



January 18, 2001

eBay Inc. Announces Fourth Quarter and Year End 2000 Financial Results

Record Quarterly Revenue of \$134.0 Million

Record Quarterly Net Income of \$23.9 Million – Six Times the Net Income of Q499

Gross Margins Increased 11 Percentage Points from Q499 to 82 Percent

SAN JOSE, Calif., Jan 18, 2001 - 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, 2000.

The Company generated consolidated net revenues of \$134.0 million in the fourth quarter of 2000, an 81 percent increase over the \$73.9 million reported for the same period last year. Consolidated net income for the quarter was \$23.9 million, or \$0.09 per share on a diluted basis. eBay's consolidated net income, excluding the effects of certain non-cash charges, was \$25.0 million, or \$0.09 per diluted share, compared with \$5.1 million, or \$0.02 per diluted share during the fourth quarter of 1999.

For the year, the Company generated consolidated net revenues of \$431.4 million, a 92 percent increase over the net revenues of \$224.7 million in fiscal 1999. Consolidated net income for the current year was \$48.3 million, or \$0.17 per share on a diluted basis. The Company's consolidated net income, excluding the effect of certain non-cash charges and stock related expenses was \$58.6 million, or \$0.21 per diluted share, compared with \$18.3 million or \$0.07 per diluted share during the fiscal year 1999.

"Our Q4 results capped off a year of record success across all metrics, including GMS, listings growth, user growth, revenues and profits," said Meg Whitman, President and CEO of eBay. "We are extremely pleased with the strength of our business and with the tremendous momentum we have going into the new year."

The Company also announced the promotion of two senior executives. Gary Bengier, eBay's CFO, has been promoted to Senior Vice President for Strategic Planning and Development. In his new role, Mr. Bengier will oversee long-term planning across the Company's business units and will continue to report to Meg Whitman. Rajiv Dutta, currently eBay's Vice President of Finance, will assume the role of CFO. Mr. Dutta will report to Ms. Whitman.

"Gary and Rajiv have contributed a great deal to eBay's growth," Ms. Whitman said. "Their strong experience and enormous commitment to eBay will prove invaluable in their new roles."

Key financial and operating metrics

- Registered Users -- eBay added a record 3.5 million registered users in the quarter. eBay expanded the number of registered users to 22.5 million by quarter end, an increase of 125 percent from 10.0 million on December 31, 1999.
- Gross Merchandise Sales -- eBay users transacted a record \$1.6 billion in gross merchandise sales (the value of goods traded on the eBay site) in the quarter, representing a 79 percent increase over the fourth quarter of 1999.
- Listings -- eBay hosted 79.4 million auctions during the fourth quarter, compared to 41.0 million during the same period last year. This represents year-over-year growth of 94 percent.
- Online Net Revenues -- eBay's online net revenues reached \$123.1 million in the quarter, a 102 percent increase over the \$60.8 million in the fourth quarter of 1999.
- Gross Margin -- Gross margin increased 11 percentage points to 82 percent this quarter from 71 percent in the fourth quarter of 1999.
- Reported Net Income -- eBay's reported net income reached \$23.9 million, more than 6 times the \$3.8 million in the fourth quarter of 1999.

Key execution highlights

- Announced the acquisition of a majority interest in Internet Auction Co. Ltd., Korea's largest auction-style web site on January 7, 2001.
(<http://www.auction.co.kr/>)
- Launched the eBay Austria site.
(<http://www.ebay.de/austria/index.html>)
- Formed marketing relationship between eBay Motors and General Motors.
(<http://www.ebaymotors.com/>)
- Based on eBay Motor's Q4 2000 annualized used vehicle units sold, eBay Motors ranks third in the nation behind the total used unit sales of all dealerships of AutoNation Inc. and the CarMax Group.
- Increased Billpoint transactions by 145 percent from Q3 to Q4 2000.
(<http://pages.ebay.com/help/buyerguide/bp-overview.html>)
- Announced the Application Platform Interface, or API, to provide a standard way for licensed third parties to develop tools for the eBay platform. (<http://developer.ebay.com>)
- Integrated United Parcel Service's online shipping center into eBay.com. (<http://www.servicecenter.ups.com/ebay/ebay.html>)
- Introduced the "Buy It Now" tool.
(<http://pages.ebay.com/services/buyandsell/buyitnow-seller.html>)
- Rolled out "List in Two Categories" option.
(<http://pages.ebay.com/help/sellerguide/2category.html>)
- Introduced "Popular Searches," a new feature that shows the most frequently run searches for items in a particular category
(http://pages.ebay.com/help/buyerguide/popular_searches.html)
- Rolled out pilot version of "Pre-Approve Bidder" tool to give sellers the ability to screen prospective buyers.
(<http://cgi3.ebay.com/aw-cgi/eBayISAPI.dll?PreApproveBidders>)
- Integrated search capabilities for Half.com listings on the eBay search results pages.
(<http://search.ebay.com/search/search.dll?MfcISAPICommand=GetResult&ht=1&SortProperty=MetaEndSort&query=a+wrinkle+in+time>)
- Launched first national TV advertising campaign.

