

## BUSINESS DESCRIPTION

eBay's online trading platform offers the exchange of goods among buyers and sellers of all types. As eBay's service has evolved, its applicability has expanded to broader categories of items, and to a broader and more global user base.

As a result, eBay's product mix has shifted from primarily collectible items to practical everyday items, such as household goods, computers, consumer electronics and other items.

With the shift to a broader product offering, its competition has also broadened, and now includes distributors, liquidators, retailers, import and export companies, catalog and mail order companies, and virtually all online and offline commerce participants (consumer-to-consumer, business-to-consumer, and business-to-business).

The core eBay online trading platform permits sellers to list items for sale, buyers to bid for and purchase items of interest and all eBay users to browse through listed items from any place in the world at any time. eBay currently displays more than 18,000 categories of merchandise. The main categories on eBay.com currently include, antiques and art, books, movies, music, coins and stamps, collectibles, computers, dolls, dollhouses, jewellery, photo and electronics, pottery and glass, real estate, sports, toys and miscellaneous items.

eBay has expanded and developed existing product categories by introducing category-specific bulletin boards and chat rooms, integrating category-specific content, advertising its service in targeted publications and participating in targeted trade shows. eBay has also broadened the range of products that it offers to facilitate trading on the site, including payment services, shipping services, authentication, appraisal, vehicle inspection and escrow services.

Specialty marketplaces have also been added to serve the specialized needs of buyers and sellers. For example eBay Motors serves the automotive marketplace, including vehicles, parts and accessories; and Half.com is focused on providing a fixed-price trading environment, initially for books, music, videos and video games.

The acquisition of traditional auction house, Butterfields, allowed eBay to increase its prestige factor. Butterfields, established in 1865, specializes in fine art, antiques and collectibles.

eBay has a presence in the US, Germany, the UK, Australia, Japan, Canada, France, Austria, Italy and South Korea. The acquisition of iBazar, a provider of online trading services in Europe and Brazil, allowed eBay to broaden its international reach in

online trading to include Spain, the Netherlands, Belgium, Portugal, Sweden and Brazil.

This international reach was extended further in 2002 when eBay bought Taiwan's Neocom, and a 33% stake in EachNet, China's leading online trading community.

In addition, eBay's strategic alliance with Microsoft allows Microsoft to integrate eBay's marketplace technology into selected websites. In return, eBay has adopted Microsoft's .NET web services platform to boost its customer base.