

Moderator: Al Briand, Managing Director, Treasury Services, The Bank of New York Mellon

Panelists:

- Irene Sudac, VP/Treasurer, Cabot Corp.
- Craig Calle, VP/Treasurer, Gateway, Inc.
- Edward Banas, Treasurer, PayPal Inc an eBay Company

Working Capital Management

Sponsored by
Bank of New York Mellon

Reducing the “Funding Gap” at PayPal

November 6, 2007

Presented by:
Ed Banas (PayPal Treasurer)



Funding Gap : PayPal Overview

- Safer, easier way to pay and get paid online without sharing financial information
- 190+ markets
- 17 currencies
- 150+ million accounts
- Founded in 1998 and acquired by eBay in 2002

Funding Gap: Background

In 2005 Treasury discovered the growing use of cash at its PayPal subsidiary and coined the persistent working capital need as “Funding Gap”

- ❖ Since the migration to the ELMI structure PP Europe experienced funding gaps whereby funds receivable exceeded funds payable
- ❖ The funding gap became a significant issue in 2006 as processing volumes increased
- ❖ PP Europe generally had to borrow on a regular basis to finance this gap

Funding Gap: Major Causes

- Marketing/product decisions
- Processing times
- Regulatory requirements
- Financial decisions

Funding Gap : Cross Functional Project Team

- ❖ Tax
- ❖ Accounting
- ❖ FP&A
- ❖ Europe Finance
- ❖ Risk Management
- ❖ Payment Operations
- ❖ Merchant Services
- ❖ Financial Services
- ❖ Treasury
- ❖ External Consultant
- ❖ Banks

Funding Gap : Recommendations

- Change legal and regulatory status
- Implement Asia Headquarters
- Achieve contract improvements with service providers
- Reduce capital cushion with real-time monitoring