WISCONSIN ENERGY CORP
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Rationale

When establishing the severance arrangements described above, the Committee attempted to provide severance benefits that struck a balance between providing sufficient protections for the executive officer while still providing compensation that is reasonable and in the interests of eBay and its stockholders. In addition, in the case of Mr. Donahoe and Mr. Swan, the Committee believes it was necessary to provide post-termination vesting and exercisability provisions for each of his respective equity incentive awards to encourage their continued employment.

Change in Control

The Company has not entered into any arrangements with any of its executive officers to provide single trigger severance payments upon a change in control.

Under the 2012 PSUs granted to our CEO and CFO, in the event of a change in control, any outstanding unvested 2012 CEO/CFO PSUs will vest subject to the participant s continued employment and if either (a) eBay s annual TSR from January 1st of the calendar year in which the change in control occurs through the date of the change in control or (b) eBay s cumulative TSR from January 1, 2012 through the date of the change in control exceeded the median TSR for eBay s 2012 peer group over the same respective period. In addition, in the event of a change in control, the restriction on selling vested shares will no longer apply.

Our equity incentive plans generally provide for the acceleration of vesting of awards granted under the plans upon a change in control (as defined in the applicable plan) only if the acquiring entity does not agree to assume or continue the awards. These provisions generally apply to all holders of awards under the equity incentive plans. See Potential Payments upon Termination or Change in Control below for information regarding our payment obligations pursuant to the compensation arrangements for each of our NEOs, assuming that their employment was terminated or a change in control occurred on December 31, 2013.

Clawbacks

In 2012, we implemented changes to the eBay Incentive Plan and the Company s equity incentive plans to provide that awards made under those plans are subject to a clawback provision. In January 2014, the terms of the clawback policy were adopted by the Committee, subject to amendment to comply with the SEC rules to be issued in accordance with the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010.

STOCK OWNERSHIP GUIDELINES

Our Board has adopted stock ownership guidelines to further align the interests of our executive officers with those stockholders and further promote our commitment to sound corporate governance. Under the guidelines, our executive officers are required to achieve ownership of our common stock valued at three times their annual base salary (five times in the case of the CEO). The guidelines also provide that the required ownership level for each executive officer is recalculated whenever an executive officer changes pay grade and as of each January 1st immediately following the third anniversary of the most recent calculation of such executive officer s stock ownership guideline. Until an executive officer has satisfied his or her required level of ownership, the executive officer is required to retain an amount equal to 25% of the after-tax net shares received as the result of the exercise, vesting, or payment of any eBay equity awards granted to the executive

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officer. Shares of eBay common stock pledged as collateral for a loan do not count towards satisfaction of the stock ownership guidelines. Our stock ownership guidelines can be found on our investor relations website at http://investor.ebayinc.com/governance.cfm.

The Committee annually reviews the extent to which each executive officer and director of the Company has pledged shares of eBay common stock as collateral for any loans. In conducting such review, the Committee considers the magnitude of the aggregate number of shares of eBay common stock that are pledged by such executive officer or director in terms of total shares of eBay common stock outstanding, market value, and/or trading volume; the executive officer s or director s pledged shares as a percentage of his/her total ownership of eBay common stock and in relation to such executive officer s or director s net worth; the fact that the Company s stock ownership guidelines do not include pledged Company stock; and any other relevant factors. The ownership levels of our executive officers as of March 3, 2014 are set forth in the section entitled Security Ownership of Certain Beneficial Owners and Management above.

We also have an insider trading policy that, among other things, prohibits executive officers from entering into any hedging or monetization transactions or otherwise trading in any instrument relating to the future price of our securities, such as a put or call option, futures contract, short sale, collar, or other derivative security.

Other than the stock ownership guidelines described above, we do not have a policy regarding the length of time executives or directors have to hold their stock after exercise or vesting, except with respect to the 2012 CEO/CFO PSU awards as described above.

Risk Assessment of Compensation Policies and Practices.

We have assessed the compensation policies and practices for our employees and concluded that they do not create risks that are reasonably likely to have a material adverse effect on the Company. This analysis was presented to the Audit Committee and the Compensation Committee, both of which agreed with this conclusion.

