

Yesterday the Financial Services Committee of the U.S. House of Representatives released the findings of a probe that it is conducting into the practices of investment banks. The probe is part of Congress' ongoing, wide-ranging examination of corporate governance issues arising out of the business scandals of this past year. In a news release, the committee highlighted the initial public offering (IPO) shares that Pierre Omidyar, Jeff Skoll, Bob Kagle, a member of eBay's board of directors and I had the opportunity to purchase as private banking clients of Goldman Sachs. The news release also highlighted the purchase of IPO shares by many other business executives, including Jerry Yang at Yahoo, Michael Eisner at Disney and William Ford at Ford Motor Company. No doubt you saw at least some of the stories about the Committee's findings that blanketed the news media yesterday.

Before you start your weekend, I thought you might want to hear from me about this matter. First, let me say that a fundamental tenet of my life is to conduct my personal and professional activities under the highest ethical standards. Some of you have heard me say that whatever you do in life, you should never under any circumstances compromise your integrity. I live by that rule and know that Pierre, Jeff and Bob do too.

During much of 1999 and 2000, as a private banking client of Goldman Sachs, I was given the opportunity to purchase anywhere from a few hundred to a couple thousand shares of upcoming IPOs. In most of the instances where I chose to take advantage of this opportunity, I sold my shares following the initial public offerings. My gain from these transactions totaled \$1.78 million, a small fraction of my total personal holdings on account at Goldman Sachs.

While reasonable people can debate whether giving private banking clients preferred access to IPO shares is fair or whether policies regarding such transactions should be reformed, there is no question about the legality of this practice today. Let me be absolutely clear about this – the practice of private banking clients participating in the opportunity to buy shares of new public companies is perfectly legal and quite common during thriving IPO markets. When I bought and then sold my shares, I followed the law as well as Goldman Sachs' policies regarding these transactions. And never have my personal banking and investing practices guided any of eBay's decisions or activities associated with Goldman Sachs or any other investment banking firm. You should know that I sit on the board of directors of Goldman Sachs. Since becoming a board member earlier this year, I have not been given any access to IPO shares. I have nothing but the highest regard for Goldman Sachs' leadership and integrity.

The last 24 hours have been painful for me. There is nothing worse than having your integrity questioned under circumstances where you know that you did nothing wrong and followed all the rules. Given my experience yesterday, I plan to participate in the growing national debate about corporate governance and business ethics.

As the events of yesterday unfolded, I was concerned that news about me would worry you about eBay and serve as a distraction. I just want you to know that the company is in great shape. We continue to see strong momentum and bright prospects across the

business. Despite everything else going on yesterday, PayPal officially became part of the eBay family as planned, and I spent several hours in Mountain View meeting many of Paypal's employees. I love coming to work every day!

I would be happy to try to answer any questions you have about this matter. Please feel free to drop me a note.

Have a wonderful weekend.

Meg