

***“The de facto standard in online payments”***



Fast, Easy, Secure Online Payments

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**C.E.O.**

**PayPal (Europe) Ltd.**

**The Financial Services Club**

**3<sup>rd</sup> April 2006**

# ***About PayPal***

- **Founded in December 1998, PayPal is a leading global online payment company.**
- **Purchased by eBay in October 2002.**
- **Over 100 million registered accounts globally and available in 55 markets.**
- **PayPal has a local presence in 13 countries outside the US, including UK, Canada, Australia, Austria, Belgium, France, Germany, Italy, Spain, Ireland, Netherlands, Switzerland and China.**
- **Supports payments in U.S. Dollars, Canadian Dollars, Australian Dollars, Euros, Pounds Sterling, Chinese Yuan Renminbi and Japanese Yen.**

# ***About PayPal***

- **Regulated by the FSA.**
- **Passported License to 25 EU countries.**
- **Becoming a major player in the Merchant (off-eBay) space.**
- **Our cross border product is unique and dramatically growing in usage.**
- **PayPal has received over 20 awards for excellence from the technology industry.**

# PayPal Mission, Vision, and Strategy

**Vision**

**The global leader for online payments**

**Mission**

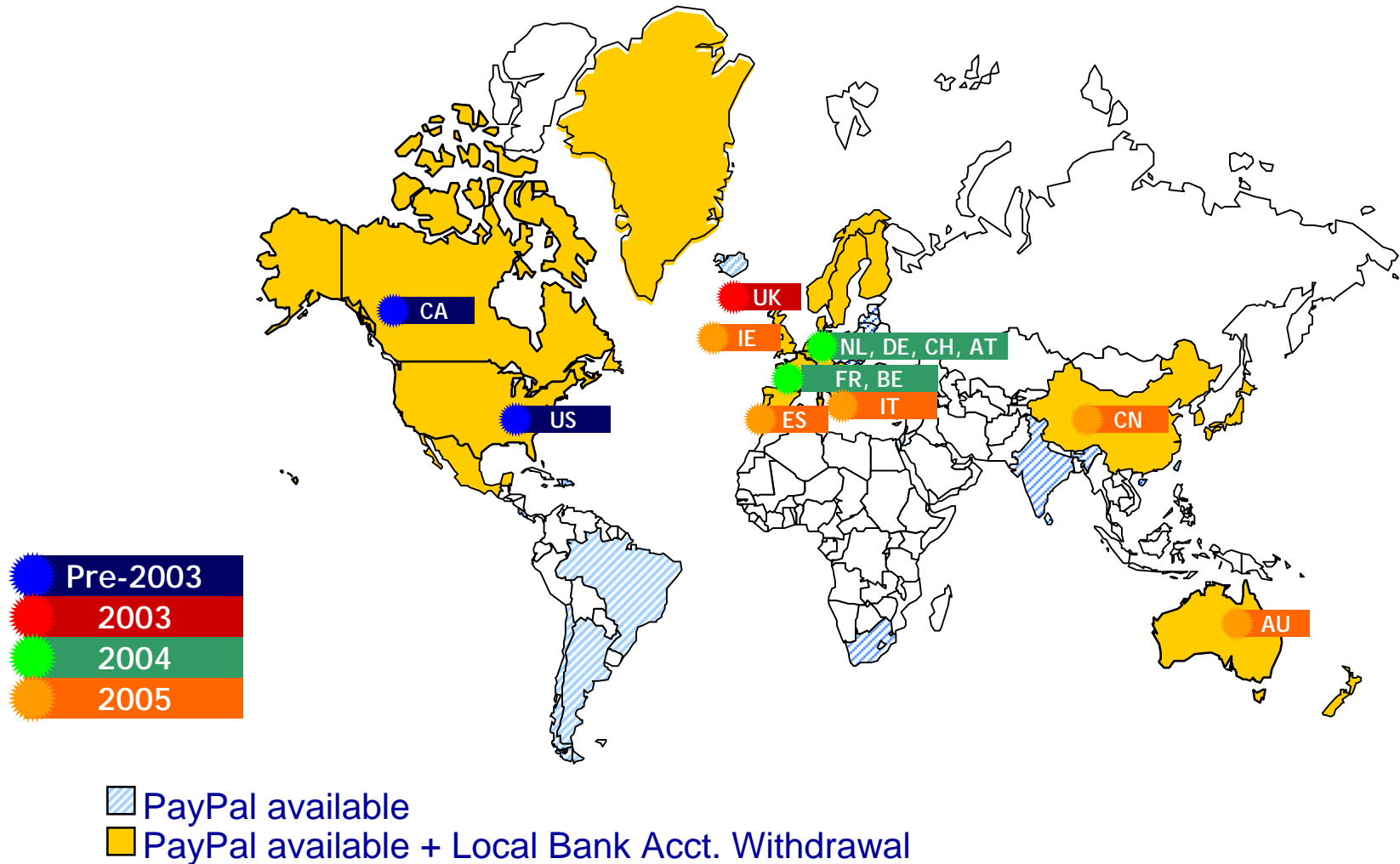
**Build the web's most convenient, secure, cost-effective payment solution**

