



IN THE COURT OF CHANCERY OF THE STATE OF DELAWARE

eBay Domestic Holdings, Inc.,)	
)	
Plaintiff,)	
)	
v.)	C.A. No. 3705-CC
)	
Craig Newmark and James Buckmaster,)	
)	
Defendants,)	
)	
- and -)	
)	
craigslist, Inc.)	
)	
Nominal Defendant.)	

**ANSWER OF CRAIG NEWMARK AND JAMES BUCKMASTER
TO THE VERIFIED COMPLAINT**

Defendants Craig Newmark and James Buckmaster, by and through their undersigned counsel, hereby respond to the Verified Complaint (the "Complaint") as follows:

1. The allegations of Paragraph 1 of the Complaint state only the view of eBay Domestic Holdings, Inc. ("eBay") of the "Nature of the Action," as to which no responsive pleading is required.

2. The allegations of the first sentence of Paragraph 2 of the Complaint are admitted, except that footnote 1 states conclusions of law as to which no responsive pleading is required. Defendants lack knowledge or information sufficient to form a belief as to the truth of the allegations of the second and third sentences of Paragraph 2 of the Complaint.

3. The allegations of Paragraph 3 of the Complaint are denied, except it is admitted that Mr. Newmark and Mr. Buckmaster are stockholders, together with eBay, of craigslist, that Mr. Buckmaster and Mr. Newmark collectively own a majority of the outstanding shares of

craigslist common stock and that they are also the only two members of the craigslist board of directors.

4. The allegations of Paragraph 4 of the Complaint are denied, except that it is admitted that Mr. Newmark founded, and is secretary and chairman of the board of directors and a stockholder of craigslist, that craigslist operates websites designed to serve local communities with classified ad placements and other services, and refer to the factsheet on the craigslist website for its contents.

5. The allegations of Paragraph 5 of the Complaint are denied, except that it is admitted that Mr. Buckmaster is president, CEO, CFO and a stockholder of craigslist.

6. The allegations of Paragraph 6 of the Complaint are admitted.

7. The allegations of Paragraph 7 of the Complaint are denied, except that it is admitted that Mr. Newmark formed 1010 Cole Street, Inc. ("1010"), which is a predecessor of craigslist, that Mr. Buckmaster was later hired and received shares of 1010 and later craigslist and that in January 2003, 1010 had three shareholders.

8. The allegations of Paragraph 8 of the Complaint are denied, except that it is admitted that at some point, eBay began negotiating with another shareholder of 1010 to acquire that person's interest in 1010.

9. The allegations of Paragraph 9 of the Complaint are denied, except that it is admitted that Mr. Newmark and Mr. Buckmaster eventually were involved in the discussions with eBay and ultimately entered into transactions by which eBay acquired an interest in 1010 and refer to the documents for those transactions for the terms and contents thereof.

10. The allegations of Paragraph 10 of the Complaint are admitted, except that reference is made to the August 9, 2004 Shareholders' Agreement for the terms and contents thereof.

11. The allegations of Paragraph 11 of the Complaint are admitted, except that the Shareholders' Agreement contains various provisions, including provisions regarding "Competitive Activity," reference to which is made for the terms and contents thereof.

12. The allegations of Paragraph 12 of the Complaint are denied, except that it is admitted that Mr. Newmark and Mr. Buckmaster entered into a voting agreement dated as of August 9, 2004 (“Voting Agreement”), reference to which is made for the terms and contents thereof.

13. The allegations of Paragraph 13 of the Complaint are admitted.

14. The allegations of Paragraph 14 of the Complaint are admitted.

15. The allegations of Paragraph 15 of the Complaint are admitted, except that reference is made to the Amended and Restated Certificate of Incorporation for the terms and contents thereof.

16. The allegations of Paragraph 16 of the Complaint are denied, except that it is admitted that in 2005, the craigslist board of directors approved a stock incentive plan, reference to which is made for the terms and contents thereof.

17. The allegations of Paragraph 17 of the Complaint are denied, except that it is admitted that Pierre Omidyar resigned from the craigslist board and Josh Silverman was nominated by eBay as a replacement for Mr. Omidyar on the craigslist board.

18. The allegations of Paragraph 18 of the Complaint are denied, except that it is admitted that eBay launched Kijiji, an online classifieds website, in certain markets, and provided some updates about their global business ventures and that defendants lack knowledge or information sufficient to form a belief as to the truth of the allegations concerning the timing of the launch of Kijiji.

