

PayPal Political Action Committee (PAC) BYLAWS

The PayPal Political Action Committee (PAC) is the political action committee for employees of PayPal Inc. PayPal's principal office and address is: 2211 North First St., San Jose, California 95131.

ORGANIZATION

The PayPal PAC is a non-profit, unincorporated association of the executive and administrative employees of PayPal Inc. in which participation is entirely voluntary. The PAC is independent of any political organization, party or candidate. Administrative costs of the program are paid by PayPal Inc.

PURPOSE

The Purpose of the PAC is to involve a greater number of employees of PayPal Inc. in the election process and to provide funds to support the best candidates for federal office, and when legally permissible, state and local office. To achieve this purpose, the program will, in full compliance with the law, seek to obtain enrollment in the PAC, and accept voluntary contributions from executive and administrative employees and, if eligible, the Board of Directors of PayPal Inc. The program will also distribute such contributions to help nominate and elect well-qualified, responsible candidates for public office. The PAC will support declared candidates, candidate committees and registered political parties involved in federal, and when legally permissible, state and local elections, following both the letter and the spirit of the law.

PARTICIPATION

Only Employees of PayPal Inc. who are U.S. citizens (or lawfully admitted for permanent residence in the United States) and are full-time, exempt, salaried, certain executive and administrative employees are permitted to participate on the PAC Board or in any aspect of the governance of the PAC. These employees are also eligible to be solicited at any time by the PAC. The PAC may also solicit shareholders, and eligible members of the Board of Directors of PayPal Inc.¹

PROGRAM ADMINISTRATION

PayPal PAC Board of Directors

The PAC is administered by the PAC Board of Directors, which acts in full compliance with applicable federal laws. The Board will neither accept nor make contributions above the limitations established by law.

- A. The Board will make contributions only to declared federal and (if lawful) state and local candidates and their committees, registered political parties and their committees, and other duly registered political committees.

¹ Eligible board members must be compensated on a salaried (however small), rather than an hourly or per diem, basis.

- B. The Board provides input and guidance to the Executive Committee in the organization and implementation of the enrollment program; fund administration; selection of contribution recipients; determination of contribution timing; delegation and approval of the distribution of funds within limitations provided by federal laws; registration of the PAC with the proper federal and state agencies and preparation and submission of all reports as required by law. The Board welcomes comments, suggestions and information from all participating employees about candidates the Board should support.
- C. Composition of the Board of Directors: The Board shall have no fixed total number of members, but will include the Executive Committee, all U.S. Government Relations Directors, the Secretary-Treasurer and the PAC Manager. In addition, the Board shall have representatives from a cross section of PayPal Inc. teams. The number of Board members will be adjusted as necessary by the Executive Committee and will meet at least 3 times a year.

Criteria for appointment to the Board include:

- ♦ Must be active in politics & community affairs
- ♦ Must be a PAC donor.

D. Executive Committee

A standing six member Executive Committee that is comprised of the Chairman (Head of PayPal Global Govt. Relations), the Head of Government Relations for the Americas, the Vice President of Corporate Affairs, the Secretary-Treasurer and two senior U.S. executives from PayPal will have the final authority to review and approve all contributions. The committee will meet as needed to discuss PAC contributions and strategy. The two senior U.S. executives will be chosen and appointed by the Chairman and Vice President of Corporate Affairs.

E. PayPal PAC Chair

The PayPal PAC Chair shall be the Head of PayPal Global Government Relations. The Chair has general supervisory authority over the PAC and shall preside at all meetings of the PayPal PAC Board.

F. Secretary-Treasurer

The Secretary-Treasurer shall be the head of the External Affairs division of PayPal Government Relations and shall report to the PAC Chair. The Secretary-Treasurer shall be the financial and administrative officer of the Board. The Secretary-Treasurer shall have general responsibility for all funds collected and disbursed by the PAC and shall cause all funds to be deposited and all books of account to be kept in accordance with the instructions and in a manner authorized by the PAC Board. The Secretary-Treasurer shall also prepare, sign, file and maintain copies of all reports required by law. The Secretary-Treasurer shall be a voting member. No contribution shall be accepted, and no expenditure shall be made, by or on behalf of the PAC at a time when there is a vacancy in the office of Secretary-Treasurer. During the absence or incapacity of the Secretary-Treasurer, or when circumstances prevent the Secretary-Treasurer from acting, the Chair, as Assistant Treasurer, shall perform the duties and exercise the powers of the Treasurer. Both the Secretary-Treasurer and the Chair shall be designated agents of the PAC for the purpose of signing all FEC reports and other documents.

Provision of Indemnification

PayPal Inc. shall indemnify each Officer or Board member who may be indemnified (the "Indemnitees") pursuant to Federal law, to the full extent permitted thereby. In each and every situation where PayPal Inc. may do so under such law, PayPal Inc. hereby obligates itself to indemnify the Indemnitees to the full extent permitted by law for all loss, costs, liabilities and expenses incurred or suffered by the Indemnitees in the performance of their duties as Officers or PayPal PAC Board of Directors Members, provided such loss, liability or expense is not a result of the willful misconduct or bad faith on the part of the Indemnitees.

SEPARATE SEGREGATED FUND

All contributions to the PayPal PAC shall be maintained by the PAC as a separate segregated fund, and all expenditures by PayPal PAC in support of any candidate or political committee shall be made from such fund and from no other source. All books, records and accounts of the PayPal PAC shall be separate from those of the Company.

No member of the PayPal PAC, or contributor thereto, shall have a right to share personally in any funds or assets of the PayPal PAC upon its dissolution, or at any other time.

MEMBERSHIP MEETINGS

Enrollment in the PAC and contributions to the PAC are completely voluntary. Membership solicitation for exempt, salaried, executive or administrative employees will be done from time to time to recruit new contributors.

Employees who have further questions or require more time to consider the PAC may contact a Board member who will outline the program and answer any questions the employee has.

PROVISIONS TO ENSURE THE VOLUNTARY NATURE OF THE PROGRAM

PayPal Inc. employees in leadership positions, who may or may not serve on the PAC Board, will periodically conduct PAC solicitations. In order to ensure that employee participation is entirely voluntary, the following mandatory safeguards have been established.

1. *"No superior should conduct a one-on-one solicitation of a subordinate."*

In selecting solicitors, the following criteria must be observed:

- Solicitors should not be in a direct supervisory capacity above the persons solicited.
- Solicitors should not have the authority of making performance or salary evaluations for any employees they are soliciting.

2. *"The solicitor should inform the solicited employee of the political purpose of the fund for which the contribution is solicited."*

- The purpose of the program is to support candidates for federal, state and local office who understand the interests and concerns of the employees of PayPal Inc.

3. *"The solicitor should inform the employee of the employee's right to refuse to contribute without reprisal of any kind."*

- Solicitors are required to emphasize the voluntary nature of the program in all contacts with employees.

4. The solicitor should inform the employee that "any suggested contribution guidelines are only that – guidelines. More or less than the suggested amount maybe given; and the amount given, or the refusal to give, will not benefit or disadvantage the employee."

5. The solicitor should inform the employee that contributions are not deductible for federal income tax purposes.

6. The solicitor should inform the employee that "Federal law requires us to use our best efforts to collect and report the name, mailing address, occupation and the name of employer of individuals whose contributions exceed \$200 in a calendar year."

ADOPTION AND AMENDMENTS

The articles may be amended from time to time by action of a majority of the PAC Board of Directors and the Executive Committee.