stages and may seek an indeterminate amount of damages. If we believe that a loss arising from such matters is probable and can be reasonably estimated, we accrue the estimated liability in our financial statements. If only a range of estimated losses can be determined, we accrue an amount within the range that, in our judgment, reflects the most likely outcome; if none of the estimates within that range is a better estimate than any other amount, we accrue the low end of the range. For those proceedings in which an unfavorable outcome is reasonably possible but not probable, we have disclosed an estimate of the reasonably possible loss or range of losses or we have concluded that an estimate of the reasonably possible loss or range of losses arising directly from the proceeding (i.e., monetary damages or amounts paid in judgment or settlement) is not material. If we cannot estimate the probable or reasonably possible loss or range of losses arising from a proceeding, we have disclosed that fact. In assessing the materiality of a proceeding, we evaluate, among other factors, the amount of monetary damages claimed, as well as the potential impact of non-monetary remedies sought by plaintiffs (e.g., injunctive relief) that may require us to change our business practices in a manner that could have a material adverse impact on our business. With respect to the matters disclosed in this Item 3, we are unable to estimate the possible loss or range of losses that could potentially result from the application of such non-monetary remedies.

Amounts accrued for legal and regulatory proceedings for which we believe a loss is probable were not material for the year ended December 31, 2018. Except as otherwise noted for the proceedings described in this Item 3, we have concluded, based on currently available information, that reasonably possible losses arising directly from the proceedings (i.e., monetary damages or amounts paid in judgment or settlement) in excess of our recorded accruals are also not material. However, legal and regulatory proceedings are inherently unpredictable and subject to significant uncertainties. If one or more matters were resolved against us in a reporting period for amounts in excess of management's expectations, the impact on our operating results or financial condition for that reporting period could be material.

General Matters

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 patent disputes, and expect that we could be subject to additional patent infringement claims involving various aspects of our business as our products and services continue to expand in scope and complexity. Such claims may be brought directly or indirectly against our companies and/or against our customers (who may be entitled to contractual indemnification under their contracts with us), and we are subject to increased exposure to such claims as a result of our acquisitions and divestitures and in cases where we are entering new lines of business. 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 the scope of our business (both in terms of the range of products and services that we offer and our geographical operations) and 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 patent, copyright or trademark laws will be filed against us. Intellectual property claims, whether meritorious or not, are time consuming and costly to defend and resolve, could require expensive changes in our methods of doing business or could require us to enter into costly royalty or licensing agreements on unfavorable terms.

From time to time, we are involved in other disputes or regulatory inquiries that arise in the ordinary course of business, including suits by our users (individually or as class actions) alleging, among other things, improper disclosure of our prices, rules or policies, that our practices, prices, rules, policies or customer/user agreements violate applicable law or that we have acted unfairly and/or not acted in conformity with such practices, prices, rules, policies or agreements. Further, the number and significance of these disputes and inquiries are increasing as the political and regulatory landscape changes and, as we have grown larger, our businesses have expanded in scope (both in terms of the range of products and services that we offer and our geographical operations) and our products and services have increased in complexity. Any claims or regulatory actions against us, whether meritorious or not, could be time consuming, result in costly litigation, damage awards (including statutory damages for certain causes of action in certain jurisdictions), injunctive relief or increased costs of doing business through adverse judgment or settlement, require us to change our business practices in expensive ways, require significant amounts of management time, result in the diversion of significant operational resources or otherwise harm our business.

Indemnification Provisions

We entered into a separation and distribution agreement and various other agreements with PayPal to govern the separation and relationship of the two companies. These agreements provide for specific indemnity and liability obligations and could lead to disputes between us and PayPal, which may be significant. In addition, the indemnity rights we have against PayPal under the agreements may not be sufficient to protect us and our indemnity obligations to PayPal may be significant.

In addition, 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.

In the ordinary course of business, we have included limited indemnification provisions in certain of our agreements with parties with which 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 certain cases, we have agreed to provide indemnification for intellectual property infringement. 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, losses recorded in our consolidated statement of income in connection with our indemnification provisions have not been significant, either individually or collectively.

ITEM 4: MINE SAFETY DISCLOSURES

Not applicable.