Financial and operating summary

The primary contributor to the quarter over quarter increase in the Company's net revenues was increased on-line revenues, primarily from strength in eBay's core business, growth in our international operations, continued success in carrying out our long standing strategy to increase the monetization of the site, including partnership and advertising revenues. Net revenues from eBay's traditional off-line auction subsidiaries increased slightly from the prior quarter.

Gross margin improved as a percentage of revenues quarter on quarter primarily due to strong revenue growth coupled with continuing productivity improvements in customer support and cost management in site operations. Sales and marketing costs increased on an absolute basis compared to the prior quarter and increased slightly as a percentage of revenues. Product development costs decreased in absolute dollars compared to the previous quarter primarily due to non-cash stock compensation charges related to the Half.com acquisition that was included in the third quarter. General and administrative costs increased in absolute terms largely due to costs associated with domestic and international expansion, but decreased slightly as a percentage of revenues.

For the fourth quarter, eBay recorded consolidated non-cash charges of \$0.4 million related to stock-based compensation and approximately \$1.3 million relating to the amortization of acquired intangibles, payroll taxes on the exercise of employee stock options and one time merger-related expenses. eBay recorded a consolidated tax provision of \$15.9 million representing an effective tax rate of approximately 40 percent of fourth quarter consolidated pretax income.

The Company's overall balance sheet continued to improve during the fourth quarter of 2000 as consolidated assets increased by \$68.3 million over the third quarter of 2000. For the year 2000, eBay generated cash flow from operations of \$99 million.

Internet Auction Co. Ltd. Financial Impact

On January 7th, eBay announced the share acquisition of slightly over 50 percent of Internet Auction Co. Ltd. of South Korea. This purchase will cost approximately \$120 million and is expected to close in the first quarter of 2001. As previously disclosed, this acquisition is expected to increase eBay's 2001 consolidated revenues by approximately \$20 million. Given the expected acceleration in this business, the majority of this revenue is expected to materialize in the second half of the year.

Before non-cash items and one-time charges, Internet Auction is expected to approach operational break-even for the year cumulatively. On a pro forma basis, adjusted for non-cash items such as stock-based compensation and one-time acquisition related expenses, we expect Internet Auction to lower eBay's 2001 net income per share by about one cent on a diluted basis. This is largely due to the foregone interest income associated with the cash purchase.

Also, eBay will record one-time charges at the time of closing that it anticipates will be less than \$2 million. The acquisition is also expected to impact eBay's income statement for non-cash stock compensation expenses by approximately \$2 million during 2001, evenly distributed throughout the year.

eBay expects that any goodwill related to this transaction will not exceed \$80 million, with an expected amortization period under the existing policy of 5 years. The Financial Accounting Standards Board (FASB) has tentatively concluded that goodwill will be aggregated and accounted for as a single line item on the balance sheet and there will be no amortization of this asset. The FASB is expected to issue a formal statement sometime in Q2 2001. Until that statement is issued, and any change is effective, upon conclusion of the transaction eBay expects to amortize goodwill to its income statement.

Business Outlook

With the combination of the anticipated share acquisition of Internet Auction and the strong momentum from the fourth quarter 2000, eBay expects 2001 revenues could approach \$665 million, with Q1 2001 revenues approaching \$150 million.

eBay expects to see consolidated gross margins remain in the low eighties percentage range for the balance of the year. Gross margins could dip to 80 percent at midyear as the Company rolls out the distributed architecture as part of its plan to invest in the long-term architecture of the eBay site.

eBay will continue to invest the upside from a strong top line back into the business. The Company expects earnings per share to be generally in line with the current published bottom line consensus expectations, excluding the impact of the majority acquisition of Internet Auction.

