



eBay Outlines Global Business Strategy at 2005 Analyst Conference

San Jose, Calif., February 10, 2005 - eBay Inc., (Nasdaq: EBAY; www.ebay.com), the World's Online Marketplace, today held its annual financial analyst conference in San Jose, California, during which the company highlighted the fundamental strength of its business and provided a view of its strategy for growth in 2005 and beyond.

"eBay's potential for growth is greater today than it has ever been," said Meg Whitman, President and CEO of eBay. "We believe our businesses will continue to grow ahead of e-commerce and we are extremely confident in the future."

eBay's executives detailed the company's success to date and key opportunities for growth across its three major business areas - eBay in the United States, eBay International, and PayPal. The company committed to an overall strategy aimed at growing faster than e-commerce across all of its businesses.

eBay in the United States

eBay executives reviewed the evolution of eBay.com into the most valuable e-commerce franchise in the world. The company demonstrated that eBay.com provides unparalleled selection and value for buyers, while offering sellers the most cost-effective way to reach millions of shoppers. As a result, 24% of all e-commerce in the U.S. in 2004 took place on eBay.com, up from 16% in 2000, according to IDC. The company stated that it plans to increase its share of e-commerce in the United States.

The company described new innovation that is expected to fuel new user acquisition, user activation, and increased user activity. Innovation in trading formats, such as Want It Now and Best Offer, provide new ways for shoppers to find and buy what they want on the website. Developments in category management include accelerating growth in the largest categories, extending the breadth of related products in a category, and nurturing the growth of emerging categories. And in buyer marketing, the company can leverage a variety of channels from natural and paid search to finding and merchandising items.

eBay International

Executives highlighted the tremendous growth and long-term potential of eBay International, focusing on three areas: Europe, Asia, and cross-border trade.

The company affirmed that Europe, which had an outstanding 2004, is a major growth engine for eBay. It said that the United Kingdom had joined Germany as the markets leading current growth in Europe while still offering major opportunities for market penetration, and announced that France and Italy are on track to follow similar growth patterns.

Executives described Asia as the fastest-growing region for eBay and an enormous future opportunity for the company. eBay's website in South Korea, Internet Auction, is now the company's third largest franchise outside the United States. In China, eBay EachNet is the e-commerce leader. eBay EachNet just surpassed the 10 million registered user mark, and in 2004 exceeded \$300 million in gross merchandise volume (GMV), the total value of successfully closed listings on the website. The company believes that China represents the largest e-commerce opportunity today, and reiterated its intention to invest up to \$100 million in China in 2005.

eBay cited the growing importance of enabling cross-border trade to expand existing markets and seed new ones. In markets such as Switzerland, the Netherlands, and Hong Kong, cross-border trade represents significant multiples of local trade, compounding the opportunities that those markets offer their communities. The company is seeing strong growth in cross-border trade, announcing that it accounted for \$1.4 billion, or 15% of GMV, in Q4 2004.

PayPal

Executives reviewed the robust growth of PayPal, and shared details on how the company was creating the new global standard for online payments. PayPal now has 64 million user accounts, more than many major banks and credit card companies. Nine percent of all consumer e-commerce in the United States, and 5% globally, went through PayPal in 2004, according to Forrester Research, Shop.org and IDC studies. The company detailed plans for growing PayPal's reach on eBay.com, eBay's international websites, and among merchants off-eBay.

Seventy-three percent of the addressable transactions on eBay.com in Q4 2004 was closed with PayPal. The company plans to use better integration into check-out, improved trust and safety features such as an expanded seller protection program, and innovative payment methods like PayPal Buyer Credit to expand adoption of PayPal on eBay.com.

PayPal now has localized sites in 10 countries outside the U.S. The company outlined its strategy to continue to add localized sites for in-country payments, grow the adoption of PayPal in those localized markets, and use PayPal as a driver to expand its global network by enabling cross-border trade.

The company reviewed the value proposition that PayPal offers merchants of all sizes, and said that the 2004 addressable market for providing payment services to off-eBay businesses exceeded \$300 billion. Already popular among sole proprietors, PayPal plans to expand its share of the small-to-medium business market in 2005, and in 2006 to turn its attention to the large merchant segment. PayPal will use product innovation such as new merchant tools, brand positioning, and broadened distribution channels to drive growth in these two new segments.

Financial Outlook

eBay reiterated that the objective of its investments in 2005 is to drive significant revenue growth over the next several years that, combined with continued cost leverage, will translate into cash flows and ultimately increased shareholder value.

eBay said that its growth strategies are aimed at ensuring that GMV grows faster than the rate of e-commerce. The company expects to fund these growth initiatives while increasing margins over the long term, and reiterated the strength of its business model and long-term operating margin structure.

eBay stated that it expects its net dilution from option grants in 2005 to decline to 2%. Executives estimated that new capital expenditures in 2005 could range between \$340 million to \$400 million, excluding a \$126 million lease obligation repayment, versus the prior guidance of approximately \$400 million.

eBay reaffirmed its guidance for the full year 2005. As previously stated by the company on January 19, 2005, the company expects consolidated net revenues for 2005 to fall in the range of \$4.25 billion to \$4.35 billion. eBay estimates GAAP earnings per diluted share for the full year 2005 to fall in the range of \$1.37 to \$1.41, and pro forma earnings per diluted share for the full year 2005 to fall in the range of \$1.48 to \$1.52. These statements assume that the pending acquisition of Rent.com will close in February 2005.

About eBay

eBay is The World's Online Marketplace®. Founded in 1995, eBay created a powerful platform for the sale of goods and services by a passionate community of individuals and businesses. On any given day, there are millions of items across thousands of categories for sale on eBay. eBay enables trade on a local, national and international basis with customized sites in markets around the world. Through an array of services, such as its payment solution provider PayPal, eBay is enabling global e-commerce for an ever-growing online community.

Forward-Looking Statements

This press release contains forward-looking statements relating to the future performance of eBay and its consolidated subsidiaries. Those statements involve risks and uncertainties, and the company's 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 an increasingly large company with a broad range of businesses of varying degrees of maturity; the company's need to increasingly achieve growth from its existing users as well as from new users in its more established markets; the company's ability to deal with the increasingly competitive e-commerce environment, including competition for its sellers from other trading sites and other means of selling, and competition for its buyers from other merchants, online and offline; the company's ability to upgrade and develop its systems, infrastructure and customer service capabilities to accommodate growth at a reasonable cost; the litigation, regulatory, credit card association, and other risks specific to PayPal; the company's need to manage other regulatory, tax, and litigation risks even as its product offerings expand and its services are offered in more jurisdictions; the company's ability to maintain site stability and performance on all of its sites while adding new products and features in a timely fashion; the company's ability to profitably expand its model to new types of merchandise and sellers; the company's ability to profitably expand outside of the U.S.; fluctuations in foreign exchange rates; the costs and benefits of recent and future acquisitions and other commercial transactions; and, the need to manage the integration of recent and future acquisitions. The forward-looking statements in this release do not include the potential impact of any acquisitions that may be completed after the date hereof. More information about factors that could affect the company's operating results is included under the captions "Risk Factors That May Affect Results of Operations and Financial Condition" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the company's annual report on Form 10-K and quarterly reports on Form 10-Q, copies of which may be obtained by visiting the company's investor relations site at <http://investor.ebay.com>. The company expects to file its annual report on Form 10-K for the year ended December 31, 2004 on or about March 1, 2005. Undue reliance should not be placed on the forward-looking statements in this release, which are based on information available to the company on the date hereof. eBay assumes no obligation to update such statements.

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