19. The allegations of Paragraph 19 of the Complaint are admitted, except that reference is made to the June 29, 2007 letter and the Shareholders’ Agreement for the terms and contents thereof.

20. The allegations of Paragraph 20 of the Complaint are denied, except that it is admitted that the notice of Competitive Activity triggered or affected a variety of provisions of the Shareholders’ Agreement, reference to which is made for the terms and contents thereof.

21. The allegations of Paragraph 21 of the Complaint are denied, except that it is admitted that the notice of Competitive Activity triggered or affected a variety of provisions of the Shareholders' Agreement and the Voting Agreement, reference to which is made for the terms and contents thereof.

22. Defendants lack knowledge or information sufficient to form a belief as to the truth of the allegations of Paragraph 22 of the Complaint, except that it is admitted that in early July 2007, Silverman resigned from the board of directors of craigslist and eBay proposed Thomas Jeon to replace Mr. Silverman on the craigslist board of directors.

23. The allegations of Paragraph 23 of the Complaint are denied, except that it is admitted that as of July 2007, Article IX of the craigslist certificate of incorporation contained a provision concerning cumulative voting for the election of directors.

24. The allegations of Paragraph 24 of the Complaint are denied.

25. The allegations of Paragraph 25 of the Complaint are denied, except that it is admitted that on July 12, 2007 Mr. Buckmaster sent an email to Meg Whitman, then President and CEO of eBay Inc., stating, in part, that "we are no longer comfortable having eBay as a shareholder, and wish to explore options for our repurchase, or for otherwise finding a new home for these shares," reference to which email is made for the remaining terms and contents thereof.

26. The allegations of Paragraph 26 of the Complaint are denied, except that it is admitted that Mr. Newmark appeared on the Charlie Rose television show on July 19, 2007, reference to the recording of which is made for the terms and contents thereof.

27. The allegations of Paragraph 27 of the Complaint are admitted, except that reference is made to the text of Ms. Whitman's email for the terms and contents thereof.

28. Defendants lack knowledge or information sufficient to form a belief as to the truth of the allegations of Paragraph 28 of the Complaint, except that it is admitted that eBay agreed at the time it purchased its shares of craigslist to several provisions in the Shareholders' Agreement pursuant to which it would sell its interest to the existing shareholders (Mr. Newmark and Mr. Buckmaster) and that eBay has shown no interest in selling its stock.

29. The allegations of Paragraph 29 of the Complaint are denied, except that it is admitted that in the late summer and early fall of 2007, Mr. Newmark and Mr. Buckmaster began considering appropriate, tested provisions that could be included in craigslist corporate governance documents, and that those considerations included the non-privileged discussions at the October 15, 2007 board of directors' meeting attended by board members and company counsel, as described in the minutes of that meeting, reference to which is made for the terms and contents thereof.

30. The allegations of Paragraph 30 of the Complaint are denied, except that it is admitted that counsel to craigslist made a presentation to the board of directors on October 15, 2007, and reference is made to the minutes of that meeting for the non-privileged summary of those discussions and to the documents referred to in the remaining averments of Paragraph 30 for the terms and contents of those documents.

31. The allegations of Paragraph 31 of the Complaint are denied, except that it is admitted that the board of directors met on October 25, 2007, with company counsel present, and reference is made to the minutes of that meeting for the non-privileged summary of those discussions and to the documents referred to in the remaining averments of Paragraph 31 for the terms and contents of those documents.

32. The allegations of Paragraph 32 of the Complaint are denied.

33. The allegations of Paragraph 33 of the Complaint are denied, except that it is admitted that at a board meeting on December 17, 2007, attended by the board members and company counsel, the board approved indemnification agreements, reference to which is made for the terms and contents thereof.

34. The allegations of Paragraph 34 of the Complaint are denied, except that it is admitted that at a board meeting on December 17, 2007, the board approved indemnification agreements, reference to which is made for the terms and contents thereof.

35. The allegations of Paragraph 35 of the Complaint are denied, except that it is admitted that at a board meeting on December 17, 2007, the board approved indemnification agreements, reference to which is made for the terms and contents thereof.

36. The allegations of Paragraph 36 of the Complaint are denied, except that it is admitted that at a board meeting on December 17, 2007, the board approved indemnification agreements, reference to which is made for the terms and contents thereof.

37. The allegations of Paragraph 37 of the Complaint are denied, except that it is admitted that at a board meeting on December 17, 2007, the board approved indemnification agreements, reference to which is made for the terms and contents thereof.

