

EBAY INC  
Form 10-Q  
April 27, 2016

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

Form 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF  
1934

For the quarterly period ended March 31, 2016

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF  
1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 001-37713

eBay Inc.  
(Exact  
name of  
registrant  
as specified  
in its  
charter)

Delaware	77-0430924
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

2065 Hamilton Avenue	95125
San Jose, California	
(Address of principal executive offices) (Zip Code)	
(408) 376-7400	
(Registrant's telephone number, including area code)	

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Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post such files). Yes  No

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

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

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

As of April 22, 2016, there were 1,148,904,240 of the registrant’s common stock, \$0.001 par value, outstanding, which is the only class of common or voting stock of the registrant issued.

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## PART I: FINANCIAL INFORMATION

## Item 1: Financial Statements

eBay Inc.

## CONDENSED CONSOLIDATED BALANCE SHEET

	March 31, 2016	December 31, 2015
	(In millions, except par value amounts) (Unaudited)	
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 2,686	\$ 1,832
Short-term investments	5,327	4,299
Accounts receivable, net	599	619
Other current assets	1,091	1,154
Total current assets	9,703	7,904
Long-term investments	3,370	3,391
Property and equipment, net	1,497	1,554
Goodwill	4,519	4,451
Intangible assets, net	82	90
Other assets	437	365
Total assets	\$ 19,608	\$ 17,755
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Short-term debt	\$ 6	\$ —
Accounts payable	275	349
Accrued expenses and other current liabilities	1,651	1,736
Deferred revenue	115	106
Income taxes payable	60	72
Total current liabilities	2,107	2,263
Deferred and other tax liabilities, net	2,080	2,092
Long-term debt	9,030	6,749
Other liabilities	74	75
Total liabilities	13,291	11,179
Commitments and contingencies (Note 10)		
Stockholders' equity:		
Common stock, \$0.001 par value; 3,580 shares authorized; 1,143 and 1,184 shares outstanding	2	2
Additional paid-in capital	14,627	14,538
Treasury stock at cost, 486 and 443 shares	(17,204 )	(16,203 )
Retained earnings	8,207	7,713
Accumulated other comprehensive income	685	526
Total stockholders' equity	6,317	6,576
Total liabilities and stockholders' equity	\$ 19,608	\$ 17,755

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

eBay Inc.

## CONDENSED CONSOLIDATED STATEMENT OF INCOME

	Three Months Ended March 31, 2016    2015	
	(In millions, except per share amounts) (Unaudited)	
Net revenues	\$2,137	\$2,061
Cost of net revenues	477	411
Gross profit	1,660	1,650
Operating expenses:		
Sales and marketing	538	519
Product development	239	221
General and administrative	209	302
Provision for transaction losses	52	69
Amortization of acquired intangible assets	8	10
Total operating expenses	1,046	1,121
Income from operations	614	529
Interest and other, net	(23 )	10
Income from continuing operations before income taxes	591	539
Provision for income taxes	(109 )	(90 )
Income from continuing operations	\$482	\$449
Income from discontinued operations, net of income taxes	—	177
Net income	\$482	\$626
Income per share - basic:		
Continuing operations	\$0.42	\$0.37
Discontinued operations	—	0.14
Net income per share - basic	\$0.42	\$0.51
Income per share - diluted:		
Continuing operations	\$0.41	\$0.37
Discontinued operations	—	0.14
Net income per share - diluted	\$0.41	\$0.51
Weighted average shares:		
Basic	1,159	1,216
Diluted	1,170	1,229

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

eBay Inc.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Three Months Ended March 31, 2016 2015 (In millions) (Unaudited)	
Net income	\$482	\$626
Other comprehensive income (loss), net of reclassification adjustments:		
Foreign currency translation gain (loss)	154	(265 )
Unrealized gains (losses) on investments, net	23	(22 )
Tax benefit (expense) on unrealized gains (losses) on investments, net	(21 )	9