July 25, 2000

eBay Inc. Releases Second Quarter 2000 Financial Results

Reported Net Income Grows 84 Percent Quarter over Quarter

Online Net Revenues More Than Doubled Year over Year

SAN JOSE, Calif., July 25 - eBay Inc. (Nasdaq: EBAY) (http://www.ebay.com), the world's largest online trading community, today reported financial results for its second quarter ended June 30, 2000.

eBay reported consolidated net revenues of $97.4 million in the second quarter of 2000, a 97 percent increase over the $49.5 million reported for the same period last year. Consolidated net income for the quarter was $11.6 million, or $0.04 per share on a diluted basis. eBay's consolidated net income excluding the effects of certain non-cash and stock-related charges was $13.2 million, or $0.05 per diluted share, compared with $5.1 million, or $0.02 per diluted share during the second quarter of 1999.

"The top line for the second quarter was in fact the bottom line: eBay's record profits," said Gary Bengier, CFO of eBay. "These profits were powered by record revenues and the record gross merchandise sales traded on the eBay platform."

"We are very pleased with our second quarter results," said Meg Whitman, President & CEO of eBay. "Everyday the eBay marketplace becomes indispensable to more people and small businesses around the world."

Key financial and operating metrics:

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-- Online Net Revenues -- eBay's online net revenues reached $87.9
   million, a 130 percent increase over the $38.2 million in the second
   quarter of 1999.
-- Gross Merchandise Sales -- eBay users transacted a record $1.3 billion
   in gross merchandise sales (the value of goods traded on the eBay
   site), representing a 108 percent increase over the second quarter of
   1999.
-- Registered Users -- eBay expanded the number of registered users to
   15.8 million by quarter end, an increase of 183 percent from 5.6
   million on June 30, 1999.
-- Auctions Hosted -- eBay hosted 62.5 million auctions during the second
   quarter, compared to 29.3 million during the same period last year.
   This represents year-over-year growth of 113 percent.
-- Gross Margins -- Margins grew to 76% from 73% reported in the prior
   quarter.
-- Cash Flow -- eBay generated $28.3 million in cash from operations
   increasing total cash and financial investments to $839.0 million.
-- Uptime -- eBay reported another quarter of over 99% system uptime.
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Key Execution highlights:

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-- On July 11, 2000, completed the acquisition of Half.com which will add
   fixed priced functionality to the expanding eBay trading platform.
-- Announced eBay Anywhere, a comprehensive new mobile strategy that aims
   to make eBay accessible from any Internet-enabled mobile device.
   (http://www.ebay.com/anywhere/)
-- Initiated listing fees for eBay U.K. (http://www.ebay.co.uk)
-- Reported a 56% increase in vehicle listings since the launch of the new
   Automobile site on April 24, 2000.
-- Announced a strategic alliance between Saturn and eBay Motors for auto
   inspection services.
   (http://pages.ebay.com/ebaymotors/services/inspection/inspection.html)
-- Launched eBay co-branded person to person site for the Go Network
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portal. (http://pages.ebay.go.com/index.html)

- Launched the pilot program for Electronic Checks by Billpoint which offers users another convenient online payment option in addition to credit cards. (http://pages.ebay.com/help/buyerguide/bp-overview.html)
- Introduced Instant Purchase, a listing option that allows U.S. buyers to pay U.S. sellers immediately after a listing ends with one click of the "Pay Now" icon. (http://pages.ebay.com/help/buyerguide/bp-overview.html)
- Launched the redesigned homepage to better highlight all the new and exciting features offered by eBay. (http://www.ebay.com/)
- Launched the beta version of Picture Services, an integrated photo hosting services for eBay users in the Antiques & Art and Pottery & Glass categories. (http://pages.ebay.com/sell/preview-pspilot.html)
- eBay received major awards this quarter, including ZDNet's 1st Annual Visionary Award, recognizing technological efforts, PC World's 2000 World Class Award citing eBay as the "Best Shopping Site," and the Computerworld Smithsonian Award, placing eBay in the permanent archives of the Smithsonian's information technology research collection.

Financial and operating summary:

The primary contributor to the increase in the Company's net revenues for the quarter was on-line activity. Net revenues from eBay's traditional off- line auction subsidiaries increased slightly from the prior quarter.

Cost of sales remained relatively flat quarter to quarter and declined slightly as a percent of revenue due to the management of costs in customer support and site operations. Both product development and general and administrative costs increased in absolute dollars, but remained comparable as a percentage of revenue. Sales and marketing expenses decreased over the prior quarter.

For the second quarter, eBay recorded consolidated non-cash charges of $799,000 related to stock-based compensation and acquired intangibles. The Company also recorded charges of $834,000 associated with payroll taxes on the exercise of employee stock options and $824,000 in one time merger-related expenses. eBay recorded a consolidated tax provision of $8.4 million representing an effective tax rate of 42 percent of second quarter consolidated pretax income.

