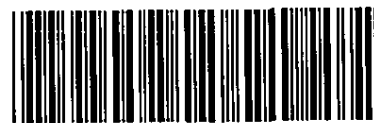


Registered number 3726028

**eBay (UK) Limited**

**Directors' report and financial statements  
for the year ended 31 December 2007**

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**eBay (UK) Limited**  
**Directors' report and financial statements**  
**for the year ended 31 December 2007**

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## **eBay (UK) Limited**

### **Directors' report for the year ended 31 December 2007**

The directors submit their annual report and the audited financial statements of eBay (UK) Limited ("the company") for the year ended 31 December 2007

#### **Principal activities**

eBay (UK) Limited is a service provider for eBay International AG, the company's immediate parent, and recommends market penetration and advertising strategies for the UK internet market place to eBay International AG. The company's revenues are derived from intercompany sales of these services.

eBay (UK) Limited and eBay International AG are subsidiary undertakings of eBay Inc, a global internet company incorporated in the USA, which offers an internet based personal trading community.

#### **Review of business and future developments**

The company's loss for the financial year amounted to £492,000 (2006 profit £915,000). The net assets at the end of the financial year increased however, due to capital contributions from the parent company.

The company has continued to focus on the UK marketplace growth strategy, for achieving the Group's mission of creating the world's leading e-commerce business. This has led to an increased workforce and required expenditure during the year on acquisition and fit-out of an additional leasehold office building.

As the company's income is generated from the parent company on a cost plus basis the principal risks and uncertainties facing the business are those detailed in the parent company report and financial statements, with the development and performance of the company also closely linked to the business growth of the parent company.

The directors are confident that the business will continue to grow and develop in the future.

#### **Key performance indicators**

The directors of eBay Inc manage the group's operations on a divisional basis. For this reason, the company's directors believe that analysis using key performance indicators for the company is not necessary or appropriate for an understanding of the development, performance or position of the business of eBay (UK) Ltd.

#### **Financial risk management**

##### **Credit risk**

Financial assets that potentially subject the company to concentrations of credit risk consist principally of cash at bank and debtors. The company's cash is placed with quality financial institutions. The company's exposure to debtor risk is principally concentrated in the intra-group debt with the immediate parent company arising from the charges due under the services agreement.

##### **Foreign currency and interest rate risk**

The company is not exposed to significant foreign exchange risk.

The company's operating income and cash flows are substantially independent of changes in market interest rates.

Due to the limited risk exposure the company does not have a specific hedging policy with respect to foreign currency exchange and interest rate risk.

# eBay (UK) Limited

## Dividends

The directors do not recommend the payment of a dividend (2006 £nil)

## Charitable donation

The company made no donations to charities during the year (2006 £nil)

## Directors

The directors who held office during the year and up to signing of the accounts were

Mike Jacobson  
Douglas McCallum  
William Cobb

Lorrie Norrington

Mark Lewis

appointed 16 October 2007

appointed 4 February 2008

## Statement of directors' responsibilities in respect of the Annual Report and the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business, in which case there should be supporting assumptions or qualifications as necessary

The directors confirm that they have complied with the above requirements in preparing the financial statements

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## eBay (UK) Limited

### Statement as to disclosure of information to auditors

So far as the directors are aware, there is no relevant audit information (as defined by Section 234ZA of the Companies Act 1985) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information

On behalf of the board



**Mark Lewis**  
Director

4/6/ 2008

# Report of the independent auditors to the members of eBay (UK) Limited

We have audited the financial statements of eBay (UK) Limited for the year ended 31 December 2007 which comprises the profit and loss account, balance sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

## Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

## Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

## Opinion

In our opinion:

- The financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's affairs as at 31 December 2007 and of its loss for the year then ended, and
- The financial statements have been properly prepared in accordance with the Companies Act 1985
- the information given in the directors report is consistent with the financial statements