## **Competitive Advantages**

- Convenience
- Cost effectiveness
- Fraud and trust management
- Network breadth

# PayPal has acquired a global footprint

Can be used in 55 markets



## ***Some financial stat's***

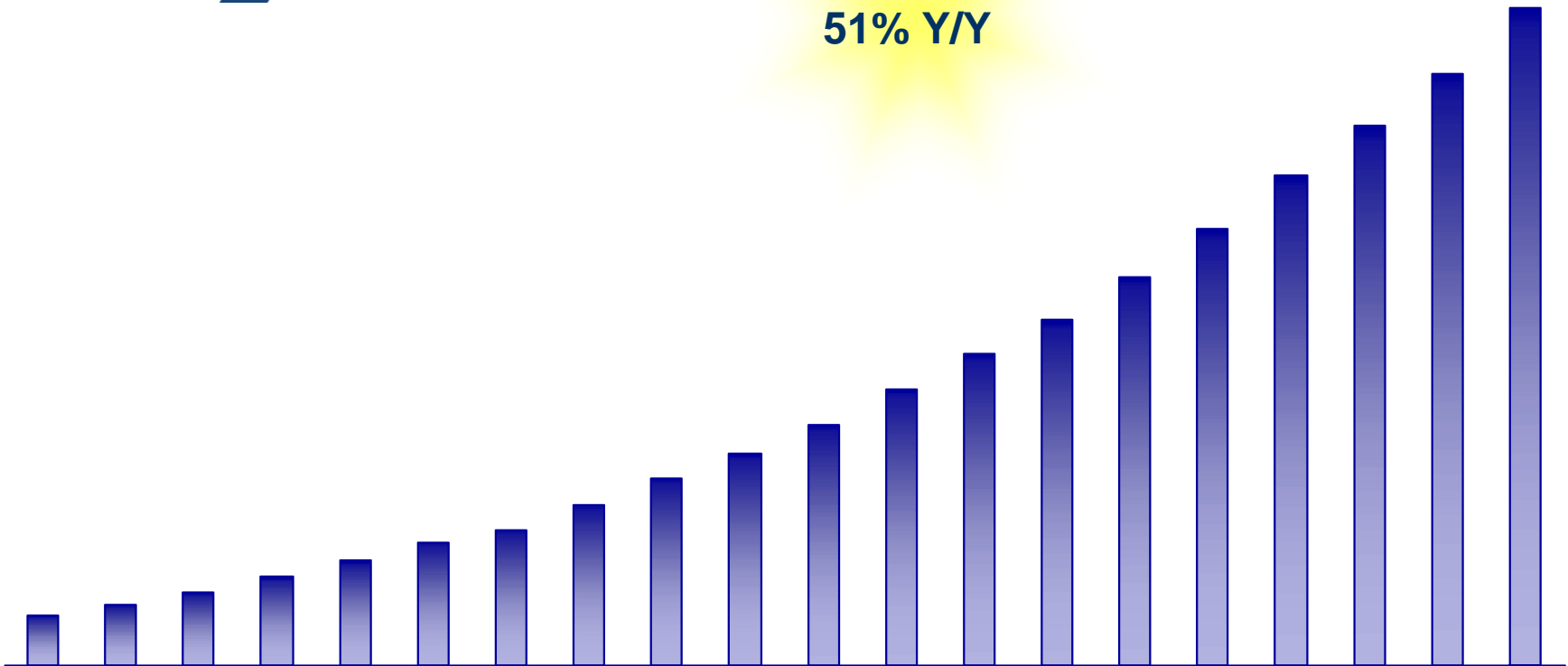
- **Payment Net Revenues in Q4 2005 were \$304M, up 48% year over year.**
- **Non-US business was 35.8% of revenues.**
- **Q4 total payment volume, the total value of transactions, was \$8.1 billion, up 45% year over year.**
- **Q4 total payment volume for PayPal's merchant service business was \$2.5 billion in Q4, up 56% year over year.**
- **PayPal transacted \$1,021 in total payment volume every second in Q4.**
- **PayPal total payment volume for 2005, the total value of transactions, was \$27.5 billion, up 45% year over year.**

