

Financial Technology Partners

July 14, 2015

FT Partners Research



Spin-off Overview

Courtesy of:

FINANCIAL
TECHNOLOGY
PARTNERS

*The Only Investment Bank
Focused Exclusively on Financial Technology*

www.ftpartners.com



Steve McLaughlin
Managing Partner

Tel: 415.992.8880

steve.mclaughlin@ftpartners.com

Financial Technology Partners
555 Mission St., 23rd Floor
San Francisco, CA 94105
Tel: 415.512.8700

xoom

venmo

Brain**tree**

Paydiant

Highly Confidential and proprietary information. Unauthorized distribution without prior consent from Financial Technology Partners LP or FTP Securities LLC (together "FT Partners") is strictly prohibited.

This communication should not be regarded as an offer to sell or as a solicitation of an offer to buy any financial product or service, nor is it an official confirmation of any transaction, or representative of an official position or statement of Financial Technology Partners LP, FTP Securities LLC or any other related entity. FTP Securities LLC is a FINRA registered broker-dealer. © 2015



PayPal Spin-off

Table of Contents

| | | |
|------|---------------------------------------|-----|
| I. | Transaction Overview | 3 |
| II. | PayPal Overview..... | 13 |
| III. | Financial Summary | 25 |
| IV. | Public Comparables / Valuation | 33 |
| V. | Industry / Competitive Overview | 39 |
| VI. | Key Acquisitions / Events | 48 |
| | A. PayPal Acquires Xoom | |
| | B. PayPal Acquires Paydiant | |
| | C. PayPal Acquires Braintree | |
| | D. Google Acquires Softcard | |
| | E. Samsung Acquires LoopPay | |
| | F. Apple Unveils Apple Pay | |
| VII. | Overview of FT Partners | 104 |

I. Transaction Overview



PayPal Spin-off

Transaction Overview

In initial trading on a “when-issued” basis, PayPal has an implied market cap of nearly \$45 billion, representing ~58% of eBay’s market cap

“Seventeen years ago, PayPal laid the foundation for eCommerce by making it safe and convenient to send money via email. We’ve been driving the expansion of eCommerce ever since, both online and via mobile devices. Together, online and mobile shopping form a \$2.5 trillion eCommerce market that is growing at double-digit rates”

– Dan Schulman, CEO of PayPal

FINANCIAL
TECHNOLOGY
PARTNERS

Transaction Overview

- On September 30, 2014, eBay announced that its Board of Directors had approved a plan to separate the eBay and PayPal businesses into two independent, publicly traded companies
 - The official split is expected to take place on July 17, 2015, as a tax-free spin-off
 - The two separate entities will be traded on the NASDAQ under the tickers EBAY and PYPL
 - eBay shareholders will receive one share of PayPal common stock for every one share of eBay stock they hold
- “When-issued” trading of PayPal began on July 6, under the symbol PYPLV and “regular-way” trading of common stock is expected to begin July 20
- John Donahoe, the current President and CEO of eBay, and Bob Swan, the current CFO, are responsible for the separation of PayPal from eBay and providing board oversight
 - This includes determining the appropriate management and capital structures of each business and organizing the appropriate operating agreements
- Devin Wenig, the current President of eBay Marketplaces, will assume the CEO position of eBay post-transaction, replacing John Donahoe
 - Scott Schenkel, the current CFO of eBay Marketplaces, will assume the same position under the new eBay company
- Dan Schulman is expected to become the CEO of PayPal following the completion of the transaction
- The transaction is subject to market, regulatory and certain other undisclosed conditions

Transaction Rationale

- Separation of PayPal from eBay creates a sharper strategic focus for each company and enables both to take advantage of new growth opportunities in the changing competitive landscape
 - Evolution of the payments and commerce industries requires each company to further develop and innovate its current product and service offerings in order to remain a global leader
- Existing synergies between PayPal and eBay are expected to decline over time
 - Arm’s length operating agreements between the entities will enable both to capture ongoing synergies
- Spin-off is believed to be the best path for delivering sustainable shareholder value
 - PayPal, as a domestic and international leader in payments, and eBay, which provides a market leading e-commerce platform, should each create greater shareholder value through the separation

Management Commentary

“We are confident, following a thorough assessment of the relationships between eBay and PayPal, that operating agreements can maintain synergies going forward. Our board and management team believe that putting eBay and PayPal on independent paths in 2015 is best for each business and will create additional value for our shareholders.”

– John Donahoe, President & CEO, eBay



PayPal Spin-off

Early “When-Issued” Trading Ahead of the Spin-off

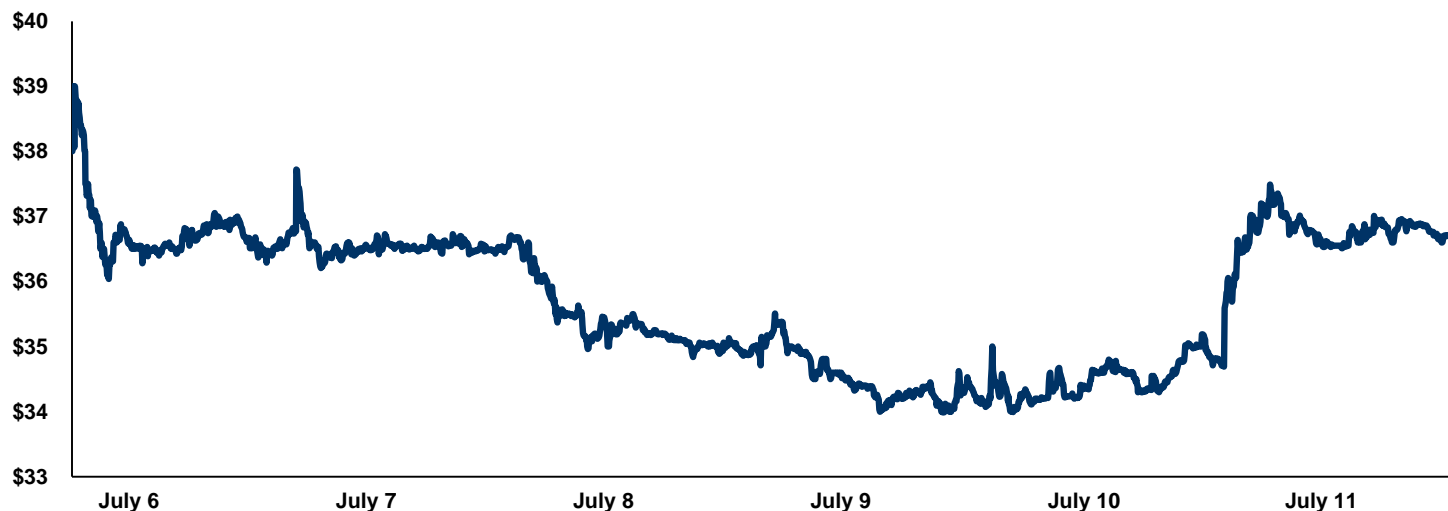
“When-Issued” Trading Overview

- **PayPal began trading on July 6, 2015 on the NASDAQ on a “when-issued” basis under the ticker PYPLV**
 - The initial trades settled around \$36.50 per share; the stock closed on July 13 at \$36.78
- **Based on the when-issued trading, PayPal accounts for ~58% of eBay’s market cap – valuing PayPal at nearly \$45 billion**
 - Using initial consensus estimates, PayPal is trading at 30.1x 2015E net income and 17.5x 2015E EBITDA on an enterprise value basis

Trading & Valuation Metrics – Through July 13, 2015

| | |
|---------------------------------------|-------------------|
| High / Low: | \$39.75 / \$33.98 |
| 1-Day Open / Close Price: | \$38.00 / \$36.71 |
| Current Price ⁽²⁾ : | \$36.78 |
| Average Share Volume ⁽²⁾ : | 5,369,080 |
| Implied Market Value: | ~\$44.7 bn |
| Implied Enterprise Value: | ~\$43.2 bn |
| EV / 2015E Revenue: | 4.7x |
| EV / 2015E EBITDA: | 17.5x |
| P / 2015E EPS: | 30.1x |

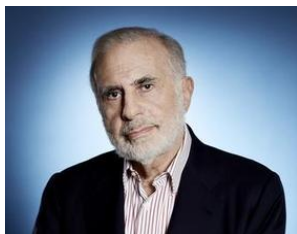
Initial “When-Issued” Trading (NASDAQ:PYPLV)



PayPal Spin-off

eBay / PayPal Spin-Off Timeline

Initial Spin-Off Proposal



Jan. 2014

- Carl Icahn acquires a 0.82% stake in eBay and makes a non-binding proposal to separate the two companies
- Nominates two members to the Company's Board of Directors, Johnathan Christodoro and Daniel Ninivaggi
- Accused sitting eBay directors, Marc Andreessen and Scott Cook, as conflicts of interest ⁽¹⁾

eBay Publicly Rejects Plan



Mar. 2014

“ In 2009, we divested Skype because synergies did not exist. This demonstrated our commitment to making rational decisions that are in the best long-term interests of the company and our shareholders. *But based on what we see today, we continue to believe that the company, our customers and our shareholders are best served by keeping PayPal and eBay together. In fact, today we see more and more commerce and payments competitors trying to replicate the eBay and PayPal model. We are seeing a convergence of commerce and payments businesses, not a separation.* ”

– John Donahoe, CEO, eBay

eBay / Icahn Proxy Fight



Apr. 2014

- Proxy fight ends when Icahn withdraws both his formal proposal to separate PayPal from eBay and his Board of Directors nominations – however, eBay agrees to appoint an independent director, David Dorman, to its board
- Icahn continues to insist that a separation would be most beneficial for the two companies and its shareholders
- Dorman previously served as the Chairman and CEO of AT&T

eBay Announces Spin-Off



Sep. 2014

“ *eBay and PayPal will be sharper and stronger, and more focused and competitive as leading, standalone companies in their respective markets. As independent companies, eBay and PayPal will enjoy added flexibility to pursue new market and partnership opportunities. And we are confident following a thorough assessment of the relationships between eBay and PayPal that operating agreements can maintain synergies going forward. Our board and management team believe that putting eBay and PayPal on independent paths in 2015 is best for each business and will create additional value for our shareholders.* ”

– John Donahoe, CEO, eBay



PayPal Spin-off

Founder / Shareholder Commentary on PayPal Spin-Off

“It’s very clear that most of us, believe in one form or another that it would be generally a good thing to give PayPal its own wings – most importantly to give the management team directly correlated compensation to their performance. Having said that, I’m glad that John is the one calling the shots because I think that that preserved the relationship with eBay...I think, on balance, great news and I am excited that John has decided to pull the trigger. ”



Max Levchin
Co-Founder, PayPal
CEO, Affirm



David Sacks
Co-Founder, PayPal
CEO, Yammer

“It made a lot of sense for PayPal and eBay to combine back in 2002. About two-thirds of PayPal’s payment volume took place on eBay. As PayPal has grown over the years it has gradually diversified outside of the core eBay auction business... The payments space was an area where not much have happened for many years, but for much of the latter half of the last decade and in the last few years there has been a lot in mobile payments. A lot of new payment companies are coming on, so I think having a focus on the product will be very critical for PayPal’s success going forward.”

“I think that people below the age of 30 don’t really know what eBay is and don’t really use eBay – I suspect that there will be a lot of offers to acquire eBay. That doesn’t mean that it’ll be sold, I think that PayPal has an independent future and eBay may or may not ... I think that it was very clear that eBay was going to spin off PayPal and that PayPal was looking for a public company CEO.”



Keith Rabois
Co-Founder, PayPal
Partner, Khosla Ventures



PayPal Spin-off

Founder / Shareholder Commentary on PayPal Spin-Off (cont.)

“I was really pleasantly surprised by the definitiveness of this announcement. I talked about how I thought the spin out was a mathematical inevitability; as the percentage of payments on PayPal and the volume on eBay went down, that the spin out would make more and more sense – but I thought that that process could take years to really become apparent. I give the eBay board a ton of credit for getting ahead of the curve and making the decision now.”



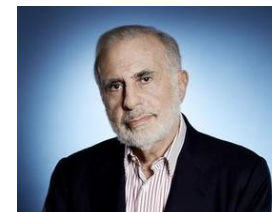
Peter Thiel
Co-Founder, PayPal



Elon Musk
Co-Founder, PayPal
CEO, Tesla Motors

“It doesn’t make sense that a global payment system is a subsidiary of an auction website... It’s as if Target owned Visa or something. [PayPal] will get cut to pieces by Amazon payments or by other systems like Apple and by start-ups if it continues to be part of eBay. It will either wither or be spun out.”

“It also continues to be my belief that the payments industry, of which PayPal is an important part, must be consolidated – either through acquisitions made by PayPal or a merger between PayPal and another strong player in the industry. In light of the development of strong competition such as the advent of Apple Pay, the sooner these consolidations take place, the better. As one of the largest shareholders of eBay, I intend to have discussions in the near future with John Donahoe who, as I have said in the past and continue to believe, has the interest of enhancing value for all shareholders as his major concern.”



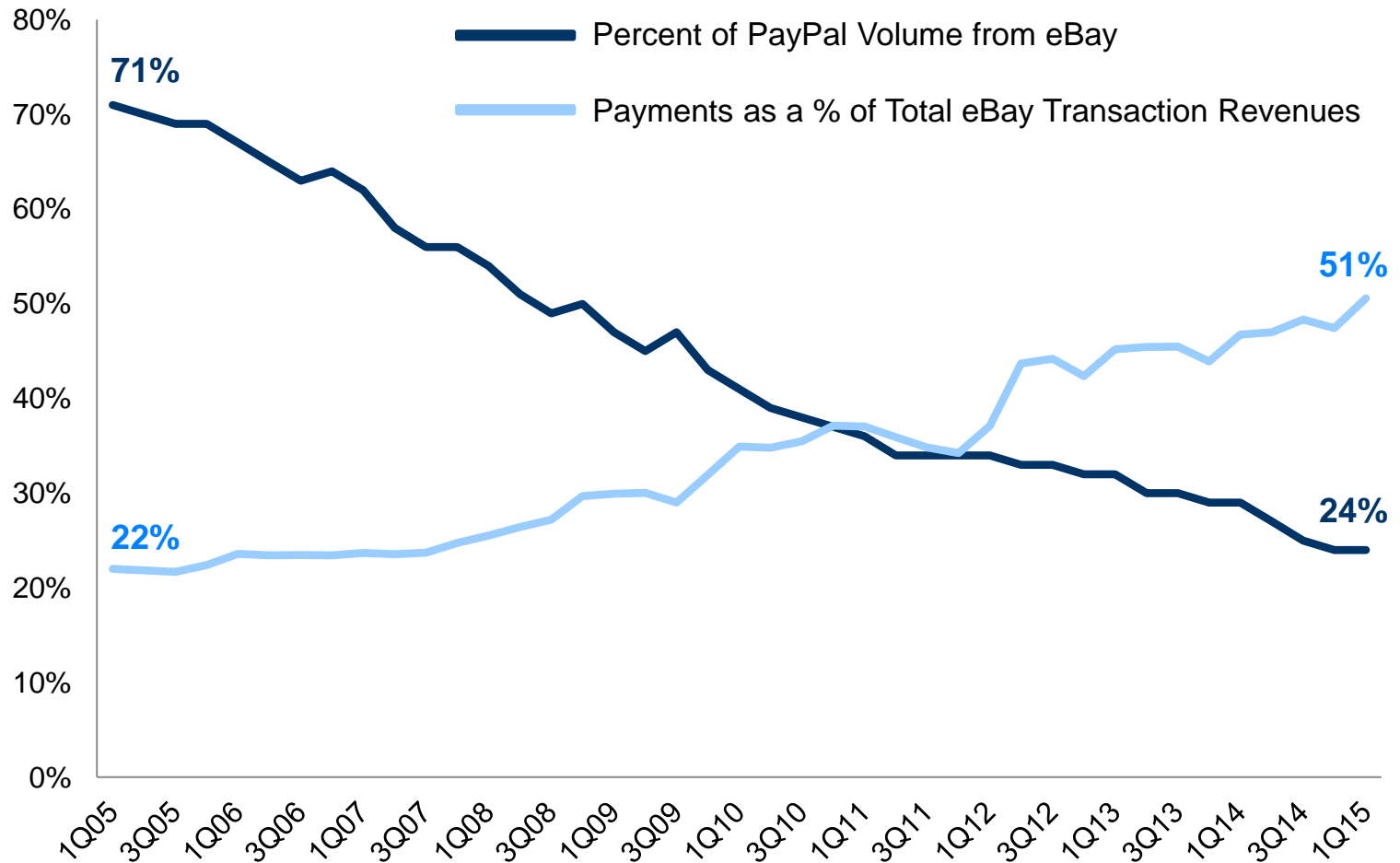
Carl Icahn
Founder
Icahn Capital Management



PayPal Spin-off

PayPal / eBay Relationship

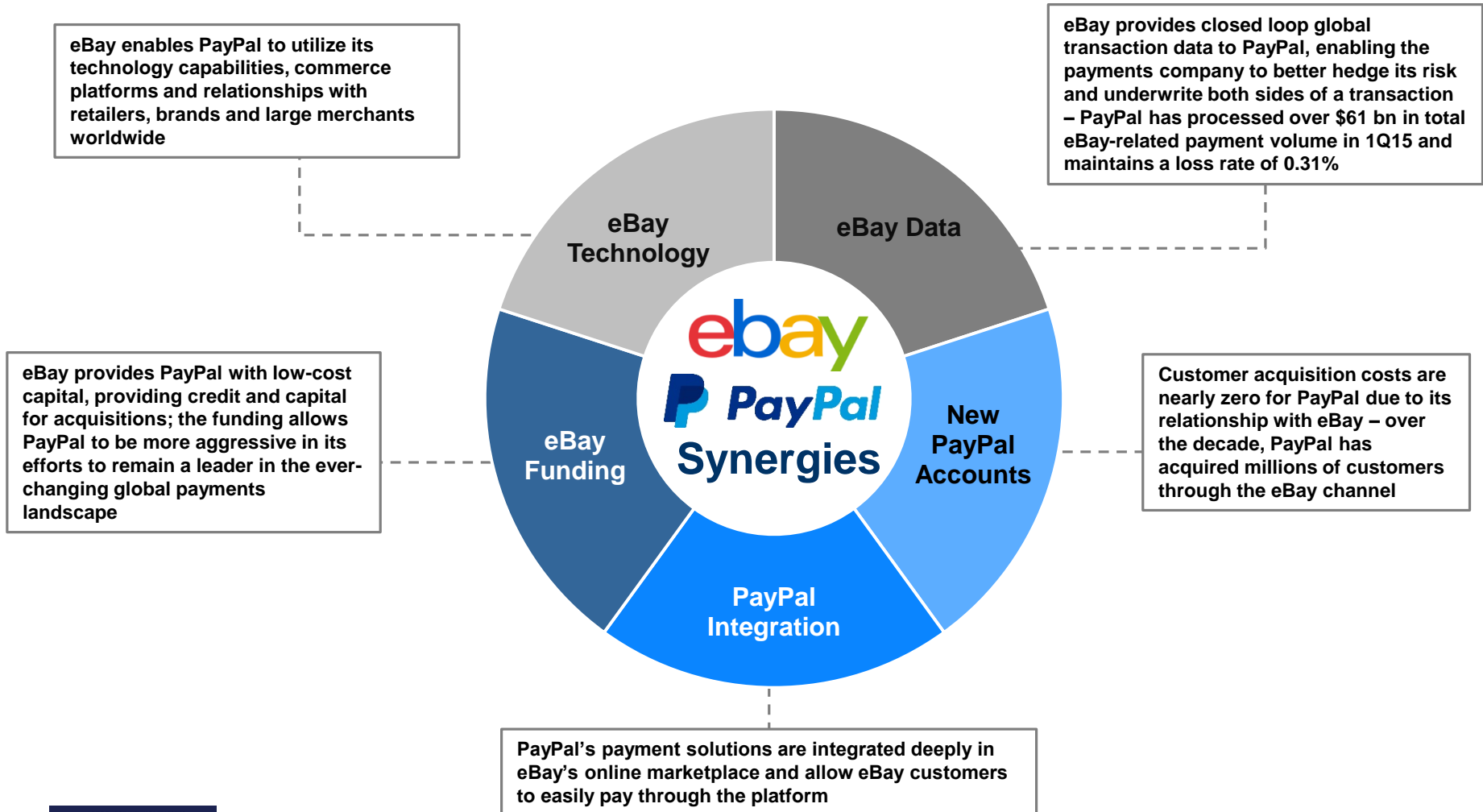
PayPal's dependency on eBay has been falling sharply while PayPal's revenues have been steadily climbing as a percentage of eBay's overall transaction revenues, setting the stage for the spin-off of PayPal





PayPal Spin-off

eBay and PayPal Relationship Prior to the Spin-off



PayPal Spin-off

Reasons for Separation



PayPal Spin-off

eBay and PayPal Relationship Post Spin Off



- Following the spin-off, eBay and PayPal will be separate companies with separate management teams and boards of directors
- As part of the separation agreement, eBay ensured that roughly 80% of gross merchandise sales on its online marketplace are routed through PayPal for the next 5 years
- eBay and PayPal will pay one another \$13 mm per year for each percentage point above or below the 80% threshold that PayPal's share of payments rises or falls; if PayPal's share falls below 75%, eBay will pay at a rate of \$50 mm per year for each additional percentage point
- The agreement prohibits eBay from creating its own payments system and PayPal from developing a marketplace for selling merchandise
- The Companies will share data around payment risk and security

II. PayPal Overview



PayPal Spin-off

Company Overview

Overview



President:

Dan Schulman

Headquarters:

San Jose, CA

Founded:

1998



On September 30, 2014 eBay announced plans to spin off PayPal – eBay and PayPal will officially be two separate entities trading on the NASDAQ under the tickers EBAY and PYPL on July 20, 2015

- PayPal enables individuals and businesses to securely, easily and quickly send and receive payments online and through a broad range of mobile devices
- The technology platform is designed to help businesses of all sizes manage their cash flow, invoice clients and pay bills, and to reduce the need for merchants to receive and store sensitive customer financial information
- PayPal does not charge merchants setup fees and offers a standard service with no recurring monthly fees; online processing does not require merchants to purchase specialized hardware
- The Company has over 160 mm active registered accounts, enabling consumers and businesses to accept and make payments in more than 100 different currencies
 - PayPal processes about 11.5 million payment transactions daily, representing \$624 mm in payments every single day
- PayPal reported revenue of \$7.9 bn in 2014, growing 19% from the previous year, with \$419 mm in net income

Strong Foundation

\$235 Billion Total payment volume in 2014

203 Markets served by PayPal

4 Billion Payment transactions processed

162 Million Active customer accounts

Growth Momentum

↑ 26% Total payment volume Y-o-Y growth




+10 New markets added in 2014

↑ 22% Payment transaction Y-o-Y growth

19 Million Customers accounts gained in 2014

PayPal Spin-off

Management Team

| | | |
|--|---|---|
| Daniel H. Schulman <i>President / Chief Executive Officer</i> |  | <ul style="list-style-type: none"> ■ Mr. Schulman has served as the President and CEO-Designee of PayPal since joining the Company in September 2014 ■ Previously, Mr. Schulman served as Group President, Enterprise Group of American Express and President, Prepaid Group of Sprint Nextel |
| Jonathan Auerbach <i>SVP, Chief Strategy and Growth Officer</i> |  | <ul style="list-style-type: none"> ■ Prior to PayPal Mr. Auerbach was the CEO of Group Digital Life at Singapore Telecommunications where he led the Company's global portfolio of digital business as well as its venture fund ■ Mr. Auerbach was previously a management consultant with McKinsey & Company for 26 years |
| Tomer Barel <i>SVP, Chief Risk Office</i> |  | <ul style="list-style-type: none"> ■ Tomer Barel has served as the Chief Risk Officer of PayPal since November 2013 ■ After joining PayPal in 2009 Mr. Barel has held several positions including General Manager for PayPal Israel, Senior Director of Advanced Risk Sciences and VP of Risk Management |
| James J. Barrese <i>Chief Technology Officer / SVP, Payment Services</i> |  | <ul style="list-style-type: none"> ■ Mr. Barrese has served as the SVP and CTO at PayPal since October 2013 ■ Since beginning his employment with eBay in 2001, Mr. Barrese has held several roles in the technology organization; in 2011 Mr. Barrese moved over to PayPal first as VP of Global Product Development and CTO beginning in 2012 |
| Patrick L.A. Dupuis <i>SVP / Chief Financial Officer</i> |  | <ul style="list-style-type: none"> ■ Mr. Dupuis joined PayPal in November 2010 as its Chief Financial Officer ■ Mr. Dupuis brings over 20 years of experience overseeing financial strategy at leading companies in a broad range of industries |

Source: SEC filings.