IMPACT OF ACCOUNTING AND TAX REQUIREMENTS ON COMPENSATION

We are limited by Section 162(m) of the Code to a deduction for federal income tax purposes of up to $1 million of compensation paid to our CEO and any of our other three most highly compensated executive officers, other than our CFO, in a taxable year. Compensation above $1 million may be deducted if, by meeting certain technical requirements, it can be classified as performance-based compensation. The eIP was most recently approved by our stockholders in 2010, and the portion of the awards attributable to Company performance is intended to qualify as performance-based compensation under Section 162(m). Certain grants under the 2008 Equity Incentive Award Plan, which was initially approved by our stockholders in 2008 and subsequently amended and restated and more recently approved by our stockholders in 2012, are also intended to qualify as performance-based compensation. Although the Committee uses the requirements of Section 162(m) as a guideline, deductibility is not the sole factor it considers in assessing the appropriate levels and types of executive compensation and it will elect to forgo deductibility when the Committee believes it to be in the interests of the Company and our stockholders.

In addition to considering the tax consequences, the Committee considers the accounting consequences of its decisions in determining the forms of different awards, including the impact of the Financial Accounting Standard Board s Accounting Standards Codification Topic 718.

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CONCLUSION

In evaluating the individual components of overall compensation for each of our executive officers, the Committee reviews total compensation as well as individual elements. Through the compensation programs described above, a significant portion of the compensation awarded to our executive officers is contingent upon Company and individual performance. The Committee remains committed to this philosophy of pay-for-performance and will continue to review our executive compensation programs to ensure that the interests of our stockholders are served.

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COMPENSATION COMMITTEE REPORT

The Compensation Committee reviews and approves Company compensation programs on behalf of the Board. In fulfilling its oversight responsibilities, the committee reviewed and discussed with management the Compensation Discussion and Analysis set forth in this proxy statement. Based upon the review and discussions referred to above, the Compensation Committee recommended to the Board that the Compensation Discussion and Analysis be included in this proxy statement and eBay s Annual Report on Form 10-K for the fiscal year ended December 31, 2013.

COMPENSATION COMMITTEE

Edward W. Barnholt (Chairman)

William C. Ford, Jr.

Kathleen C. Mitic

Thomas J. Tierney

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COMPENSATION TABLES

SUMMARY COMPENSATION TABLE

The following table summarizes the total compensation earned by each of our NEOs for the fiscal years ended December 31, 2013, 2012, and 2011. The Company s compensation philosophy is grounded in our goal for executive compensation to align with the interests of our stockholders. To accomplish this, our total compensation program for NEOs is highly incentive-based with Company performance determining a significant portion of total compensation.

Name and Principal Position	Year	Salary ($) [1]	Bonus ($)	Stock Awards ($) [2]	Option Awards ($) [3]	Non-Equity Incentive Plan Compen-sation ($) [4]	Change in Pension Value and Nonqualified Deferred Compen-sation Earnings ($)	All Other Compen-sation ($) [5]	Total ($)
John J. Donahoe President and Chief Executive Officer	2013	993,269	0	8,855,064	2,199,263	1,620,270	0	165,508	13,833,374
	2012	970,353	0	23,729,962	2,000,000	2,844,346	0	160,420	29,705,081
	2011	945,577	0	8,854,607	3,799,993	2,688,984	0	167,367	16,456,528

Robert H. Swan	2013	843,269	0	5,083,468	1,188,152	687,792	0	92,629	7,895,310
Senior Vice President, Finance and Chief Financial Officer	2012	820,353	0	8,866,394	635,040	1,374,091	0	130,464	11,826,340
	2011	795,135	0	3,951,608	1,608,000	1,292,094	0	55,981	7,702,818
Devin N. Wenig (6)	2013	793,269	0	4,236,205	990,130	647,010	0	11,094	6,677,708
President, eBay Marketplaces	2012	770,352	0	2,914,394	1,955,561	1,290,340	0	13,852	6,944,500
	2011	187,500	0	10,153,581	1,292,086	257,812	0	1,192,600	13,083,579
avid A. Marcus (7)	2013	678,462	0	3,897,333	910,921	553,370	0	857	6,040,943
President, PayPal	2012	560,513	0	6,208,147	635,099	868,795	0	3,475	8,276,028
		619,615	0	2,711,198	633,707	379,030	0	11,202	4,354,752

Mark T. Carges (8) Chief Technology Officer	2013								
	2012	601,282	0	1,942,929	423,360	698,990	0	13,927	3,680,488
	2011	581,462	0	7,533,849	918,811	654,144	0	10,736	9,699,002

(1) Effective April 1, 2013, certain eligible employees of eBay, including the NEOs, received an annual salary increase resulting in: (i) in the case of Mr. Donahoe, a salary of $1,000,000 per annum; (ii) in the case of Mr. Swan, a salary of $850,000 per annum; (iii) in the case of Mr. Wenig, a salary of $800,000 per annum; (iv) in the case of Mr. Marcus, a salary of $700,000 per annum; and (v) in the case of Mr. Carges, a salary of $625,000 per annum. Total salary amounts reported are lower than these 2013 annual salary increases because lower salaries were in effect for a portion of 2013.