# PayPal Global Account growth



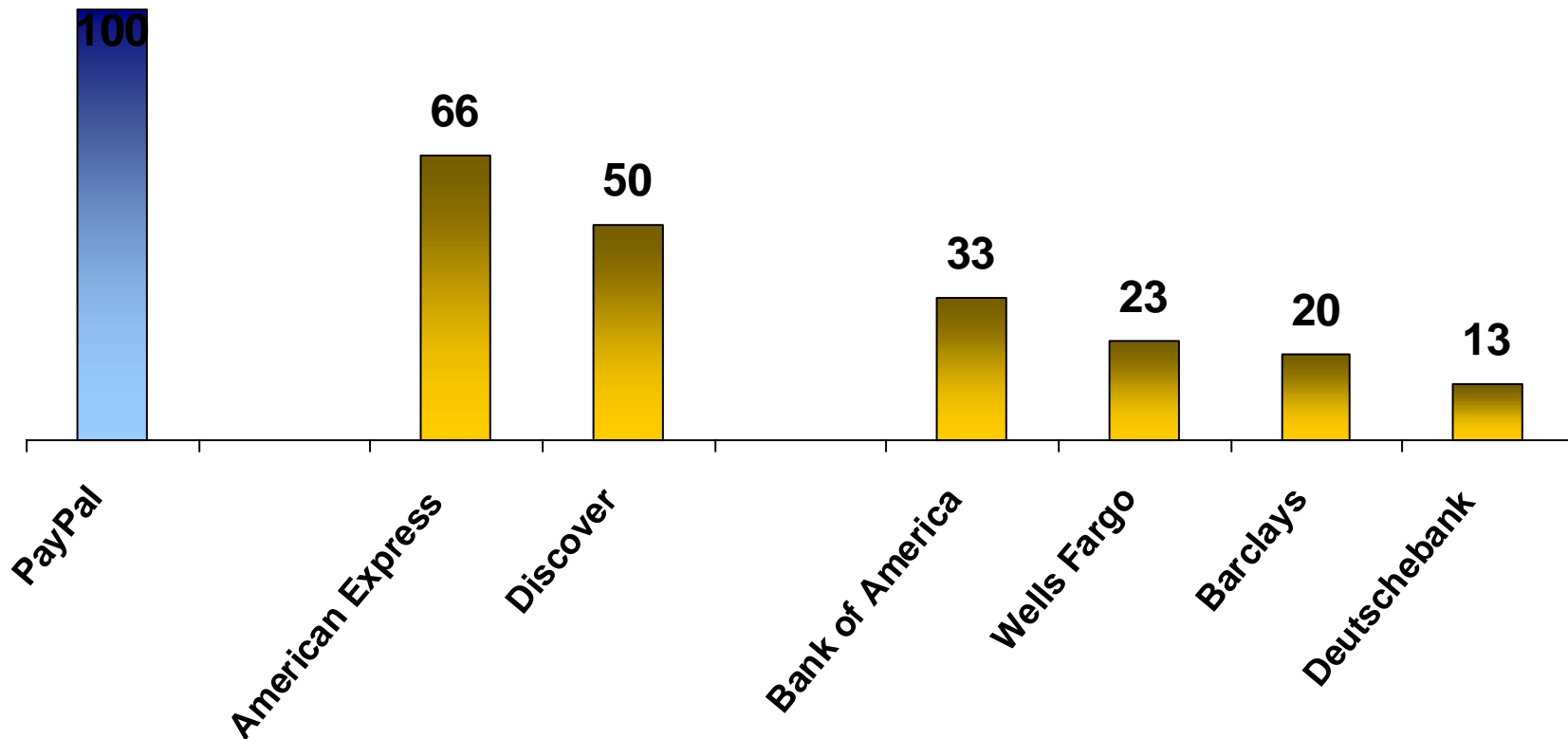
Q4-05  
51% Y/Y

100  
Million