PayPal Spin-off

Selected Acquisitions

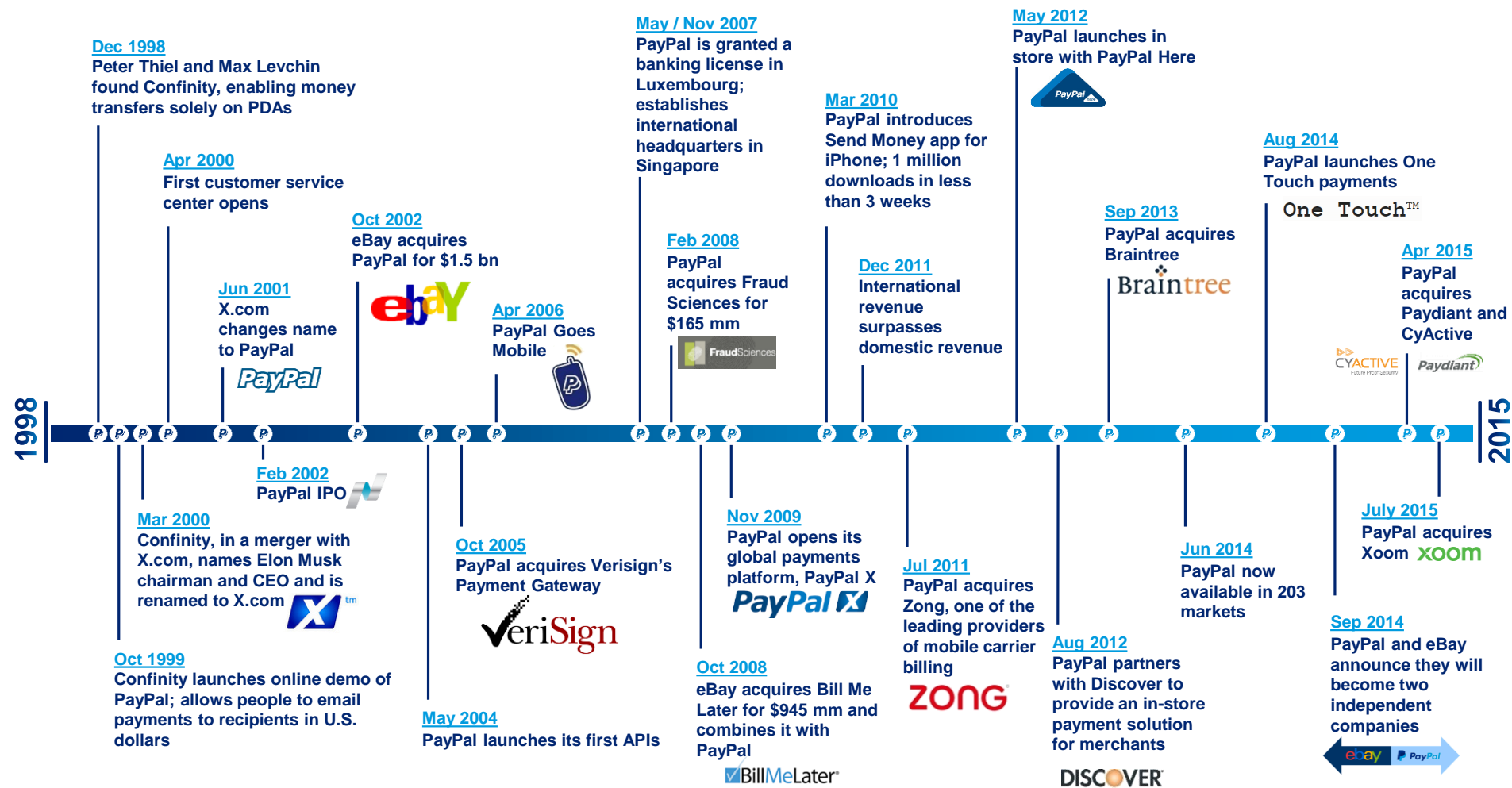
| Date | Target | Value (\$ in mm) | Commentary |
|----------|---|------------------|---|
| 07/06/15 |  | \$890 | PayPal and Xoom announced a definitive agreement under which PayPal will acquire Xoom for an enterprise value of approximately \$890 mm |
| 03/10/15 |  | 60 | PayPal acquired Israeli cyber-security startup, CyActive Security, for \$60 mm |
| 03/02/15 |  | 280 | Acquired mobile wallet operator Paydiant for \$280 mm |
| 12/17/13 |  | na | Acquired Stackmob, a provider of back-end technology stack for mobile applications |
| 11/26/13 |  | 800 | Under parent company, eBay, PayPal acquired Braintree for \$800 mm |
| 07/17/12 |  | na | Acquired Card.io, a developer of technology for using mobile phone cameras to scan credit cards and capture relevant information |
| 07/07/11 |  | 240 | Acquired Zong for \$240 mm to integrate mobile carrier billing globally |
| 04/28/11 |  | na | PayPal acquired Fig Card, a startup that makes a USB stick merchants can use to accept payments from smartphones |
| 11/07/08 |  | 945 | Acquired Bill Me Later for approximately \$820 mm in cash and \$125 mm worth of outstanding options |
| 02/08/08 |  | 169 | PayPal acquired Fraud Sciences for \$169 mm |
| 10/10/05 |  Payment Gateway Business | 370 | PayPal acquired VeriSign's Payment Gateway Business for \$370 mm |

Source: FT Partners proprietary database, Capital IQ.



PayPal Spin-off

Selected Events in PayPal's History





PayPal Spin-off

Core Product Overview

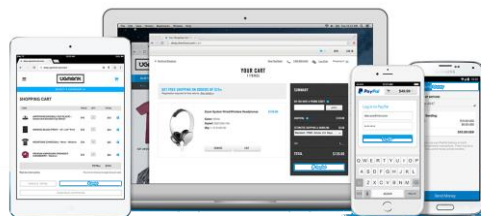
At a time when the payments industry was ripe for disruption, PayPal rose to prominence by digitizing cash and transforming the way consumers pay online merchants

Product

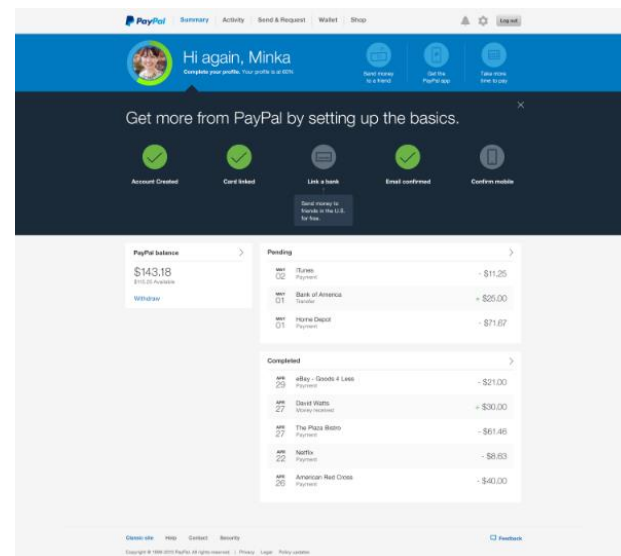
PayPal is currently the most widely used digital wallet in the world with over 165 million active user accounts and acceptance at 74% of the largest U.S. internet retailers

- PayPal's core product, the online account, allows users to transfer funds to individuals and facilitate transactions with online merchants
- Customers' digital wallets are linked to a bank account, enabling users to add and withdraw funds on demand

PayPal is now the preferred online payment option across all age groups – used five times more than Visa Checkout ⁽¹⁾



PayPal is now available on a variety of platforms



Mass Adoption of Mobile Devices

Consumers have the power of a bank branch on a mobile app – PayPal processed over 1 billion mobile transactions in 2014

Digitization of Cash

PayPal allows merchants to accept and consumers to pay in the currencies that are convenient to them

Emergence of Alternative Lending Methods

In the last 18 months, PayPal has provided \$500 mm in SMB loans in the U.S.

Fragmentation of Payment Types, Technology & Channels

The consumer payments vertical is fragmented – PayPal's technology and services are agnostic

Rise of Fraud & Cyber Security

Customers have the ability to make payments in confidentiality in a secure manner; PayPal also established a global Security Center in 2015

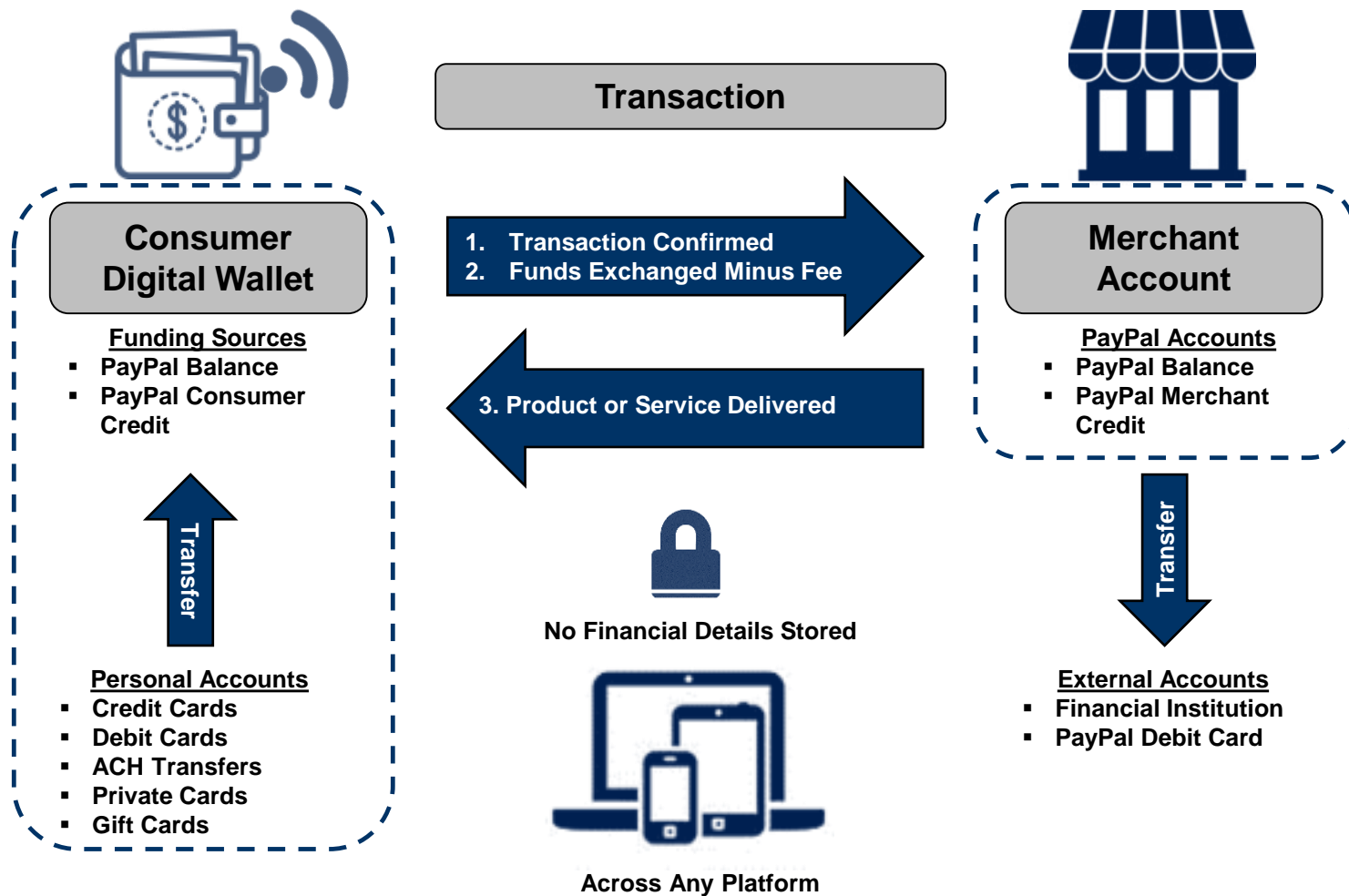


PayPal Spin-off

Transaction Process Overview

Fee Structure

- Free to send money within the U.S. using PayPal balance or bank account
- Using a debit or credit card, there is a 2.9% or lower fee plus \$.30 flat fee (the sender can pay the fee or pass on to the recipient)
- Withdrawing money from PayPal account to a bank account is free; PayPal charges a \$1.50 fee to receive a check
- Additional fees for international payments apply as well as exchange rate fees if there is currency conversion





PayPal Spin-off

Products and Services Overview

In addition to the core mobile wallet account, PayPal also offers a wide variety of software and hardware-based products for consumers and small businesses

Express Checkout

Check out with **PayPal**

- Allows customers to easily make a purchase with less clicks and less data input required – this means that they are more likely to complete the purchase
- Enables merchants to use the payment express lane to complement their existing payment solution
- Recent trials by several major retailers showed that the express checkout led to a 6% increase in sales

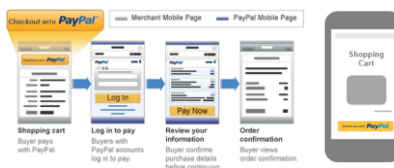
PayPal Media Network



- Offers targeted advertisements to consumers through the online, offline and mobile channels
- Offers behavioral, demographic, location and contextual targeting capabilities

FINANCIAL
TECHNOLOGY
PARTNERS

Mobile Express Checkout



- Mobile payment solution leverages an existing PayPal API to allow merchants to seamlessly integrate the mobile checkout into their current system
- PayPal's mobile app enables users to wirelessly transfer money from their account to a PayPal merchant
- Testing shows a mobile conversion lift of 35% over other payment types

PayPal Here - POS



- Mobile payment solution is available on iOS devices and Android
- Merchants can download the PayPal Here app, then plug in the device into their smartphone or tablet to start accepting payments
- Enables merchants to accept any form of payment and charges 2.7% per US swipe transaction

PayPal Credit



- Through Bill Me Later, the Company offers a credit solution for merchants to provide payment flexibility and promotional financing to their customers – leading to an increased number of sales and higher transaction values
- Service is available at more than 1,000 online stores
- Bill Me Later customers spend approximately 25% more than the average US online shopper ⁽¹⁾

Beacon - POS



- USB-enabled dongle that is compatible with most leading POS systems and allows merchants to receive payments from customers with the PayPal mobile app

Source: PayPal Products website.
(1) PayPal Bill Me Later Product Overview.

PayPal Spin-off

Value Proposition for Consumers and Merchants

Consumers



- **Enables consumers to safely exchange funds with merchants using their PayPal digital wallet**
- **Provides consumers the ability to draw funds from PayPal account balance or PayPal credit accounts as well as bank transfers, credit, debit and gift cards**
- **Easy to use**
 - One touch, payment choice
- **Protection**
 - Financial information not stored
 - Provides PayPal's Buyer Protection Program – additional protection to consumers for qualifying purchasing by reimbursing the consumer for the full amount of the purchase if a purchased item does not arrive or does not match the seller's description
- **Use anywhere**
 - Online / in-app / in-store, on any device, with any operating system
 - 10 million + merchants
- **Shop globally**
 - 203 markets
 - Supports all major currencies

Merchants



- **Drives merchant growth**
 - Increase conversion, data insights
- **Low cost of ownership**
 - Scalable, upgradable, flexible, preferred developer app
- **Make technology simple**
 - Low friction to integrate, at any scale
 - PayPal as a Service (SaaS)
- **Merchant Protection**
 - Risk management and fraud services
 - Regulatory compliance
- **Reduces some of the complexity and friction involved in enabling overseas and cross-border trade**
- **Value added services**
 - Manage cash flow, invoice clients, pay bills, and reduce the need for merchants to receive and store sensitive customer financial information
- **Integrate with Braintree to begin accepting payments with credit or debit cards, PayPal, Venmo, digital currencies such as Bitcoin, or other payment solutions with a single integration**



PayPal Spin-off

Recent Partnerships

In the past year, PayPal has formed a number of significant partnerships that are expected to further diversify the Company's revenues and establish greater international presence

Burger King



- On November 3, 2014, PayPal and Burger King announced a mobile app supported by over 5,000 restaurant locations
- Through a collaboration with Tillster, customers in the U.S. can pay for meals, receive special promotions and search for restaurant locations with the Burger King app (available on iOS and Android)
- Customers at Burger King can complete a transaction by launching the app and entering a 4-digit PIN to pay

GoDaddy



- Small and medium-sized businesses can now accept mobile payments through GoDaddy's Get Paid app
- Businesses can also track proposals, estimates, invoices and receipts using Get Paid's service
- With integration of PayPal's payment platform, businesses can use PayPal Here to facilitate a credit card transacting via smartphone or tablet, then verify the payment by taking a photo of the card or by going through the customer's PayPal account to accept payments

China UnionPay



- PayPal and China UnionPay introduced a new service called China Connect, linking Chinese consumers directly with PayPal's network of global merchants
- Chinese consumers can make cross-border purchases from over 7 million merchants on PayPal's platform
- PayPal is also collaborating with UnionPay International to provide Chinese cross-border shoppers with a more robust lineup of merchants on UnionPay's "Shop The World" website, haigou.unionpay.com

State Bank of India



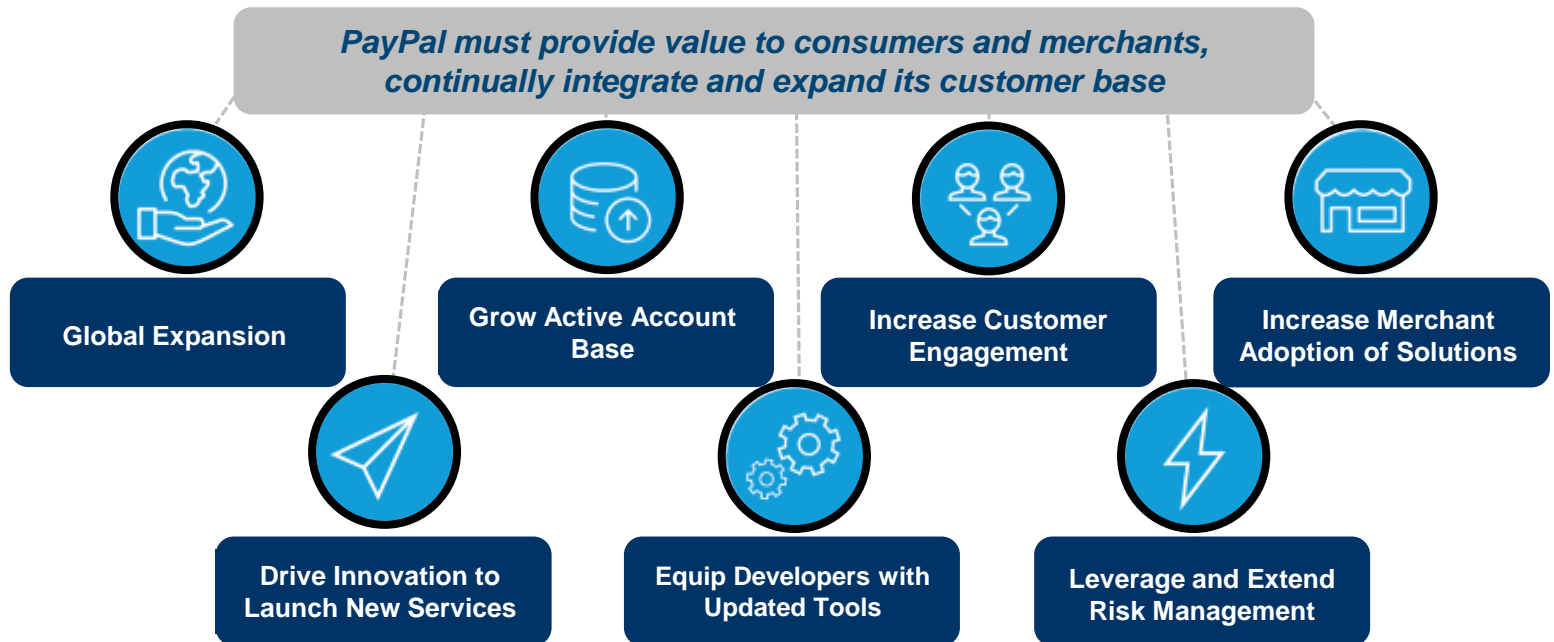
- PayPal partnered with the largest Indian bank to facilitate cross-border and domestic transactions
- The partnership allow debit card holders and SME customers of SBI to securely tap into their PayPal accounts when purchasing from foreign websites
- Both SBI and PayPal will form a joint coordination committee to execute and grow the partnership

PayPal Spin-off

Growth Strategy



Key Growth Strategy:



- Onboarding additional merchants will continue to be a top priority for PayPal; Braintree is expected to be the toolkit for PayPal to gain merchants looking for mobile payment solutions by increasing mobile conversion
- PayPal will also aggressively market its security value propositions; being closed-loop (acquiring both consumers and merchants), PayPal is inherently more secure and can better detect fraudulent activity

PayPal Spin-off

Risk Factors



Selected Risk Factors:

PayPal's operational and financial performance may be affected by the following risk factors

Financial Results Primarily from Payment Transactions

Historical operating and financial results have fluctuated significantly on a quarterly basis and will continue to vary due to the following risk factors; difficult to forecast payment volume, revenue and expenses

Global and Region Economic Conditions

Operating and financial performance is dependent on global and regional economic conditions; PayPal has been negatively impacted by adverse economic conditions in the past

Dependency on the Mobile Market

A large portion of PayPal's customers use the mobile payments platform; the Company may lose these customers if they cannot meet consumer expectations

Technological Changes

The industry in which PayPal operates in is rapidly changing with emerging payments technologies and competitors that may be superior to the Company's current products and services

Online Security Risks

Inherent risk of online transactions involving the storage and transmission of customer data; target of security breaches

Changes to Payment Card Networks or Bank Fees

Reliant on banks and payment processors to process transactions; processors have the rights to pass increases in interchange fees onto PayPal as well as increase their own fees

Regulations and Oversight

PayPal's operation is subject to laws and regulations governing banking, deposits, cross-border and domestic money transmission, foreign exchange, and other payment services

III. Financial Summary

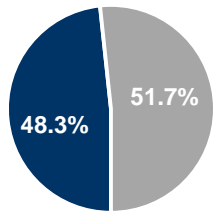


PayPal Spin-off

Financial Overview

PayPal's consistent revenue and payment volume growth is due in large part to its success in establishing its products and services outside of the U.S.