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 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 60 cities and country specific sites in the United Kingdom, Canada, Germany, France, Austria, Italy, Japan, and Australia. With the acquisition of Half.com in July 2000, eBay's community now benefits from a marketplace which includes 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 manage regulatory and litigation risks, to maintain site stability and to continue to expand its model outside of the U.S., as well as the timing and commercial success of new features and functions expected to be added to the Company's sites, the price and demand for advertising offered by the Company, the success of the Company's commercial partners and the costs of announced and prospective joint ventures, acquisitions and other commercial transactions. 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 and its 10-Qs for the periods ended March 31, 2000, June 30, 2000 and September 30, 2000 under the headings "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations," under the heading "Risk Factors" in its Registration Statement on Form S-3 filed on September 19, 2000 and its Form 8-K filed on January 16, 2001. 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 SHEETS
(in thousands; unaudited)

	December 31, 1999	December 31, 2000
ASSETS		
Current assets:		

Cash and cash equivalents	\$221,801	\$201,873
Short-term investments	181,086	354,166
Accounts receivable, net	36,538	67,163
Other current assets	25,882	52,262
Total current assets	465,307	675,464
Property and equipment, net	112,202	125,161
Long-term investments	373,988	218,197
Restricted cash and investments	--	126,390
Deferred tax asset	5,639	13,892
Intangible and other assets, net	12,689	23,299
	\$969,825	\$1,182,403
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$32,133	\$31,725
Accrued expenses and other current liabilities	32,675	61,937
Deferred revenue and customer advances	5,997	12,656
Debt and leases, current	15,781	20,032
Income taxes payable	6,455	11,092
Total current liabilities	93,041	137,442
Debt and leases, long-term	15,023	12,150
Other liabilities	5,900	5,803
Minority interests	1,732	13,248
Total liabilities	115,696	168,643
Total stockholders' equity	854,129	1,013,760
	\$969,825	\$1,182,403

eBAY INC.

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

	Three Months Ended		Twelve Months Ended	
	December 31,		December 31,	
	1999	2000	1999	2000
Net revenues	\$73,919	\$134,008	\$224,724	\$431,424
Cost of net revenues	21,585	23,954	57,588	95,453
Gross profit	52,334	110,054	167,136	335,971
Operating expenses:				
Sales and marketing	29,087	49,039	96,239	166,767
Product development	10,250	14,142	24,847	55,863
General and administrative	14,303	18,884	43,919	73,027
Payroll expense on employee stock options	--	585	--	2,337
Amortization of acquired intangibles	162	554	1,145	1,433
Merger related costs	--	119	4,359	1,550
Total operating expenses	53,802	83,323	170,509	300,977
Income (loss) from operations	(1,468)	26,731	(3,373)	34,994
Interest and other income, net	8,020	13,044	21,412	46,025
Income before income taxes	6,552	39,775	18,039	81,019
Provision for income				

taxes	(2,752)	(15,910)	(8,472)	(32,725)
Net income	\$3,800	\$23,865	\$9,567	\$48,294
Net income per share:				
Basic	\$0.02	\$0.09	\$0.04	\$0.19
Diluted	\$0.01	\$0.09	\$0.04	\$0.17
Weighted average shares				
Basic	233,125	259,789	217,674	251,776
Diluted	277,844	279,822	273,033	280,346

Supplemental (A)

Historical income (loss)				
from operations	\$(1,468)	\$26,731	\$(3,373)	\$34,994
Add back certain non-cash and merger costs:				
Amortization of stock-based compensation	1,129	421	4,781	7,141
Amortization of acquired intangibles (B)	181	554	1,391	1,433
Payroll expense on employee stock options	--	585	--	2,337
Merger related costs	--	119	4,359	1,550
Total add back	1,310	1,679	10,531	12,461
Supplemental income (loss)				
from operations excluding certain non cash, merger and stock option related charges	(158)	28,410	7,158	47,455
Interest and other income, net	8,020	13,044	21,412	46,025
Supplemental provision for income taxes (C)	(2,752)	(16,413)	(10,303)	(34,916)
Supplemental net income excluding certain non cash, merger and stock option related charges				
	\$5,110	\$25,041	\$18,267	\$58,564
Supplemental net income per share, diluted				
	\$0.02	\$0.09	\$0.07	\$0.21

(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 a 42 percent tax effect for the first and second quarter in 2000 and a 40 percent tax effect for the third quarter and fourth quarter in 2000 for the amortization of acquired intangibles, payroll expense on employee stock options and merger related costs.