# PayPal in perspective

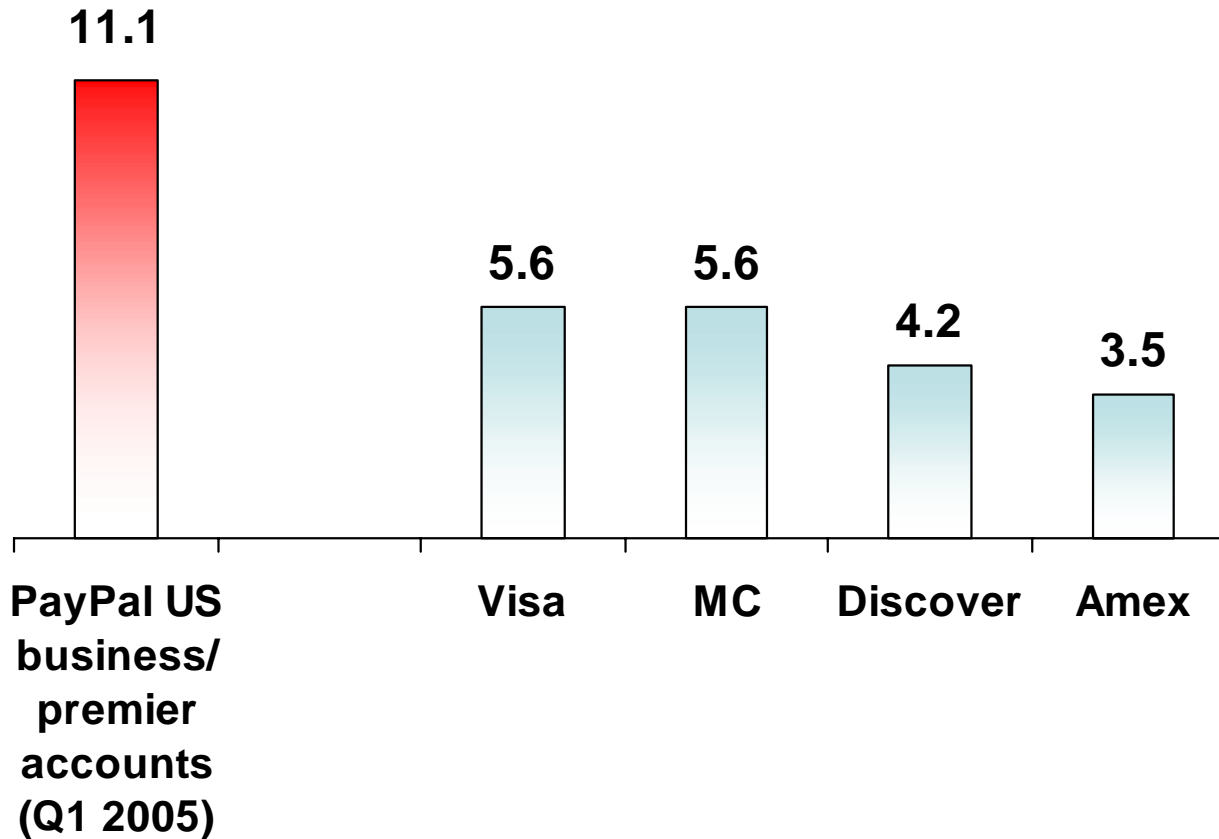
## Number of global user accounts (millions)