PART II

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

Common Stock

Our common stock has been traded on The Nasdaq Global Select Market under the symbol "EBAY" since September 24, 1998. As of January 25, 2019, there were approximately 3,661 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

To date, we have not paid cash dividends on our stock. In January 2019, our Board of Directors initiated a quarterly cash dividend of \$0.14 per share of common stock to be paid on or about March 20, 2019 to shareholders of record as of March 1, 2019. The timing, declaration, amount and payment of any future cash dividends are at the discretion of the Board of Directors and will depend on many factors, including our available cash, working capital, financial condition, results of operations, capital requirements, covenants in our credit agreement, applicable law and other business considerations that our Board of Directors considers relevant. See "We cannot assure that we will continue to pay dividends on our common stock" under "Item 1A. Risk Factors."

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, 2013 (the last trading day for the year ended December 31, 2013) in (i) our common stock, (ii) the Nasdaq Composite Index, (iii) the S&P 500 Index and (iv) the S&P 500 Information Technology Index. For the purpose of this graph, the distribution of 100% of the outstanding common stock of PayPal Holdings, Inc. ("PayPal") to our stockholders, pursuant to which PayPal became an independent company, is treated as a non-taxable cash dividend of \$41.46, an amount equal to the opening price of PayPal common stock on July 20, 2015 which was deemed reinvested in eBay common stock at the opening price on July 20, 2015.

Our stock price performance shown in the graph below is not indicative of future stock price performance. The 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 past or future filing with the SEC, except to the extent that such filing specifically states that such graph and related information are incorporated by reference into such filing.

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

Stock repurchase activity during the three months ended December 31, 2018 was as follows:

Period Ended	Total Number of Shares Purchased	Average Price Paid per Share ⁽²⁾	Total Number of Shares Purchased as Part of Publicly Announced Programs	Maximum Dollar Value that May Yet be Purchased Under the Programs ⁽¹⁾
October 31, 2018	—	\$ —	—	\$4,650,996,317
November 30, 2018	28,893,212	\$ 28.96	28,893,212	\$3,814,130,578
December 31, 2018	22,930,017	\$ 28.91	22,930,017	\$3,151,117,766
	51,823,229		51,823,229	

(1) In January 2018 our Board authorized a \$6.0 billion stock repurchase program. The stock repurchase program has no expiration from the date of authorization.

Our stock repurchase program is intended to programmatically offset the impact of dilution from our equity compensation programs and, subject to market conditions and other factors, to make opportunistic and programmatic repurchases of our common stock to reduce our outstanding share count. Any share repurchases under our stock repurchase program may be made through open market transactions, block trades, privately negotiated transactions (including accelerated share repurchase transactions) or other means at times and in such amounts as management deems appropriate and will be funded from our working capital or other financing alternatives.

During the three months ended December 31, 2018, we repurchased approximately \$1.5 billion of our common stock under our stock repurchase program. As of December 31, 2018, a total of approximately \$3.2 billion remained available for future repurchases of our common stock under our stock repurchase program. In January 2019, our Board authorized an additional \$4.0 billion stock repurchase program, with no expiration from the date of authorization.

We expect, subject to market conditions and other uncertainties, to continue making opportunistic and programmatic repurchases of our common stock. However, our stock repurchase programs may be limited or terminated at any time without prior notice. 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 and management's determination as to the appropriate use of our cash.

(2) Excludes broker commissions.

ITEM 6: SELECTED FINANCIAL DATA

The following selected consolidated financial 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 data for the years ended December 31, 2018, 2017 and 2016 are derived from our audited consolidated financial statements. The consolidated balance sheet data as of December 31, 2018 and 2017 are derived from our audited consolidated financial statements. The consolidated balance sheet data as of December 31, 2016 has been derived from our audited consolidated financial statements adjusted for the adoption of the ASC 606, *Revenue from Contracts with Customers* (ASC 606). The consolidated statement of income data and consolidated balance sheet data as of and for the years ended December 31, 2015 and 2014 are derived from our audited consolidated financial statements, which have not been adjusted for ASC 606.

