The Internet is changing our lifestyles – it is changing...

- How we get informed
- How we communicate with each other
- How we entertain and express ourselves
- How we find things to buy and shop

Shopping online is increasing exponentially

- Growth rates of 30%+ per year
- At eBay
  - A diamond ring sells every 3 minutes
  - A dress sells every 30 seconds
  - A digital camera sells every 30 seconds
  - A car sells every minute

The Internet facilitates trading between people who have never met each other.
PayPal Overview

- Launched in October 1999
- Went public (IPO) in February 2002
- Acquired by eBay in October 2002
- Complement the existing financial payments networks by leveraging the payments infrastructure to deliver secure internet payments worldwide

PayPal Accounts
- 143 Million Accounts
- Over 13 Million Business & Premier Accounts

PayPal TPV
- FY 06 $38.0 Billion TPV
- Q107 – $11.4 Billion TPV*

PayPal Transactions
- Nearly 2 Million Transaction Daily
- Q107 177 Million Transactions
**PayPal Profile**

**PayPal Business Model**

Buyers choose from any one of multiple funding sources:
- Credit Cards
- Bank Accounts
- PayPal Balance
- Buyer Credit
- eCheck
- Gift Certificates

Sellers choose from any one of multiple withdrawal sources:
- Debit Card
- Bank Account
- PayPal Balance
- Check

*Available to US account holders only.  ** Available in UK, CA, AU.  *** Not available for countries with local bank withdrawal.

**Why Buyers Like PayPal**

**FAST**
- “Express checkout”
- Transactions take only a few seconds

**EASY**
- Simple account set up
- Enables multiple financial instruments

**SECURE**
- “Shop without sharing”
- Buyer protection

**SAFE**
- Fewer fraudulent transactions
- Seller protection

**Why Sellers Like PayPal**

**EASY**
- All-in-one solution
- Immediate account set up

**COST EFFECTIVE**
- No set up fees
- Lower cost than competition
- Simple bundled pricing

**INCREASED SALES**
- Incremental revenues

**Geographic Footprint**

- 103 markets
  - (14 fully localized)
  - 17 currencies
  - US Dollar
  - Canadian Dollar
  - British Pound
  - Euro
  - Japanese Yen
  - Australian Dollar
  - Chinese Yuan Renminbi
  - Czech Koruna
  - Danish Krone
  - Hong Kong Dollar
  - Hungarian Forint
  - New Zealand Dollar
  - Norwegian Krone
  - Polish Zloty
  - Singapore Dollar
  - Swedish Krona
  - Swiss Franc

PayPal sends the money but never shares financial details.
Leading The Industry Towards Safety & Trust

- Signing 100% of e-mails
- Passive and active phishing protection filters
- PayPal’s Secure-Key provides two factor authentication
- Protects against account takeover
- Supporting EV Certificates
- Detecting Phishing sites

“Security on the Net is an arms race in its most classic form...[fraudulent activities] hurt all of our brands. It’s not necessarily our fault, but it’s our problem because it erodes the trust we have worked so hard to earn from our customers.”

Meg Whitman, eBay CEO, Visa USA security summit, March 2007
PayPal Contributions to Innovation

- **Trusted Trade**
  - PayPal – as trusted party – permits conclusion of a trade without sharing financial account information with either party

- **Speed**
  - PayPal makes funds available to sellers in a fraction of the time than if the seller accepted checks and at a smaller cost than if sellers had acquired merchant accounts

- **Convenience**
  - PayPal signup process is easy and PayPal is constantly looking for ways to enhance customer experience (i.e. Express Checkout, PayPal mobile)

Innovation must address an unmet customer need while preserving the trust and safety of the payments schemes