Sources: Company press releases; annual reports

# PayPal in perspective

## Number of credit card-accepting merchants (millions)



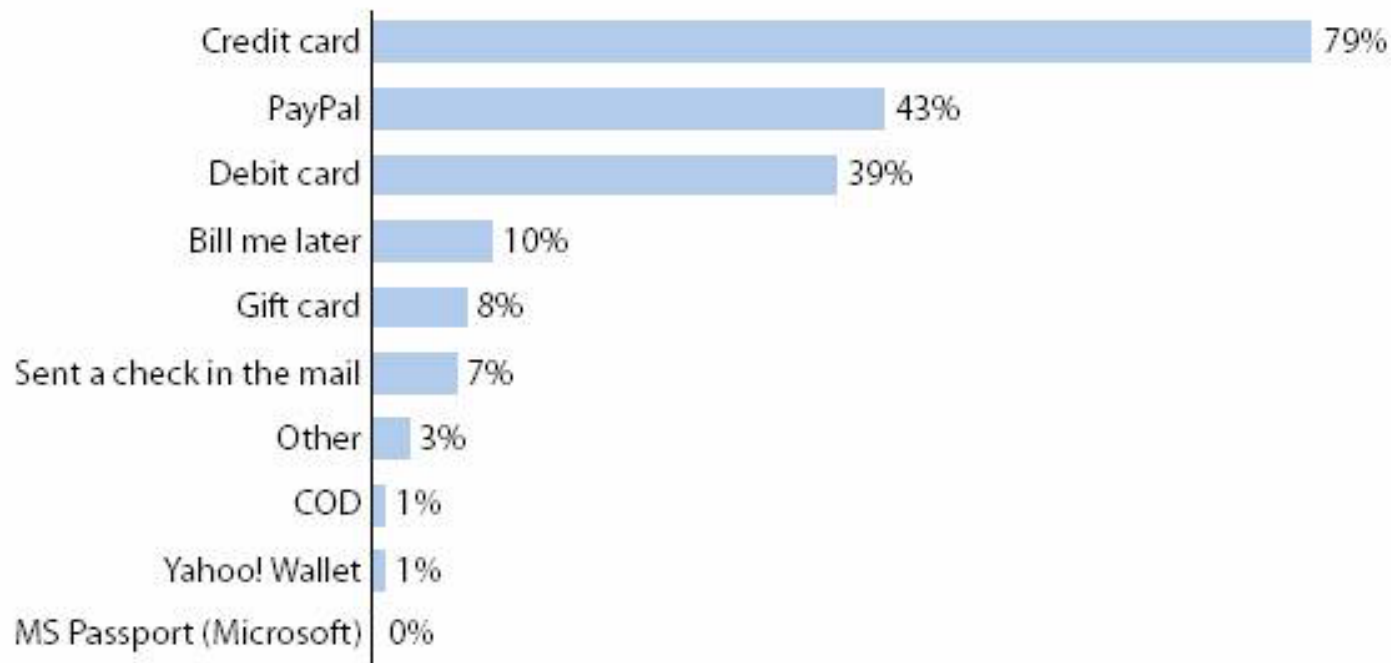
Sources: Visa and MasterCard websites; Nilson Report; Business Week

# PayPal is more relevant than debit cards for online payments

What payment methods have you used to make an online purchase?

(Asked of online shoppers active in the past three months)

**Figure 1** Payment Options For Online Purchases In The Past Three Months



Base: North American Web buyers

Source: Forrester's Consumer Technographics® Q1 2005 North American Retail, Automotive, And Government Online Study

Source: Forrester Research, Inc.



# *PayPal's value proposition*

## Safe and secure

- Your financial information is never shared
- The best encryption technology available
- Fraud rates are best in class against reputable benchmarks
- Buyer and Seller Protection, free of charge