2014 Net Revenues

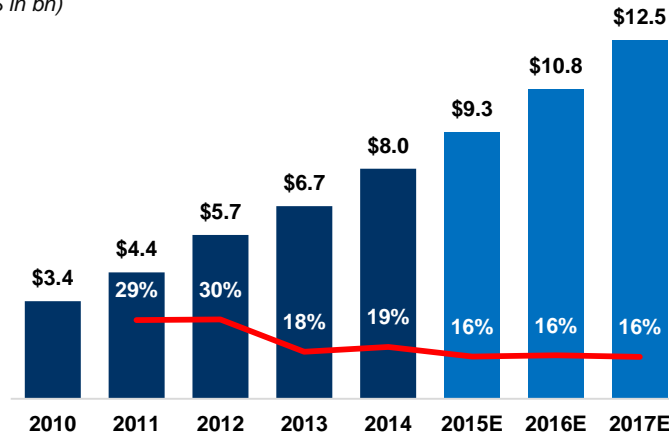


■ US ■ International

FINANCIAL
TECHNOLOGY
PARTNERS

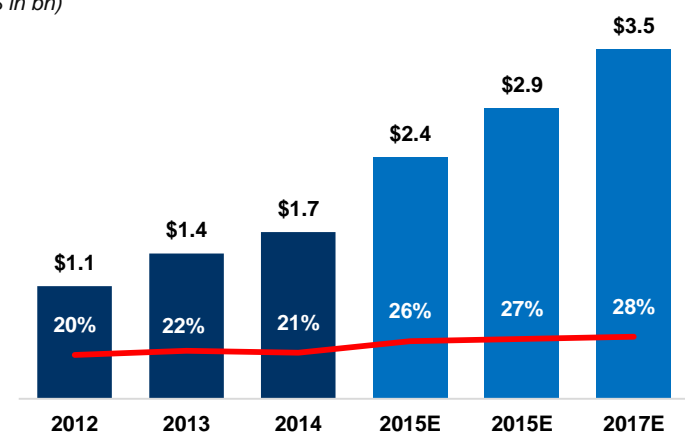
Total Revenues / % Growth

(\$ in bn)



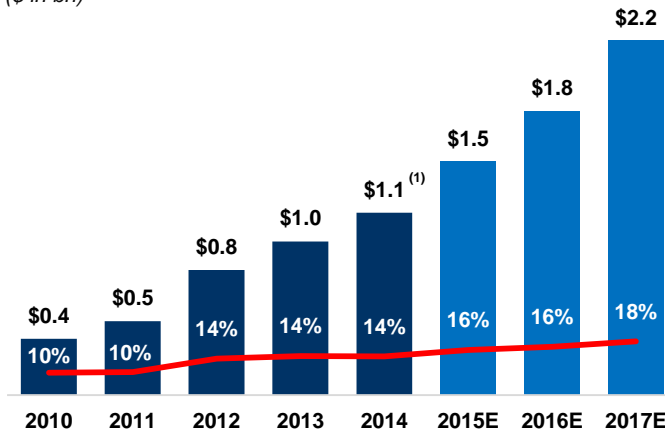
EBITDA / % Margin

(\$ in bn)

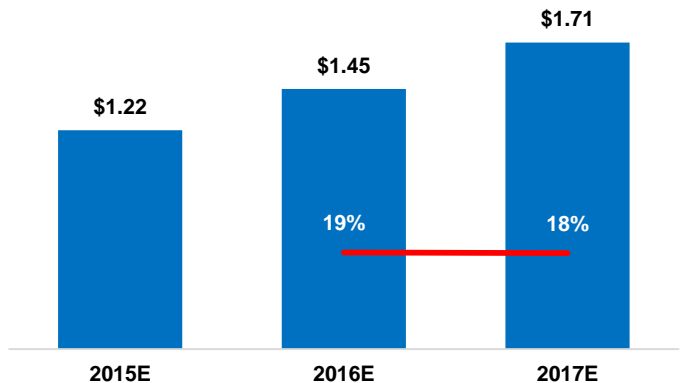


Net Income / % Margin

(\$ in bn)



Consensus EPS / % Growth



Source: SEC filings, Company press releases, Wall Street research.

(1) Adjusted for the income tax expenses of \$713 mm resulting from the recognition of deferred tax liabilities relating to undistributed foreign earnings of subsidiaries.

■ Historical metrics.

■ Estimates.

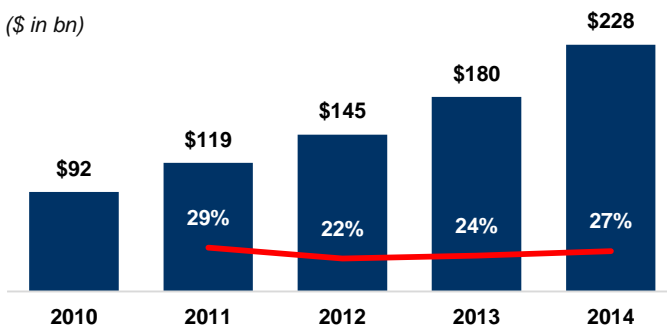


PayPal Spin-off

Financial Overview (cont.)

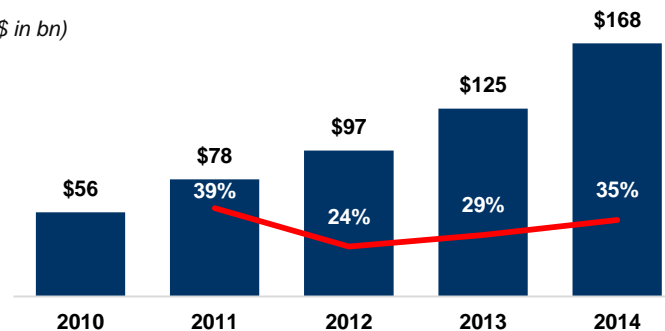
Total Payment Volume / % Growth

(\$ in bn)



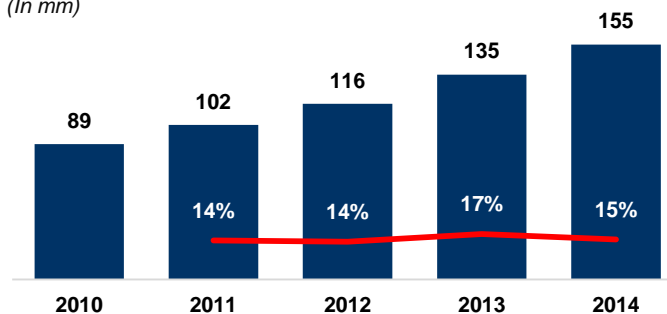
Total Payment Volume – Merchant Services / % Growth

(\$ in bn)



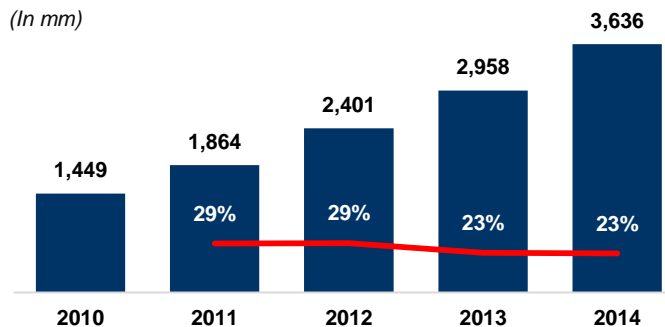
Avg. Active Customer Accounts / % Growth

(In mm)



Number of Payment Transactions / % Growth

(In mm)



Average Transaction Size

\$63.45 \$63.91 \$60.39 \$60.71 \$62.79

2010 2011 2012 2013 2014

Revenue / Transaction

\$2.25 \$2.21 \$2.15 \$2.06 \$1.99

2010 2011 2012 2013 2014

Source: SEC filings, Company press releases.

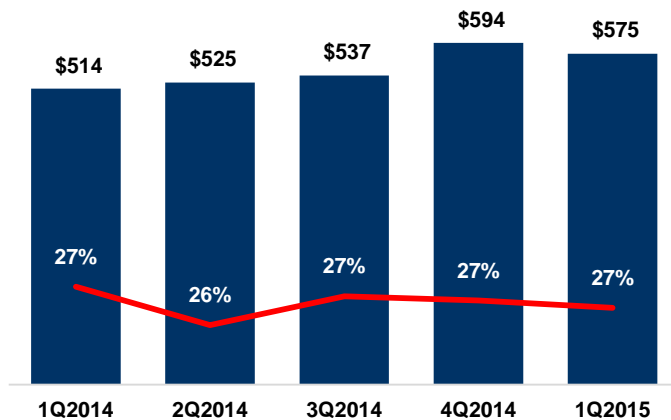


PayPal Spin-off

Financial Overview (cont.)

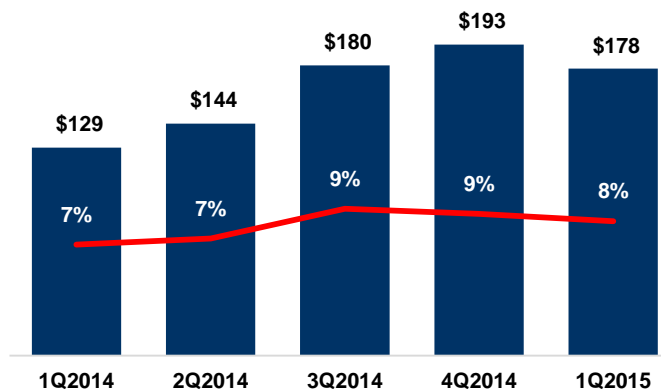
Transaction Expense / % Revenue

(\$ in mm)



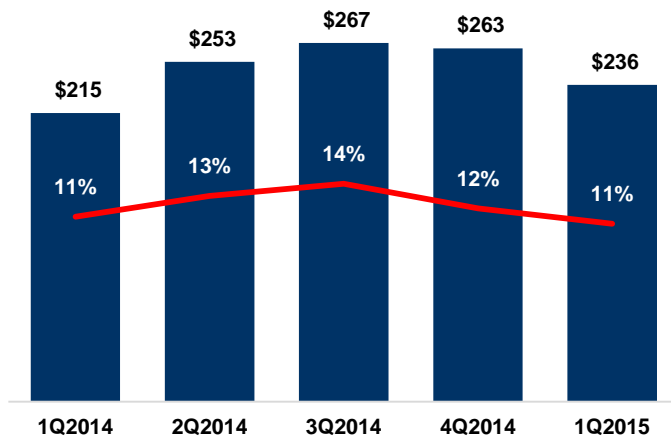
Transaction and Loan Losses / % Revenue

(\$ in mm)



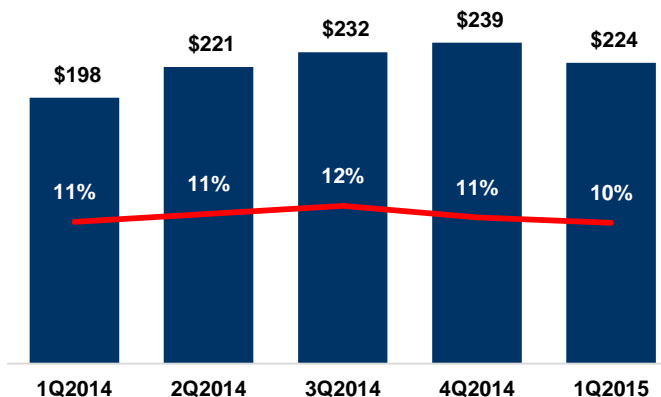
Sales and Marketing / % Revenue

(\$ in mm)



Product Development / % Revenue

(\$ in mm)

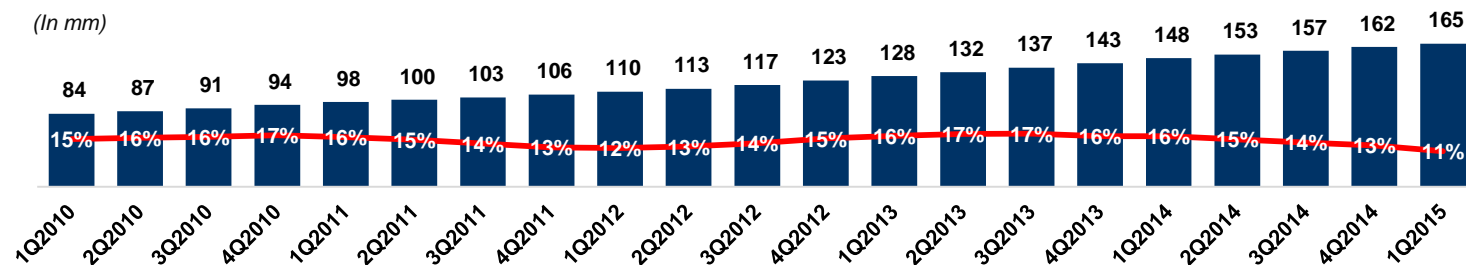




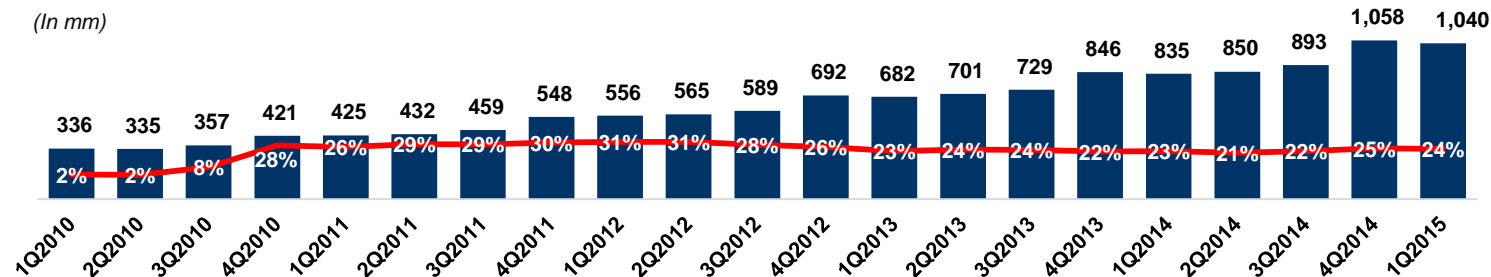
PayPal Spin-off

Financial Overview (cont.)

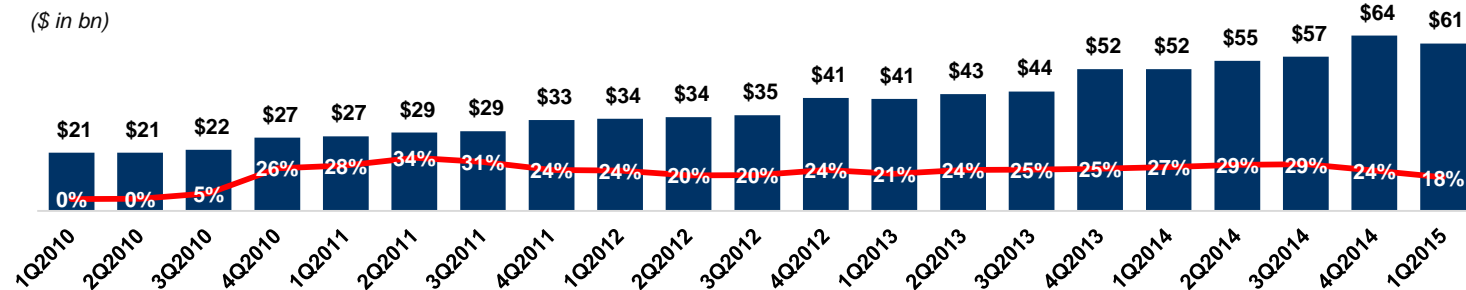
Active Registered Accounts / % Growth



Net Number of Payments / % Growth



Net Total Payment Volume / % Growth



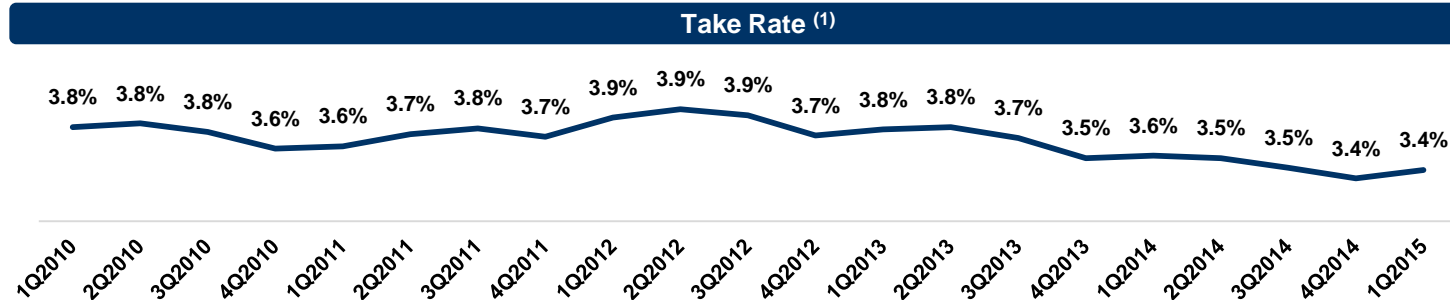
Source: SEC filings, Company press releases.



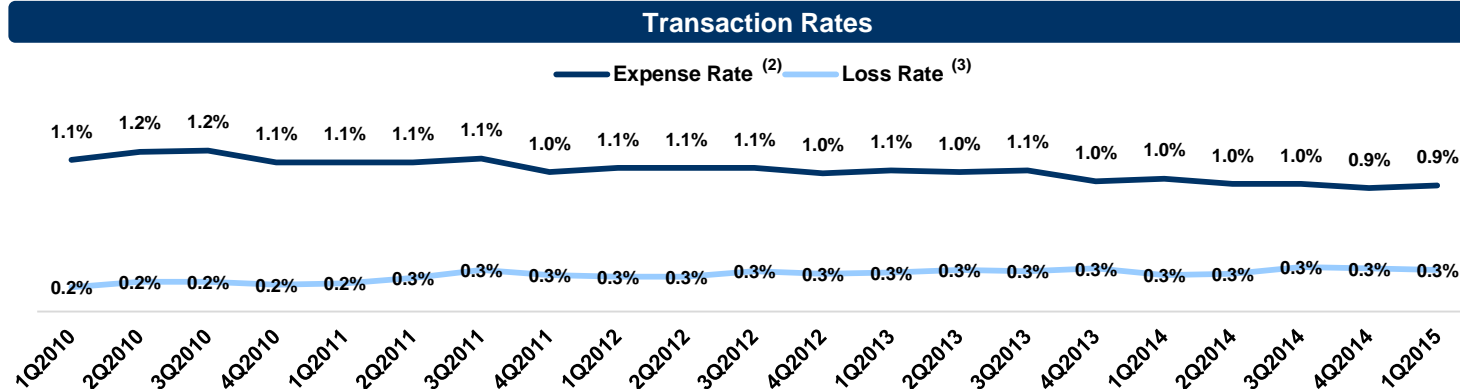
PayPal Spin-off

Financial Overview (cont.)

Take Rate = Total revenue divided by Payment Volume

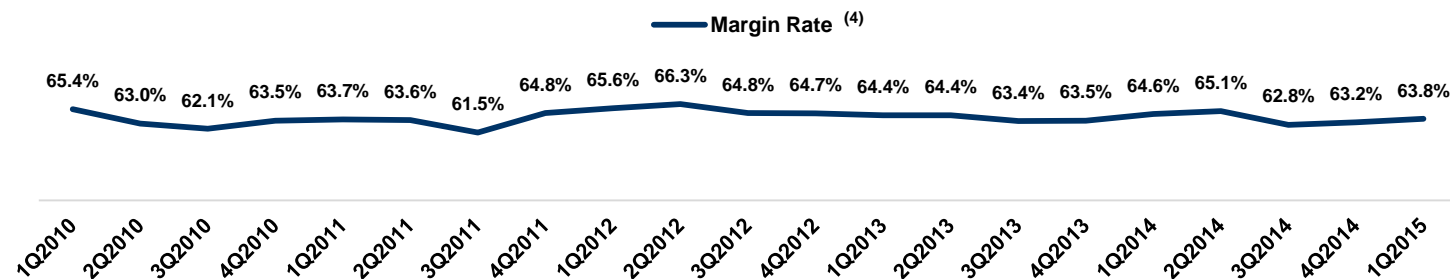


Expense Rate = Expenses divided by Payment Volume



Loss Rate = Expenses due to fraud / losses divided by Payment Volume

Margin Rate = Take Rate minus expense Rate and Loss Rate divided by Take Rate



Source: SEC filings, Company press releases.

