

# charles SCHWAB EQUITY SNAPSHOT REPORT™

Report Generated on 02/04/2009

## EBAY INC (EBAY)

### Overview:

Price as of 02/03/2009 \$12.84 Sector Information Technology  
 52 wk price range \$10.91/33.47 Industry Internet Software & Services  
 Asset Class Large Cap Sub-Industry Internet Software & Svs

**Year-to-date Results:** January 21, 2009, eBay Inc. Reports Unaudited Consolidated Financial Results for the Fourth Quarter and Year Ended December 31, 2008; Provides Earnings Guidance for the First Quarter of 2009-

**Business Summary:** eBay Inc. and its subsidiaries provide online marketplaces for the sale of goods and services, online payments services, and online communications offerings to individuals and businesses in the United States and internationally.

**Schwab Industry Rating: D**

Schwab Equity Rating based on data as of 01/30/2009

The information is provided by the Schwab Center for Financial Research.

**C Marketperform Percentile Ranking: 43**

Rating Scale: A, B, C, D, F

Schwab has assigned EBAY an overall rating of "C" based on the following grades:

	Poor	Average	Superior
Fundamentals C	[Bar chart showing C rating]		
Valuation C	[Bar chart showing C rating]		
Momentum D	[Bar chart showing D rating]		
Risk B	[Bar chart showing B rating]		

**For more information, please see Important Disclosures and Regulation Analyst Certification on page two and the User's Guide.**

### Third Party Opinions

#### Standard & Poor's Opinion

Rating	Stars
Strong Buy	★★★★★
<b>Buy</b>	★★★★
Hold	★★★
Sell	★★
Strong Sell	★
No Opinion	

S&P ranks stocks for their potential to outperform the S&P 500 over the next 6-12 months. **EBAY** is rated with 4 STARS, a suggestion to *Buy*.

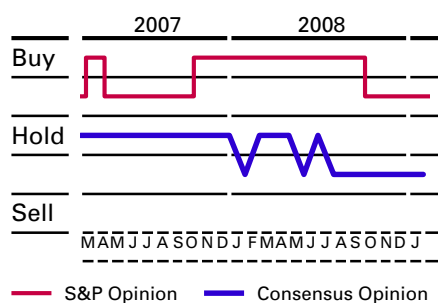
#### Current Consensus Opinion (I/B/E/S)

Analysts' Opinion	No. of Ratings
Buy	2
Buy/Hold	2
Hold	22
Weak Hold	2
Sell	1
No Opinion	0
<b>Total</b>	<b>29</b>

**Current Consensus Opinion** displays analysts' recommendations. Because analysts tend to be overly bullish, the *overall* rating is compared to ratings for other companies, and normalized to adjust for this positive bias. **Historical Consensus Opinion** shows this normalized adjusted overall rating.

### Consensus Data Updated 02/03/2009

#### Historical Consensus Opinion (I/B/E/S)



### Fundamental Information

	EBAY	Sub-Industry	Market
Revenue '2008 (\$MM)	\$8,541	\$28,951	\$10,747,461
Market Cap. (\$MM)	\$16,396	\$124,818	\$8,256,411
Price/Sales	1.9x	4.3x	0.8x
Profit Margin	20.8%	14.3%	6.5%
Return on Equity	42.9%	9.7%	13.0%
Sales/Employee (\$000)	\$551	\$555	\$341
LT Debt to Equity	0.0	0.0	1.1
Return on Assets	11.4%	120.7%	3.7%
Dividend Yield	--	0.2%	3.1%
Beta	2	--	1

### Peer Analysis Internet Software & Services Sub-Industry

	Revenue (\$MM)	Growth	P/E	Analyst Consensus*
<b>eBay Inc (EBAY)</b>	<b>\$8,541</b>	<b>11.3%</b>	<b>9.4x</b>	<b>Weak Hold</b>
Yahoo Inc (YHOO)	\$7,209	14.6%	42.3x	
Akamai Technologies (AKAM)	\$636	13.1%	18.7x	Hold
Baidu Inc ADS (BIDU)	\$239	36.1%	45.5x	Hold
VeriSign Inc (VRSN)	\$1,496	17.0%	--	Hold

The peers listed are the four companies with a market capitalization closest to the featured stock within the same sub-industry.