*PricewaterhouseCoopers LLP*

**PricewaterhouseCoopers LLP**  
**Chartered Accountants and Registered Auditors**  
**London**

Date 13/6/2008

## eBay (UK) Limited

### Profit and loss account for the year ended 31 December 2007

		2007	2006
	Note	£'000	£'000
Turnover	1	17,423	15,409
Cost of sales		<u>(17,810)</u>	<u>(14,612)</u>
Operating (loss) / profit	2	(387)	797
Interest receivable and similar income	4	<u>159</u>	<u>118</u>
(Loss) / profit on ordinary activities before taxation		(228)	915
Tax on (loss) / profit on ordinary activities	5	(264)	-
(Loss) / profit for the financial year	12	<u>(492)</u>	<u>915</u>

There is no difference between the profit on ordinary activities before taxation and the (loss) / profit for the year stated above and their historical cost equivalents

These results derive from continuing operations

The company has no recognised gains or losses other than those included in the results above, and therefore no separate statement of recognised gains or losses has been presented

The notes on pages 8 to 19 form part of these financial statements

# eBay (UK) Limited

## Balance sheet at 31 December 2007

		2007	2006
	Note	£'000	£'000
<b>Fixed assets</b>			
Tangible assets	6	<u>3,858</u>	<u>1,731</u>
<b>Current assets</b>			
Debtors amounts falling due after more than one year	7	608	872
Debtors amounts falling due within one year	7	5,408	5,572
Cash at bank and in hand		<u>2,565</u>	<u>2,121</u>
		8,581	8,565
Creditors' amounts falling due with one year	8	<u>(2,556)</u>	<u>(1,196)</u>
<b>Net current assets</b>		<u>6,025</u>	<u>7,369</u>
<b>Total assets less current liabilities</b>		<b>9,883</b>	<b>9,100</b>
Provisions for liabilities and charges	9	(131)	(219)
<b>Net assets</b>		<u><b>9,752</b></u>	<u><b>8,881</b></u>
<b>Capital and reserves</b>			
Called up share capital	11	2,451	2,451
Capital contributions	12	5,106	3,743
Profit and loss account	12	2,195	2,687
<b>Total equity shareholders' funds</b>	12	<u><b>9,752</b></u>	<u><b>8,881</b></u>

The financial statements on pages 6 to 19 were approved by the board of directors on 2008 and were signed on its behalf by

11/6/08

Mark Lewis  
Director



Date

11/6/08



# eBay (UK) Limited

## Notes to the financial statements for the year ended 31 December 2007

### 1 Accounting policies

#### Accounting convention

The financial statements are prepared on a going concern basis under the historical cost convention and in accordance with the Companies Act 1985 and applicable United Kingdom accounting standards. The principal accounting policies which have been applied consistently, are set out below.

#### Turnover

Turnover represents the revenue excluding value added tax, from the provision of services to eBay International AG. Revenue is recognised in line with performance under the underlying contract.

#### Leases

Operating lease rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

#### Tangible fixed assets and depreciation

Depreciation is provided on all tangible fixed assets to write off the cost less estimated residual value over an asset's estimated useful life on a straight-line basis.

Fixed assets are depreciated at the following rates:

Computer equipment	-33% per annum
Short leasehold property improvements	-over 5 years or over the term of the lease
Computer software	-100% per annum
Office furniture and equipment	-33% per annum

Fixed asset purchases that are greater than \$1,000 per unit, or \$500 each for bulk purchases of 10 or more units, and that have an estimated useful life of 1 year or more are capitalized.

The gross capitalized cost of the asset includes its cost plus the essential costs incurred to bring the asset to its intended use. Any related costs incurred after the asset's acquisition, such as additions, improvements, or replacements, are added to the asset's cost if they provide future service potential.

#### Taxation

The charge for taxation is based upon the profit or loss for the period, as adjusted for disallowable items and timing differences.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

## **eBay (UK) Limited**

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

Deferred tax assets may arise in respect of share-based remuneration. For accounting purposes, the value of share options granted to employees is charged against profit over the vesting period of the options. For taxation purposes, a deduction against taxable profit is only allowable when the options are exercised by the employees. It is this timing difference that creates the potential deferred tax asset.