⁽¹⁾ Take Rate reflects total net revenues earned through payments networks including Bill Me Later, Venmo, PayPal's payment gateway business, subscription fees and other net revenues divided by Net Total Payment Volume

⁽²⁾ Expense Rate reflects third party payment processing expenses and other related service costs, divided by Net Total Payment Volume.

⁽³⁾ Loss Rate reflects expense associated with our customer protection programs, fraud, chargebacks and merchant credit losses, bad debt expense associated with our accounts receivable balances, and loan reserves associated with our loan receivables balances, divided by Net Total Payment Volume.

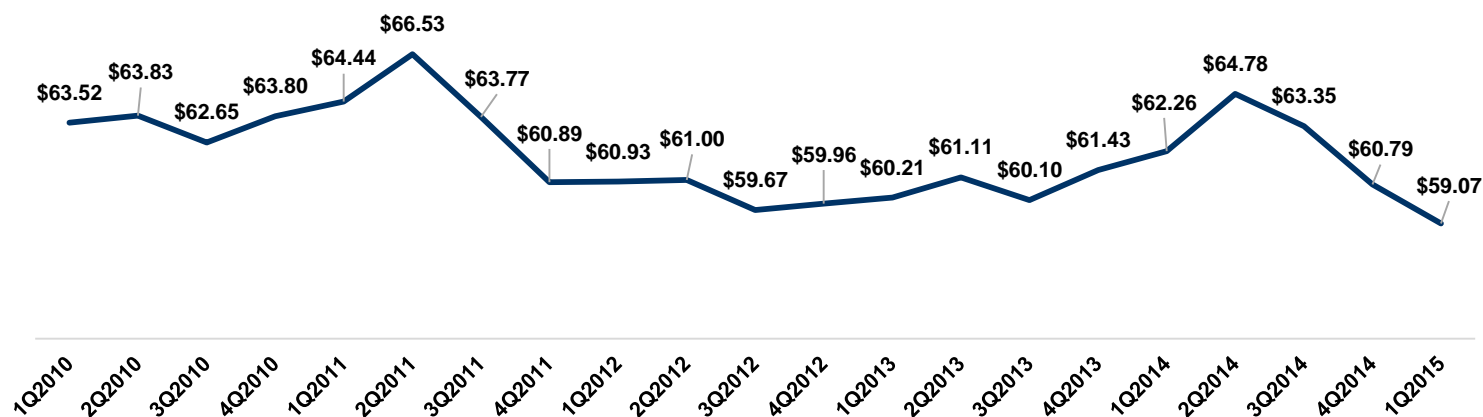
⁽⁴⁾ Margin Rate reflects Take Rate less Expense Rate and Loss Rate, divided by Take Rate.



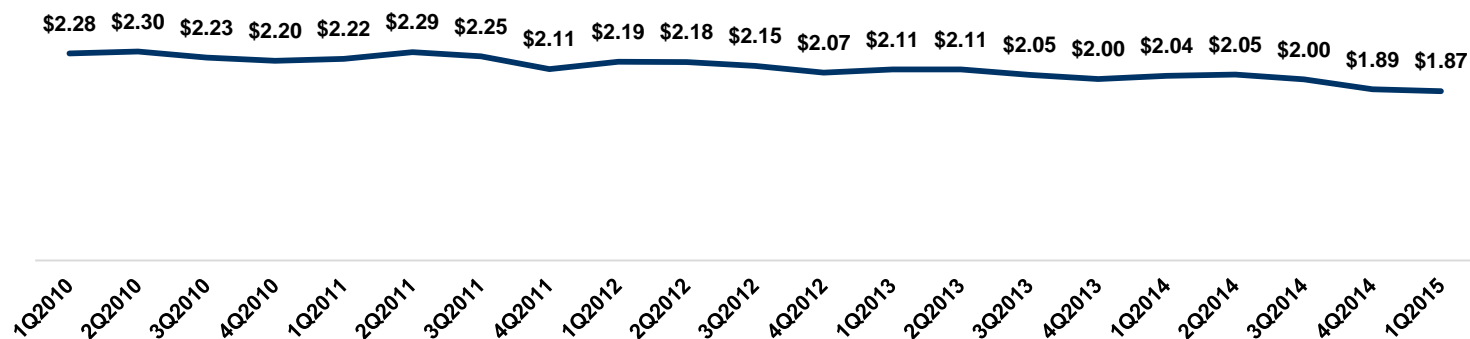
PayPal Spin-off

Financial Overview (cont.)

Average Transaction Size



Revenue per Transaction



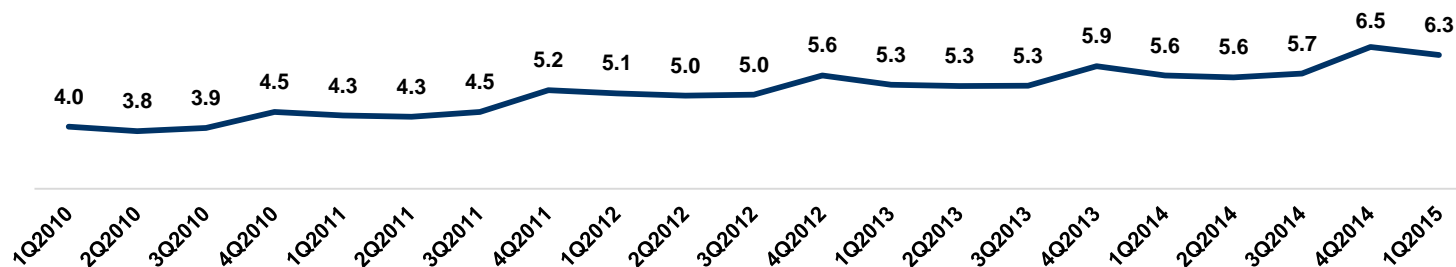


PayPal Spin-off

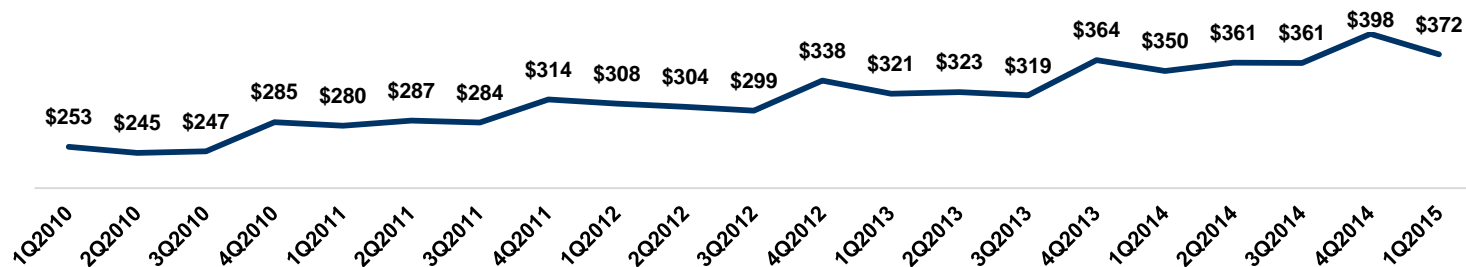
Financial Overview (cont.)

As PayPal has grown, the company's activity and revenue per account has impressively been rising

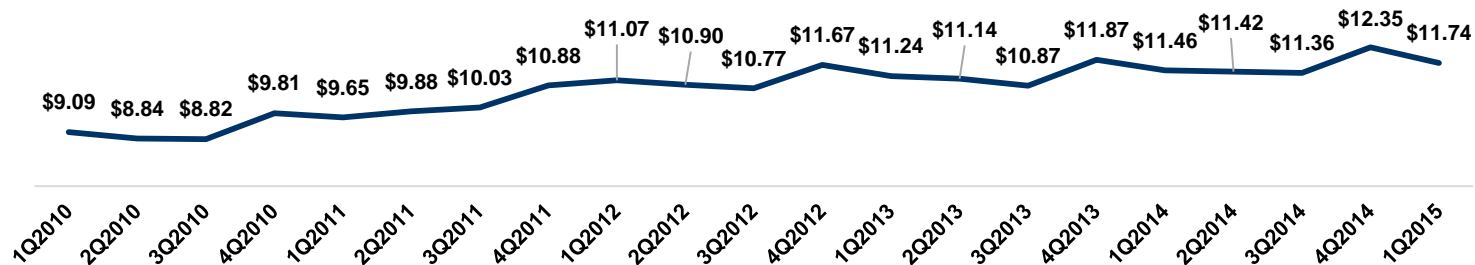
Number of Payments per Active Account



Dollar Volume per Active Account



Revenue per Active Account



IV. Public Comparables / Valuation



PayPal Spin-off

Public Comparables

| Company Name | Price 07/13/15 | % LTM High | Market Value (\$ mm) | Enterprise Value (\$ mm) | Price / Earnings | | EV / EBITDA | | EV / Revenue | | Growth Rates | | EPS | Margins | | P / E / G | |
|---------------------------------|-------------------|---------------|----------------------------|--------------------------------|------------------|--------|-------------|--------|--------------|--------|--------------|--------|------|---------|--------|-----------|-------|
| | | | | | CY 15E | CY 16E | CY 15E | CY 16E | CY 15E | CY 16E | CY 15E | CY 16E | LT | CY 15E | CY 16E | CY 15E | |
| | | | | | | | | | | | | | | | | | |
| Online Focused Payments | | | | | | | | | | | | | | | | | |
| PayPal | \$ 36.78 | 93 % | \$ 44,687 | \$ 43,180 | 30.1 x | 25.4 x | 17.5 x | 14.8 x | 4.7 x | 4.0 x | 15 % | 17 % | na | | 27 % | 27 % | na |
| Wirecard | 41.18 | 87 | 5,085 | 4,319 | 30.0 | 23.8 | 17.5 | 14.2 | 5.2 | 4.3 | 26 | 21 | 28 | | 29 | 30 | 1.1 |
| Xoom ⁽¹⁾ | 25.22 | 99 | 1,064 | 869 | nm | 42.5 | 36.4 | 25.6 | 4.5 | 3.8 | 23 | 19 | 12 | | 12 | 15 | na |
| Optimal Payments | 3.70 | 41 | 630 | 615 | 14.2 | 12.8 | 5.0 | 3.0 | 1.2 | 0.9 | 38 | 40 | na | | 24 | 29 | na |
| OzForex | 1.54 | 70 | 369 | 332 | 21.2 | 17.6 | 13.0 | 11.6 | 5.0 | 4.1 | 24 | 21 | na | | 38 | 35 | na |
| Earthport | 0.61 | 81 | 273 | 223 | nm | 13.2 | 29.0 | 9.0 | 5.2 | 3.2 | 78 | 64 | na | | 18 | 36 | na |
| Pushpay | 2.68 | 88 | 134 | 134 | na | na | na | na | na | na | na | na | na | | na | na | na |
| Median | | 87 % | | | 25.6 x | 20.7 x | 17.5 x | 12.9 x | 4.8 x | 3.9 x | 25 % | 21 % | 20 % | | 26 % | 30 % | 1.1 x |
| Mean | | 80 | | | 23.9 | 22.5 | 19.7 | 13.0 | 4.3 | 3.4 | 34 | 30 | 20 | | 25 | 29 | 1.1 |
| Pure Play Card Associations | | | | | | | | | | | | | | | | | |
| Visa | \$ 69.52 | 98 % | \$ 170,919 | \$ 166,313 | 26.1 x | 22.6 x | 17.0 x | 15.2 x | 11.8 x | 10.6 x | 9 % | 11 % | 18 % | | 70 % | 70 % | 1.4 x |
| MasterCard | 95.50 | 99 | 109,606 | 105,338 | 27.9 | 23.4 | 18.2 | 15.7 | 10.7 | 9.5 | 4 | 13 | 18 | | 59 | 61 | 1.5 |
| Median | | 99 % | | | 27.0 x | 23.0 x | 17.6 x | 15.5 x | 11.3 x | 10.1 x | 7 % | 12 % | 18 % | | 64 % | 65 % | 1.5 x |
| Mean | | 99 | | | 27.0 | 23.0 | 17.6 | 15.5 | 11.3 | 10.1 | 7 | 12 | 18 | | 64 | 65 | 1.5 |
| Merchant Acquiring / Processing | | | | | | | | | | | | | | | | | |
| Cielo | \$ 13.73 | 96 % | \$ 25,859 | \$ 30,264 | 22.5 x | 19.8 x | 16.2 x | 15.0 x | 8.0 x | 7.3 x | 86 % | 9 % | 15 % | | 49 % | 49 % | 1.5 x |
| Vantiv | 39.13 | 95 | 5,762 | 9,128 | 18.3 | 16.1 | 11.6 | 10.5 | 5.6 | 5.2 | 16 | 8 | 14 | | 49 | 50 | 1.3 |
| TSYS | 42.70 | 99 | 7,962 | 9,106 | 19.0 | 17.2 | 11.4 | 10.6 | 3.4 | 3.2 | 9 | 7 | 10 | | 30 | 30 | 1.9 |
| Global Payments | 106.45 | 99 | 7,105 | 8,671 | 20.8 | 18.4 | 14.1 | 13.0 | 3.0 | 2.8 | 6 | 7 | 12 | | 22 | 22 | 1.8 |
| Worldline | 21.44 | 94 | 2,833 | 2,609 | 20.4 | 18.6 | 10.1 | 9.3 | 1.9 | 1.8 | 6 | 5 | 10 | | 19 | 20 | 2.0 |
| Heartland | 54.91 | 98 | 2,017 | 2,562 | 19.5 | 17.0 | 12.1 | 10.8 | 3.2 | 3.0 | 19 | 8 | 16 | | 27 | 28 | 1.2 |
| EVERTEC | 20.57 | 87 | 1,601 | 1,976 | 12.1 | 11.3 | 10.6 | 10.0 | 5.3 | 5.1 | 9 | 4 | 14 | | 50 | 51 | 0.9 |
| SafeCharge | 6.47 | 90 | 998 | 771 | 24.7 | 20.6 | 16.3 | 13.6 | 5.0 | 4.2 | 33 | 19 | na | | 31 | 31 | na |
| JetPay | 2.72 | 78 | 38 | 79 | nm | nm | 21.7 | 16.8 | 1.9 | 1.8 | 28 | 7 | na | | 9 | 10 | na |
| Median | | 95 % | | | 19.9 x | 17.8 x | 12.1 x | 10.8 x | 3.4 x | 3.2 x | 16 % | 7 % | 14 % | | 30 % | 30 % | 1.5 x |
| Mean | | 93 | | | 19.7 | 17.4 | 13.8 | 12.2 | 4.2 | 3.8 | 24 | 8 | 13 | | 32 | 32 | 1.5 |



PayPal Spin-off

Public Comparables (cont.)

| Company Name | Price 07/13/15 | % LTM High | Market Value (\$ mm) | Enterprise Value (\$ mm) | Price / Earnings | | Multiples EV / EBITDA | | EV / Revenue | | Growth Rates | | | Margins | | P / E / G CY 15E |
|---|-------------------|---------------|----------------------------|--------------------------------|------------------|--------|--------------------------|--------|--------------|--------|--------------|--------|------|---------|--------|---------------------|
| | | | | | CY 15E | CY 16E | CY 15E | CY 16E | CY 15E | CY 16E | Revenue | | EPS | EBITDA | | |
| | | | | | | | | | | | CY 15E | CY 16E | LT | CY 15E | CY 16E | |
| B2B Payment Solutions | | | | | | | | | | | | | | | | |
| FleetCor | \$ 156.49 | 94 % | \$ 14,853 | \$ 17,949 | 25.5 x | 21.6 x | 19.5 x | 16.8 x | 10.9 x | 9.8 x | 44 % | 11 % | 15 % | 56 % | 58 % | 1.7 x |
| Edenred | 24.94 | 83 | 5,677 | 6,008 | 23.4 | 20.6 | 13.1 | 11.7 | 4.9 | 4.6 | 7 | 8 | 15 | 38 | 39 | 1.6 |
| WEX | 111.82 | 94 | 4,325 | 5,108 | 21.9 | 19.2 | 14.3 | 12.3 | 5.8 | 5.2 | 8 | 11 | 15 | 41 | 43 | 1.5 |
| Median | | 94 % | | | 23.4 x | 20.6 x | 14.3 x | 12.3 x | 5.8 x | 5.2 x | 8 % | 11 % | 15 % | 41 % | 43 % | 1.6 x |
| Mean | | 91 | | | 23.6 | 20.5 | 15.6 | 13.6 | 7.2 | 6.5 | 20 | 10 | 15 | 45 | 47 | 1.6 |
| Prepaid / Debit Payments | | | | | | | | | | | | | | | | |
| Blackhawk | \$ 43.14 | 100 % | \$ 2,469 | \$ 2,649 | 19.6 x | 17.4 x | 14.2 x | 12.3 x | 3.0 x | 2.6 x | 27 % | 16 % | 18 % | 21 % | 21 % | 1.1 x |
| Green Dot | 19.74 | 81 | 1,093 | 1,024 | 14.4 | 13.2 | 6.4 | 6.0 | 1.4 | 1.3 | 20 | 7 | 15 | 22 | 22 | 1.0 |
| Higher One | 2.85 | 61 | 135 | 188 | 6.9 | 7.3 | 3.8 | 4.4 | 0.9 | 0.9 | (8) | (2) | na | 23 | 21 | na |
| Median | | 81 % | | | 14.4 x | 13.2 x | 6.4 x | 6.0 x | 1.4 x | 1.3 x | 20 % | 7 % | 16 % | 22 % | 21 % | 1.0 x |
| Mean | | 80 | | | 13.6 | 12.6 | 8.1 | 7.6 | 1.8 | 1.6 | 13 | 7 | 16 | 22 | 21 | 1.0 |
| Traditional International Payments / Money Transfer | | | | | | | | | | | | | | | | |
| Western Union | \$ 19.09 | 84 % | \$ 9,871 | \$ 11,831 | 11.7 x | 11.2 x | 8.6 x | 8.5 x | 2.2 x | 2.1 x | (3)% | 2 % | 9 % | 25 % | 25 % | 1.3 x |
| MoneyGram | 8.60 | 56 | 458 | 1,427 | 12.0 | 9.0 | 5.9 | 5.4 | 1.0 | 0.9 | (3) | 7 | 13 | 17 | 17 | 1.0 |
| Median | | 70 % | | | 11.9 x | 10.1 x | 7.2 x | 7.0 x | 1.6 x | 1.5 x | (3)% | 4 % | 11 % | 21 % | 21 % | 1.1 x |
| Mean | | 70 | | | 11.9 | 10.1 | 7.2 | 7.0 | 1.6 | 1.5 | (3) | 4 | 11 | 21 | 21 | 1.1 |

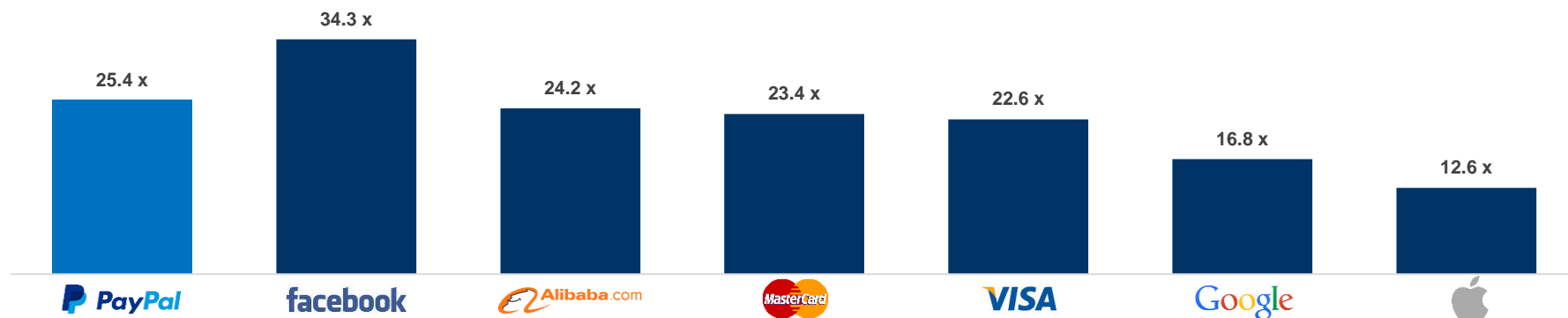


PayPal Spin-off

PayPal vs. Select High Growth Large Cap Comparables

| Company Name | Price 07/13/15 | % LTM High | Market | Enterprise | Multiples | | | | | | Growth Rates | | | Margins | | P / E / G CY 15E |
|---------------------------|-------------------|---------------|------------------|------------------|------------------|--------|-------------|--------|--------------|--------|--------------|--------|------|---------|--------|---------------------|
| | | | Value (\$ mm) | Value (\$ mm) | Price / Earnings | | EV / EBITDA | | EV / Revenue | | Revenue | | EPS | EBITDA | | |
| | | | | | CY 15E | CY 16E | CY 15E | CY 16E | CY 15E | CY 16E | CY 15E | CY 16E | LT | CY 15E | CY 16E | |
| High Growth Consumer Tech | | | | | | | | | | | | | | | | |
| Apple | \$ 125.66 | 93 % | \$ 724,178 | \$ 734,624 | 13.7 x | 12.6 x | 9.0 x | 8.7 x | 3.1 x | 2.9 x | 22 % | 6 % | 15 % | 35 % | 34 % | 0.9 x |
| Google | 546.55 | 91 | 376,587 | 318,853 | 19.4 | 16.8 | 10.9 | 9.4 | 4.3 | 3.7 | 12 | 15 | 18 | 39 | 40 | 1.1 |
| Facebook | 90.10 | 100 | 254,117 | 241,890 | 45.1 | 34.3 | 23.1 | 17.4 | 14.2 | 10.6 | 38 | 34 | 29 | 61 | 61 | 1.6 |
| Amazon.com | 455.57 | 100 | 212,333 | 215,583 | nm | nm | 23.8 | 18.4 | 2.1 | 1.8 | 16 | 18 | nm | 9 | 10 | na |
| Alibaba | 81.86 | 68 | 206,513 | 196,618 | 31.4 | 24.2 | 24.7 | 19.5 | 12.8 | 10.0 | 31 | 29 | 27 | 52 | 51 | 1.2 |
| Visa | 69.52 | 98 | 170,919 | 166,313 | 26.1 | 22.6 | 17.0 | 15.2 | 11.8 | 10.6 | 9 | 11 | 18 | 70 | 70 | 1.4 |
| MasterCard | 95.50 | 99 | 109,606 | 105,338 | 27.9 | 23.4 | 18.2 | 15.7 | 10.7 | 9.5 | 4 | 13 | 18 | 59 | 61 | 1.5 |
| LinkedIn | 213.33 | 77 | 27,484 | 25,053 | nm | nm | 40.7 | 26.0 | 8.6 | 6.5 | 33 | 32 | 42 | 21 | 25 | na |
| Twitter | 35.78 | 64 | 23,766 | 21,809 | nm | nm | 40.8 | 23.9 | 9.9 | 6.7 | 60 | 49 | 49 | 24 | 28 | na |
| Median | | 93 % | | | 27.0 x | 23.0 x | 23.1 x | 17.4 x | 9.9 x | 6.7 x | 22 % | 18 % | 23 % | 39 % | 40 % | 1.3 x |
| Mean | | 88 | | | 27.3 | 22.3 | 23.1 | 17.2 | 8.6 | 6.9 | 25 | 23 | 27 | 41 | 42 | 1.3 |