## Fast

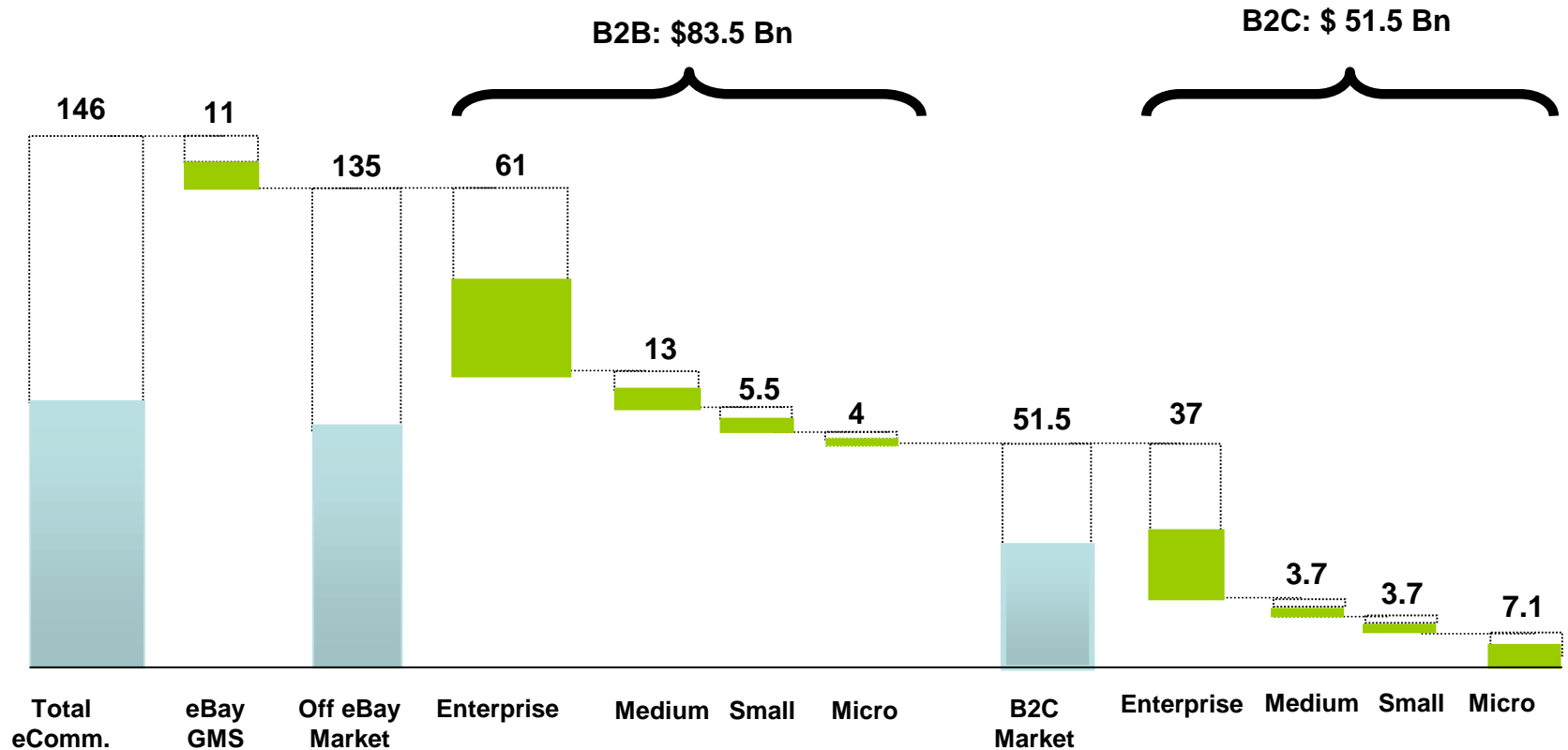
- PayPal payments are instant – fast checkout and payment means buyers get their items quicker

## Easy

- Convenient
- Sign up and start using in a few minutes
- Keep track of transactions by going to your online account
- Sellers can accept it both on eBay and their own websites

# Off-eBay Market - Potential By Segment

\$, Billion  
Year 2007



Source: IDC estimates, National Statistics, eBay data and PayPal analysis  
 Note: eBay 2007 forecast is provisional (based on PayPal estimates)



# Large merchants are adopting PayPal

**PayPal** [Sign Up](#) | [Log In](#) | [Help](#)

Welcome | Send Money | Request Money | Merchant Tools | Auction Tools

**NEW!** Exclusive Savings from PayPal

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Shop here without sharing your financial information. Offers expire soon\*. **Terms and Conditions apply.** Please see individual merchant sites for further information.

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Sent: 28 February 2006 11:33:55  
To: schebleco@hotmail.com  
Subject: Welcome to Betfair

If you would like to view this as a web page, please click here.

## WELCOME

Dear Carl

Thank you for joining Betfair. We'd like to confirm your username and help you get started on the world's largest and most exciting betting exchange.

Your username is : schebleco

Please note that both username and password are case sensitive.

### Why Betfair?

Betfair members...

- get on average 20% better odds
- back or lay their selection
- bet "in-play" as the action unfolds
- exchange opinions on our forum

...24 hours a day, 7 days a week on events all around the world.

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To fund your account, log-in and click the **Deposit** link on the top right of the homepage. You can find out more about our payment options at our payments site [betfairpayments.com](http://betfairpayments.com)

## Wavefront and Iris Recognition

for safety and accuracy.  
At all our clinics.