	Year Ended December 31,				
	2018 ⁽⁵⁾	2017 (3)(6)	2016 (3)(7)	2015	2014 ⁽⁸⁾
	(In millions, except per share amounts)				
Consolidated Statement of Income Data: ⁽¹⁾					
Net revenues	\$ 10,746	\$ 9,927	\$ 9,298	\$ 8,592	\$ 8,790
Gross profit	8,364	7,706	7,294	6,821	7,127
Income from operations	2,222	2,264	2,325	2,197	2,476
Income from continuing operations before income taxes	2,718	2,275	3,651	2,406	2,515
Income (loss) from continuing operations	2,528	(1,013)	7,285	1,947	(865)
Income (loss) per share from continuing operations:					
Basic	\$2.58	\$(0.95)	\$6.43	\$1.61	\$(0.69)
Diluted	\$2.55	\$(0.95)	\$6.37	\$1.60	\$(0.69)
Weighted average shares:					
Basic	980	1,064	1,133	1,208	1,251
Diluted	991	1,064	1,144	1,220	1,251

	As of December 31,				
	2018 ⁽⁵⁾	2017 ⁽³⁾ ⁽⁶⁾	2016 ⁽³⁾ ⁽⁷⁾	2015	2014 ⁽⁸⁾
Consolidated Balance Sheet Data: ⁽¹⁾					
Cash and cash equivalents	\$2,202	\$2,120	\$1,816	\$1,832	\$4,105
Short-term investments	2,713	3,743	5,333	4,299	3,730
Long-term investments	3,778	6,331	3,969	3,391	5,736
Working capital - continuing operations	2,672	4,185	5,010	5,641	4,463
Working capital - discontinued operations	—	—	—	—	4,537
Working capital total ⁽²⁾	2,672	4,185	5,010	5,641	9,000
Total assets - continuing operations	22,819	25,986	23,851	17,785	21,716
Total assets - discontinued operations	—	—	—	—	23,416
Total assets	22,819	25,986	23,851	17,785	45,132
Short-term debt	1,546	781	1,451	—	850
Long-term debt	7,685	9,234	7,509	6,779	6,777
Total stockholders' equity ⁽⁴⁾	6,281	8,049	10,526	6,576	19,906

(1) Includes the impact of acquisitions and dispositions. For a summary of recent significant acquisitions and dispositions, please see "Note 3 - Business Combinations" to the consolidated financial statements included in this report.

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

(3) Reflects the impact of the adoption of the new revenue recognition accounting standard in 2018. Periods prior to 2016 have not been revised.

(4) Includes the impact of the Distribution of PayPal on July 17, 2015.

(5) The consolidated balance sheet data as of December 31, 2018 includes the impact of a \$463 million reduction to the provisional current and deferred tax liabilities recorded in the fourth quarter of 2017 and a \$120 million reduction in 2018 to the deferred tax asset recognized in 2017 as a result of a tax rate change. The consolidated statement of income data for the year ended December 31, 2018 includes a \$463 million income tax benefit and \$120 million tax expense associated with such current and deferred tax liabilities and assets, respectively.

(6) The consolidated balance sheet data as of December 31, 2017 includes the impact of a \$695 million deferred tax asset recognized in 2017 as a result of our voluntary domiciling our Classifieds intangible assets into a new jurisdiction. The consolidated statement of income data for the year ended December 31, 2017 includes a \$695 million income tax benefit associated with such deferred tax asset, \$376 million caused by the foreign exchange remeasurement of our deferred tax assets and a \$3.1 billion provisional tax expense associated with the enactment of the Tax Cuts and Jobs Act.

(7) The consolidated balance sheet data for the year ended December 31, 2016 includes the impact of a \$4.6 billion deferred tax asset recognized in 2016 as a result of our election to terminate an existing tax ruling and finalize a new agreement with the foreign tax authority. The consolidated statement of income data for the year ended December 31, 2016 includes a \$4.6 billion income tax benefit associated with such deferred tax asset.

(8) The consolidated statement of income data for the year ended December 31, 2014 includes an income tax provision of approximately \$3.0 billion to recognize deferred tax liabilities on \$9.0 billion of undistributed foreign earnings of certain of our foreign subsidiaries for 2013.

