



October 26, 1999

eBay Inc. Announces Third Quarter 1999 Financial Results

Gross Merchandise Sales of \$741 Million in the quarter -- 280% over the prior year

Added 2.1 Million new users in the quarter

SAN JOSE, Calif., Oct. 26 - eBay Inc. (Nasdaq: EBAY) (<http://www.ebay.com>), the world's largest online personal trading community, today reported financial results for its third quarter ended September 30, 1999.

The Company generated consolidated net revenues of \$58.5 million in the third quarter of 1999, a 169 percent increase over the \$21.7 million reported for the same period last year. Consolidated net income for the quarter was \$1.4 million, or \$0.01 per share on a diluted basis. eBay's consolidated net income excluding the effects of certain non-cash charges was \$3.2 million, or \$0.02 per diluted share, compared with \$1.8 million, or \$0.02 per diluted share during the third quarter of 1998.

"In the third quarter of 1999, eBay continued to record strong increases in gross merchandise sales and registered users," said Meg Whitman, President and CEO of eBay. "The eBay community now transacts almost \$3 billion per year on an annualized basis on our site. This reaffirms eBay as the world's largest personal trading community."

Key operating metrics on the eBay site:

- eBay's gross merchandise sales (the value of goods traded on the eBay site) for the third quarter of 1999 climbed to \$741 million, up 280 percent over the \$195 million reported in the third quarter of 1998
- Registered users increased to 7.7 million by quarter end, an increase of 509 percent from the 1.3 million at September 30, 1998
- eBay hosted 36.2 million auctions during the third quarter, compared to 9.2 million during the same period of last year. This represents year over year growth of 292 percent

Ms. Whitman continued, "This was a quarter of strong execution and many accomplishments in every part of the company, as eBay continued to expand into new markets and leveraged the acquisitions made in the last quarter into new online initiatives."

Execution highlights:

- Launched a new "Automotive" category for both general and collector cars (in conjunction with Kruse International -- <http://pages.ebay.com/auto-index.html>)
- Launched "eBay: Go Local!" new regional search that permits users to buy and sell in their local areas (<http://pages.ebay.com/regional/hub.html>)
- Delivered a highly successful "free listing day" that generated tremendous community excitement with over 4 million items on the site -- an all-time record
- Launched eBay's German site and initiated final value fees. eBay Germany currently has well over 500,000 listings on its site (not included in the "stats" section of the eBay home page or key operating metrics -- <http://www.ebay.de>)
- Rolled out eBay's strategy for the wireless Internet: "eBay Everywhere" by partnering with both SkyTel and Palm Computing to enable users to track, view and bid on items (<http://pages.ebay.com/community/news/happenings.html>)
- Launched a new AOL co-branded site across all AOL categories (<http://www.ebay.aol.com>)
- Completed eBay "From our homepage to your hometown" tour of 30 communities across the country

- Improved response time for customer support by more than 50% in the last six months
- Added key new members to the eBay team, including Maynard Webb, head of eBay Technologies, and Jeff Jordan, General Manager of End-to-End trading services
- Installed the warm back-up system, upgraded the operating and database systems and added system capacity
- Expanded eBay's co-location facilities at Exodus and opened new facilities at AboveNet

Financial and operating summary:

The primary contributor to the increase in eBay net revenues for the quarter was the increased usage of the eBay site. As expected, net revenues from eBay's traditional auction subsidiaries decreased seasonally. The seasonal decrease in Butterfield & Butterfield's net revenues was partially offset by Kruse's strong quarter.

In the third quarter, the Company continued to make significant investments in personnel, contractors and equipment to support the site's infrastructure. These investments, along with continued additions to customer support personnel, resulted in increased cost of net revenues both in absolute dollars and as a percentage of net revenues versus the prior quarter.

Personnel and contractor costs were the largest single contributor to the increase in operating expenses during the third quarter. Sales and marketing expenses increased over the prior quarter due to increased online advertising costs, including the recognition of advertising costs under the AOL agreement, and expenses associated with Kruse's Auburn auction and other promotional activities. Increases in product development costs were driven largely by personnel additions, including those involved with new business initiatives. General and administrative cost increases were driven by personnel additions, legal costs, and public company expenses, including SEC filing fees.

For the third quarter, eBay recorded consolidated non-cash amortization charges of \$1.4 million related to stock-based compensation and \$430,000 associated with acquired intangibles. The Company recorded a consolidated tax provision of \$979,000 representing an effective tax rate of 42 percent of third quarter consolidated pretax income.

The Company's overall balance sheet was relatively unchanged in the third quarter compared to the second quarter. Consolidated assets as of September 30, 1999 were approximately \$910 million, which included over \$740 million of cash and high quality financial instruments.