2016E Price / Earnings

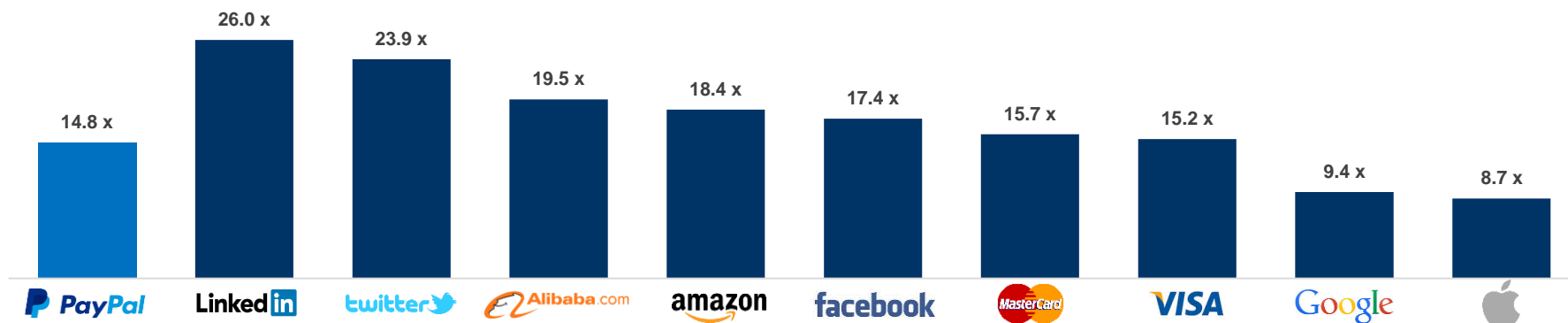




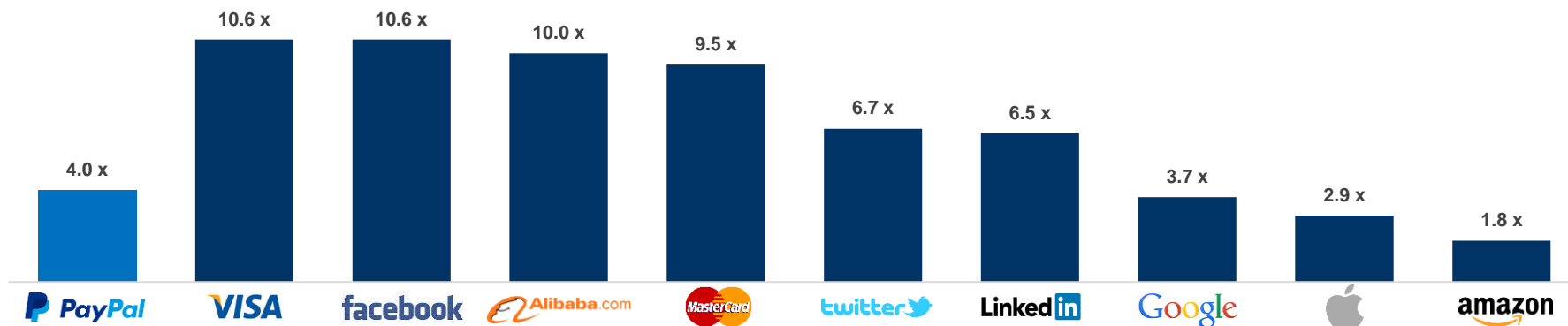
PayPal Spin-off

PayPal vs. Select High Growth Large Cap Comparables (cont.)

2016E Enterprise Value / EBITDA



2016E Enterprise Value / Revenue

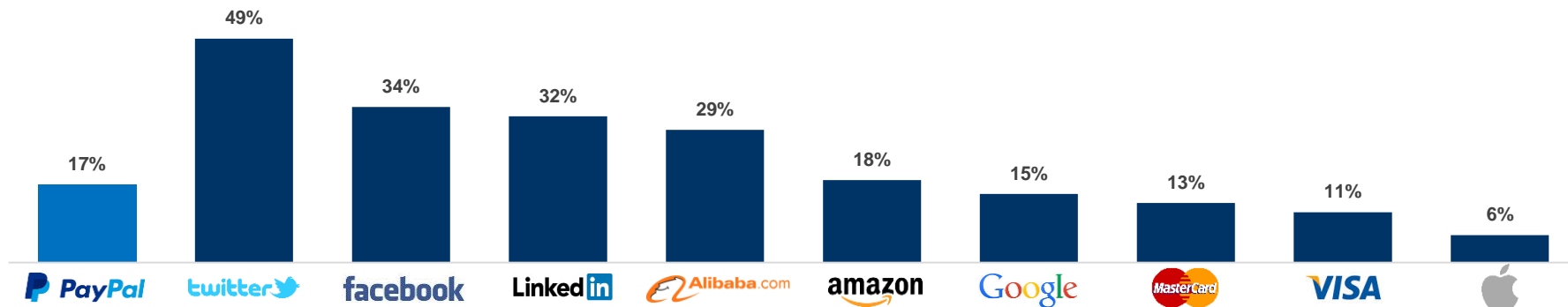




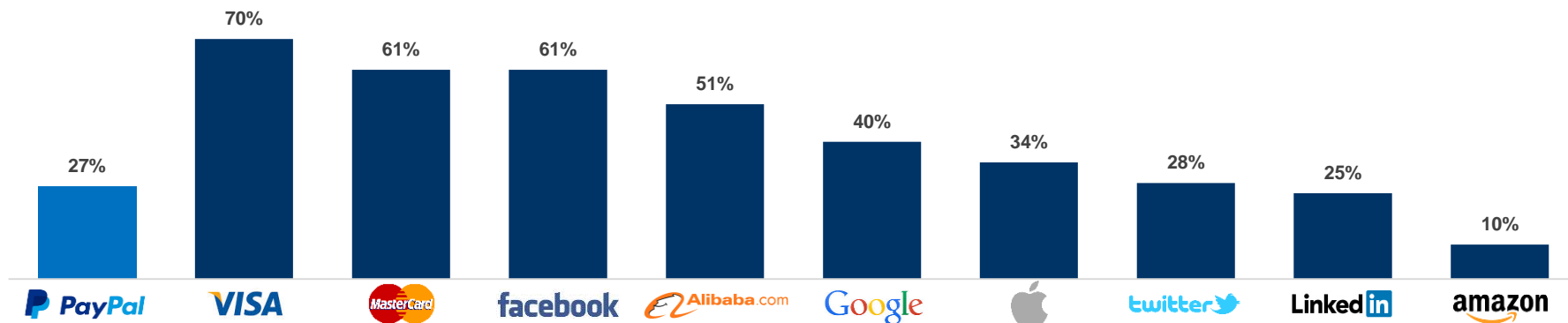
PayPal Spin-off

PayPal vs. Select High Growth Large Cap Comparables (cont.)

2016E Revenue Growth Rate (%)



2016E EBITDA Margin (%)



V. Industry / Competitive Overview

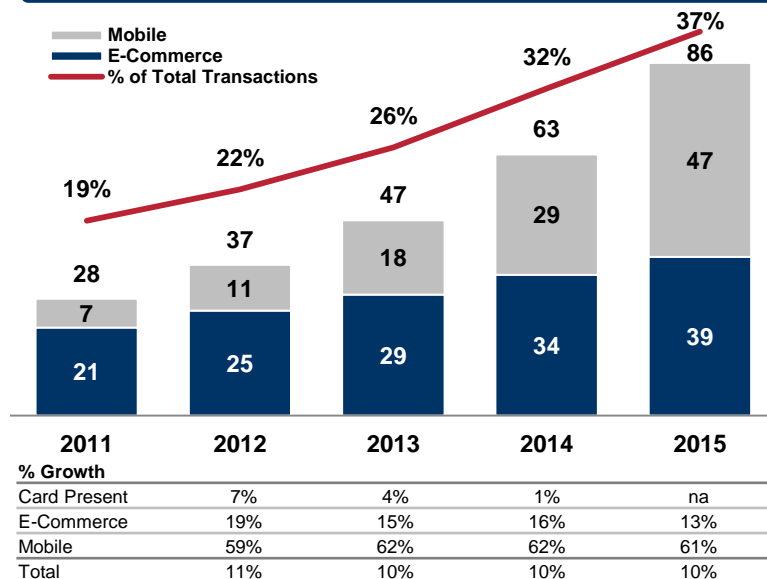
PayPal Spin-off

Growth in E-Commerce and Mobile Transactions

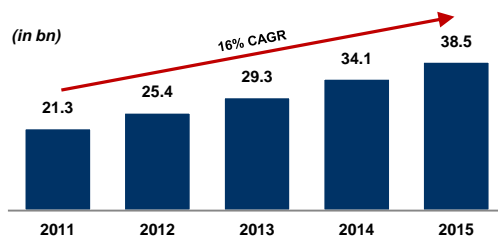
E-Commerce and Mobile Driving Growth

- In aggregate, e-commerce and mobile payments are projected to continue to account for an increasing percentage of total global payment card transaction volume – 37% expected in 2015, up from 19% in 2011
- Mobile payments are expected to expand by 61% in 2015 while e-commerce payments are expected to grow by 13%
- The slowing growth in e-commerce is resulting in part due to increasing convergence between the two channels as e-commerce transactions migrate towards the mobile channel owing to increased use of smartphones and tablets as opposed to personal computers

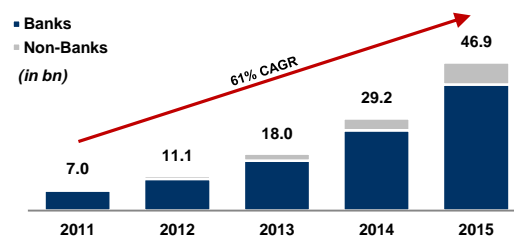
Global Card Transactions (in bn) ⁽¹⁾



E-Commerce Transaction 2011-2015



M-Commerce Transaction 2011-2015





PayPal Spin-off

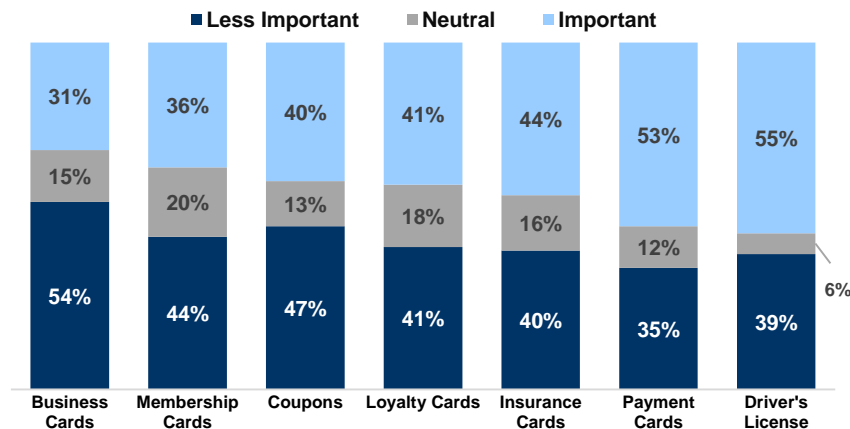
Industry Statistics – Digital Wallets

Mobile phones are a more ubiquitous and powerful commerce device than the PC; there are 5x more phones than PCs and mobile phones know who the user is, where the user is located, stores user purchase / search history and is always with the user

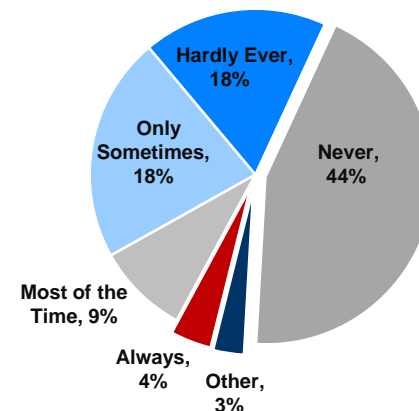
Mobile Wallet Use Consideration

- Mobile commerce can play a key role in physical store sales, which exceed online purchasing by nearly 10x; mobile technology has the potential to transform the in-store retail shopping experience ⁽¹⁾
- Wallet adoption / enrollment leads to control of potential revenue streams from payments and ability to leverage transaction data to develop direct consumer relationships through targeted marketing and loyalty programs
- Studies show mixed consumer attitudes on the use of mobile wallets

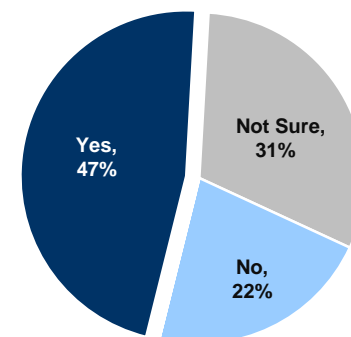
“Please rank the likelihood of adding the items listed below to your mobile wallet if all security issues were removed.” ⁽³⁾



“If you could use your cellphone to pay for things you would buy everywhere, how often would you do so?” ⁽²⁾



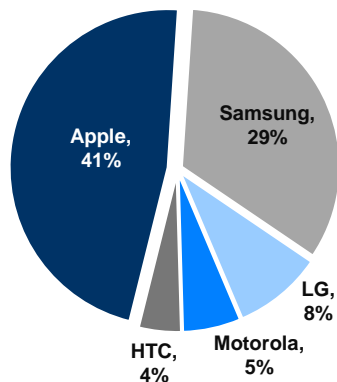
“Would you consider using a mobile wallet more if you could have all the components of your current wallet / purse in your mobile device?” ⁽³⁾



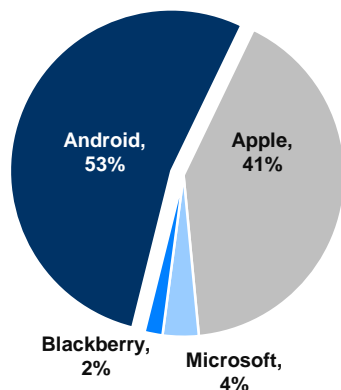
PayPal Spin-off

Industry Statistics – Digital Wallets (cont.)

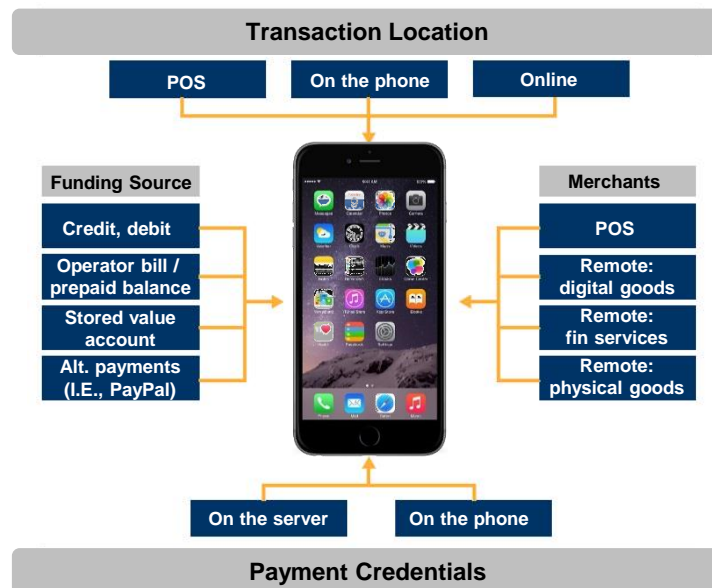
Smartphone OEM Market Share ⁽¹⁾



U.S. Smartphone Platform Market Share ⁽¹⁾



Overview of Mobile Wallets



▪ Mobile wallets broadly feature the following elements:

- Prepaid account funded by another source (i.e. credit card or bank account) providing “cash” in your wallet in the real world
- Centralization of numerous payment instruments in one virtual location (e-wallet)
- Loyalty offers / incentives
- Secure element – consumer ID / account numbers can either reside in the “cloud” or on the phone



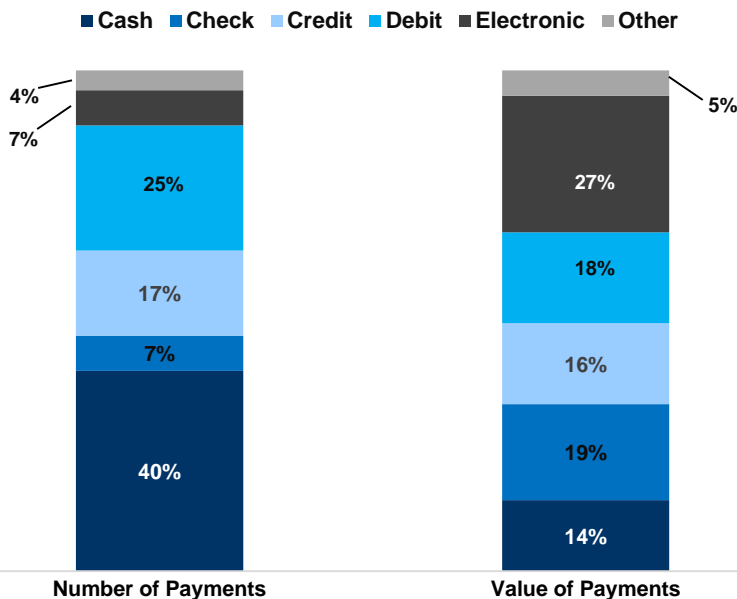
PayPal Spin-off

Industry Statistics – Payment Instrument Use in the United States

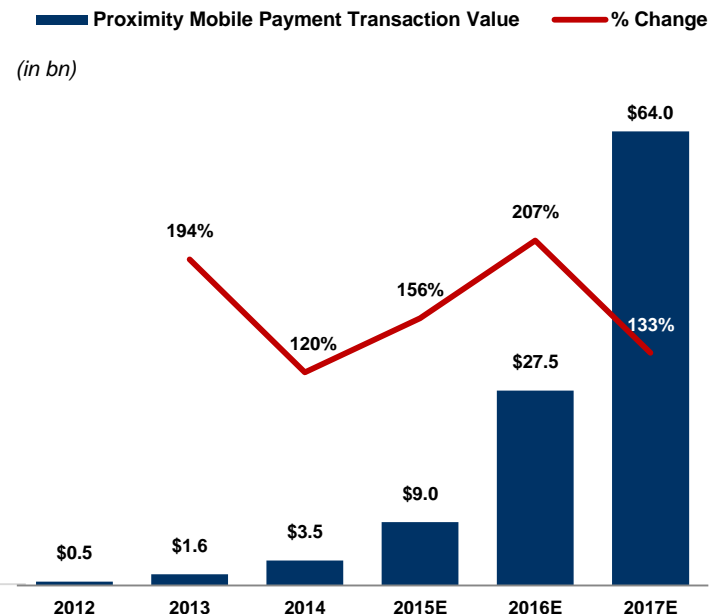
Momentum in mobile payments is expected to continue with total global mobile payments volume expected to increase from \$172bn in 2012 to \$721bn in 2017 (CAGR = 38%)

- For low-value payments, consumers in the United States still prefer to use cash; electronic and check payment instruments are used mostly in larger payment amounts
- The average value of a cash transaction is \$21, compared with \$168 for checks and \$44 for debit cards ⁽¹⁾
- Cash use in the United States is an important factor to consider in the success of the mobile wallet industry; for example, PayPal's partnerships with popular retail brands may familiarize the consumer public with using mobile wallets, which emulate debit and credit cards, for smaller transactions

Share of Transactions by Payment Instrument in the United States



U.S. Proximity Mobile Payment Transaction Value ⁽²⁾

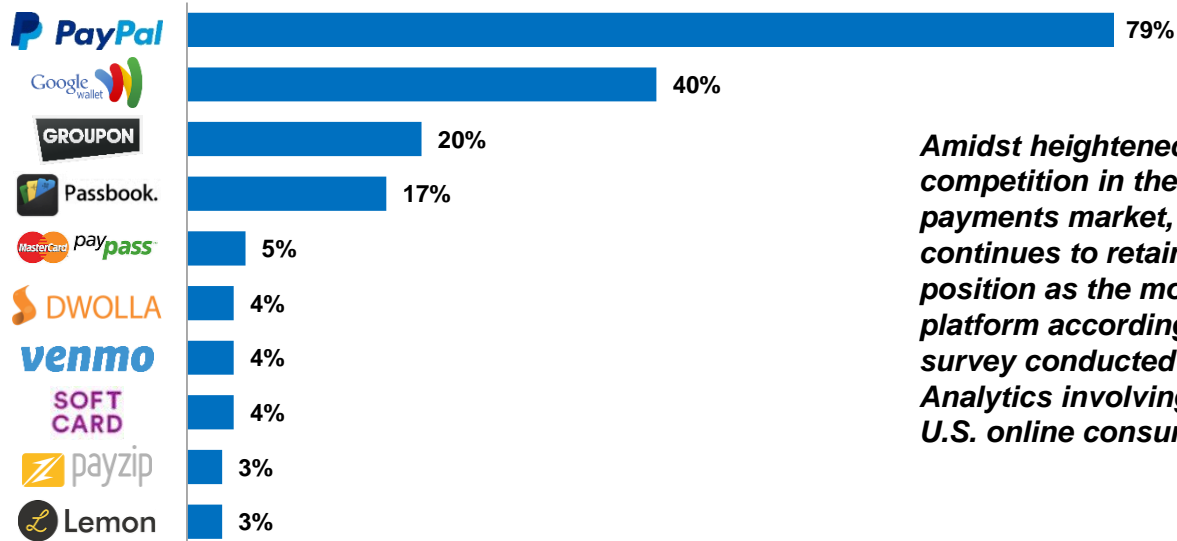




PayPal Spin-off

Market Share in the Digital Wallet Vertical

Percentage of Survey Respondents Using the Following Digital Wallets Apps – 2014 ⁽¹⁾:



Amidst heightened competition in the mobile payments market, PayPal continues to retain its position as the most popular platform according to a survey conducted by Thrive Analytics involving 2,000 U.S. online consumers

Large Players Focused on Mobile Wallets

New / Emerging



Traditional



Specialized / Early Stage Players



Competing Technologies

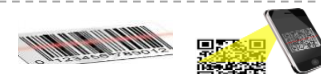
Cloud-Based Downloadable Apps



Contactless (NFC)



Bar Code / QR Code Scanning



Bluetooth



SMS



Source: SEC Filings.

