



## EMPIRE RELATIONS GROUP PRESENTS THE

Oct. 5, 2004  
Non-Client

# GOLD STAR REPORT™

### **About Us**

*eBay Inc. operates the world's most successful online trading platform enabling sellers to list items for sale in a topically arranged format while buyers bid for these items anywhere in the world, anytime of the day, in either a fixed price or auction format. In addition, eBay owns Paypal, the Internet-based global payments solution available in 38 countries.*

### **Key Points**

- ◆ *Established brand name recognition on the Internet.*
- ◆ *Operates the world's largest online auction.*
- ◆ *Profitable with significant revenue growth potential.*
- ◆ *Significant cash position.*
- ◆ *Excellent Management Team.*

### **Disclaimer**

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### **Overview**

As with so many tales of the most successful enterprises, the eBay story began with a very simple idea. Pierre Omidyar designed a website in 1995 to help his fiancée purchase PEZ dispensers on the still nascent Internet. By June 1996, he was generating \$10,000 per month in revenues and the eBay story was launched.

eBay Inc. ("eBay") is not simply an Internet success story; eBay is one of the most successful businesses ever to be introduced to investors and consumers worldwide. Since November 13, 1998 when eBay filed their first 10Q with the United States Securities and Exchange Commission, the Company has never posted a net loss while returning 20% average sequential quarterly revenue growth.

In the Company's most recent 10K filed with the United States Securities and Exchange Commission, the Company states, "We intend to achieve our mission of becoming the world's most efficient and abundant marketplace by creating marketplace conditions that enable our users' success." Empire Relations Group believes that mission has already been accomplished.

As we reflect back to the year 2000 when dotcom startups were sprouting throughout the world like mosquitoes in a marshland, most of these dotcoms disappeared without an even quick good-bye. For the short sellers, eBay was the one mosquito that would just never go away. There is indisputable truth to the argument that says, "The Internet has no barrier of entry." However, in order to operate a successful online marketplace based on an auction format, you need large numbers of items listed on the site and even greater numbers of buyers to create that bidding process. In order to create what eBay is now perfecting, you need an already successful site such as an MSN or you need an inordinate amount of capital behind your company to create the traffic that is critical to the auction process. A most successful investor who we'll leave unnamed for the purposes of this Gold Star Report once asked about one of his most successful investments while he was initially considering the investment, "How much would it cost to replace this business?" One could ask the same question of eBay.

eBay operates the world's most successful online trading platform enabling sellers to list items for sale in a topically arranged format while buyers bid for these items anywhere in the world, anytime of the day, in either a fixed price or auction format. Any visitor to eBay can browse through the items listed for sale on the eBay service. However, in order to sell or buy any item, one must register with eBay by completing an online registration form. In addition, eBay owns Paypal, the global payments system which utilizes an email-driven online payment system available to users in 38 countries. The Paypal system allows users on sites throughout the Internet to exchange funds simply by registering on the Paypal network.

Although eBay, Inc. offers great opportunities, this is not the only criterion that should be considered before making an investment in this security. Before making an investment in this security, we advise that you seek consultation with a qualified investment professional. [Please read the disclaimer printed in this page.](#)

## Key Information

## Products

The eBay trading platform allows sellers to list items for sale in either an auction or fixed price format while buyers bid for and purchase these items from anyplace in the world at anytime. The eBay platform is composed of a scalable transaction processing system, consumer user interface, and externally accessible Application Programming Interface, or API, for third-party integrations

In order to bid on, list or purchase any item on eBay, a user must first complete a short registration form. Registered users can sell an item on eBay by listing the item and stating a minimum bid price. Qualified sellers can invoke the "buy it now" option which creates a fixed price in which the seller is willing to sell the item at now. Browsers can search for items on eBay either through a category search or through a keyword search using the eBay search engine. Users can also search for item(s) through the seller's name. Once an item is found on eBay, a registered user can either bid for the item or use the "Buy it now" feature if available for a particular item. At June 30, 2004, eBay had 114 million cumulative confirmed registered users.

eBay's Paypal online payment network allows users in 38 countries to send and receive online payments securely, conveniently and cost-effectively. Senders of money through the Paypal system send money by funding payments through credit/debit cards, bank accounts or through an existing Paypal balance. Paypal charges the receiver of funds through the Paypal network.

## In the News

**September 8, 2004** - The Company announced that it has filed a tender offer in Korea to acquire publicly held Internet Auction, Co., Ltd.

**August 13, 2004** - The Company announced that it has acquired a preexisting minority ownership in craigslist

**August 2, 2004** - The Company announced that it completed a previously announced acquisition of Baazee.com and its subsidiary for US \$50 million in cash plus acquisition costs.

**July 21, 2004** - The Company reported financial results for the quarter ended June 30, 2004. For the quarter, the Company reported revenues of \$773,412,000 and net income of \$190,395,000 as compared to revenues of \$509,269,000 and net income of \$91,868,000 for the same period in the previous year.

**April 21, 2004** - For the quarter ended March 31, 2004, the Company reported revenues of \$756,239,000 and net income of \$200,100,000 as compared to revenues of \$476,492,000 and net income of \$104,191,000 for the same period in the previous year.

### Stock Information

Current Stock Price	\$92.44
52 Week Low	\$50.63
52 Week High	\$95.89
Stock Symbol	EBAY
Exchange	NASDAQ
Shares Outstanding	660,742,000

### Financial Information

Revenues	\$2,165,096,000 (12/31)
Net Income	\$441,771,000 (12/31)
Total Cash and equivalents	\$1,381,513,000
Total Assets	\$5,820,134,000
Current Liabilities	\$647,276,000
Long Term Liabilities	\$124,476,000
Total Liabilities	\$923,892,000

### Management

Pierre Omidyar	Chairman
Margaret C. Whitman	CEO, Pres., Director
Martin L. Abbott	SVP, Technology
Matthew J. Bannick	SVP, Global Payments
William C. Cobb	SVP, eBay International
Rajiv Dutta	SVP, CFO
Michael R. Jacobson	SVP, General Counsel
Jeffrey D. Jordan	SVP, eBay N. America
Lynn M. Reedy	SVP, Product Develop.
Maynard G. Webb Jr.	COO
Fred D. Anderson Jr.	Director
Philippe Bourguignon	Director
Scott D. Cook	Director
Robert C. Cagle	Director
Dawn G. Lepore	Director
Thomas J. Tierney	Director

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