

EBAY INC
Form 10-Q
October 19, 2012

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 September 30, 2012

OR

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

For the transition period from _____ to _____

Commission file number 000-24821

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

Delaware
(State or other jurisdiction of
incorporation or organization)

77-0430924
(I.R.S. Employer
Identification Number)

2145 Hamilton Avenue
San Jose, California
(Address of principal executive offices)
(408) 376-7400

95125
(Zip Code)

(Registrant's telephone number, including area code)

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 ☐

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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	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/> (Do not check if a smaller reporting company)	Smaller reporting company	<input type="checkbox"/>

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 October 15, 2012, there were 1,293,985,406 shares 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.

PART I: FINANCIAL INFORMATION

Item 1: Financial Statements

eBay Inc.

CONDENSED CONSOLIDATED BALANCE SHEET

	September 30, 2012	December 31, 2011
	(In millions, except par value amounts) (Unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 7,331	\$ 4,691
Short-term investments	1,804	1,238
Accounts receivable, net	694	682
Loans and interest receivable, net	1,792	1,501
Funds receivable and customer accounts	4,807	3,968
Other current assets	982	581
Total current assets	17,410	12,661
Long-term investments	2,500	2,453
Property and equipment, net	2,393	1,986
Goodwill	8,492	8,365
Intangible assets, net	1,234	1,406
Other assets	473	449
Total assets	\$ 32,502	\$ 27,320
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Short-term debt	\$ 12	\$ 565
Accounts payable	271	282
Funds payable and amounts due to customers	4,807	3,968
Accrued expenses and other current liabilities	1,776	1,511
Deferred revenue	132	110
Income taxes payable	63	298
Total current liabilities	7,061	6,734
Deferred and other tax liabilities, net	945	1,073
Long-term debt	4,506	1,525
Other liabilities	77	58
Total liabilities	12,589	9,390
Commitments and contingencies (Note 9)		
Stockholders' equity:		
Common stock, \$0.001 par value; 3,580 shares authorized; 1,294 and 1,286 shares outstanding	2	2
Additional paid-in capital	11,811	11,145
Treasury stock at cost, 266 and 249 shares	(7,797)	(7,155)
Retained earnings	15,248	13,389
Accumulated other comprehensive income	649	549
Total stockholders' equity	19,913	17,930
Total liabilities and stockholders' equity	\$ 32,502	\$ 27,320

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

eBay Inc.

CONDENSED CONSOLIDATED STATEMENT OF INCOME

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
	(In millions, except per share amounts)			
	(Unaudited)			
Net revenues	\$3,404	\$2,966	\$10,079	\$8,272
Cost of net revenues	1,022	920	2,992	2,426
Gross profit	2,382	2,046	7,087	5,846
Operating expenses:				
Sales and marketing	726	623	2,120	1,763
Product development	389	319	1,157	891
General and administrative	369	336	1,131	1,018
Provision for transaction and loan losses	148	146	413	372
Amortization of acquired intangible assets	83	85	251	182
Total operating expenses	1,715	1,509	5,072	4,226
Income from operations	667	537	2,015	1,620
Interest and other, net	5	79	74	111
Gain (loss) on divested businesses	—	—	118	(256)
Income before income taxes	672	616	2,207	1,475
Provision for income taxes	(75)	(125)	(348)	(225)
Net income	\$597	\$491	\$1,859	\$1,250
Net income per share:				
Basic	\$0.46	\$0.38		