Name:

Email:

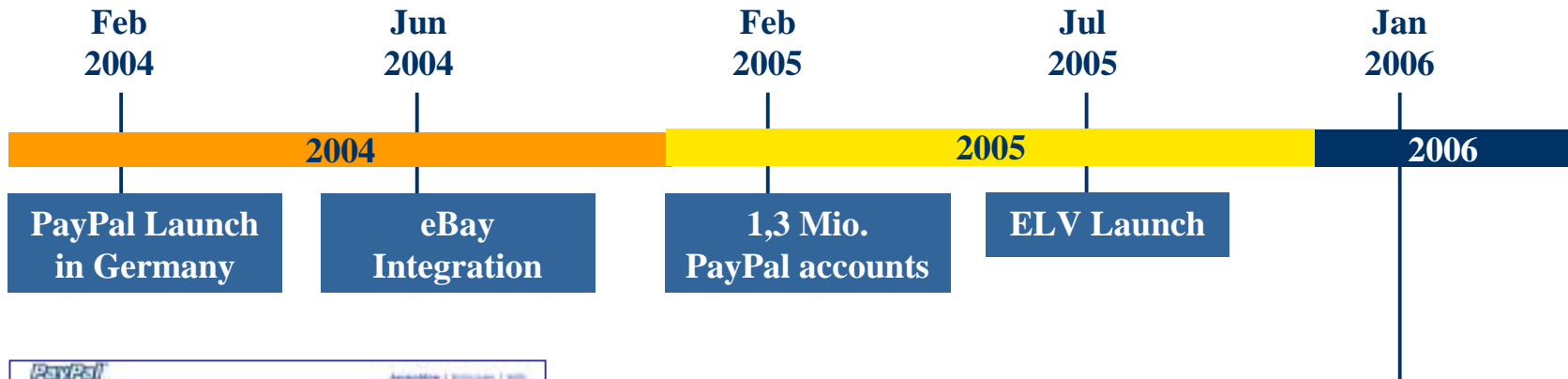
Free Consultation

the laser eye clinic

treating you differently

# PayPal Germany overview

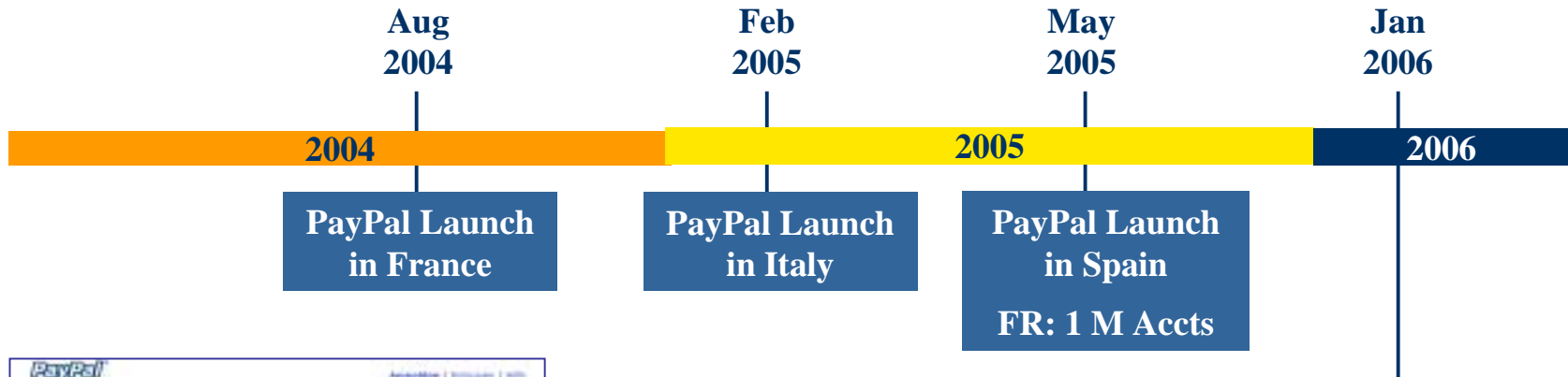
## Localisation and milestones in PP DE



- > 25% of all eBay items are listed with PayPal
- More and more online shops accept PayPal
- Rapid user growth in Germany
- ELV, EFT, Balance and CC payments