About eBay

eBay (<http://www.ebay.com>), the world's personal trading community(TM), pioneered person-to-person online trading. Founded in 1995, eBay has developed an efficient and entertaining trading site on the Web. Currently, there are more than 3.0 million items listed for sale. More than 400,000 items are added daily in more than 2,200 categories including: antiques; books, movies and music; coins and stamps; collectibles; computers; dolls and figures; jewelry and gemstones; photo and electronics; pottery and glass; sports memorabilia; and toys. eBay is also engaged in the traditional auction business through its subsidiaries, Butterfield & Butterfield and Kruse International.

Forward Looking Statements

This announcement contains forward looking statements that involve risks and uncertainties, including those relating to the Company's ability to grow its user base. Actual results could differ materially from those discussed. Factors that could cause or contribute to such differences include, but are not limited to, the Company's need to maintain site stability, to successfully manage and integrate its new acquisitions, to manage significant growth in all aspects of its business, to deal with the increasingly competitive environment for online trading and to successfully expand its model outside of the U.S. More information about potential factors which could affect the Company's business and financial results is included in the Company's Form 10-K for the period ended December 31, 1998 under the headings "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations", its Form 10-Q for the period ending June 30, 1999, its Form 8-K/A filed on July 26, 1999, its Form 8-K filed on September 14, 1999 and its Form S-3 filed on September 30, 1999. All forward looking statements are based on information available to the Company on the date hereof, and the Company assumes no obligation to update such statements.

eBAY INC.
CONDENSED CONSOLIDATED BALANCE SHEET
(in thousands; unaudited)

December 31, September 30,

	1998	1999
ASSETS		
Current assets:		
Cash and cash equivalents	\$37,285	\$246,538
Short-term investments	40,401	139,406
Accounts receivable, net	12,425	27,589
Other current assets	7,479	25,692
Total current assets	97,590	439,225
Property and equipment, net	44,062	82,102
Investments	--	367,711
Deferred tax asset	--	11,277
Intangible and other assets, net	7,884	9,327
	\$149,536	\$909,642

LIABILITIES AND
STOCKHOLDERS' EQUITY

Current liabilities:		
Accounts payable	\$9,997	\$22,821
Accrued expenses and other current liabilities	6,577	23,101
Customer advances and deferred revenue	973	1,651
Debt and leases, current portion	4,047	12,447
Income taxes payable	1,380	10,665
Deferred tax liabilities	1,682	1,682
Total current liabilities	24,656	72,367
Debt and leases, long-term portion	18,361	5,856
Other liabilities	5,981	6,114
	48,998	84,337
Total stockholders' equity	100,538	825,305
	\$149,536	\$909,642

eBAY INC.

CONDENSED CONSOLIDATED STATEMENT OF INCOME
(in thousands, except per share amounts; unaudited)

	3 Months Ended Sep. 30,		9 Months Ended Sept. 30,	
	1998	1999	1998	1999
Net revenues	\$21,731	\$58,525	\$55,199	\$150,805
Cost of net revenues	4,367	17,081	10,144	36,003
Gross profit	17,364	41,444	45,055	114,802
Operating expenses:				
Sales and marketing	9,414	27,230	21,317	67,104
Product development	1,514	6,851	3,062	14,490
General and administrative	4,249	11,779	11,049	29,481
Amortization of acquired intangibles	327	328	477	983
Merger related costs	--	--	--	4,359
Total operating expenses	15,504	46,188	35,905	116,417
Income (loss) from operations	1,860	(4,744)	9,150	(1,615)
Interest and other income (expense), net	(161)	7,075	(593)	13,389
Income before income taxes	1,699	2,331	8,557	11,774

Provision for income taxes	(1,238)	(979)	(3,923)	(5,841)
Net income	\$461	\$1,352	\$4,634	\$5,933
Net income per share:				
Basic	\$0.01	\$0.01	\$0.12	\$0.06
Diluted	\$0.00	\$0.01	\$0.04	\$0.04
Weighted average shares:				
Basic	48,385	115,980	39,002	105,864
Diluted	113,619	140,082	109,625	135,358

Supplemental (A)

Historical net income	\$461	\$1,352	\$4,634	\$5,933
Add back certain non-cash and merger costs:				
Amortization of stock-based compensation	818	1,377	2,317	3,652
Amortization of acquired intangibles (B)	515	430	665	1,210
Merger related costs (C)	--	--	--	2,528
Charitable contribution of Common Stock	--	--	1,216	--
Total add back	1,333	1,807	4,198	7,390
Supplemental net income excluding certain non-cash and merger related costs	\$1,794	\$3,159	\$8,832	\$13,323
Supplemental net income per share:				
Basic	\$0.04	\$0.03	\$0.23	\$0.13
Diluted	\$0.02	\$0.02	\$0.08	\$0.10

(A) The accompanying supplemental financial information is presented for informational purposes only and should not be considered as a substitute for the historical financial information presented in accordance with generally accepted accounting principles.

(B) Expenses associated with the amortization of acquisition related charges are included within cost of net revenues as well as operating expenses under the heading "amortization of acquired intangibles."

(C) Supplemental information on merger related costs reflects a 42 percent tax benefit when compared to the operating expenses under the heading "merger related costs."