(2) Reflects the aggregate grant date fair value of stock awards, computed in accordance with the Financial Accounting Standards Board s Accounting Standards Codification Topic 718, Compensation-Stock Compensation, granted in 2013, 2012, and 2011, respectively. We calculated the estimated fair value of stock awards (other than PBRSUs and PSUs) using the fair value of our common stock on the date of the grant.

For 2013, 2012, and 2011, includes the grant date fair value of RSUs.

For 2013: also includes the estimated fair value of PBRSUs for the 24-month 2013-2014 performance period calculated based on the probable outcome of the performance conditions for fiscal 2013-2014, respectively, on the date that each award was allocated to each of our NEOs and the fair value of our common stock on that date. Assuming the highest level of performance is achieved under the applicable performance criteria for fiscal 2013-2014, the maximum possible value of the PBRSU awards allocated to our NEOs for the 24-month 2013-2014 performance period, using the fair value of our common stock on the date that the target amounts for such awards were allocated to each of our NEOs, is: (i) in the case of Mr. Donahoe, $13,200,095; (ii) in the case of Mr. Swan, $7,577,841; (iii) in the case of Mr. Wenig, $6,314,840; (iv) in the case of Mr. Marcus, $5,809,717; and (v) in the case of Mr. Carges, $4,041,538.

For 2012: also includes the estimated fair value of PBRSUs for the 24-month 2012-2013 performance period calculated based on the probable outcome of the performance conditions for fiscal 2012-2013, respectively, on the date that each award was allocated to each of our NEOs and the fair value of our common stock on that date.

For 2012: for Mr. Donahoe and Mr. Swan, also includes the grant date fair value of PSUs, which was $29.76 per share and was calculated based on the probable outcome of the market-based performance conditions and the application of a Monte Carlo simulation model. The PSUs vest if the total shareholder return, or TSR, performance of eBay common stock exceeds the median TSR of the companies in eBay s 2012 peer group over annual performance periods from 2013-2016 or cumulative performance periods from 2012-2016. The grant date fair value of the PSUs does not correspond to the actual value that may be recognized by each of Mr. Donahoe and Mr. Swan with respect to these awards, which may be higher or lower based on a number of factors, including the Company s performance, the performance of the companies in eBay s 2012 peer group, stock price fluctuations, and applicable vesting. Under Financial Accounting Standards Board s Accounting Standards Codification Topic 718, Compensation Stock Compensation, the vesting condition related to the PSUs granted to Mr. Donahoe and Mr. Swan is considered a market condition and not a performance condition. Accordingly, there is no grant date fair value below or in excess of the amounts reflected in the table above that could be calculated and disclosed based on achievement of market conditions.

For 2011: also includes the estimated fair value of PBRSUs for (a) the second 12 months of the 2010-2011 performance period and (b) the 24-month 2011-2012 performance period based on the probable outcome of the performance conditions for fiscal 2011 and fiscal 2011-2012, respectively, on the date that each award was allocated to each of our NEOs and the fair value of our common stock on that date.

(3) Reflects the aggregate grant date fair value of option awards, computed in accordance with the Financial Accounting Standards Board s Accounting Standards Codification Topic 718, Compensation Stock Compensation, for option awards granted in 2013, 2012, and 2011, respectively.

We calculated the estimated fair value of each option award on the date of grant using a modified Black-Scholes option pricing model. The weighted-averages of the assumptions used during 2013 were: risk-free interest rate of 0.75%; expected life of 4.59 years; no dividend yield; and expected volatility of 36.17%. Our computation of expected volatility was based on a combination of historical and market-based implied volatility from traded options on our stock. Our computation of expected life 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 behavior. The interest rate for periods within the contractual life of the award was based on the U.S. Treasury yield curve in effect at the time of grant.

(4) For 2013: represents amounts paid pursuant to the eIP in 2014 for services rendered in 2013.

For 2012: represents amounts paid pursuant to the eIP in 2013 for services rendered in 2012 and includes an additional payout of 5% of each executive s target bonus for achievement of the multi-year employee engagement metric.