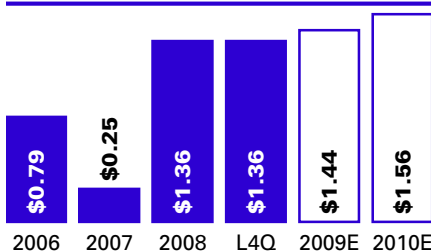
\* The Analyst Consensus opinion is calculated by comparing the company's overall rating to ratings for other companies and then placed on a curve to adjust for the positive bias of analysts.

### Insider Activity

Company Insiders include officers and directors of the company who may have access to information not available to the general public. Insider activity is not available for **EBAY** at this time.

### Growth Expectations and Valuation Measures

#### Annual EPS Trend



Earnings Per Share numbers through 2008 and L4Q (last 4 qtrs.) are actuals; projections for 2009 and 2010 are the consensus of analyst estimates.

#### Current P/E Multiples

EBAY	Trailing	<b>9.4x</b>
	2009	--
Industry	Trailing	<b>19x</b>
	2009	<b>18.9x</b>
Market	Trailing	<b>12.9x</b>
	2009	<b>12.7x</b>

Price/Earnings ratio measures a stock's price relative to its earnings. "Trailing" indicates last 4 quarters.

#### Valuing Potential Growth

	P/E	5 yr. Projected Earnings Growth	PEG Ratio
EBAY	9.4x	11.3%	<b>0.8</b>
Industry	19.0x	18.3%	<b>1.0</b>
Market	12.9x	10.4%	<b>1.3</b>

The PEG ratio indicates how expensive a stock is given its price, earnings, and expected long term growth. It is calculated as the P/E ratio, divided by the expected growth rate. Theoretically, the higher the ratio the more expensive the stock.

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### Important Disclosures for EBAY:

**Regulation Analyst Certification:** The views expressed in this research report accurately reflect Schwab's quantitative research model, and no part of Schwab's compensation was, is or will be, directly or indirectly, related to the specific recommendations or views disclosed in the research report.

Within the previous 12 months, the percentage of companies that have a Schwab Equity Rating and for which Schwab has provided investment banking services are as follows:

- Less than 1% in Buy Category (Schwab Equity Ratings of A or B)
- 1.29% in Hold Category (Schwab Equity Ratings of C)
- Less than 1% in Sell Category (Schwab Equity Ratings of D or F)

### Schwab Equity Ratings Meaning and Distribution

Schwab Equity Ratings are assigned to approximately 3000 of the largest (by market capitalization) U.S. headquartered stocks using a scale of "A", "B", "C", "D", and "F." The explanation and table below are included to assist you in using Schwab Equity Ratings as one component of your own research to evaluate stocks and investment opportunities.

Schwab rates stocks "A" to "F." Schwab's outlook is that "A" rated stocks, on average, will strongly outperform and "F" rated stocks, on average, will strongly underperform the equities market over the next 12 months. Schwab Equity Ratings are based upon a disciplined, systematic approach that evaluates each stock on the basis of a wide variety of investment criteria from four broad categories: Fundamentals, Valuation, Momentum, and Risk. This approach attempts to gauge investor expectations since stock prices tend to move in the same direction as changes in investor expectations. Stocks with low and potentially improving investor expectations tend to receive the best Schwab Equity Ratings ("A" or "B" ratings), while stocks with high and potentially falling investor expectations tend to receive the worst Schwab Equity Ratings ("D" or "F" ratings). From time to time, Schwab may update the Schwab Equity Ratings methodology. For more on the components of the Schwab Equity Ratings, see Schwab Equity Rating – Component Grades.