38. The allegations of Paragraph 38 of the Complaint are denied, except that it is admitted that at a board meeting on December 17, 2007, the board approved indemnification agreements, reference to which is made for the terms and contents thereof.

39. The allegations of Paragraph 39 of the Complaint are denied, except that it is admitted that at a December 17, 2007 board meeting, the board adopted a resolution approving indemnification agreements and reference is made to the resolution, the indemnification agreements, and the other documents referred to in Paragraph 39 for the terms and contents thereof.

40. The allegations of Paragraph 40 of the Complaint are denied, except that it is admitted that on January 1, 2008, the board acted by written consent to authorize a right of first refusal agreement, a statement of rights, a second amended and restated certificate of incorporation of craigslist and amended and restated bylaws, reference to which is made for the terms and contents thereof.

41. The allegations of Paragraph 41 of the Complaint are denied, except that it is admitted that Mr. Buckmaster, Mr. Newmark and eBay are the stockholders of craigslist and that on January 1, 2008, the board acted by written consent to authorize a right of first refusal agreement, reference to which is made for the terms and contents thereof.

42. The allegations of Paragraph 42 of the Complaint are denied, except that it is admitted that on January 1, 2008, the board acted by written consent to authorize a right of first refusal agreement, a statement of rights, a second amended and restated certificate of incorporation of craigslist and amended and restated bylaws, reference to which is made for the terms and contents thereof.

43. The allegations of Paragraph 43 of the Complaint are denied, except that Mr. Newmark and Mr. Buckmaster agreed to the terms of the right of first refusal agreement and received the benefits provided by that agreement and that eBay has the same opportunity to enter into that agreement today and receive the same benefits.

44. The allegations of Paragraph 44 of the Complaint are denied, except that it is admitted that as of July 2007, Article IX of the craigslist certificate of incorporation contained a provision concerning cumulative voting for the election of directors and that on January 1, 2008, the board acted by written consent to authorize a right of first refusal agreement, a statement of rights, a second amended and restated certificate of incorporation of craigslist and amended and restated bylaws, reference to which is made for the terms and contents thereof.

45. The allegations of Paragraph 45 of the Complaint are denied, except that it is admitted that on January 1, 2008, the board acted by written consent to authorize a right of first refusal agreement, a statement of rights, a second amended and restated certificate of incorporation of craigslist and amended and restated bylaws, reference to which (as well as the Shareholders' Agreement) is made for the terms and contents thereof.

46. The allegations of Paragraph 46 of the Complaint are denied.

47. The allegations of Paragraph 47 of the Complaint are denied, except that it is admitted that on January 1, 2008, the board acted by written consent to authorize a right of first refusal agreement, which was agreed to by Mr. Newmark and Mr. Buckmaster individually; a statement of rights; a second amended and restated certificate of incorporation of craigslist; and amended and restated bylaws, reference to all of which (as well as the 220 documents) is made for their terms and contents thereof.

48. The allegations of Paragraph 48 of the Complaint are denied, except that it is admitted that on January 1, 2008, the board acted by written consent to authorize a statement of rights, reference to which is made for the terms and contents thereof.

49. The allegations of Paragraph 49 of the Complaint are denied, except that it is admitted that on January 1, 2008, the board acted by written consent to authorize a statement of rights, reference to which is made for the terms and contents thereof.

50. The allegations of Paragraph 50 of the Complaint are denied, except that it is admitted that on January 1, 2008, the board acted by written consent to authorize a statement of rights, reference to which is made for the terms and contents thereof.

51. The allegations of Paragraph 51 of the Complaint are denied, except that it is admitted that on January 1, 2008, the board acted by written consent to authorize a statement of rights, reference to which is made for the terms and contents thereof.

52. The allegations of Paragraph 52 of the Complaint are denied, except that it is admitted that on January 1, 2008, the board acted by written consent to authorize a statement of rights, reference to which is made for the terms and contents thereof.

53. The allegations of Paragraph 53 of the Complaint are denied, except that it is admitted that on January 1, 2008, the board acted by written consent to authorize a statement of rights, reference to which is made for the terms and contents thereof.

54. The allegations of Paragraph 54 of the Complaint are denied, except that it is admitted that on January 1, 2008, the board acted by written consent to authorize a statement of rights, reference to which is made for the terms and contents thereof, that Mr. Buckmaster and Mr. Newmark collectively own a majority of the outstanding shares of craigslist common stock, and that Mr. Buckmaster, Mr Newmark and eBay are the stockholders of craigslist.

