



2211 North First Street
San Jose, CA 95131
paypal.com

June 29, 2015

Kathleen McGee, Esq.
Bureau Chief, Internet Bureau
New York State Attorney General's Office
120 Broadway
New York, NY 10271

Dear Ms. McGee,

Thank you for taking the time to meet with us on June 18, 2015 in connection with your letter dated June 9, 2015 concerning certain revisions to Section 1.10 of PayPal's User Agreement that we announced as being effective July 1, 2015. We greatly appreciated the opportunity to share with you our sincere regret for any concern or confusion this updated provision has caused the New York State Attorney General's Office or our customers, and to underscore what matters to us: our customers.

As we discussed, PayPal's focus is on our customers, on consumer protection and doing the right thing. We take this responsibility seriously and it is a guiding principle for our management team. We aim to be a consumer champion in the payments industry. We always aim to communicate those values clearly, and, in hindsight, unfortunately the proposed revision to Section 1.10 missed the mark. We are thankful to you, as well as the other public officials, and our customers who reached out to us for clarification of what Section 1.10 was intended to provide, and for giving us the opportunity to address and resolve any concerns in a thoughtful and productive manner.

In light of the issues identified in your letter and to clear up any confusion, PayPal is modifying the terms of its User Agreement to clarify how we contact users and how users can inform us of their communication preferences. We will be emailing our customers shortly to inform them regarding new Sections 1.10(a) and 1.10(b) of our User Agreement. We are immediately withdrawing the previously proposed amendments to Section 1.10 that were set to go into effect on July 1, 2015. These new provisions are based in large part on the feedback we have received and respond directly to the concerns expressed by regulators and the public. A copy of the new text is attached for your information.

The new provisions make clear that PayPal primarily uses autodialed or prerecorded calls and texts to:

- Help detect, investigate and protect our customers from fraud
- Provide notices to our customers regarding their accounts or account activity
- Collect a debt owed to us

In addition, new Sections 1.10(a) and 1.10(b) make clear that:

- PayPal will not use autodialed or prerecorded calls or texts to contact our customers for marketing purposes without their prior express written consent
- PayPal does not require our customers to consent to receive autodialed or prerecorded calls or texts to use or enjoy our products and services; and

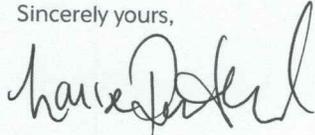
- PayPal respects our customers' communication preferences and recognizes that our customers' consent is required for certain autodialed and prerecorded calls and texts. Customers may revoke consent for such communications and our customers may do so by contacting Customer Support at 1-888-221-1161 and informing PayPal of their preferences

PayPal will continue to work to enhance message flows at the point of number collection to communicate these User Agreement commitments. PayPal endeavors to provide our customers with choices about the manner in which we communicate with them. With that objective in mind, PayPal is working, long-term, to enhance customer options by providing the capability to specify how they may be contacted at each telephone number they provide to us.

Thank you once again for providing us with the opportunity to resolve any questions or concerns regarding this matter and to reaffirm PayPal's values and our commitments to our customers.

At this exciting time in our corporate history, we look forward to maintaining a positive and productive working relationship with your office as PayPal moves forward with our planned separation from eBay Inc. and continues to serve our customers.

Sincerely yours,



Louise Pentland
Senior Vice President, General Counsel and Corporate Secretary

cc: Clark Russell, Esq., Deputy Chief, Internet Bureau

New User Agreement Language:

1.10(a) Contacting You. In order to contact you more efficiently, we may at times contact you using autodialed or prerecorded message calls or text messages at the telephone number(s) you have provided us. We may place such calls or texts to (i) provide notices regarding your Account or Account activity, (ii) investigate or prevent fraud, or (iii) collect a debt owed to us. You agree that we and our service providers may contact you using autodialed or prerecorded message calls and text messages to carry out the purposes we have identified above. We may share your phone number(s) with service providers with whom we contract to assist us in pursuing these interests, but will not share your phone number(s) with third parties for their own purposes without your consent. Standard telephone minute and text charges may apply. We and our service providers will not use autodialed or prerecorded message calls or texts to contact you for marketing purposes at the telephone number(s) you designate unless we receive your prior express written consent.

1.10(b) Your Choices. You do not have to consent to receive autodialed or prerecorded message calls or texts in order to use and enjoy PayPal's products and services. Where PayPal is required to obtain your consent for such communications, you may choose to revoke your consent by contacting customer support by [clicking here](#) and informing us of your preferences.