### Investment Ratings

Schwab Equity Rating	Percentile Ranking Distribution	Schwab Equity Rating Distribution	12 Month Return Outlook	General Buy/Hold/Sell Guidance*
A	1-5	Top 5%	Strongly Outperform	Buy
B	6-30	Next 25%	Outperform	Buy
C	31-70	Next 40%	Marketperform	Hold
D	71-95	Next 25%	Underperform	Sell
F	96-100	Bottom 5%	Strongly Underperform	Sell

\*The general buy/hold/sell guidance is relative to other rated equities only. Before considering whether to take any action, an investor should consider whether equities generally are performing well in comparison to other asset classes and whether other equities in the same sector or category with the same or better rating may be more appropriate.

Percentile Rankings Explanation: Each of the approximately 3000 stocks rated in the Schwab Equity Ratings universe is given a score that is derived from several research factors. The assignment of a final Schwab Equity Rating depends on how well a given stock scores in each of the factors and then how that stock stacks up against all other rated stocks. The result is a stock's percentile ranking. The lowest percentile rankings represent the best scores and correspond to the best letter grades. For example, in a universe of 3000 rated stocks, the top 30 stocks would receive a percentile ranking of 1 and the bottom 30 stocks would receive a percentile ranking of 100. Furthermore, stocks ranked in percentile groups 1-5 are rated "A" and those in percentile groups 6-30 are rated "B." The Schwab Equity Ratings distribution table above illustrates the percentile rankings and approximate Schwab Equity Ratings distributions.

### Descriptions for Non-Rated Stocks

Category	Definition	Description
NR	Not Rated	Schwab has decided not to publish a rating on this stock due to unusual or extraordinary business circumstances related to this company.
NA	Not Available	A Schwab Equity Rating is not available on this stock due to insufficient information about this stock.
NC	Not Covered	This stock is not currently in the Schwab Equity Rating universe or is prohibited from coverage for regulatory or other reasons.

### Modifiers

Category	Definition	Description
*	Check News	Check current news because a potentially significant event has been announced for an A or B rated stock. Although Schwab generally does not monitor C, D, and F rated stocks for current news, from time to time, asterisks may appear on a particular stock due to certain circumstances (e.g. the downgrade of a stock from a B to a C-rating). In any event, you should always check news on a stock before placing a trade.

### Investment Rating Explanation

**A (Strongly Outperform):** If an investor is looking to add a stock to his or her portfolio, "A" rated stocks may be the best candidates for consideration.

**B (Outperform):** An investor looking to add a stock to his or her portfolio might also consider a "B" rated stock, though preference should be given to "A" rated stocks.

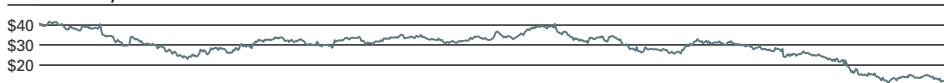
**C (Marketperform):** An investor would not usually consider a "C" rated stock for purchase. An investor that has a "C" rated stock in his or her portfolio should consider continuing to hold the stock, and might monitor the stock's ongoing performance and compare the potential benefits of owning a stock with higher ratings.

**D (Underperform):** An investor holding a "D" rated stock should consider whether it is appropriate to continue to hold that stock in his or her portfolio. An investor would not usually consider a "D" rated stock for purchase.

**F (Strongly Underperform):** An investor holding an "F" rated stock should consider whether it is appropriate to eliminate that stock from his or her portfolio. An investor would not usually consider an "F" rated stock for purchase.

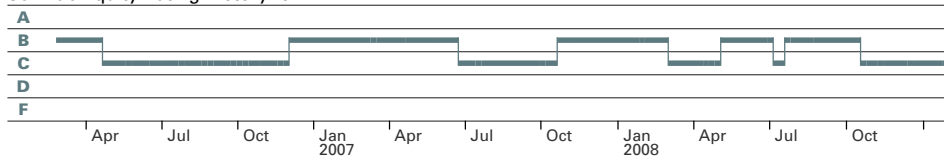
**Charles Schwab & Co., Inc. ("Schwab") Disclosures (continued)**

**Price History for EBAY**



Rating history line breaks indicate that there was no A,B,C,D, or F rating for the symbol shown. See above for definitions of NR, NC or NA.