55. The allegations of Paragraph 55 of the Complaint are denied, except that it is admitted that on January 1, 2008, the board acted by written consent to approve amendments to the certificate of incorporation and bylaws, reference to which is made for the terms and contents thereof.

56. The allegations of Paragraph 56 of the Complaint are admitted, except that reference is made to amendments to the certificate of incorporation approved on January 1, 2008, and the previously filed restated certificate of incorporation, for the terms and contents thereof

57. The allegations of Paragraph 57 of the Complaint are denied, except that it is admitted that on January 1, 2008, the board acted by written consent to approve amendments to the certificate of incorporation, reference to which is made for the terms and contents thereof.

58. The allegations of Paragraph 58 of the Complaint are denied, except that it is admitted that on January 1, 2008, the board acted by written consent to approve amendments to the certificate of incorporation, reference to which is made for the terms and contents thereof.

59. The allegations of Paragraph 59 of the Complaint are denied, except that it is admitted that on January 1, 2008, the board acted by written consent to approve amendments to the certificate of incorporation, reference to which is made for the terms and contents thereof.

60. The allegations of Paragraph 60 of the Complaint are denied, except that it is admitted that on January 1, 2008, the board acted by written consent to approve amendments to the certificate of incorporation and bylaws, reference to which is made for the terms and contents thereof.

61. The allegations of Paragraph 61 of the Complaint are denied, except that it is admitted that the craigslist board of directors did not accept eBay's proposal that Mr. Jeon be appointed to the craigslist board of directors and on January 3, 2008, the board disclosed the corporate governance changes that had been implemented, including that the right of first refusal had been executed by craigslist, Mr. Buckmaster and Mr. Newmark.

62. The allegations of Paragraph 62 of the Complaint are denied, except that it is admitted that on January 3, 2008, the board disclosed the corporate governance changes that had been implemented, including that the right of first refusal had been executed by craigslist, Mr. Buckmaster and Mr. Newmark.

63. The allegations of Paragraph 63 of the Complaint are denied, except that it is admitted that Mr. Buckmaster and Mr. Newmark collectively own a majority of the outstanding

shares of craigslist common stock and that on January 3, 2008, the board disclosed the corporate governance changes that had been implemented, including that the right of first refusal had been executed by craigslist, Mr. Buckmaster and Mr. Newmark.

64. The allegations of Paragraph 64 of the Complaint are denied.

65. The allegations of Paragraph 65 of the Complaint characterize the nature of the action, as to which no responsive pleading is required.

66. The allegations of Paragraph 66 of the Complaint state conclusions of law as to which no responsive pleading is required, except that it is admitted that Mr. Buckmaster and Mr. Newmark are the only two members of the craigslist board of directors.

67. The allegations of Paragraph 67 of the Complaint state conclusions of law as to which no responsive pleading is required.

68. The allegations of Paragraph 68 of the Complaint state conclusions of law as to which no responsive pleading is required.

69. Defendants repeat and reassert their responses to Paragraphs 1 through 68 above as if fully set forth herein.

70. The allegations of Paragraph 70 of the Complaint state conclusions of law as to which no responsive pleading is required.

71. The allegations of Paragraph 71 of the Complaint state conclusions of law as to which no responsive pleading is required.

72. The allegations of Paragraph 72 of the Complaint state conclusions of law as to which no responsive pleading is required.

73. The allegations of Paragraph 73 of the Complaint state conclusions of law as to which no responsive pleading is required.

74. The allegations of Paragraph 74 of the Complaint state conclusions of law as to which no responsive pleading is required.

75. Defendants repeat and reassert their responses to Paragraphs 1 through 74 above as if fully set forth herein.

76. The allegations of Paragraph 76 of the Complaint state conclusions of law as to which no responsive pleading is required

77. The allegations of Paragraph 77 of the Complaint state conclusions of law as to which no responsive pleading is required

78. The allegations of Paragraph 78 of the Complaint state conclusions of law as to which no responsive pleading is required.

79. The allegations of Paragraph 79 of the Complaint state conclusions of law as to which no responsive pleading is required.

80. The allegations of Paragraph 80 of the Complaint state conclusions of law as to which no responsive pleading is required.

81. Defendants repeat and reassert their responses to Paragraphs 1 through 80 above as if fully set forth herein.

82. The allegations of Paragraph 82 of the Complaint state conclusions of law as to which no responsive pleading is required.

83. The allegations of Paragraph 83 of the Complaint state conclusions of law as to which no responsive pleading is required.

84. The allegations of Paragraph 84 of the Complaint state conclusions of law as to which no responsive pleading is required.