# PayPal Southern Europe overview

## Localisation and milestones in PayPal FR, IT and ES



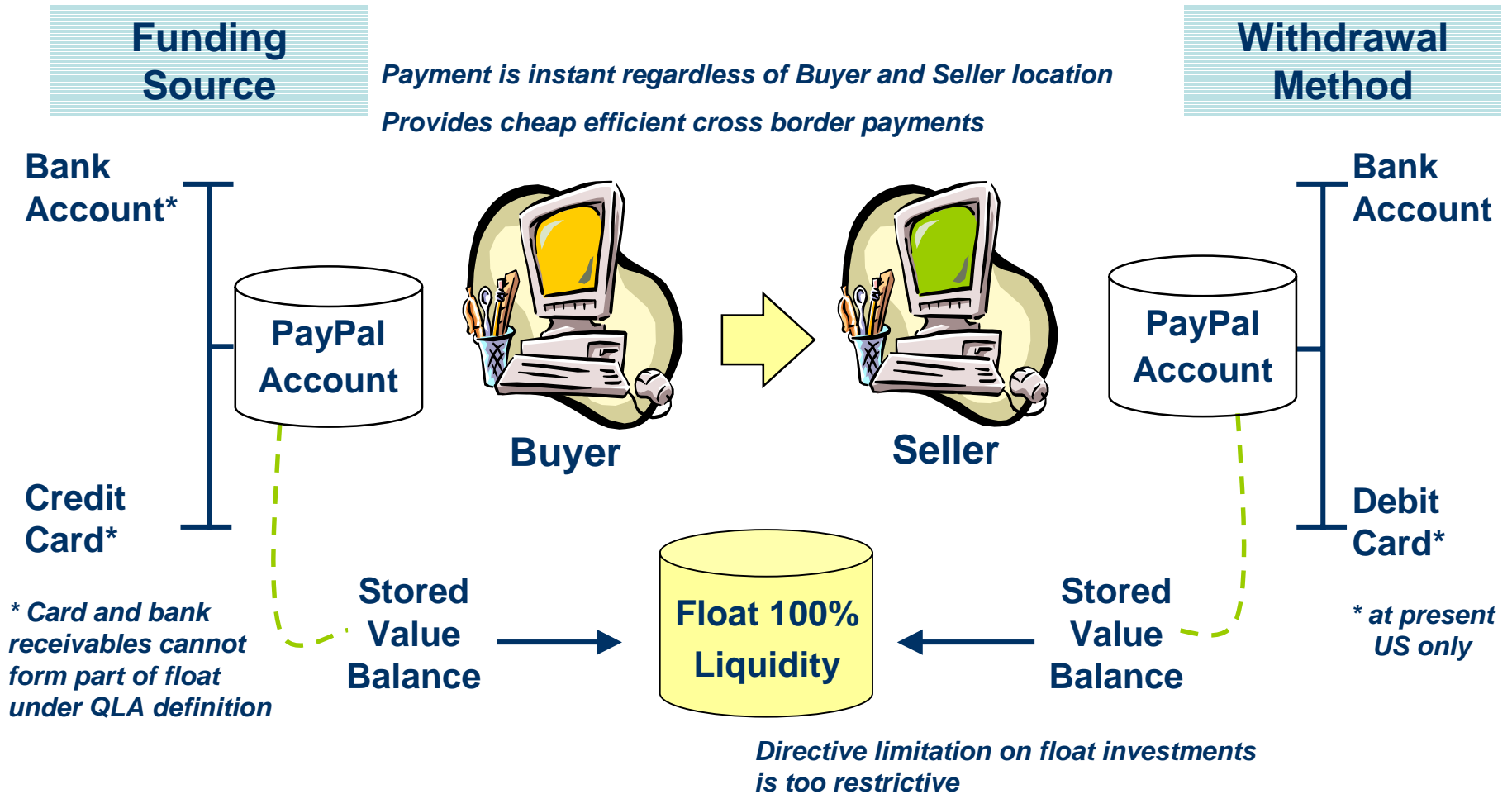
- > 50% of all eBay items are listed with PayPal
- Triple digit growth in sign ups and revenues
- Top Merchants & Gateways increasingly accept PayPal: eg. myPixMania, Meetic, Belgian Post, Ogone
- Paypal.fr > 1 M UVs—ranked 8<sup>th</sup> most visited banking site (Nielsen Dec 2005)



# Future Plans!

- **Merchant acquiring in the UK and Europe.**
- **Beta testing mobile payments with our workforce**
- **Buyer Credit in the US**
- **Interest bearing accounts in the US**
- **Debit Card in the US**
- **Verisign payment gateway**
- **Micropayments pricing**
- **Expanding global footprint**

# How PayPal Works



- PayPal leverages established bank infrastructure
- PayPal succeeds because it plays to banking system strengths