(1) Thrive Analytics and Statista, "PayPal Still Way Ahead Of The Digital Wallet Competition." Graph denotes percentage of survey respondents selecting the following apps.

(2) Acquired by PayPal.

(3) Acquired by Samsung.

(4) Acquired by LifeLock.

PayPal Spin-off

Selected Online / Mobile Wallet Providers



- Google launched its NFC-based wallet in 2011 and folded Google Checkout into it; in August 2012, the Company announced that the Google Wallet Offering was updated to a cloud-based system
- On February 23, 2015, Google announced that it had agreed to acquire components of Softcard's technology and intellectual property, which it will use to strengthen Google Wallet
- Perhaps the most important part of the Softcard transaction, Google also announced an agreement with the biggest US wireless carriers (AT&T, T-Mobile and Verizon) to have Google Wallet preinstalled on all of their Android phones, making it a much stronger challenger to Apple Pay
- On May 28, 2015 Google introduced Android Pay, an NFC payment method that doesn't require opening an application, just select "Buy with Android Pay" and receive a payment confirmation and transaction details; will also prompt for loyalty programs
- Google Wallet will remain as a peer-to-peer payment system while Android Pay is for tap to pay
- In September 2014, Apple unveiled Apple Pay, Apple's new way to make payments using iPhones at the point-of-sale or within apps
- The Apple iPhone 6 and Apple Watch product lines are NFC-based and utilize a secure element in the phone to store the users' sensitive payment information
- When the user holds the device over an NFC terminal, the NFC controller in the device routes all of the data from the reader directly to the secure element; after the transaction is complete, an application can query the secure element directly for the transaction status and notify the user
- User can add a card to Passbook by uploading it from their existing iTunes account or by taking a picture of their Visa, MasterCard or American Express card with the Apple iSight camera

PayPal Spin-off

Selected Online / Mobile Wallet Providers (cont.)



- MCX is a digital wallet platform created by retailers led by Walmart, 7/11 and Target with the intention of simplifying and securing their customers' shopping experience
- In September 2014, MCX launched CurrentC, its mobile payment network
- The mobile application works with most existing POS and payment terminals, allowing merchants of all sizes to enter the mobile payments movement
- Consumers will be able to gain access to the entire CurrentC network through the CurrentC app or through participating merchants' mobile applications that utilize the CurrentC functionality ⁽¹⁾
- User information will be stored in its cloud vault – the app uses a token placeholder to facilitate transactions
- At full scale, the application will be accepted in more than 110,000 merchant locations across the country and offer merchant loyalty programs and instant coupon savings
- In May of 2015, Best Buy announced it would begin accepting competitor Apple Pay in its stores; subsequently, MCX CEO, Dekkers Davidson stepped down ⁽²⁾

- LoopPay's patented Magnetic Secure Transmission (MST) technology turns in-store payment terminals where consumers would normally swipe a credit card into contactless readers
 - Works at approximately 90% of retail locations globally; no special equipment needed to accept payments with LoopPay-enabled smartphone or other devices
- Cards can be securely stored on the phone in the mobile wallet through a dongle device
- LoopPay supports 10,000+ issuers, thousands of credit and debit cards along with most gift, loyalty, private label, prepaid and campus cards
- Technology can be embedded in numerous form factors including charge cases for iPhones, most Android phones, fobs, and watches for less than \$1
- On Feb. 18, 2015, Samsung Electronics announced that it had agreed to acquire LoopPay, making it a foundation of Samsung's mobile wallet offering
- Samsung shipped 317.2 million smart phones in 2014, accounting for 24.7% of the smartphone market ⁽³⁾

PayPal Spin-off

Selected Online / Mobile Wallet Providers (cont.)



- LevelUp is a mobile payment and loyalty platform built to help businesses take advantage of the shift to mobile payments; over 14,000 businesses use LevelUp to accept mobile payments and run their customer rewards programs
- On September 9, 2014, the Company revealed an integration into Apple's Passbook and support for NFC and enhanced smartwatch device support in LevelUp's new scanners
- LevelUp supports the following mobile platforms and technology: Apple, Android, Windows Phone, NFC, QR Code, iBeacon, smartwatches, Apple Passbook and Google Wallet
- Raised \$21 mm in financing from investors including Balderton Capital, Continental Investors, Google Ventures, Highland Capital, Transmedia Capital and T-Venture ⁽¹⁾



- Starbucks launched its mobile card payment app in early Spring 2009
- The Company's QR code-based mobile card app enables users to pay at the register by scanning their unique QR code and earn rewards
- Users can upload their Starbucks gift card to the app or load their mobile card with their credit or debit card
- Customers continue to embrace Starbucks' mobile application in increasing numbers
- Starbucks' CEO, Howard Schultz, considers the digital platform to be instrumental in building brand loyalty
- The Company reports over 16 mm active users of the mobile app in North America as of April 2015 ⁽²⁾
- Mobile payments account for over 19% of all transactions in the U.S. company operated stores; Starbucks processes over 8 mm mobile transactions on average in the U.S. per week ⁽¹⁾

VI. Key Acquisitions / Events

A. PayPal Acquires Xoom



PayPal Acquires Xoom for \$890 mm

Transaction Overview

PayPal's purchase price per share of \$25 for Xoom represents a 21% premium to Xoom's July 1, 2015 closing price and a 32% premium to its three month volume-weighted average price

On September 30, 2014 eBay announced plans to spin off PayPal – eBay and PayPal will officially be two separate entities trading on the NASDAQ under the tickers EBAY and PYPL on July 20, 2015

FINANCIAL
TECHNOLOGY
PARTNERS

Transaction Overview

- On July 1, 2015, PayPal and Xoom announced a definitive agreement under which PayPal will acquire Xoom for an enterprise value of approximately \$890 mm
 - PayPal will pay \$25 per share for Xoom, representing a 32% premium over Xoom's three month volume-weighted average price
 - PayPal intends to fund the acquisition with cash on its balance sheet
- The transaction was unanimously approved by both Companies' Boards of Directors
- Due to one-time integration costs, the completion of the transaction is expected to be slightly dilutive to PayPal's non-GAAP EPS for FY2016
- The deal is expected to close in the fourth quarter of 2015; upon closing, Xoom will operate as a separate service within PayPal
- The closing is subject to customary conditions as well as the receipt of certain consent relating to Xoom's money transmitter licenses

Xoom Key Transaction Values & Metrics

| | |
|---|------------|
| Purchase Price per Share | \$25 |
| Transaction Market Value | \$1,054 mm |
| Transaction Enterprise Value | \$890 mm |
| Revenue (LTM 03/31/15) | \$168 mm |
| Adjusted EBITDA ⁽²⁾ (LTM 03/31/15) | \$20 mm |
| Net Income (LTM 03/31/15) | (\$27) mm |
| Adjusted Net Income ⁽³⁾ (LTM 03/31/15) | \$4 mm |

Transaction Rationale

- The expected strategic benefits of the transaction include:
 - Broadens PayPal's consumer offering to its 68 million active US customers by cross-selling Xoom's services
 - Accelerates time-to-market: Xoom's proprietary and fast "funds-out" network enables PayPal to enter this growing marketplace with a leading technology solution with a strong presence in key international markets
 - Enables PayPal's expansion in markets that Xoom has a strong presence in such as Mexico, India, the Philippines, China and Brazil
 - Allows Xoom to expand its portfolio of send-markets by leveraging PayPal's wider international network
 - Delivers a strong technology platform

Key Transaction Multiples

| | LTM 03/31/15 | FY2015E ⁽¹⁾ | FY 2016 ⁽¹⁾ |
|------------------------------|-----------------|------------------------|------------------------|
| EV / Revenue | 5.3x | 4.6x | 3.8x |
| EV / EBITDA | 44.5x | 36.5x | 26.4x |
| Adjusted Net Income Multiple | 222.5x | 54.7x | 35.0x |

Source: Company press releases, SEC filings, Capital IQ.

(1) Based on consensus estimates.

(2) Adjusted EBITDA defined as earnings before interest, taxes, depreciation, amortization, stock-based compensation and BEC fraud loss.

(3) Adjusted Net Income does not take into account a \$31 mm loss from fraudulent employee impersonation in 2014.



PayPal Acquires Xoom for \$890 mm

Deal Commentary



Dan Schulman
President, PayPal

"Expanding into international money transfer and remittances aligns with our strategic vision to democratize the movement and management of money. Acquiring Xoom allows PayPal to offer a broader range of services to our global customer base, increase customer engagement and enter an important and growing adjacent marketplace. Xoom's presence in 37 countries – in particular, Mexico, India, the Philippines, China and Brazil – will help us accelerate our expansion in these important markets."

"Becoming part of PayPal represents an exciting new chapter for Xoom, which will help accelerate our time-to-market in unserved geographies and expand the ways we can innovate for customers. Being part of a larger, global organization will help us deliver the best possible experience to our customers, while maximizing value for our shareholders."



John Kunze
President & CEO, Xoom



Ben Fox Rubin
Journalist, CNET

"PayPal unveiled its plans to buy money-transfer company Xoom on Wednesday, keeping up PayPal's effort to touch just about every aspect of the digital payments world. The deal, with an enterprise value of \$890 million, will expand PayPal's global money-transfer services, likely giving PayPal's 165 million worldwide active consumers more options to send and receive money across international borders using Xoom's services on their smartphones and personal computers... Xoom should become yet another weapon in PayPal's growing arsenal, as PayPal works to keep up its position as a leading player in the increasingly competitive space of digital and mobile payments."

"The move will strengthen PayPal's international business, giving it access to Xoom's 1.3 million active U.S. customers that sent about \$7 billion in the 12 months ending on March 31 to people in 37 countries. PayPal, which has been looking to accelerate its global growth and has about 68 million active users, said that the move will help them particularly in emerging markets like India and China, which Schulman highlighted as key territories for the company at recent investor and media events."



Ryan Mac
Journalist, Forbes

PayPal Acquires Xoom for \$890 mm

Xoom: Company Overview

Xoom Overview

| | |
|---------------|-------------------|
| CEO: | John Kunze |
| Founded: | 2001 |
| Headquarters: | San Francisco, CA |
| Ticker: | XOOM |
| Employees: | 295 |

- **Xoom Corporation is a prominent digital money transfer provider that targets consumers who need to transfer money from the US to any of 33 countries**
 - The Company serves people in the United States that need to make payments or reload mobile phones for their friends and family in another country
 - Primary countries served by Xoom include China, India, Mexico and the Philippines among others
- **Xoom provides its platform through desktops, its mobile site and mobile app**
- **The Company has offices in San Francisco and Guatemala**

Product Features



Transparent Costs – Low fees and locked-in exchange rates allow customers to know the amount each transaction will cost them before they execute them



Text Updates – Text message updates keep the user in the loop about each transfer, giving them peace of mind throughout the process



Mobile Platform – Mobile app and website allow users to send money at home or on the go quickly and easily



Pay Bills – Xoom now offers remote bill payment in Mexico and Central America for electricity, phone, gas and more



Phone Reload – Reload prepaid phones in moments from anywhere at anytime

Countries Served

| Europe, Oceania & North America | Asia | Latin America & Caribbean |
|---|--|---|
|  |  |  |

PayPal Acquires Xoom for \$890 mm

Xoom: Stock Price Performance Since IPO

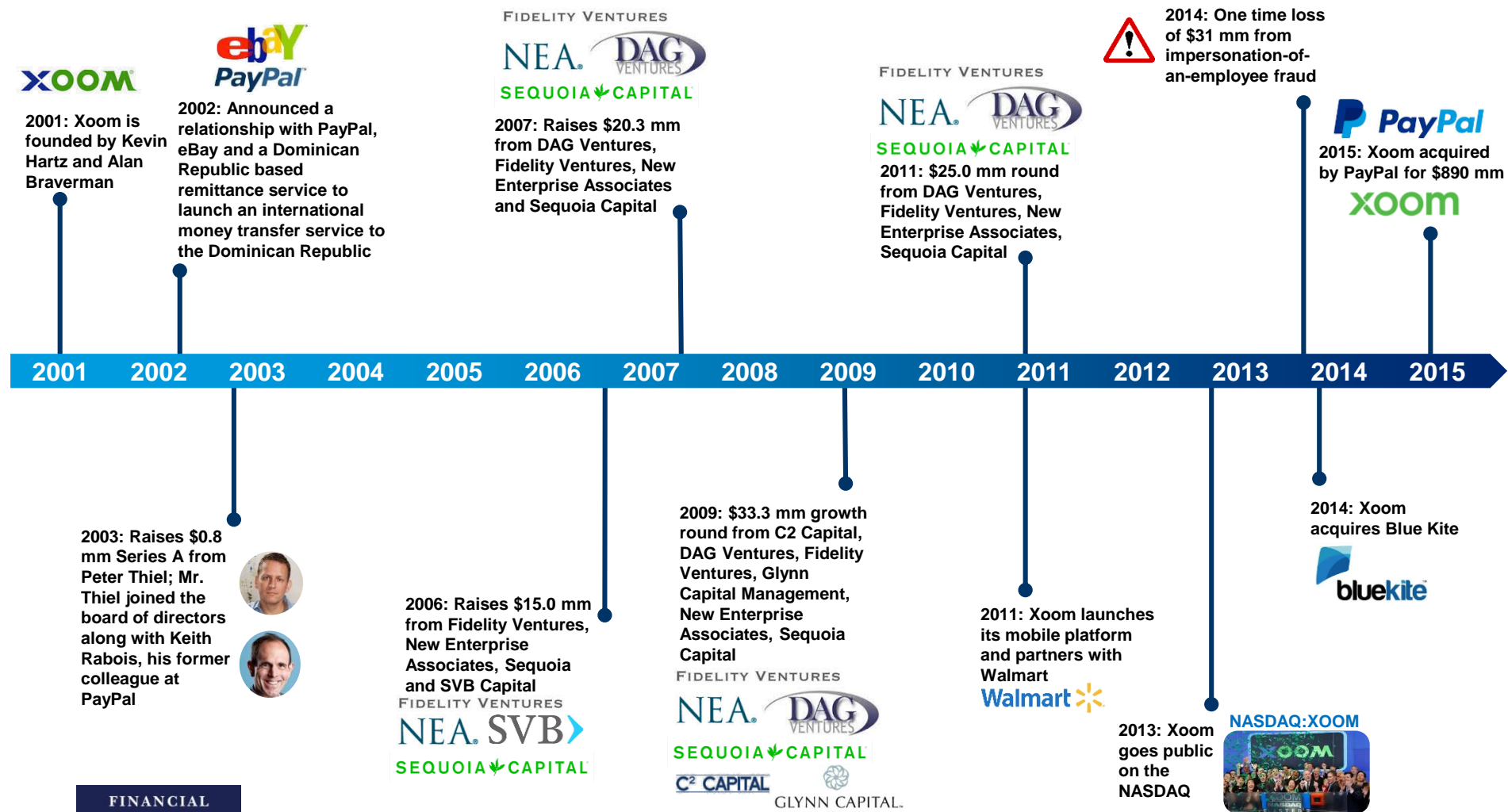
Stock Price Performance Since IPO (NASDAQ: XOOM)



PayPal Acquires Xoom for \$890 mm

Xoom

Xoom: Company Timeline



FINANCIAL
TECHNOLOGY
PARTNERS

Source: Capital IQ, Wall Street Broker Research, Company website.

PayPal Acquires Xoom for \$890 mm

Xoom: Management Team

| | |
|---|---|
| John Kunze <i>President, Chief Executive Officer</i> | <ul style="list-style-type: none"> ■ Joined Xoom as a director in 2004; was named CEO of Xoom in 2006 ■ Prior to Xoom, John was President, CEO and Board Member at Plumtree Software, an enterprise software solutions provider |
| Ryno Blignaut <i>Chief Financial Officer and Chief Risk Officer</i> | <ul style="list-style-type: none"> ■ Re-joined Xoom in January 2015 as Acting Chief Financial Officer and Chief Risk Officer ■ Prior to joining Xoom, Ryno worked as a financial regulation consultant with RSM Robson Rhodes LLP, an accounting firm; he also served as Head of Finance for PayPal UK from 2002-2003 |
| Julian King <i>SVP of Marketing and Corp Dev</i> | <ul style="list-style-type: none"> ■ Leads the Company's marketing, advertising, public relations, business development and strategies ■ Prior to joining Xoom, Julian was VP of Marketing and Products at Earthlink for the PeoplePC Online business |
| Christopher Ferro <i>VP and General Counsel</i> | <ul style="list-style-type: none"> ■ Prior to joining Xoom in 2008, Christopher was Senior Counsel at PayPal Inc; he was the second lawyer hired at PayPal in 2001 ■ Practiced law at two firms in New York before working for PayPal and Xoom |
| Frank Walter <i>VP of Operations</i> | <ul style="list-style-type: none"> ■ Vice President of Operations at Xoom since 2009, runs customer operations, network operations and contact centers ■ Prior to joining Xoom, Frank held various operational leadership roles at AT&T, Good Technology / Motorola and VCA Antech / Eklin Medical Systems |
| Joseph Raymond <i>VP of Product Development</i> | <ul style="list-style-type: none"> ■ Named Vice President of Product Development in 2011, and is responsible for delivering relevant and usable online and mobile solutions ■ Joseph was previously a Director of Retail Business at Cafepress.com and VP of User apps at Pay by Touch |
| Ramsey Lubbat <i>VP of Development</i> | <ul style="list-style-type: none"> ■ Joined Xoom in 2006 and is Vice President of Development, responsible for software development and quality assurance ■ Before joining Xoom, Ramsey worked for Inovis, where he worked on Catalogue, a large B2B product synchronization solution for retailers |



PayPal Acquires Xoom for \$890 mm

Xoom: Competitive Strengths

Compelling Value Proposition

- Xoom provides significant value to its customers through a unique combination of convenience, speed and cost-effective pricing of its services
- Business model innovations result in cost advantages that benefit customers in the form of cost-effective fees

Proprietary Risk Management System

- Xoom's proprietary risk management system serves as the backbone of its technology platform, balancing a low-friction customer experience with low transaction loss rates, which have been 35 basis points or lower as a percentage of gross sending volume on an annual basis since 2010
- The Company's risk management system has been developed from the ground up and refined over ten years through continuous innovation

Online Origination Affords Valuable Customer Insight

- Xoom's customers initiate money transfers online or through mobile devices and usually connect their bank accounts
- This creates a body of digital, transaction-related data that enables the Company to gather deep insight into repeat customer behavior, including expected funding methods, transfer frequency and disbursement preferences

Marketing Expertise

- Xoom's marketing campaigns include advertising on television stations and websites frequented by immigrant communities and ongoing incentive trial campaigns where the Company provides rewards to customers for trying the service

Established Global Disbursement Capabilities

- Xoom has a global disbursement network with major banks and leading retailers; enables the Company to more effectively acquire new customers through co-branded marketing campaigns in the United States
- As number of customers and recipients on platform increases, Xoom provides greater value to disbursement partners, which in turn allows the Company to further expand and develop its disbursement network, bringing in more customers



PayPal Acquires Xoom for \$890 mm

Xoom: Growth Strategy

Attract and Retain Customers in the Markets the Company Currently Serves

Optimize Marketing Investment

- Xoom marketing initiatives include offline and online media campaigns customized to the countries and demographics the Company serves
- Examples include advertising on television stations popular with, as well as websites frequented by, immigrant communities, as well as ongoing incentive trial campaigns where the Company provides rewards to new customers

Enhance Services and Overall Customer Experience

- Xoom is committed to enhancing its services and developing new capabilities to improve customer experience and build loyalty
- For example, in December 2011, the Company optimized its “2-Click Quick Send” feature that allows repeat customers to submit transfers in one minute; approximately 80% of transactions submitted by repeat customers use this feature

Expand and Enhance Mobile Capabilities

- Xoom launched its mobile strategy in November 2011
- During the quarter ended March 31, 2015, 60% of the Company’s transactions were sent via mobile devices
- The Company will continue to optimize its services for mobile devices to capitalize on the growing trend in mobile transfers

Establish New Partnerships and Improve Current Partnerships

Expand Marketing Partnerships

- Xoom will continue to establish new marketing partnerships to improve awareness of its money transfer services with potential customers
- In November 2011, the Company announced a partnership with Walmart.com, however, after 2.5 years decided to wind down the co-branded site because of immaterial results

Expand and Improve Disbursement Network

- By increasing the number of partners and improving the quality of service from existing partners, Xoom believes it can increase relevance of the service and improve the value proposition
- In April 2012, added Elektra, a leading retailer that provides a large cash pick-up network in Mexico, as a new disbursement partner; this materially increased the number of new customers sending to Mexico

Expand into New International Markets

New Origination Markets

- Xoom is continuing to explore potential new originating countries such as Canada, the United Kingdom and other developed countries throughout Western Europe
- Attractive origination markets are those with mature regulatory and compliance systems, high median income levels and significant immigrant populations that could benefit from the Company’s services