85. The allegations of Paragraph 85 of the Complaint state conclusions of law as to which no responsive pleading is required.

86. The allegations of Paragraph 86 of the Complaint state conclusions of law as to which no responsive pleading is required.

87. Defendants repeat and reassert their responses to Paragraphs 1 through 86 above as if fully set forth herein.

88. The allegations of Paragraph 88 of the Complaint state conclusions of law as to which no responsive pleading is required

89. The allegations of Paragraph 89 of the Complaint state conclusions of law as to which no responsive pleading is required.

90. The allegations of Paragraph 90 of the Complaint state conclusions of law as to which no responsive pleading is required.

91. The allegations of Paragraph 91 of the Complaint state conclusions of law as to which no responsive pleading is required.

92. Defendants repeat and reassert their responses to Paragraphs 1 through 91 above as if fully set forth herein.

93. The allegations of Paragraph 93 of the Complaint state conclusions of law as to which no responsive pleading is required.

94. The allegations of Paragraph 94 of the Complaint are denied, except that it is admitted that eBay has not agreed to or voted in favor of the right of first refusal agreement approved January 1, 2008.

95. The allegations of Paragraph 95 of the Complaint state conclusions of law as to which no responsive pleading is required.

96. The allegations of Paragraph 96 of the Complaint state conclusions of law as to which no responsive pleading is required.

97. The allegations of Paragraph 97 of the Complaint state conclusions of law as to which no responsive pleading is required.

98. The allegations of Paragraph 98 of the Complaint state conclusions of law as to which no responsive pleading is required.

99. Defendants repeat and reassert their responses to Paragraphs 1 through 98 above as if fully set forth herein.

100. The allegations of Paragraph 100 of the Complaint state conclusions of law as to which no responsive pleading is required.

101. The allegations of Paragraph 101 of the Complaint state conclusions of law as to which no responsive pleading is required.

102. The allegations of Paragraph 102 of the Complaint state conclusions of law as to which no responsive pleading is required.

103. The allegations of Paragraph 103 of the Complaint state conclusions of law as to which no responsive pleading is required.

104. The allegations of Paragraph 104 of the Complaint state conclusions of law as to which no responsive pleading is required.

105. Defendants repeat and reassert their responses to Paragraphs 1 through 104 above as if fully set forth herein.

106. The allegations of Paragraph 106 of the Complaint state conclusions of law as to which no responsive pleading is required.

107. The allegations of Paragraph 107 of the Complaint state conclusions of law as to which no responsive pleading is required.

108. The allegations of Paragraph 108 of the Complaint state conclusions of law as to which no responsive pleading is required.

109. The allegations of Paragraph 109 of the Complaint state conclusions of law as to which no responsive pleading is required.

110. The allegations of Paragraph 110 of the Complaint state conclusions of law as to which no responsive pleading is required.

111. The allegations of Paragraph 111 of the Complaint state conclusions of law as to which no responsive pleading is required.

112. The allegations of Paragraph 112 of the Complaint state conclusions of law as to which no responsive pleading is required.

AFFIRMATIVE DEFENSES

1. The Complaint should be dismissed to the extent that it fails to state a claim upon which relief may be granted.

2. The Complaint should be dismissed because the conduct of the defendants is protected by the business judgment rule.

3. The Complaint should be dismissed to the extent that the claims purported to be asserted are not ripe.

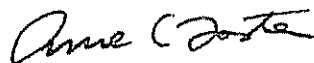
4. The Complaint should be dismissed to the extent that eBay's claims are barred by the doctrines of waiver and/or estoppel.

5. The Complaint should be dismissed to the extent that eBay's claims are barred by the terms of the Shareholders' Agreement and other applicable agreements that it entered into with defendants.

6. The Complaint should be dismissed to the extent that eBay's claims are barred by the doctrine of unclean hands.

7. Mr. Newmark and Mr. Buckmaster reserve the right to assert additional affirmative defenses as discovery proceeds.

WHEREFORE, Defendants demand judgment dismissing with prejudice the Complaint and each and every claim for relief therein, and granting such other and further relief as this Court deems just and appropriate.



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Dated: May 15, 2008

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CERTIFICATE OF SERVICE

I hereby certify that on May 15, 2008, a copy of the foregoing was caused to be served on the following counsel of record via electronic filing:

William M. Lafferty, Esquire
Frederick H. Alexander, Esquire
Samuel T. Hirzel, Esquire
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A handwritten signature in cursive script that reads "Anne C. Foster".

Anne C. Foster (#2513)