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, future results of operations or financial condition, new or planned features or services, or management strategies). You can identify these forward-looking statements by words such as "may," "will," "would," "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 in our consolidated financial statements, related notes, and the other information appearing elsewhere in this report and our other filings with the Securities and Exchange Commission. 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 included in this report.

OVERVIEW

Business

eBay Inc. is a global commerce leader, which includes our Marketplace, StubHub and Classifieds platforms. Our Marketplace platforms include our online marketplace located at www.ebay.com, its localized counterparts and the eBay suite of mobile apps. Our StubHub platforms include our online ticket platform located at www.stubhub.com, its localized counterparts and the StubHub mobile apps. Our Classifieds platforms include a collection of brands such as Mobile.de, Kijiji, Gumtree, Marktplaats, eBay Kleinanzeigen and others.

Seasonality

We expect transaction activity patterns on our platforms to mirror general consumer buying patterns and expect that these trends will continue. The following table sets forth, for the periods presented, our total net revenues and the sequential quarterly movements of these net revenues (in millions, except percentages):

	Quarter Ended			
	March 31	June 30	September 30	December 31
2016				
Net revenues	\$2,216	\$2,309	\$2,299	\$2,474
Percent change from prior quarter	(5)%	4 %	0 %	8 %
2017				
Net revenues	\$2,303	\$2,419	\$2,498	\$2,707
Percent change from prior quarter	(7)%	5 %	3 %	8 %
2018				
Net revenues	\$2,580	\$2,640	\$2,649	\$2,877

Edgar Filing: EBAY INC - Form 10-K

Percent change from prior quarter (5)% 2 % 0 % 9 %

36

Impact of Foreign Currency Exchange Rates

Our commerce platforms operate globally, resulting in certain revenues that are denominated in foreign currencies, primarily the euro, British pound, Korean won and Australian dollar, subjecting us to foreign currency risk which may impact our financial results. Because of this and the fact that we generate a majority of our net revenues internationally, including during the years ended December 31, 2018, 2017 and 2016, we are subject to the risks related to doing business in foreign countries as discussed under “Item 1A: Risk Factors.”

In addition to the corresponding measures under generally accepted accounting principles (“GAAP”), management uses non-GAAP measures in reviewing our financial results. The foreign exchange neutral (“FX-Neutral”), or constant currency, net revenue amounts discussed below are non-GAAP financial measures and are not in accordance with, or an alternative to, measures prepared in accordance with GAAP. Accordingly, the FX-Neutral information appearing in the following discussion of our results of operations should be read in conjunction with the information provided below in “*Non-GAAP Measures of Financial Performance*,” which includes reconciliations of FX-Neutral financial measures to the most directly comparable GAAP measures. We calculate the year-over-year impact of foreign currency movements using prior period foreign currency rates applied to current year transactional currency amounts.

The effect of foreign currency exchange rate movements during 2018 was primarily attributable to the weakening of the U.S. dollar against the euro, British pound and Korean won.

Fiscal Year Highlights

Net revenues increased 8% to \$10.7 billion in 2018 compared to 2017, primarily driven by Marketplace net transaction revenues and Classifieds marketing services and other revenues. FX-Neutral net revenue (as defined below) increased 6% in 2018 compared to 2017. Operating margin decreased to 20.7% in 2018 compared to 22.8% in 2017.

In the third quarter of 2018, we sold our investment in Flipkart and received gross proceeds of \$1.0 billion. We generated cash flow from continuing operating activities of \$2.7 billion in 2018 compared to \$3.1 billion in 2017, ending the year with cash, cash equivalents and non-equity investments of \$8.6 billion.

In the fourth quarter of 2018, we completed our analysis of the impacts of U.S. tax reform in the fourth quarter and recognized a \$463 million reduction to the provisional tax amounts recorded in the fourth quarter of 2017, which is included as a component of income tax expense from continuing operations.

Diluted earnings per share from continuing operations was \$2.55 in 2018 compared to diluted loss per share of \$0.95 in 2017. In January 2019, our Board of Directors initiated a quarterly cash dividend of \$0.14 per share of common stock to be paid on or about March 20, 2019 to shareholders of record as of March 1, 2019.

