

# eBay to slash 2,400 jobs in bid to 'compete and win' (Update)

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This Jan. 14, 2015 photo shows an exterior view of eBay headquarters in San Jose, Calif. EBay reports quarterly financial results on Wednesday, Jan. 21, 2015. (AP Photo/Marcio Jose Sanchez)

E-commerce giant eBay will slash 2,400 jobs—seven percent of its workforce—in the current quarter as it restructures and prepares to spin off its PayPal finance unit, it said Wednesday.

California-based eBay unveiled the move even as it announced its profit

in the fourth quarter rose to \$936 million on \$4.9 billion in revenue.

The job cuts will be across eBay's three divisions: Marketplaces, Enterprise and PayPal.

"We are on the right strategic path, and we are acting decisively and aggressively as we position eBay and PayPal for success," eBay CEO John Donahoe said.

The reorganization will return eBay to its roots with the "Marketplaces" division, which includes its auctions and online retail sales and accounted for nearly half its 2014 revenues.

Donahoe said the job cuts were necessary "to simplify the organization, reduce complexity, speed decision making and create competitive cost structures."

eBay announced plans last year to spin off PayPal amid pressure from activist shareholder Carl Icahn, and said the move would help the unit compete better in the fast-moving online payments segment.

In a further move to refocus, eBay said it would likely also shed its Enterprise division, which creates online sites for traditional retailers, in a sale or public offering to create an independent company.

"Enterprise is a strong business and a leading partner for large retailers, managing mission-critical components of their e-commerce initiatives," a statement said.

"However, it has become clear that it has limited synergies with either business and a separation will allow both to focus exclusively on their core markets, as we create two independent world-class companies."

eBay said it reached a "standstill agreement" with Icahn that calls for Icahn Capital executive Jonathan Christodoro to be named to eBay's board.

Icahn said in a separate statement that Christodoro would "have the ability to transition to PayPal's board once the spinoff occurs."

The deal also includes limits on any "poison pill" for PayPal that could block a proposed buyout.

"PayPal's charter documents will contain a number of corporate governance provisions that we suggested and which we believe will greatly enhance shareholder value at PayPal," Icahn said.

## **Mobile sales**

Donahoe said the overall company is in good shape ahead of the reorganization, which will spin off PayPal in the second half of the year.

In the fourth quarter of 2014, net income rose 10 percent to \$936 million, exceeding analyst forecasts.

"In a year of unexpected events and distractions, we ended 2014 with double-digit revenue growth, solid earnings growth and strong cash flow, reflecting the fundamental strengths of our company," Donahoe said.

"PayPal had another strong quarter, finishing an excellent year. eBay, while facing challenges, continues to be a great business and is focused on stabilizing performance and engaging its core customers."

PayPal accounted for 44 percent of eBay revenue in 2014, but it is facing new challenges amid a shift to mobile payments and new entrants to the market, such as Apple and Google.

Icahn has said that the payments sector needs "consolidation"—either through acquisitions by PayPal or by merging it with "another strong player in the industry."

eBay said it had made progress in boosting sales to customers using mobile devices. Mobile payment volume grew to \$45.6 billion for the full year, representing 20 percent of total sales volume.

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