A permanent difference also may arise in relation to share-based remuneration when options are exercised by employees. This is because the deduction allowable against taxable profits is based on the intrinsic value of an option at the time exercise, whereas the expense charged against profit in the financial statements over the vesting period is based on the fair value of an option at grant date.

In determining whether a potential deferred tax asset in respect of share options should be recognised or not, the directors examine, on an annual basis, the likelihood of a future taxable deduction being available to the company in relation to the share options outstanding at the end of the year. This examination takes into consideration a range of factors, including the current eBay Inc. share price and the range of exercise prices on the outstanding share options. Where a future tax deduction is considered likely, the directors also examine whether it is possible to accurately measure the value of such a deduction.

Where the directors consider that it would be imprudent to recognise a deferred tax asset in respect of share options, either because a future tax deduction is considered unlikely, or because it is considered impracticable to value accurately, no such asset will be recognised. Instead, the best estimate of the potential tax asset will be disclosed in the notes to the financial statements.

### **Pension costs**

The company operates a defined contribution stakeholder pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The employer contributions charged to profit and loss account represents the amounts contracted as due in respect of the year.

### **Foreign currencies**

Monetary assets and liabilities expressed in foreign currencies are translated into sterling at rates of exchange ruling at the date of the balance sheet or at the agreed contractual rate. Transactions in foreign currency are converted to sterling at the rate ruling at the date of the transaction. All differences on exchange are taken to the profit and loss account.

### **Cash flow statement**

The company is a wholly owned subsidiary company of the group headed by eBay Inc, and is included in the consolidated financial statements of the parent company, which are available to the public. Consequently, the company has taken advantage of the exemption from the requirement to prepare a cash flow statement, permitted within Financial Reporting Standard 1 "Cashflow Statements (revised 1996)".

### **Transactions with fellow group undertakings**

The company is a wholly owned subsidiary of the ultimate parent undertaking, eBay Inc, incorporated in the United States of America. The company is exempt under Financial Reporting Standard 8 from disclosure of transactions with entities that are part of the group headed by eBay Inc on the grounds that more than 90% of voting rights are controlled within the group.

## eBay (UK) Limited

### Share-based remuneration

The company employees participate in the share-based benefit plans of the ultimate parent eBay Inc. To be consistent with eBay Inc terminology hereafter share-based remuneration is referred to as stock-based compensation.

The company accounts for stock-based compensation under Financial Reporting Standard 20 ("FRS 20"), "Share-based Payment", which addresses the accounting for share-based payment transactions in which an enterprise receives employee services in exchange for either equity instruments of the enterprise or liabilities that are based on the fair value of the enterprise's equity instruments or that may be settled by the issuance of such equity instruments.

Stock-based compensation expense recognised during the period is based on the value of the portion of stock-based payment awards that is ultimately expected to vest. As stock-based compensation recognised in the consolidated statement of operations is based on awards ultimately expected to vest, it has been reduced for estimated forfeitures. FRS 20 requires forfeitures to be estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates.

## 2 Operating (loss) / profit

	2007	2006
	£'000	£'000
The operating (loss)/profit is stated after charging / (crediting)		
Services provided by the company's auditor	20	18
Foreign currency exchange differences	(3)	4
Depreciation – owned assets	874	740
Loss on disposal of fixed assets	1	5
Operating lease rentals – buildings	<u>1,115</u>	<u>710</u>

Auditors' remuneration for non-audit services was £nil (2006: £nil)

## 3 Directors and employees

Directors' emoluments were only payable to one director and amounted to £330,097 (2006: £323,351), excluding pension contributions. The director participates in the stock-based benefit plans detailed in note 15. The director did not exercise any options during either year. The Company's contributions to the stakeholder pension scheme for the director amounted to £10,291 (2006: £9,391). Retirement benefits were accruing in respect of one director (2006: one).

