

## Preliminary Settlement Reached in PayPal Class Action Lawsuit

SAN JOSE, Calif.--June 14, 2004--PayPal today announced that it has reached a preliminary settlement agreement with a proposed class of PayPal customers that is being represented by Girard Gibbs & De Bartolomeo LLP and Wolf Popper LLP. The firms filed a lawsuit in 2002 on behalf of a class alleging that PayPal did not appropriately communicate about customer transactions and did not appropriately process limits that were placed on some customer accounts. In this agreement, PayPal does not acknowledge that any of the allegations in the case are true. The settlement will be presented for preliminary approval to the Federal District Court in San Jose, Calif., in the coming weeks.

As part of the settlement, if approved by the court, all claims of the class will be dismissed, as well as all claims brought in a similar case currently pending in California State Court. eBay, PayPal's parent company, has fully accrued for the settlement agreement amount in its consolidated financial statements, as included in its Form 10-K for the year ended December 31, 2003.

The case involves a proposed class of individuals and businesses that held a PayPal account during the period from October 1, 1999, through January 31, 2004. PayPal users residing in European Union member countries are excluded from the class. Under the terms of the settlement, certain PayPal account holders will be eligible to receive payment from a settlement fund in accordance with the preliminary settlement's plan of allocation. The settlement fund, which will be funded by PayPal, will total \$9.25 million, less administrative costs and any amount awarded to plaintiffs' counsel by the court. A copy of the plan of allocation is on file with the court and will be publicly available via a link from the PayPal Web site in approximately 60 days.

Customers will be notified of the terms of the settlement agreement within 60 days of its preliminary approval by the court. Customers can get more information about the settlement agreement by sending an email to [settlement@paypal.com](mailto:settlement@paypal.com) or calling 1-866-648-5874.

### About PayPal

PayPal, an eBay Company, enables any individual or business with an e-mail address to securely, easily and quickly send and receive payments online. PayPal's service builds on the existing financial infrastructure of bank accounts and credit cards and utilizes the world's most advanced proprietary fraud prevention systems to create a safe, global, real-time payment solution. Founded in 1998, PayPal has more than 45 million accounts and is available to users in 45 countries around the world. More information about the company can be found at <https://www.paypal.com/>.

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