The Company's overall balance sheet continued to improve during the second quarter of 2000 as consolidated assets increased by $35.7 million over the first quarter of 2000. The improvement resulted primarily from an increase of cash and investments driven by eBay's $28.3 million positive cash flow from operations.

About eBay

eBay is the world's largest on-line trading community. Founded in 1995, eBay created a powerful marketplace for the sale of goods and services by a passionate community of individuals and small businesses. On any given day, there are millions of items for sale on the site across thousands of categories. eBay enables trade on a local, national and international basis with local sites in 53 markets in the U.S. and country specific sites in the United Kingdom, Canada, Germany, Japan and Australia. With the acquisition of Half.com in July 2000, eBay's community now benefits from a marketplace combining traditional auction and fixed-price trading.

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 business and 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 both an increasingly broad range of businesses and significant growth, to deal with the increasingly competitive environment for online trading, to maintain site stability and to continue to 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, 1999 under the headings "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" and its Form 10-Q for the period ended March 31, 2000. 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 STATEMENT OF INCOME
(in thousands, except per share amounts; unaudited)

	Three Months Ended June 30, 1999	2000	Six Months Ended June 30, 1999	2000
Net revenues	$49,479	$97,399	$92,280	$183,152
Cost of net revenues	10,945	23,643	18,922	46,915
Gross profit	38,534	73,756	73,358	136,237
Operating expenses:				
Sales and marketing	22,916	32,814	39,874	66,754
Product development	5,476	11,929	7,639	23,048
General and administrative	10,088	18,285	17,702	34,079
Amortization of acquired intangibles	327	340	655	615
Payroll taxes on option exercises	--	834	--	1,735
Merger related costs	4,359	824	4,359	824
Total operating expenses	43,166	65,026	70,229	127,055
Income (loss) from operations	(4,632)	8,730	3,129	9,182
Interest and other income, net	6,039	11,252	6,314	21,642
Income before income taxes	1,407	19,982	9,443	30,824
Provision for income taxes	(591)	(8,392)	(4,862)	(12,946)
Net income	$816	$11,590	$4,581	$17,878
Net income per share:				
Basic	$0.00	$0.05	$0.02	$0.07
Diluted	$0.00	$0.04	$0.02	$0.06
Weighted average shares				
Basic	213,710	251,075	204,686	244,463
Diluted	273,228	275,297	269,050	275,838
Supplemental (A)				
Historical income (loss) from operations	$(4,632)	$8,730	$3,129	$9,182
Add back certain non-cash and merger costs:				
Amortization of stock-based compensation	1,457	459	2,275	1,526
Amortization of acquired intangibles (B)	327	340	780	615
Payroll taxes on option exercises	--	834	--	1,735
Merger related costs	4,359	824	4,359	824
Total add back	6,143	2,457	7,414	4,700
Supplemental income from operations excluding certain non-cash and merger and stock option related charges	1,511	11,187	10,543	13,882
Interest and other income, net	6,039	11,252	6,314	21,642
Supplemental provision				

for income taxes (C)	(2,422)	(9,232)	(6,693)	(14,285)
Supplemental net income excluding certain non cash and merger and stock option related charges	$5,128	$13,207	$10,164	$21,239
Supplemental net income per share, diluted	$0.02	$0.05	$0.04	$0.08

(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 may be included within cost of net revenues as well as operating expenses under the heading "amortization of acquired intangibles."

(C) Supplemental provision for income taxes includes a 42 percent tax effect for merger related costs in 1999 and the amortization of acquired intangibles, payroll taxes on option exercises and merger related costs in 2000.

eBAY INC.
CONDENSED CONSOLIDATED BALANCE SHEET
(in thousands)

	December 31, 1999 audited	June 30, 2000 unaudited
ASSETS		
Current assets:		
Cash and cash equivalents	$219,679	$135,621
Short-term investments	181,086	146,526
Accounts receivable, net	36,538	46,307
Other current assets	22,531	40,697
Total current assets	459,834	369,151
Long-term investments	373,988	430,467
Restricted cash and investments	--	126,390
Property and equipment, net	111,806	123,463
Intangible assets, net	8,812	8,154
Deferred tax and other assets, net	9,502	13,991
	$963,942	$1,071,616
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$31,538	$25,941
Accrued expenses and other current liabilities	32,550	50,417
Deferred revenue and customer advances	5,997	13,035
Debt and leases, current	12,285	15,584
Income taxes payable	6,455	6,078
Total current liabilities	88,825	111,055
Debt and leases, long-term	15,018	14,745
Other liabilities	5,900	5,885
Minority interests	1,732	14,773

Total liabilities	111,475	146,458
Total stockholders' equity	852,467	925,158
	$963,942	$1,071,616