	2007	2006
	£'000	£'000
Employee costs consist of		
Wages and salaries	7,977	6,636
Social security costs	933	745
Other pension costs	466	197
Stock-based compensation	1,980	2,200
Total	<u>11,356</u>	<u>9,778</u>

# eBay (UK) Limited

## 3 Directors and employees (continued)

Refer to note 14 for details of the stock-based compensation of employees

The average number of employees during the year was as follows

	2007 Number	2006 Number
Management	9	9
Administration and operations	102	93
Total	<u>111</u>	<u>102</u>

## 4 Interest receivable and similar income

	2007 £'000	2006 £'000
Bank and other interest receivable	<u>159</u>	<u>118</u>

## 5 Tax on (loss) / profit on ordinary activities

	2007 £'000	2006 £'000
<b>Current tax:</b>		
Corporation tax	-	-
<b>Deferred tax.</b>		
Change in timing differences	254	-
Effect of change in tax rates	10	-
	<u>264</u>	<u>-</u>

## eBay (UK) Limited

### 5 Tax on (loss) / profit on ordinary activities (continued)

#### Factors affecting the tax charge for the period:

Tax refunds in respect of earlier years have arisen as a result of a claim for corporation tax relief in respect of gains treated as earnings of employees, arising from the exercise of stock options and participation in the employee stock purchase plan

The difference between the current tax charge and the standard rate of corporation tax in the UK (30%) is explained below

	2007	2006
	£'000	£'000
(Loss) / profit on ordinary activities before tax	(228)	915
(Loss) / profit on ordinary activities before tax multiplied by the standard rate of tax in the UK of 30% (2006 30%)	(68)	275
Effects of		
Permanent difference on stock-based compensation	331	(136)
Expenses not deductible for tax purposes	10	36
Capital allowances in excess of depreciation	(69)	-
Depreciation in excess of capital allowances	-	33
Timing difference on relief for stock-based compensation	62	527
Other short-term timing differences	1	(18)
Tax losses brought forward utilised	(219)	(701)
Group relief	(48)	(16)
Current tax charge for the period	-	-
Deferred tax asset at tax rate of 28% (2006 30%)		
Provided		
Opening balance	400	400
Debited to profit and loss account for the year	(264)	-
Closing balance (see note 7)	136	400
Unprovided	860	854
The above deferred tax asset comprised		
(Accelerated capital allowances) / Depreciation in excess of capital allowances	(22)	46
Fair values debited to profit and loss relating to unexercised options Tax relief deferred until exercise	860	859
Other short-term timing differences	6	5
Tax losses carried forward	152	344
Closing balance	996	1,254

# eBay (UK) Limited

## 6 Tangible assets

	Short leasehold property improvements £'000	Computer equipment £'000	Office furniture and equipment £'000	Computer software £'000	Total £'000
<b>Cost</b>					
At 1 January 2007	2,504	383	516	91	3,494
Additions in the year	2,309	242	458	38	3,047
Disposals in the year	-	(103)	(4)	(9)	(116)
<b>At 31 December 2007</b>	<b>4,813</b>	<b>522</b>	<b>970</b>	<b>120</b>	<b>6,425</b>
<b>Accumulated depreciation</b>					
At 1 January 2007	1,265	208	215	75	1,763
Charge for the year	534	114	194	32	874
Disposals in the year	-	(66)	-	(4)	(70)
<b>At 31 December 2007</b>	<b>1,799</b>	<b>256</b>	<b>409</b>	<b>103</b>	<b>2,567</b>
<b>Net Book Value</b>					
<b>At 31 December 2007</b>	<b>3,014</b>	<b>266</b>	<b>561</b>	<b>17</b>	<b>3,858</b>
At 1 January 2007	1,239	175	301	16	1,731

## 7 Debtors

	2007 £'000	2006 £'000
<b>Amounts falling due within one year:</b>		
Amount owed by group undertakings	4,492	5,058
Corporation tax	-	50
Other debtors	625	68
Prepayments and accrued income	291	396
	<b>5,408</b>	<b>5,572</b>
<b>Amounts falling due after more than one year:</b>		
Other debtors	472	472
Deferred tax asset (see note 5)	136	400
	<b>608</b>	<b>872</b>
<b>Total debtors</b>	<b>6,016</b>	<b>6,444</b>

