April 26, 1999

eBay Inc. Announces First Quarter 1999 Financial Results

Achieved Record First Quarter Net Revenues of $34.0 million

SAN JOSE, Calif., April 26 - eBay Inc. (Nasdaq: EBAY) (http://www.ebay.com), the world's largest person-to-person online trading community, today reported financial results for its first quarter ended March 31, 1999.

The Company generated net revenues of $34.0 million in the first quarter of 1999, a 469 percent increase over the $6.0 million reported for the same period last fiscal year. Gross profit margin decreased to 85 percent for the quarter from 89 percent a year ago. Net income for the current quarter was $5.9 million, or $0.05 per share on a fully diluted basis. eBay's net income before the effect of non-cash charges related to stock based compensation and acquisition expenses was $7.0 million, or $0.05 per fully diluted share, compared with $569,000 or $0.01 per fully diluted share during the first quarter of fiscal 1998.

The primary contributor to the increase in revenues for the quarter was the increased activity on the site. Gross merchandise sales (the value of goods traded) for the current quarter were $541 million, up 76 percent from the $307 million reported in the fourth quarter of 1998. The number of registered users increased more than 1.6 million to over 3.8 million at March 31, 1999, an increase of about 75 percent from the more than 2.1 million registered users at December 31, 1998. In addition, eBay hosted over 22.9 million auctions during the first quarter of 1999, up from 13.6 million in the fourth quarter of last year.

The Company remains committed to providing a safe, easy-to-use trading environment on the eBay site. As a result, the Company made significant personnel investments during the first quarter which affected costs in all income statement categories. Cost of sales increased during the first quarter largely due to labor and related costs associated with the Company's expansion of its customer service department and depreciation of recently acquired site equipment. In addition, the Company realized additional costs in volume-driven transactional expenses such as ISP connectivity charges and bank processing charges for customer fees paid by credit cards. The increase in sales and marketing expenses in the first quarter over the prior period was primarily due to personnel growth, the expansion of online advertising, tradeshow programs and international marketing. Product development expenses increased due to additional headcount and the use of consultants, but were otherwise relatively unchanged compared to the fourth quarter of 1998. General and administrative expenses increased substantially over the previous quarter again primarily due to the Company's investment in personnel, increases in professional service fees and incremental costs associated with being a public company.

For the first quarter, eBay recorded certain non-cash charges of $666,000 and $453,000 related to the amortization of stock compensation and acquisition-related expenses, respectively. The Company recorded a tax provision of $4.3 million, representing an effective tax rate of 42 percent of first quarter pretax income.

"We are excited to start 1999 with strong first quarter results and positive growth across all metrics. This past quarter, we continued our efforts to bring a wider audience to eBay through a variety of marketing endeavors including online and traditional advertising, grassroots marketing, public relations and strong word of mouth referrals. We also brought eBay to the international market with the launches of the U.K. and Canadian sites," stated Meg Whitman, President and CEO of eBay. "In addition, we expanded the end-to-end trading solutions to include packaging, shipping, photo hosting and authentication services for our users. As we grow, we continue to focus on our mission to provide our users the tools to help them trade practically anything on earth."

The Company's overall balance sheet is largely unchanged from the fourth quarter of 1998. The Company added $8.4 million in net fixed assets consisting mostly of computer hardware and software and advanced an $18.8 million payment for future marketing efforts as part of the strategic alliance with AOL. The Company's balance sheet was strengthened with the completion of its secondary stock offering completed in April 1999.

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 that is available 24 hours a day, seven days a week. Currently, there are more than 1.8 million items listed for sale. More than 250,000 items are added daily in more than 1,000 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.

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 manage significant growth in all aspects of its business, the increasingly competitive environment for online trading, including the effect of the recent entry of competitors which have significantly greater financial and marketing resources, issues of integrating new acquisitions and seasonal factors, including a relative decrease in activity during the spring and summer periods. 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" and the Company's Prospectus dated April 12, 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)

	Dec. 31, 1998	March 31, 1999 (unaudited)
ASSETS		
Current assets:		
Cash and cash equivalents	$31,790	$24,850
Short-term investments	40,401	32,121
Accounts receivable, net	6,369	12,104
Other current assets	4,825	23,588
Total current assets	83,385	92,663
Property and equipment, net	7,831	16,235
Intangible and other assets, net	1,267	814
	$92,483	$109,712
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$1,385	$3,748
Customer advances	727	1,022
Income taxes payable	--	2,713
Deferred tax liabilities	1,682	1,682
Other current liabilities	4,244	8,947
Total current liabilities	8,038	18,112
Total stockholders' equity	84,445	91,600
	$92,483	$109,712

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

	Three Months Ended March 31, 1998	1999
Historical		
Net revenues	$5,981	$34,010
Cost of net revenues	630	5,121
Gross profit	5,351	28,889
Operating expenses:		
Sales and marketing	2,106	12,067
Product development	518	1,924
General and administrative	1,028	5,043
Amortization of acquired intangibles	--	328
Total operating expenses	3,652	19,362
Income from operations	1,699	9,527

Interest and other income, net	22	639
Income before income taxes	1,721	10,166
Provision for income taxes	(1,573)	(4,270)
Net income	$148	$5,896
Net income per share:		
Basic	$0.00	$0.06
Weighted average shares - basic	26,936	95,047
Diluted	$0.00	$0.05
Weighted average shares - diluted	97,614	127,979
Supplemental Information(A)		
Historical net income	$148	$5,896
Add back of certain non-cash expenses:		
Amortization of stock compensation	421	666
Amortization of acquisition-related expenses(B)	--	453
Total add back	421	1,119
Supplemental net income excluding certain non-cash expenses	$569	$7,015
Supplemental net income per share:		
Basic	$0.02	$0.07
Diluted	$0.01	$0.05

(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."