



January 25, 2000

eBay Inc. Announces Fourth Quarter and Year End 1999 Financial Results

eBay surpasses 10 million user milestone in the quarter

Gross Merchandise Sales of \$901 Million in the quarter -- up 192% over the prior year

San Jose, CA, January 25, 2000 - eBay Inc. (NASDAQ: EBAY; www.ebay.com), the world's largest online personal trading community, today reported financial results for its fourth quarter and year ended December 31, 1999.

The Company generated consolidated net revenues of \$73.9 million in the fourth quarter of 1999, a 139 percent increase over the \$30.9 million reported for the same period last year. Consolidated net income for the quarter was \$4.9 million, or \$0.04 per share on a diluted basis. eBay's consolidated net income excluding the effects of certain non-cash charges was \$6.1 million, or \$0.04 per diluted share, compared with \$3.9 million, or \$0.03 per diluted share during the fourth quarter of 1998.

For the year, the Company generated net revenues of \$224.7 million, a 161 percent increase over the net revenues of \$86.1 million in fiscal 1998. Net income for the current year was \$10.8 million, or \$0.08 per share on a diluted basis. The Company's net income before the effect of non-cash charges related to stock-based compensation and acquisition expenses was \$19.4 million, or \$0.14 per diluted share, compared with \$12.8 million or \$0.11 per diluted share during the fiscal year 1998.

"1999 was a terrific year of strong, profitable growth," said Meg Whitman, President and CEO of eBay. "The eBay community continues to grow at a phenomenal rate - at over 10 million users, we are bigger than the eighth largest state in the country. This success is built by our rapidly growing, innovative and entrepreneurial community that continues to expand the definition of eBay. As we look forward to 2000, more than ever, eBay is truly a trading platform for anything, anywhere."

Key operating metrics and execution highlights:

- Registered users increased to 10.0 million by quarter end, an increase of 359 percent from the 2.2 million at December 31, 1998
- eBay's gross merchandise sales (the value of goods traded on the eBay site) for the fourth quarter of 1999 climbed to \$901 million, up 192 percent over the \$307 million reported in the fourth quarter of 1998
- eBay hosted 41.0 million auctions during the fourth quarter, compared to 13.6 million during the same period of last year. This represents year over year growth of 201 percent
- Launched the beta version of eBay's payment solution, Billpoint, to a select group of eBay sellers (<http://pages.ebay.com/help/buyerguide/bp-overview.html>)
- Expanded "eBay: Go Local!" with 53 regional sites for buyers and sellers to trade locally (<http://pages.ebay.com/regional/hub.html>)
- Launched eBay Great Collections to offer premium collectibles from a host of auction houses, dealers and dealer networks around the world (<http://www.ebaygreatcollections.com/>)
- Launched the eBay Australian site with our partner, PBL Online, the largest media conglomerate in Australia (<http://www.ebay.com.au/>)
- Rolled out the first eBay Germany city pages with eBay Berlin
- Launched eBayPro in Germany, the horizontal business to business trading service
- Launched four additional AOL co-branded sites on AOL.com, Compuserve, Digital City and ICQ (<http://www.ebay.aol.com>)
- Rolled out additional "Theme" areas including Fashion, Golf, Comic and Millennium
- Introduced the "Gift Giving Guide" during the holiday season to enable community members to view gift suggestions for different groups (<http://www.ebay.com/index.html>)
- Added key members to the eBay team, including Patrick Mead, President and CEO of Butterfield & Butterfield, and Janet Crane, General Manager, Billpoint
- Installed a high availability system and continued to upgrade our systems and increase capacity

Financial and operating summary:

The primary contributor to the increase in eBay net revenues for the quarter was the increased use of the eBay site. As expected, net revenues in eBay's traditional auction subsidiaries increased seasonally as Butterfield & Butterfield recorded its

strongest revenue quarter, partially offset by Kruse's seasonally slower fourth quarter.

During the current period, the Company continued to make significant investments in both the people and equipment used in supporting the site. Gross margin as a percent of net revenues remained at approximately the same level as the third quarter of 1999, but increased in absolute dollars due to additional equipment depreciation, personnel costs, and purchases of ISP bandwidth. Cost of net revenues in the traditional auction business moved approximately in line with changes in quarterly net revenues.

The increase in operating expenses was driven primarily by personnel and contractor costs. Sales and marketing expenses increased over the prior quarter due to increased online advertising costs, primarily as a result of a full quarter of expense recognition under the AOL agreement. The increase in product development expenses over the prior quarter was driven largely by additional personnel and contractor costs, in part to support new business initiatives. General and administrative expenses increased primarily as a result of additional personnel.

For the fourth quarter, eBay recorded consolidated non-cash amortization charges of \$1.0 million related to stock-based compensation and \$0.2 million associated with acquired intangibles. The Company recorded a consolidated tax provision of \$3.5 million representing an effective tax rate of 42 percent of fourth quarter consolidated pretax income.

The Company's third to fourth quarter balance sheets were relatively unchanged with the exception of additions to fixed assets which increased by 36 percent. Consolidated assets as of December 31, 1999 were approximately \$964 million, which included approximately \$766 million of cash and financial instruments.

About eBay

eBay (www.ebay.com), the world's personal trading communityTM, 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 3.5 million items listed for sale. More than 450,000 items are added daily in more than 2,900 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 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 to new types of items and to countries 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 8-K/A filed on July 26, 1999, its Form 8-K filed on September 14, 1999, its Form S-3 filed on December 22, 1999 and its Form 10-Q for the period ended September 30, 1999 filed on November 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.

Investor Information Request: 408-558-7493 or email to investor_relations@ebay.com

Company News On Call: <http://www.prnewswire.com>

Press Release fax-on-demand service: 800-758-5804, ext. 132637