

PART II: FINANCIAL INFORMATION

Item 8: Financial Statements

eBay Inc.

CONSOLIDATED BALANCE SHEET

	December 31, 2015	December 31, 2014
	(In millions, except par value amounts)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,832	\$ 4,105
Short-term investments	4,299	3,730
Accounts receivable, net	619	600
Other current assets	1,154	1,048
Current assets of discontinued operations	—	17,048
Total current assets	7,904	26,531
Long-term investments	3,391	5,736
Property and equipment, net	1,554	1,486
Goodwill	4,451	4,671
Intangible assets, net	90	133
Other assets	395	207
Long-term assets of discontinued operations	—	6,368
Total assets	<u>\$ 17,785</u>	<u>\$ 45,132</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Short-term debt	\$ —	\$ 850
Accounts payable	349	107
Accrued expenses and other current liabilities	1,736	3,830
Deferred revenue	106	108
Income taxes payable	72	125
Current liabilities of discontinued operations	—	12,511
Total current liabilities	2,263	17,531
Deferred and other tax liabilities, net	2,092	522
Long-term debt	6,779	6,777
Other liabilities	75	79
Long-term liabilities of discontinued operations	—	317
Total liabilities	<u>11,209</u>	<u>25,226</u>
Commitments and contingencies (Note 13)		
Stockholders' equity:		
Common stock, \$0.001 par value; 3,580 shares authorized; 1,184 and 1,224 shares outstanding	2	2
Additional paid-in capital	14,538	13,887
Treasury stock at cost, 443 and 384 shares	(16,203)	(14,054)
Retained earnings	7,713	18,900
Accumulated other comprehensive income	526	1,171
Total stockholders' equity	<u>6,576</u>	<u>19,906</u>
Total liabilities and stockholders' equity	<u>\$ 17,785</u>	<u>\$ 45,132</u>

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

eBay Inc.
CONSOLIDATED STATEMENT OF INCOME

	Year Ended December 31,		
	2015	2014	2013
	(In millions, except per share amounts)		
Net revenues	\$8,592	\$ 8,790	\$8,257
Cost of net revenues	1,771	1,663	1,492
Gross profit	6,821	7,127	6,765
Operating expenses:			
Sales and marketing	2,267	2,442	2,144
Product development	923	983	915
General and administrative	1,122	889	880
Provision for transaction losses	271	262	236
Amortization of acquired intangible assets	41	75	136
Total operating expenses	4,624	4,651	4,311
Income from operations	2,197	2,476	2,454
Interest and other, net	209	39	117
Income from continuing operations before income taxes	2,406	2,515	2,571
Provision for income taxes	(459)	(3,380)	(504)
Income (loss) from continuing operations	\$1,947	\$ (865)	\$2,067
Income (loss) from discontinued operations, net of income taxes	(222)	911	789
Net income	<u>\$1,725</u>	<u>\$ 46</u>	<u>\$2,856</u>
Income (loss) per share — basic:			
Continuing operations	\$ 1.61	\$ (0.69)	\$ 1.60
Discontinued operations	(0.18)	0.73	0.60
Net income per share — basic	<u>\$ 1.43</u>	<u>\$ 0.04</u>	<u>\$ 2.20</u>
Income (loss) per share — diluted:			
Continuing operations	\$ 1.60	\$ (0.69)	\$ 1.58
Discontinued operations	(0.18)	0.73	0.60
Net income per share — diluted	<u>\$ 1.42</u>	<u>\$ 0.04</u>	<u>\$ 2.18</u>
Weighted average shares:			
Basic	<u>1,208</u>	<u>1,251</u>	<u>1,295</u>
Diluted	<u>1,220</u>	<u>1,251</u>	<u>1,313</u>

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eBay Inc.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Year Ended December 31,		
	2015	2014	2013
	(In millions)		
Cash flows from operating activities:			
Net income	\$ 1,725	\$ 46	\$ 2,856
(Income) loss from discontinued operations, net of income taxes	222	(911)	(789)
Adjustments:			
Provision for transaction losses	271	262	236
Depreciation and amortization	687	682	660
Stock-based compensation	379	344	298
Gain on sale of investments	(195)	(12)	(75)
Deferred income taxes	(32)	2,744	(33)
Excess tax benefits from stock-based compensation	(74)	(75)	(112)
Changes in assets and liabilities, net of acquisition effects			
Accounts receivable	(105)	51	(89)
Other current assets	(143)	(36)	(367)
Other non-current assets	143	(3)	(105)
Accounts payable	226	81	(13)
Accrued expenses and other liabilities	(202)	(81)	274
Deferred revenue	9	4	2
Income taxes payable and other tax liabilities	(34)	132	189
Net cash provided by continuing operating activities	<u>2,877</u>	<u>3,228</u>	<u>2,932</u>
Net cash provided by discontinued operating activities	<u>1,156</u>	<u>2,449</u>	<u>2,063</u>
Net cash provided by operating activities	<u>4,033</u>	<u>5,677</u>	<u>4,995</u>
Cash flows from investing activities:			
Purchases of property and equipment	(668)	(622)	(678)
Purchases of investments	(6,744)	(8,752)	(6,889)
Maturities and sales of investments	6,781	8,115	3,622
Acquisitions, net of cash acquired	(24)	(55)	(138)
Repayment of note receivable and sale of related equity investments	—	—	485
Other	(18)	(11)	(22)
Net cash used in continuing investing activities	<u>(673)</u>	<u>(1,325)</u>	<u>(3,620)</u>
Net cash used in discontinued investing activities	<u>(2,938)</u>	<u>(1,348)</u>	<u>(2,392)</u>
Net cash used in investing activities	<u>(3,611)</u>	<u>(2,673)</u>	<u>(6,012)</u>
Cash flows from financing activities:			
Proceeds from issuance of common stock	221	300	437
Repurchases of common stock	(2,149)	(4,658)	(1,343)
Excess tax benefits from stock-based compensation	74	75	112
Tax withholdings related to net share settlements of restricted stock awards and units	(245)	(252)	(267)
Proceeds from issuance of long-term debt, net	—	3,482	—
Repayment of debt	(850)	—	(400)
Other	(11)	6	30
Net cash used in continuing financing activities	<u>(2,960)</u>	<u>(1,047)</u>	<u>(1,431)</u>
Net cash provided by (used in) discontinued financing activities	<u>(1,594)</u>	<u>25</u>	<u>77</u>
Net cash used in financing activities	<u>(4,554)</u>	<u>(1,022)</u>	<u>(1,354)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(364)</u>	<u>(148)</u>	<u>48</u>
Net increase (decrease) in cash and cash equivalents	<u>(4,496)</u>	<u>1,834</u>	<u>(2,323)</u>
Cash and cash equivalents at beginning of period	<u>6,328</u>	<u>4,494</u>	<u>6,817</u>
Cash and cash equivalents at end of period	\$ 1,832	\$ 6,328	\$ 4,494
Less: Cash and cash equivalents of discontinued operations — Enterprise	—	29	47
Less: Cash and cash equivalents of discontinued operations — PayPal	—	2,194	1,599
Cash and cash equivalents of continuing operations at end of period	<u>\$ 1,832</u>	<u>\$ 4,105</u>	<u>\$ 2,848</u>
Supplemental cash flow disclosures:			
Cash paid for interest	\$ 175	\$ 99	\$ 99
Cash paid for income taxes	\$ 256	\$ 343	\$ 466

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