New Recipient Markets

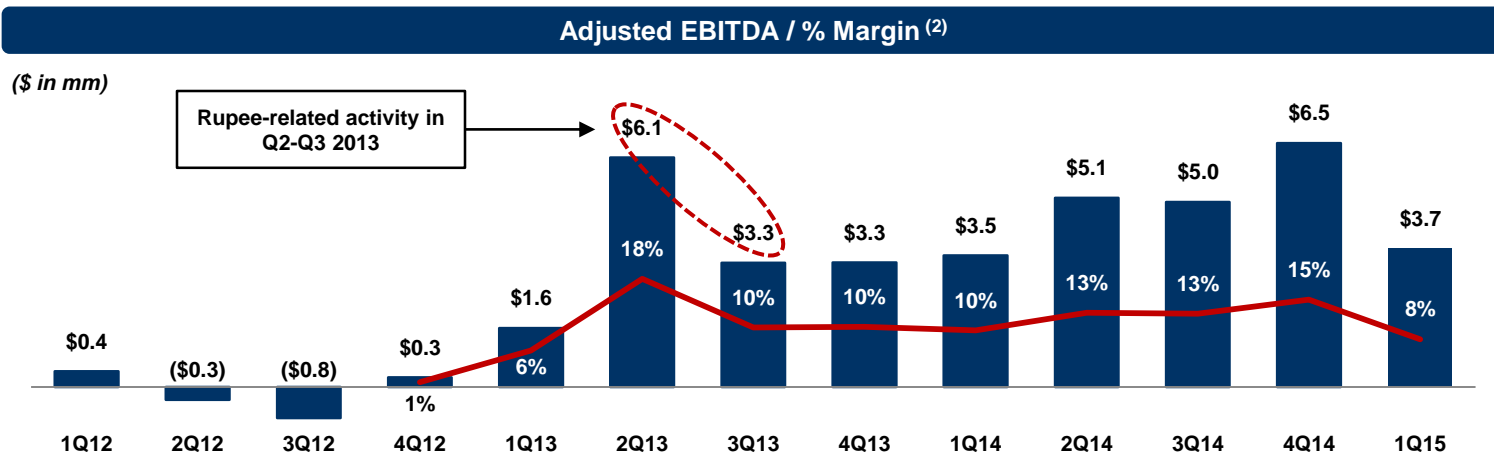
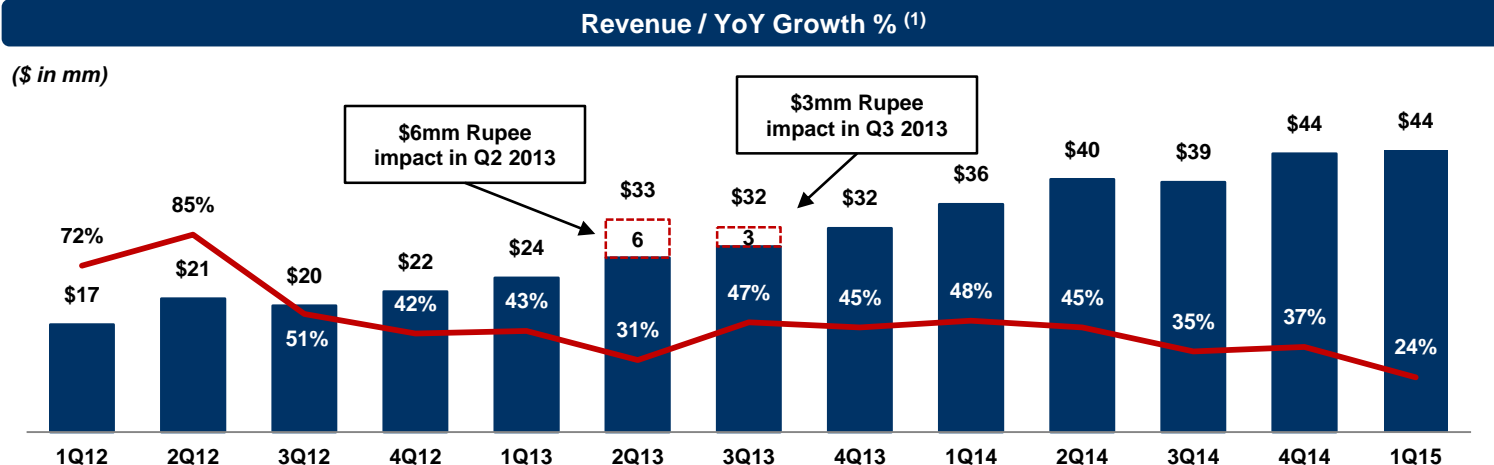
- Xoom is exploring market entry opportunities in regions with significant incoming money transfer volumes, such as Eastern Europe, North Africa, South Korea and Vietnam

PayPal Acquires Xoom for \$890 mm

Xoom: Selected Business / Financial Metrics

India represents Xoom's largest receiving country so the Company has significant exposure to large moves in the Indian Rupee

The Company specifically called out the impact from the Rupee in 2Q13 and 3Q13

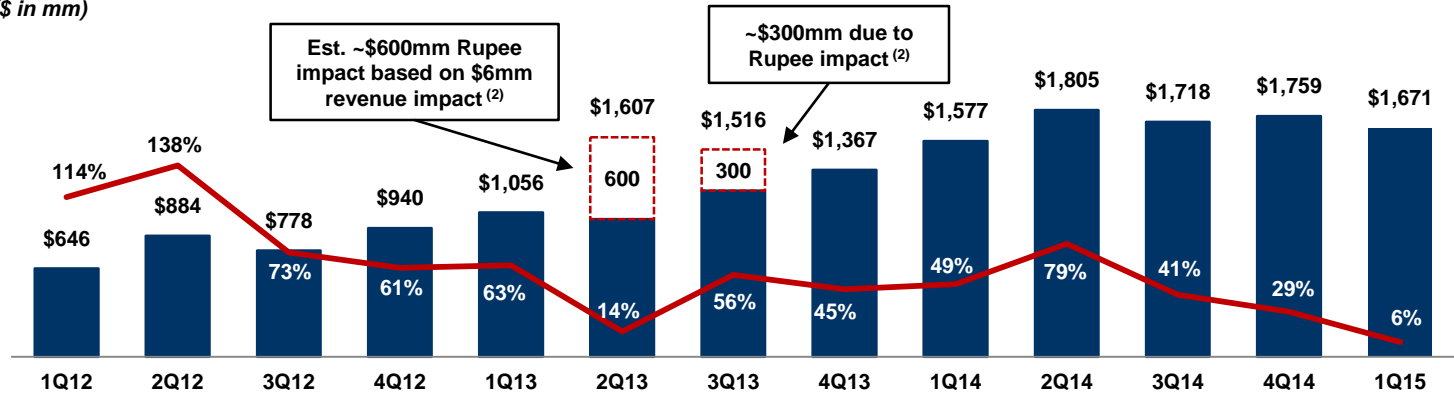


PayPal Acquires Xoom for \$890 mm

Xoom: Selected Business / Financial Metrics (cont.)

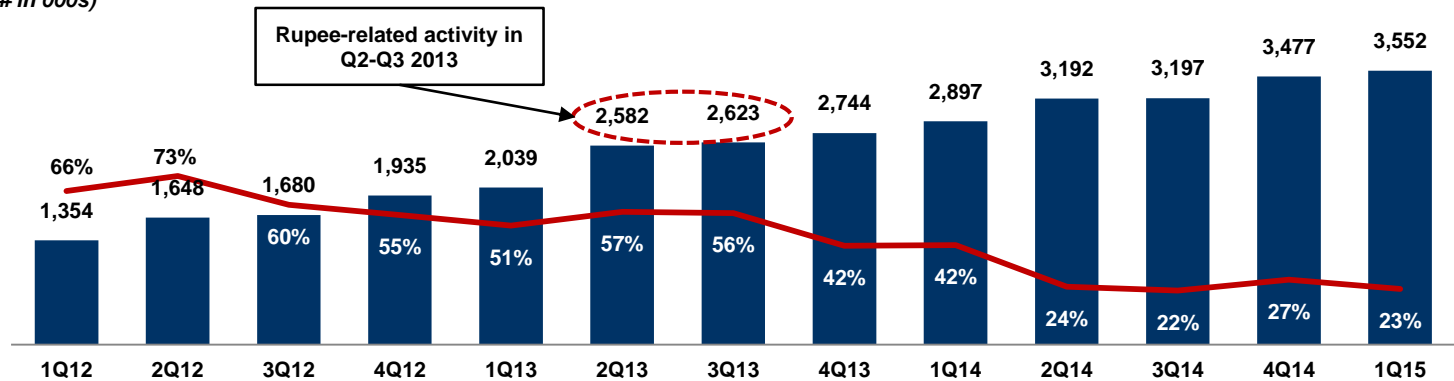
Gross Sending Volume / YoY Growth % ⁽¹⁾

(\$ in mm)



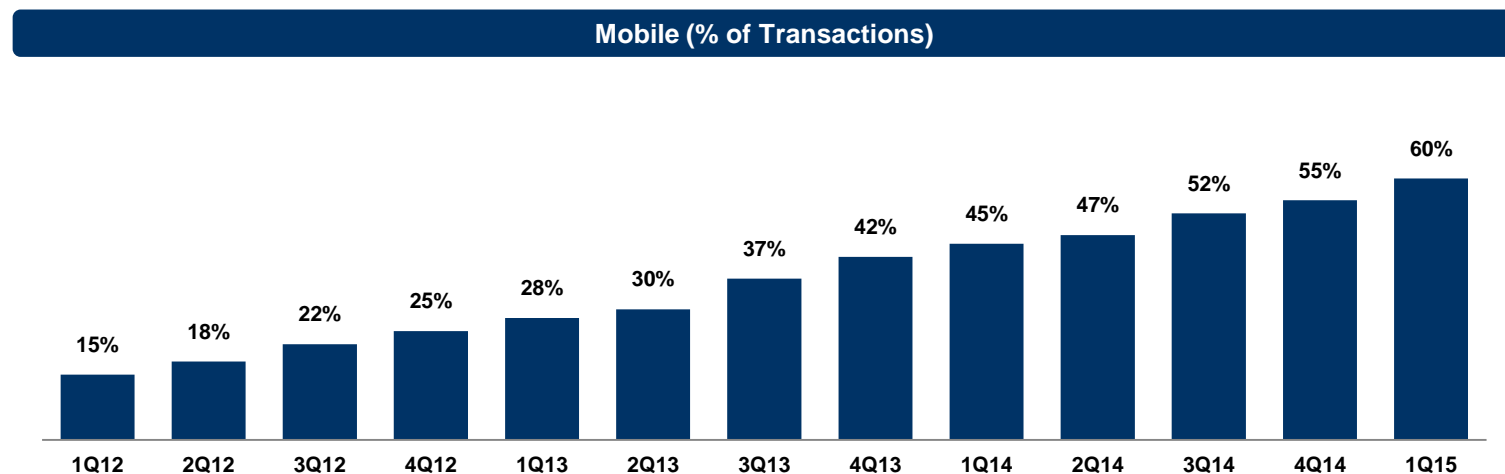
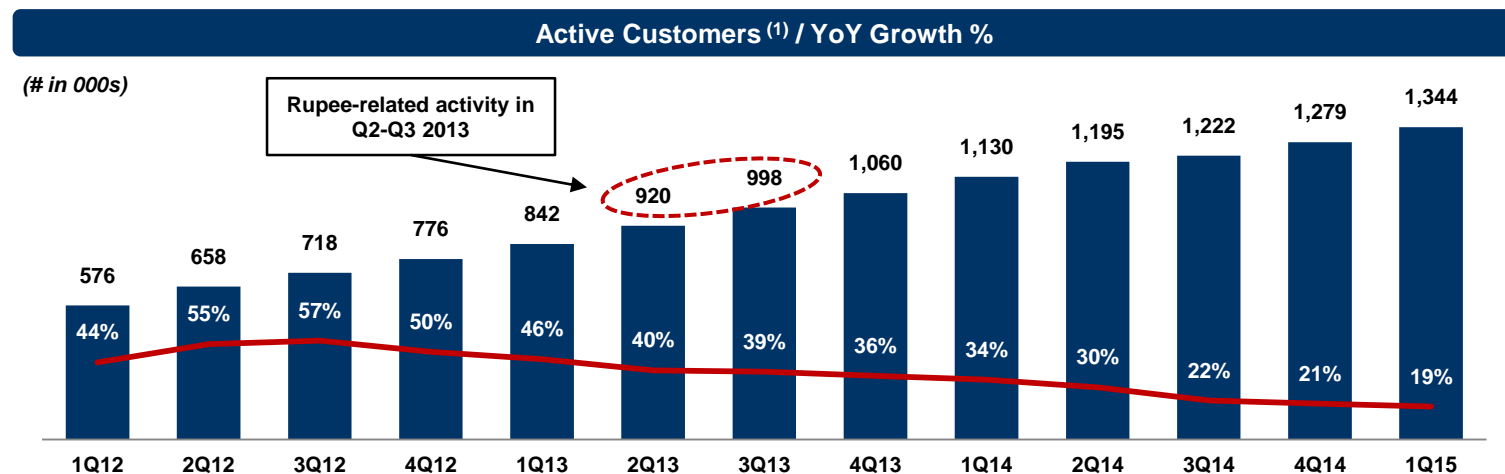
Transactions / YoY Growth %

(# in 000s)



PayPal Acquires Xoom for \$890 mm

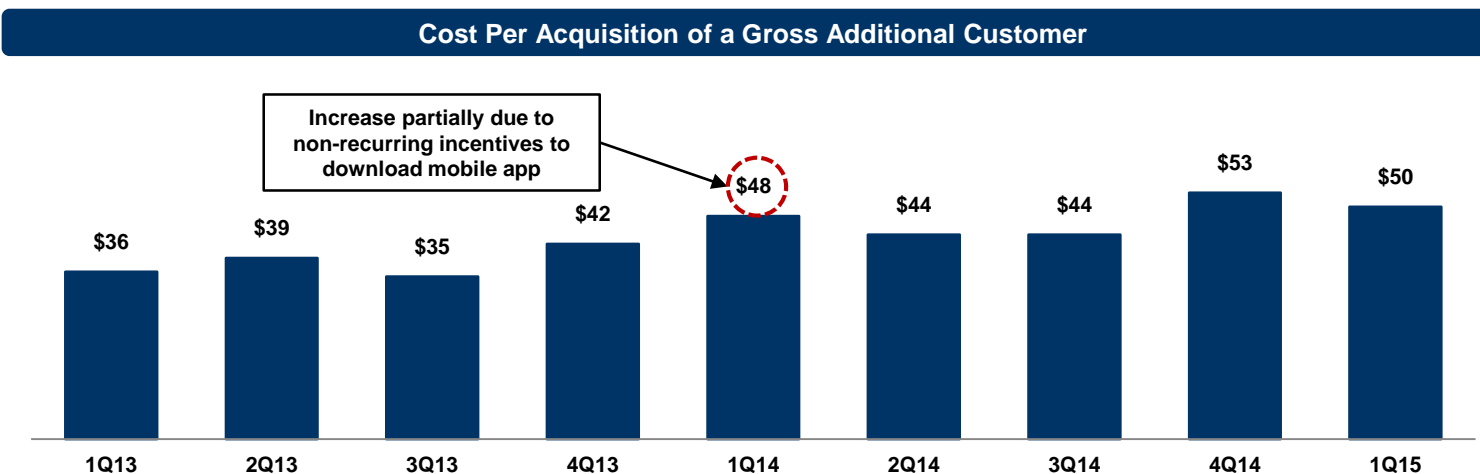
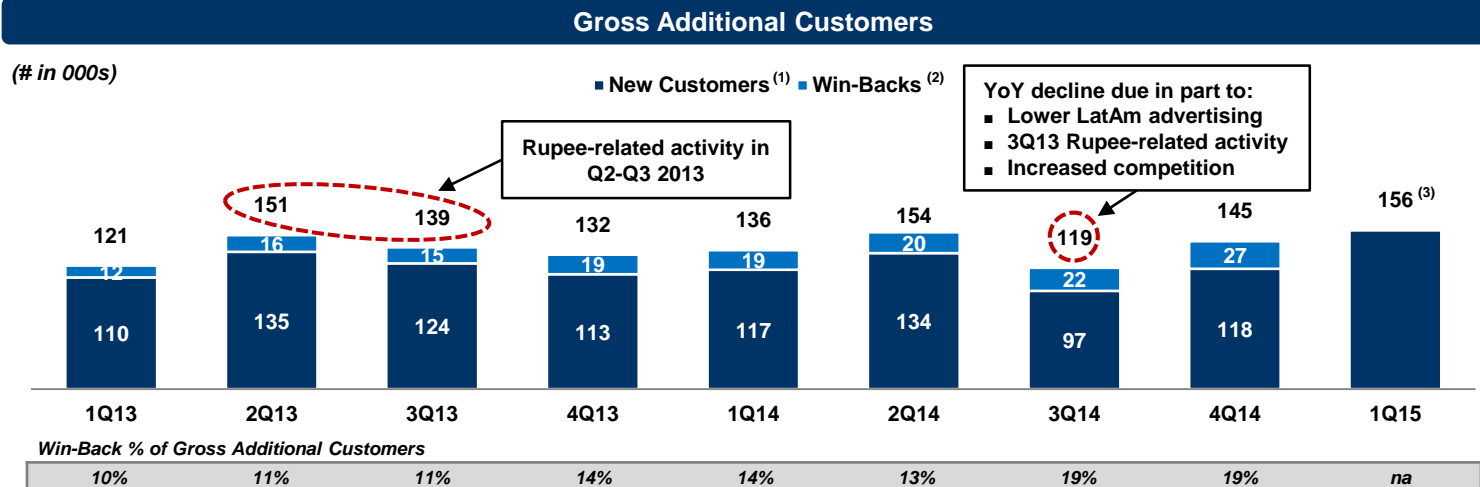
Xoom: Selected Business / Financial Metrics (cont.)



PayPal Acquires Xoom for \$890 mm

Xoom: Selected Business / Financial Metrics (cont.)

Xoom's management considers Gross Additional Customers a key driver of business growth and revenue



Source: SEC filings and earnings press release.

(1) Reflects new customers added who have transacted at least once during a given period.

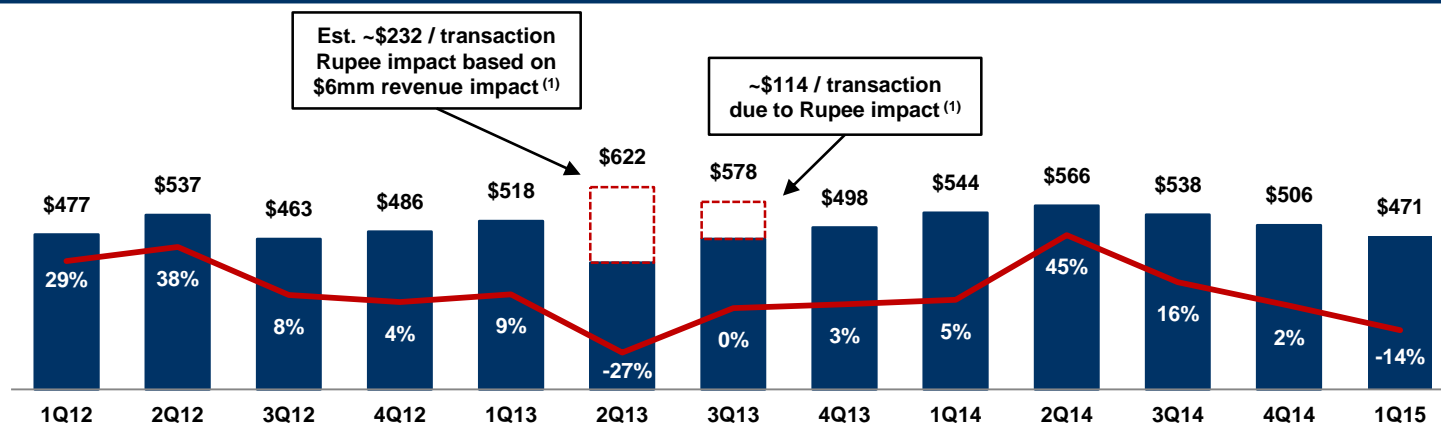
(2) Previously inactive customers who transacted at least once and then returned to transact for the first time in more than twelve months.

(3) Starting in 1Q15, Xoom no longer provides metrics for new / win-back customers; the Company only releases gross additional customers in aggregate.

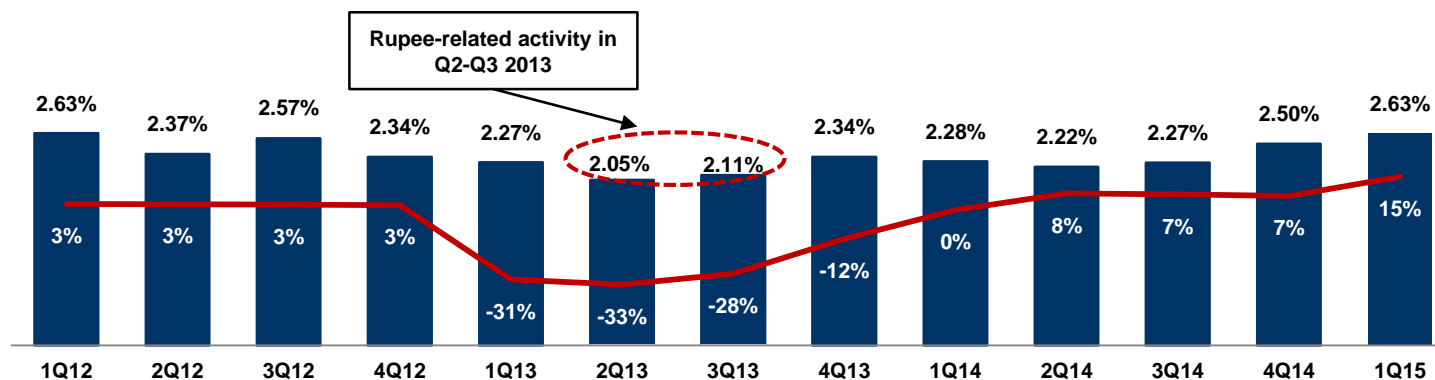
PayPal Acquires Xoom for \$890 mm

Xoom: Selected Business / Financial Metrics (cont.)

