

# eBay to buy GSI Commerce for \$2.4 billion

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The internet auctioneer logo at eBay headquarters in Paris 2008. eBay announced Monday that it has agreed to acquire GSI Commerce, a provider of electronic commerce and interactive marketing services, for \$29.25 a share or \$2.4 billion.

Online auction giant eBay announced Monday that it has agreed to acquire GSI Commerce, a provider of electronic commerce and interactive marketing services, for \$29.25 a share or \$2.4 billion.

The San Jose, California-based eBay said the acquisition will be financed with cash and debt and is expected to close in the third quarter of the year.

John Donahoe, eBay's president and chief executive, said the acquisition of GSI "will significantly strengthen our ability to connect buyers and sellers worldwide.

"Combined with eBay Marketplaces and PayPal, we believe GSI will

enhance our position as the leading strategic global commerce partner of choice for retailers and brands of all sizes," Donahoe said.

"Technology is changing how consumers shop, and retailers and brands are changing how they compete," he added. "With its complementary strengths, GSI will extend the power of our portfolio."

EBay said the \$29.25 offer price is a 51 percent premium over GSI's closing price on Friday.

EBay shares were down 3.08 percent at \$30.73 in early trading on Wall Street on Monday. GSI shares soared 52.45 percent to \$29.55.

EBay said it will divest 100 percent of GSI's licensed sports merchandise business and 70 percent of ShopRunner and Rue La La as part of the acquisition.

"EBay believes these businesses are not core to its long-term growth strategy," eBay said. It said they will be sold to a newly formed holding company led by GSI founder and chief executive Michael Rubin.

EBay said that as part of the divestiture, it will loan the holding company \$467 million and retain a 30 percent stake in Rue La La and ShopRunner. Rubin will invest \$31 million in the holding company.

GSI has more than 180 customers across 14 merchandise categories including a number of leading retailers and brands.

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