RESULTS OF OPERATIONS**Net Revenues**

We generate two types of net revenues: net transaction revenues and marketing services and other (“MS&O”) revenues. Net transaction revenues are derived principally from final value fees (which are fees payable on transactions closed on our Marketplace and StubHub platforms), listing fees and other service fees. MS&O revenues consist of Marketplace, StubHub and Classifieds revenue principally from the sale of advertisements, vehicles classifieds listing on Marketplace platforms, revenue sharing arrangements, classifieds fees and marketing service fees. Revenues are attributed to U.S. and international geographies primarily based upon the country in which the seller, platform that displays advertising, other service provider or customer, as the case may be, is located. To drive traffic to our platforms, we provide incentives to our users, including discounts, coupons and rewards. If an incentive is considered a payment to a customer it is treated as a reduction in revenue.

The following table presents net revenues by type and geography (in millions, except percentages):

	Year Ended December 31,					
	2018	% Change	2017	% Change	2016	
Net Revenues by Type:						
Net transaction revenues:						
Marketplace ⁽¹⁾	\$7,416	9 %	\$6,809	6 %	\$6,425	
StubHub	1,068	6 %	1,011	8 %	938	
Total net transaction revenues	8,484	8 %	7,820	6 %	7,363	
Marketing services and other revenues:						
Marketplace	1,225	3 %	1,192	5 %	1,137	
Classifieds	1,022	14 %	897	13 %	791	
StubHub, Corporate and other	15	(17)%	18	**	7	
Total marketing services and other revenues	2,262	7 %	2,107	9 %	1,935	
Total net revenues	\$10,746	8 %	\$9,927	7 %	\$9,298	
Net Revenues by Geography:						
U.S.	\$4,373	4 %	\$4,187	6 %	\$3,967	
International	6,373	11 %	5,740	8 %	5,331	
Total net revenues	\$10,746	8 %	\$9,927	7 %	\$9,298	

** Not meaningful

Marketplace net transaction revenues were net of \$8 million and \$28 million of hedging activity in 2018 and 2017, respectively. There were no (1) hedging activities within net revenues during 2016. See Item 7A. Quantitative and Qualitative Disclosures about Market Risk for further discussion of our hedging activity.

The following table presents certain key operating metrics that we believe are significant factors affecting our net transaction revenues (in millions, except percentages):

	Year Ended December 31,					
	2018	% Change	2017	% Change	2016	
Supplemental Operating Data:						
GMV ⁽¹⁾ :						
Marketplace	\$89,829	7	% \$83,883	6	% \$79,178	
StubHub	4,751	5	% 4,520	5	% 4,310	
Total GMV	\$94,580	7	% \$88,403	6	% \$83,488	
Transaction take rate:						
Marketplace ⁽²⁾	8.25	% 0.13	% 8.12	% 0.01	% 8.11	%
StubHub ⁽³⁾	22.48	% 0.11	% 22.37	% 0.60	% 21.77	%
Total transaction take rate ⁽⁴⁾	8.97	% 0.12	% 8.85	% 0.03	% 8.82	%

We define Gross Merchandise Volume ("GMV") as the total value of all successfully closed transactions between users on our Marketplace and StubHub platforms during the applicable period regardless of whether the buyer and seller actually consummated the transaction. We believe that GMV provides a useful measure of the overall volume of closed transactions that flow through our platforms in a given period, notwithstanding the inclusion in GMV of closed transactions that are not ultimately consummated.

(1) We define Marketplace transaction take rate as Marketplace net transaction revenues divided by Marketplace GMV.

(2) We define StubHub transaction take rate as StubHub net transaction revenues divided by StubHub GMV.

(3) We define total transaction take rate as total net transaction revenues divided by GMV.

Net Transaction Revenues

The following table presents total net transaction revenues and supplemental operating data (in millions, except percentages):

	Year Ended December 31,			Year Ended December 31,				
	2018	2017	% Change	2017	2016	% Change		
			As Reported	As Reported	As Reported	FX-Neutral		
Total net transaction revenues	8,484	7,820	8 %	7 %	7,820	7,363	6 %	7 %
Percentage of net revenues	79	% 79	%		79	% 79	%	
Total GMV	94,580	88,403	7 %	5 %				