

February 18, 2010

The Honorable Richard Durbin
Chairman
Subcommittee on Human Rights and the Law
United States Senate
Washington, DC 20510

Dear Senator Durbin:

Thank you for your letter dated January 29th regarding the announcement from Google regarding a cyberattack that they traced to sources in China, as well as the Chinese government policies that Google agreed to comply with as part of their search engine business operations in China. I would note that eBay was not impacted by the reported cyberattack episode.

eBay Inc. is a global ecommerce and payments business that helps connect buyers and sellers globally through the Internet, empowering individuals, entrepreneurs and small business retailers in the global marketplace. The Chinese people play a large and growing role in the global economy and eBay has worked to best serve our Chinese customers for a number of years. Engaging with partners and adapting our strategies to meet evolving challenges, eBay continues to work to serve well Chinese entrepreneurs and consumers on the Internet, as we do for entrepreneurs and consumers around the world. Currently, eBay Inc. does not have a marketplace business in China to serve the Chinese domestic market. Instead, eBay is a minority stakeholder in Eachnet, a Chinese-based joint venture conducting a domestic Internet marketplace business that serves Chinese Internet users.

Aside from our minority investment in Eachnet, eBay does have a handful of other operations in China at this time. eBay directly supports "cross border trade" by Chinese sellers who use the Internet to reach customers outside of China. We similarly serve a number of entrepreneurial sellers in other Asian countries and regions, including Japan, Taiwan and Southeast Asia. eBay has facilities in Shanghai and Beijing that promote the cross border trade business. In addition, eBay engages in some regional customer service and some development work and technical operations from China. Finally, we believe that expanding the availability of our payments services to Chinese entrepreneurs will promote ecommerce and better serve Chinese users, and our payments business, PayPal, is currently seeking a Payment Service Organization license in China.

As I related to you in my September letter, eBay Inc.'s initial experience with the Global Network Initiative "GNI" was through Skype, the Internet communications business that was then a part of eBay Inc. In the ensuing months, eBay Inc. completed the sale of a majority stake in Skype, which now operates as a stand-alone business, and I understand that Skype continues to be engaged in discussions with the GNI.

eBay believes that the moral, legal and regulatory matters you have identified through your efforts should be of great importance to all globally engaged companies. An eBay representative did attend the GNI "Open House" held in the fall. From the specific perspective of eBay's payments and marketplaces businesses, few if any of the issues currently being addressed by the GNI appear to be

directly applicable. However, eBay has continued to monitor the development of the GNI effort related to expansion beyond the initial Internet search and communications companies.

I hope this information is helpful to you as you continue to review the role that information technology, the Internet, and rapidly evolving digital communications play in the world.

Regards,

John Donahoe
President and CEO