A deferred tax asset has been recognised where it is forecast that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying differences can be deducted

## eBay (UK) Limited

### 8 Creditors: amounts falling due within one year

	2007 £'000	2006 £'000
Trade creditors	379	96
Amounts owed to group undertakings	-	1
Taxation and social security	488	260
Other creditors	122	107
Accruals and deferred income	1,567	732
Total	<u>2,556</u>	<u>1,196</u>

Other creditors includes £38,000 employee and employer pension contributions payable (2006 £31,000)

### 9 Provisions for liabilities and charges

	2007 £'000	2006 £'000
Provision for de-commissioning cost of leasehold improvements at expiry of lease	131	200
National insurance provision arising on eBay Inc stock option plan	-	19
Total	<u>131</u>	<u>219</u>

A provision has been made in respect of the anticipated cost of de-commissioning the alterations made within the leasehold properties occupied by the company. The provision is included in the cost of the leasehold properties in fixed assets and is being depreciated over the lease term. The leases terminate in March 2013 and June 2018.

The provision in respect of the stock option plan relates to potential National Insurance charges arising on share options granted after 5 April 1999. The company is responsible for paying this charge for options granted to employees up to 1 October 2001.

#### Movements during the year

	De-commissioning of leasehold improvements £'000	Stock options £'000	Total £'000
At 1 January 2007	200	19	219
Decrease in provision	(69)	(19)	(88)
At 31 December 2007	<u>131</u>	<u>-</u>	<u>131</u>

# eBay (UK) Limited

## 10 Operating lease commitments

The Company had annual commitments under non-cancellable operating leases which expire as follows

	Land and buildings 2007 £'000	Land and buildings 2006 £'000
More than 5 years	<u>1,764</u>	<u>869</u>

## 11 Called up share capital

	2007 £'000	2006 £'000
<b>Authorised</b>		
100,000,000 ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>
<b>Allotted, issued and fully paid</b>		
2,451,000 ordinary shares of £1 each	<u>2,451</u>	<u>2,451</u>



## eBay (UK) Limited

### 12 Combined statement of reserves and reconciliation of movements in shareholders' funds

	Called up share capital £'000	Capital contributions £'000	Profit and loss account £'000	Total shareholders' funds 2007 £'000	Total shareholders' funds 2006 £'000
At 1 January	2,451	3,743	2,687	8,881	3,316
Share issue	-	-	-	-	2,450
Capital contribution from eBay International AG		1,100		1,100	-
Capital contribution from eBay Inc in respect of stock-based benefit plans	-	263	-	263	2,200
(Loss) / profit for the financial year	-	-	(492)	(492)	915
<b>At 31 December</b>	<b>2,451</b>	<b>5,106</b>	<b>2,195</b>	<b>9,752</b>	<b>8,881</b>

### 13 Immediate and ultimate parent undertaking

The immediate parent undertaking is eBay International AG

The ultimate parent undertaking and controlling party is eBay Inc, a company incorporated in Delaware, USA. eBay Inc is the parent company of the smallest and largest group to consolidate these financial statements. Copies of the eBay Inc financial statements may be obtained from

eBay Inc  
2145 Hamilton Avenue  
San Jose CA  
USA 95125

## eBay (UK) Limited

### 14 Stock-based benefit plans

#### *Employee stock purchase plan*

The company participates in an employee stock purchase plan offered by eBay Inc ("eBay"), the ultimate parent company, for all eligible employees. Under the plan, shares of eBay's common stock may be purchased over an offering period with a maximum duration of two years at 85% of the lower of the fair market value on the first day of the applicable offering period or on the last day of the six-month purchase period. Employees may purchase shares having a value not exceeding 10% of their gross compensation during an offering period. eBay's employee stock purchase plan contains an "evergreen" provision that automatically increases, on 1 January, the number of shares reserved for issuance under the employee stock purchase plan by the number of shares purchased under this plan in the preceding calendar year.