**Schwab Equity Rating History for EBAY**



**About Schwab Industry Ratings**

The Schwab Center for Financial Research (SCFR) uses an objective and disciplined approach to rank industries as classified by the widely recognized GICS (Global Industry Classification Standard) groupings. The GICS structure is comprised of sectors, industry groups, industries and sub-industries. Schwab Industry Ratings is a ranking at the industry level.

The term industry is used to describe a business activity (e.g. software, airlines, beverages). If a company participates in multiple business activities, it is usually considered to be in the industry in which most of its revenues is derived.

There are three component grades underlying Schwab Industry Ratings. Each Schwab Industry Rating component grade and respective factors are calculated for each stock in the Schwab Equity Ratings® universe of 3200 stocks and ranked relative to the universe. Stock rankings are then aggregated into an average score for each GICS industry. Next, average scores are ranked relative to the GICS industries and each industry is assigned a Schwab Industry Rating grade of "A", "B", "C", "D" or "F." An industry must include at least 6 companies in order to be rated.

Charles Schwab & Co., Inc. ("Schwab") rates industries "A", "B", "C", "D" or "F". Schwab's outlook is that "A" rated industries, on average, will strongly outperform and "F" rated industries, on average, will strongly underperform the broad equities market over the next 12 months. Schwab Industry Ratings are based upon a disciplined, systematic approach that evaluates each industry on the basis of a wide variety of investment criteria from three broad categories: Fundamental Perspective, Valuation Perspective and Momentum Perspective. This approach attempts to gauge investor expectations and the potential of an industry. Schwab Industry Ratings are not based on the Schwab Equity Ratings of the securities within the industry. Over time, the methodology upon which Schwab Industry Ratings are based may be altered.

**How to use Schwab Industry Ratings**

There are two uses for Schwab Industry Ratings. The primary use should be for stock selection in conjunction with Schwab Equity Ratings. The other use can be for clients interested in pursuing industry over- and under-weightings within their portfolios and/or industry rotation strategies. It is important for investors to maintain a well diversified portfolio.

**How to use Schwab Industry Ratings in conjunction with Schwab Equity Ratings**

In conjunction with Schwab Equity Ratings, Schwab Industry Ratings can be useful in screening new stock purchases and in identifying portfolio holdings for possible sale. Schwab Equity Ratings should be given more consideration when making individual stock buy and sell decisions. For example, a "D" or "F" rated stock in an "A" rated industry is still considered a sell candidate by Schwab. Schwab's outlook is that among stocks with similar Schwab Equity Ratings, those with high industry ratings will outperform those with low industry ratings over a 12-month time horizon.

Sector and industry diversification is a critical building block in portfolio construction. A review of sector weights coupled with individual stock concentration is a critical step in evaluating portfolio risk. Simply investing in industries or sectors that Schwab rates highly will not result in a diversified portfolio. To find out how well diversified your portfolio is, Schwab clients should use the Portfolio Checkup tool on schwab.com.

**Schwab Industry Ratings Distribution**

Schwab Industry Rating	Schwab Industry Rating Distribution	12 Month Investment Outlook for Industry
A	Top 20%	Strongly Outperform
B	Next 20%	Outperform
C	Next 20%	Marketperform
D	Next 20%	Underperform
F	Bottom 20%	Strongly Underperform

Schwab Industry Ratings should not be considered as guidance for buying, holding or selling an individual security. Please refer to the Schwab Equity Ratings for information on general buy, hold and sell guidance for individual equities.

**Descriptions for Non-Rated Industries**

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NR	Not Rated	Schwab has decided not to publish a rating on this industry due to unusual or extraordinary business circumstances related to this industry.
NC	Not Covered	This industry is not currently in the Schwab Industry Ratings universe or there are an insufficient number of companies in the industry for Schwab to provide a rating.

**Modifiers**

Category	Definition	Description
*	Check News	Check current news because a potentially significant event has been announced for a rated industry. Asterisks may appear on a particular industry due to certain circumstances. In any event, you should always check news.

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