

NOTICE OF CLASS ACTION SETTLEMENT AND HEARING

If you opened a PayPal account between October 1, 1999 and January 31, 2004, your rights may be affected by a class action settlement.

What Is This About?

A settlement has been proposed in a lawsuit brought against PayPal on behalf of all persons who opened a PayPal account during the period October 1, 1999 through January 31, 2004. If you opened a PayPal account during this period, you could get a settlement payment. The lawsuit, In re PayPal Litigation, Case No. C-02-1227-JF, was filed in the United States District Court for the Northern District of California in 2002.

Who Is Included, And What Does The Settlement Provide?

The settlement covers people who opened PayPal accounts between October 1, 1999 and January 31, 2004. The settlement will provide \$9.25 million for payment of class members' claims, administrative expenses and attorneys' fees. The settlement also provides other relief, including PayPal's agreement to follow certain operating practices and procedures. On September 24, 2004, the Court will hold a hearing to decide whether to approve the settlement and the class attorneys' fees and costs.

How Do I Ask For A Payment?

To qualify for a payment, you must submit an online claim form **by October 23, 2004**. Visit www.settlement4onlinepayments.com to make a claim.

What Are My Other Options?

If you fit the class definition and don't want to be legally bound by the settlement or receive any payment, you must exclude yourself by September 7, 2004.

If you don't exclude yourself, all your claims against PayPal that were or could have been asserted in the lawsuit will be released, meaning you may not be able to sue PayPal for those claims.

To view the detailed legal Notice and learn more about the settlement, visit www.settlement4onlinepayments.com.