#### *Other equity incentive plans*

The company participates in eBay's equity incentive plans for directors, officers, employee and non-employees. Stock options granted under these plans generally vest 25% one year from the date of grant (or 12.5% six months from the date of grant for grants to existing employees) and the remainder vest at a rate of 2.08% per month thereafter, and generally expire 7 – 10 years from the date of grant.

#### *Valuation assumptions*

The fair value of each option award on the date of grant was calculated using the Black-Scholes option pricing model. The following assumptions were used for each respective period:

	2007	2006
Risk-free interest rate	4.50%	4.71%
Expected lives (in years)	3.39	2.91
Dividend yield	0%	0%
Expected volatility	36.76%	36.10%

The computation of expected volatility for the year ended 31 December 2007 is based on a combination of historical and market-based implied volatility from traded options on the company's stock. Prior to 1 January 2006, the computation of expected volatility was based on historical volatility. The computation of expected life for the year ended 31 December 2007 was determined based on historical experience of similar awards, giving consideration to the contractual terms of the stock-based awards, vesting schedules and expectations of future employee behaviour. The range provided above results from the behaviour patterns of separate groups of employees that have similar historical experience. The interest rate for periods within the contractual life of the award is based on the U.S. Treasury yield curve in effect at the time of grant. Weighted average fair value of the options granted during the year ended 31 December 2006 and 2007 is £5.41 and £5.26 respectively.

The company amortises the stock-based compensation charge in accordance with the accelerated method over the vesting period of the related options, which is generally four years. The impact of recognising the fair value of the option grants and stock grants under our employee stock purchase plan as an expense under FRS 20 is £2,199,894 and £1,980,179 for the years ended 31 December 2006 and 2007, respectively.

# eBay (UK) Limited

## 15 Stock-based Benefit Plans (continued)

### Stock-based Payment Award Activity

The following table summarises activity under our equity incentive plans for the years ended 31 December 2007 and 31 December 2006

	2007			2006		
	Shares	Weighted Average Exercise Price (£)	Weighted Average Remaining Contractual Term (in years)	Shares	Weighted Average Exercise Price (£)	Weighted Average Remaining Contractual Term (in years)
Outstanding at beginning of period	1,185,126	19.26	7.05	806,774	19.65	8.40
Granted	199,045	16.32		497,230	18.36	
Transfers, net	(184,760)	17.70		31,472	22.44	
Cancelled	(107,373)	18.93		(108,052)	19.63	
Exercised	(55,827)	14.08		(42,298)	13.76	
Outstanding at end of period	1,036,211	17.55	6.11	1,185,126	19.26	7.05
Options exercisable at end of period	573,558	17.61	6.14	456,808	19.06	7.17

The following table summarises information about stock options outstanding at 31 December 2007 and 31 December 2006

2007			2006		
£	Number of shares outstanding	Weighted average contractual remaining life	£	Number of shares outstanding	Weighted average contractual remaining life
9.70 – 13.70	106,887	5.39	9.15 – 13.17	94,666	6.25
14.08 – 14.88	177,032	5.67	13.64 – 15.19	57,797	6.68
15.01 – 15.97	138,090	6.12	15.29 – 16.61	255,431	6.68
16.36 – 18.29	193,673	6.28	17.10 – 20.03	204,335	7.16
18.92 – 20.96	197,962	5.75	20.60 – 23.84	449,697	7.23
21.13 – 28.73	222,567	6.75	23.92 – 31.18	123,200	7.76
	1,036,211	6.11		1,185,126	7.05

## eBay (UK) Limited

### *Restricted Stock Units Activity*

The following table summarises activity for restricted stock units granted under equity incentive plans for the year ended 31 December 2007

	<b>2007</b>	
	<b>Shares</b>	<b>Weighted average grant date fair value (£)</b>
Outstanding at beginning of period	-	-
Awarded	<b>88,161</b>	<b>16 42</b>
Transfers, net	-	-
Forfeited	<b>(6,655)</b>	<b>15 97</b>
Vested	-	-
Outstanding at end of period	<b>81,506</b>	<b>16 45</b>