Average Transaction Size / YoY Growth % ⁽²⁾



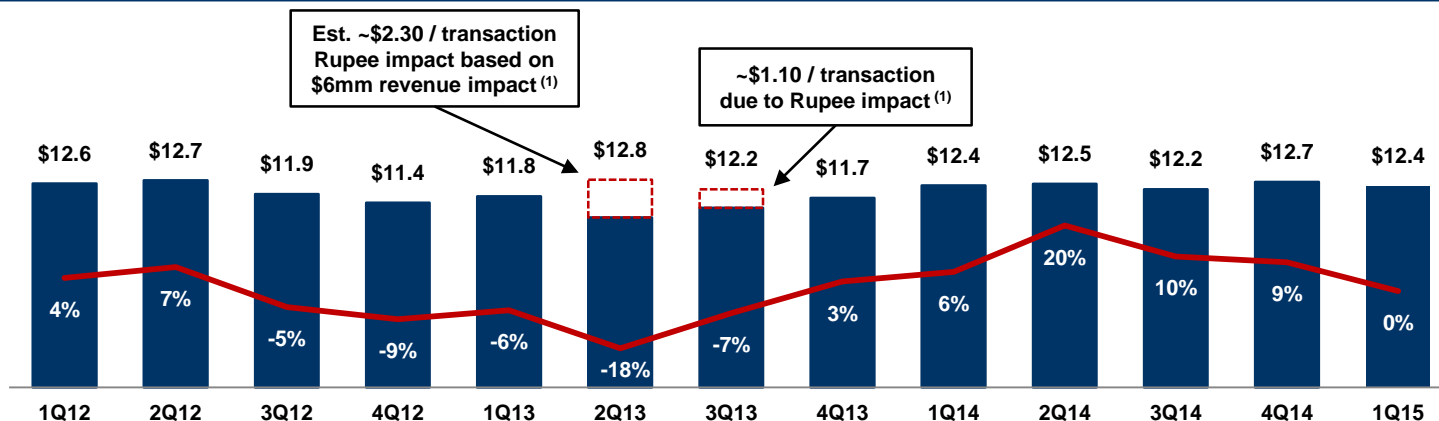
Revenue per Volume / YoY Growth % ⁽²⁾



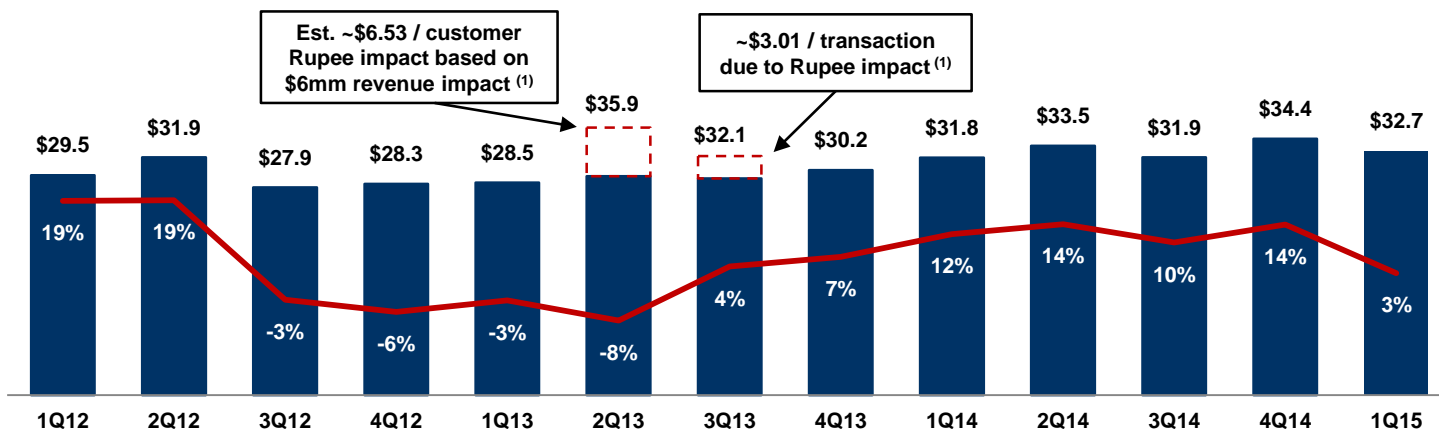
PayPal Acquires Xoom for \$890 mm

Xoom: Selected Business / Financial Metrics (cont.)

Revenue per Transaction / YoY Growth Rate % ⁽³⁾



Revenue per Active Customer ⁽²⁾ / YoY Growth Rate % ⁽³⁾



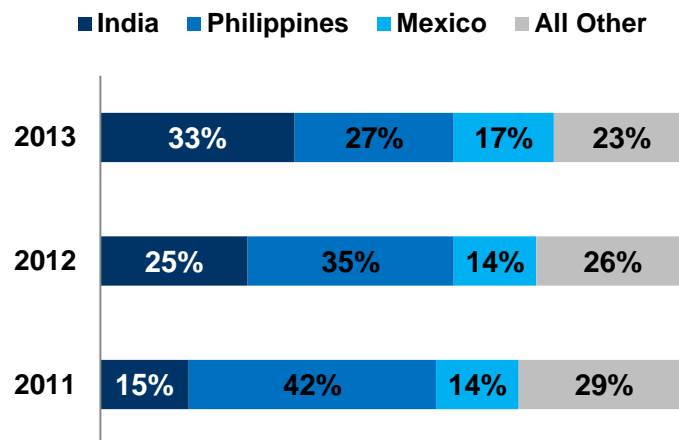


PayPal Acquires Xoom for \$890 mm

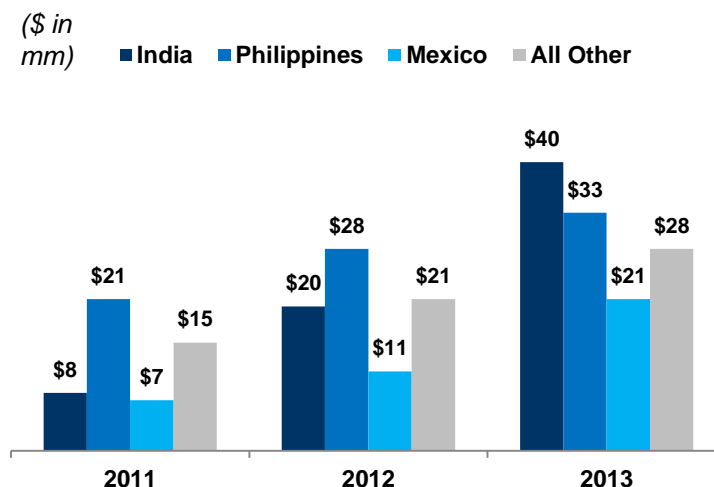
Xoom: Revenue Concentration

- Over the past 4 years, Xoom's revenue composition has become more concentrated in three countries: India, Philippines and Mexico
- During 2014, India accounted for 34% of revenue, up from 33% in 2013, 25% in 2012 and 15% in 2011
- During 2014, Xoom's top three countries (India, Mexico and the Philippines) in aggregate accounted for 78% of revenue, up from 77% in 2013, 74% in 2012 and 71% in 2011

Revenue Composition by Country (% of Total Revenue)



Revenue Composition by Country



PayPal Acquires Xoom for \$890 mm

Industry Trends: Evolution of “Consumer Remittance Providers”

The Consumer Remittance industry is facing competition from new entrants ...

... which is leading established players to enhance their consumer offerings and to look outside of traditional consumer remittances for new growth opportunities

Key Points

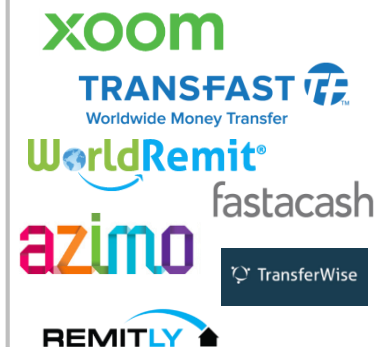
- The Consumer Remittance industry has grown over the past 100+ years by providing consumers with a better offering than what has been available through banks; after initially catering to domestic transfers, the industry entered a new growth phase by focusing on international transfers, primarily by migrant workers sending money home
- After a multi-decade buildup, the Consumer Remittance industry is relatively mature, consolidated and concentrated among Western Union, MoneyGram, and to a lesser extent Ria (owned by Euronet), Sigue and Intermex / others
- **The Consumer Remittance industry is now under threat by a number of new entrants that are leading with lower pricing and online / mobile-based models**, but established players are striking back by building out their own online / mobile capabilities and additionally looking to diversify into the International Payment Specialists segment
- Following the success of the Xoom IPO, a number of early stage companies have received financing in the space; investment activity in the sector is expected to continue as other firms attempt to leverage technology to compete with established, traditional players

Selected Players

Established



Emerging



Recent Notable Transactions

| Date | Amount | Company | Investor |
|----------|--------|--------------|--|
| 06/15/15 | \$20 | Azimo | Frog Capital |
| 02/18/15 | 100 | WorldRemit | Technology Crossover Ventures; Accel Partners |
| 01/25/15 | 58 | TransferWise | IA Ventures; Andreessen Horowitz; Seedcamp; Valar Ventures; Index Ventures |
| 06/09/14 | 25 | TransferWise | Led by Valar Ventures; Richard Branson |
| 03/12/14 | 40 | WorldRemit | Accel Partners |
| 03/11/14 | 10 | Azimo | Led by Greycroft Partners |
| 02/15/13 | 101 | Xoom | IPO |

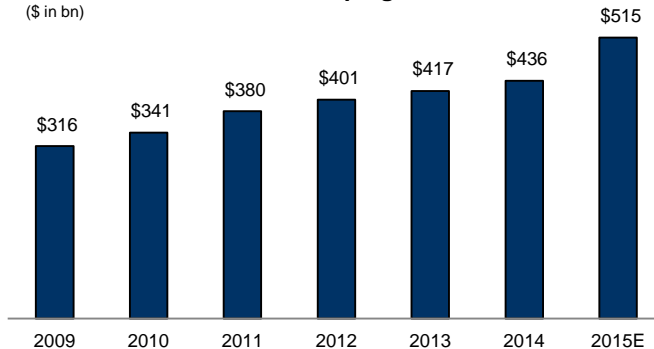
PayPal Acquires Xoom for \$890 mm

Market Demand Drivers for “Consumer Remittance Providers”

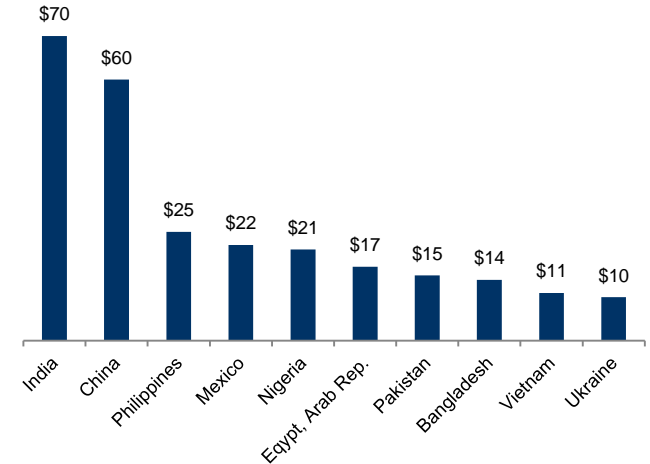
Global immigration remains the key growth driver for Consumer Remittances

- Volumes driven by unbanked / under-banked workers seeking better income opportunities outside of their home countries
- According to the World Bank, remittance flows to developing countries are expected to grow at an average of 8.8% annually from 2013-2015 to \$515 bn in 2015
- The U.S. is the top sending country for remittances while India is the top receiving country
- Immigration reform in the U.S. could be a longer-term growth catalyst for the industry as migrants gain access to better income opportunities and money moves away from informal money transfer channels
- Western Union is the clear leader in the Consumer Remittance segment with 1.5x the agents and 3.7x the revenues of its next largest competitor, MoneyGram

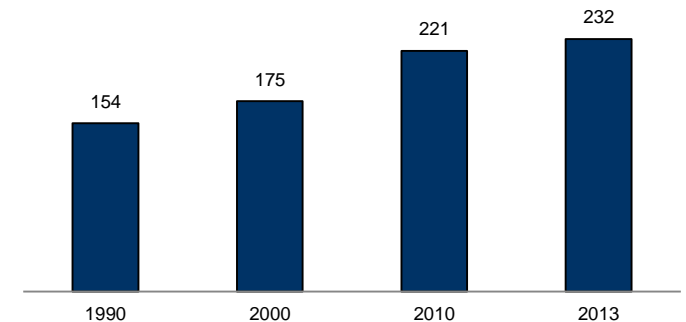
Remittance Flows to Developing Countries ⁽¹⁾



Top 10 Recipients of Migrant Remittances, 2013 ⁽¹⁾



Number of International Migrants Worldwide ⁽²⁾



PayPal Acquires Xoom for \$890 mm

Industry Trends: Emergence of “International Payment Specialists”

Key Points

- A relatively new segment of International Payment Specialists has emerged, which provides businesses and affluent consumers with cross-border payment and foreign exchange services on a bank account-to-bank account basis
- International Payment Specialists are disrupting the offerings of traditional banks by leveraging technology to provide a more cost-effective and enhanced customer experience; bank offerings lack transparency and online functionality while charging high fees
- Technology is accelerating growth in this space by increasing the ability to not only service customers online, but also acquire customers directly at a fraction of the cost using sophisticated SEO / SMO techniques
- In contrast to Traditional Consumer Remittance Providers, this segment is more fragmented and offers better growth and margin characteristics
- The highly successful OzForex Sale / IPO by FT Partners in 2013 was a pivotal event in increasing strategic and investor awareness regarding the attractiveness of International Payment Specialists
- Increasing number of PE-backed participants and large strategic players expected to accelerate transaction activity

Selected Players



Recent Notable Transactions

| Date | Amount | Company | Investor / Acquirer |
|----------|--------|--------------------|---|
| 06/23/15 | \$18 | The Currency Cloud | Anthemis, Atlas Venture, Notion Capital, Rakuten, Sapphire Ventures, XAnge Private Equity |
| 01/13/15 | 22 | peerTransfer | Accel, Bain, Devonshire, QED, Spark |
| 08/29/14 | 352 | Moneycorp | Bridgepoint |
| 04/15/14 | 10 | The Currency Cloud | Anthemis, Atlas, Notion Capital, X'ange |
| 03/10/14 | 242 | HiFX | Euronet |
| 12/27/13 | 6 | peerTransfer | Devonshire Investors & Others |
| 11/11/13 | na | World First | FTV Capital |
| 09/23/13 | 480 | OzForex | IPO |

PayPal Acquires Xoom for \$890 mm

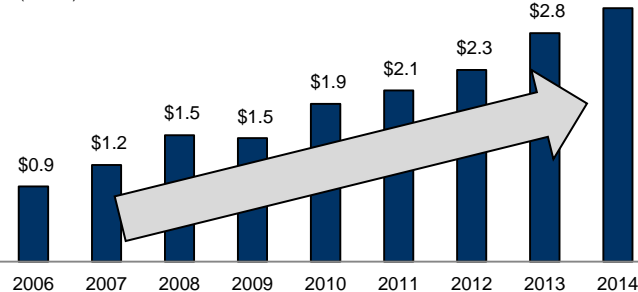
Market Demand Drivers for “International Payment Specialists”

Confluence of increased movement of financial services online, more mobile consumers, heightened global trade, increasingly volatile currency movements and geopolitical risks are driving demand for International Payment Specialists

Consumers

- Increased global mobility of consumers is expanding their cross-border payment needs
- Consumers are seeking alternatives to traditional bank channels, which tend to be expensive, inefficient and lacking in online capabilities

MasterCard Cross-Border Volume Fees ⁽¹⁾
(\$ in bn)



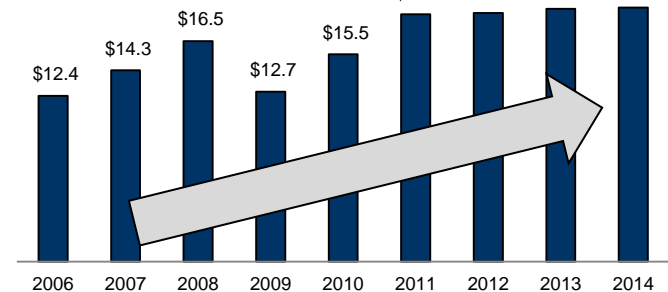
Use Cases:

- International real estate purchases and mortgage payments
- Paying overseas tuition fees and / or student living expenses
- International investing
- Use of white-label solutions for cross-sell to traditional Consumer Remittance customers

Businesses

- Businesses are increasingly procuring goods and services overseas, thus expanding their foreign currency and cross-border payment needs
- Businesses are seeking more focused alternatives including online platforms, better customer service and more competitive pricing

Global Merchandise Import Volume
(\$ in tn)



Use Cases:

- Recurring or one-time payments related to exporting / importing
- International payroll, commission payments
- Hedging
- Integration into ERP systems / white-label solutions for other consumer applications

PayPal Acquires Xoom for \$890 mm

Industry Trends: Comparing and Contrasting Global Money Transfer Markets

International Payment Specialists are substantially different than Consumer Remittance Providers

Consumer Remittance Providers (primarily C2C)



International Payment Specialists (B2B / C2B)



Distribution

- Agent-based distribution model
- Agents take a cut of the transaction on both the sending and receiving side

- Typically direct distribution; some partnerships and white labeling of technology platforms

Medium of Payment

- Typically cash-based
- Provider must settle with each agent
- Credit risk exposure to agents

- Limited / no cash physically involved
- Money moves from bank account to bank account
- Relatively lower credit risk

Customer and Transaction Profile

- Unbanked / under-banked consumer customer base
- Low average transaction size, ~\$300
- Relatively high customer acquisition costs

- Affluent consumer and business customers
- Relatively high average transaction size, \$10k - \$20k
- Relatively low customer acquisition costs

Technology

- Traditionally limited leveraging of technology to attract new business
- Traditional offline customer acquisition
- Outdated execution platforms; moving online / mobile

- Leveraging technology to attract and retain customers
- More efficient online execution platforms
- White-labeling and integration with accounts payables, invoicing, and ERP systems





Financial Profile

- Mid to high single digit expected volume growth
- Commoditized industry
- Continual decline in pricing
- Margins under pressure
- Under threat from new entrants

- Strong double digit growth
- Less commoditized = better margins
- More fragmented
- Opportunity for economies of scale through consolidation

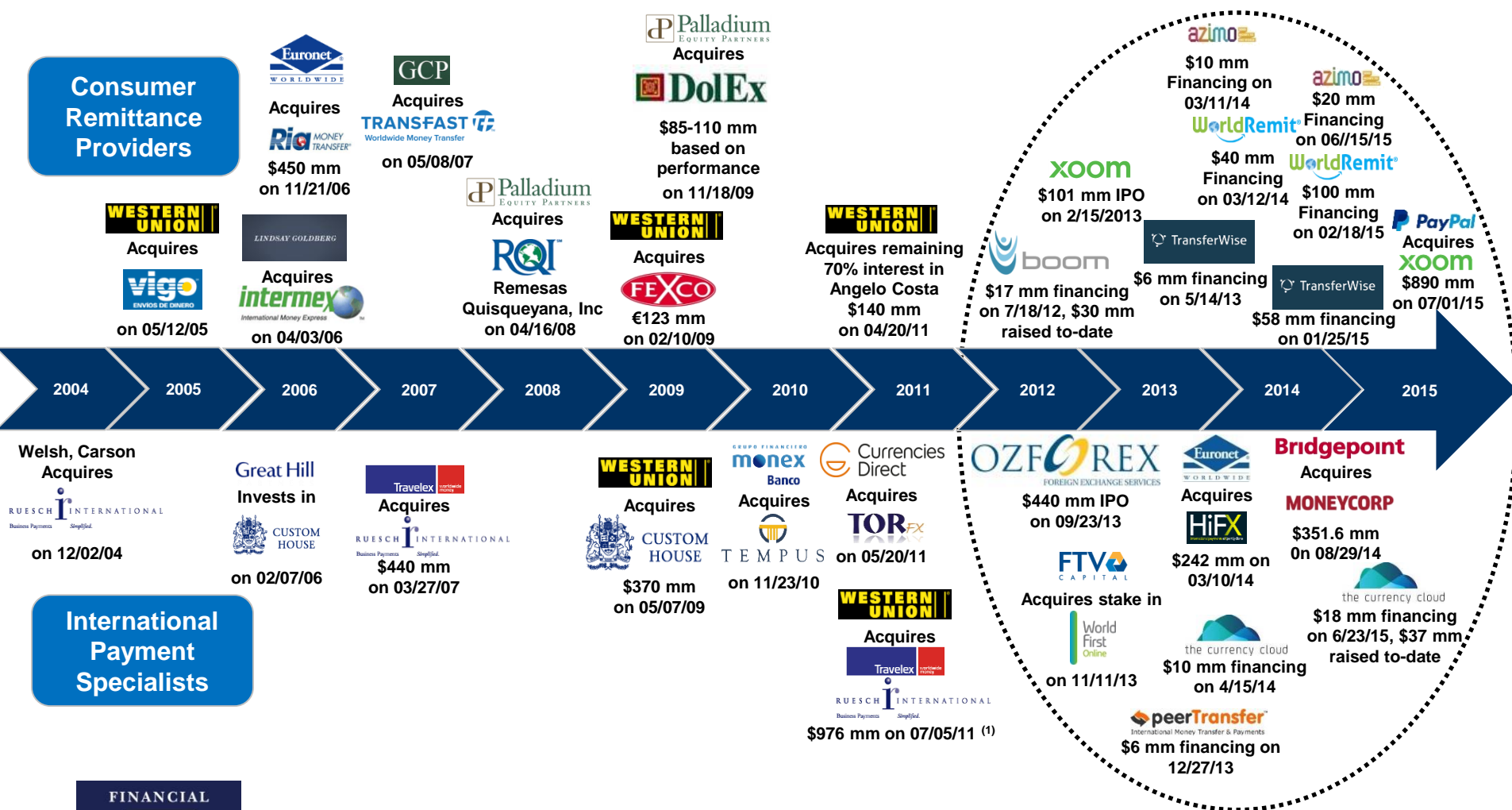
PayPal Acquires Xoom for \$890 mm

Industry Trends: Comparison of Incumbent / Challenger Models

| | Incumbent | Challenger | Incumbent | Challenger |
|-------------------|---|---|---|--|
| | Banks | International Payment Specialists | Established Consumer Remittance Providers | Emerging Consumer Remittance Providers |
| Sample Companies |  |  |  |  |
| Segments Targeted | <ul style="list-style-type: none"> C2C, C2B, B2C, B2B | <ul style="list-style-type: none"> B2B, C2B, B2C | <ul style="list-style-type: none"> Primarily C2C | <ul style="list-style-type: none"> C2C, C2B |
| Distribution | <ul style="list-style-type: none"> Direct and indirect Branches / correspondent banks | <ul style="list-style-type: none"> Direct and indirect through partnerships, white labeling Phone, online, mobile | <ul style="list-style-type: none"> Direct, primarily through agents including retail, banks and post offices | <ul style="list-style-type: none"> Direct for sending, use banks on receiving side Online / mobile |
| Medium of Payment | <ul style="list-style-type: none"> Account-to-account | <ul style="list-style-type: none"> Account-to-account | <ul style="list-style-type: none"> Typically cash-to-cash | <ul style="list-style-type: none"> Account-to-account Account-to-cash |
| Transaction Size | <ul style="list-style-type: none"> Small, Medium and Large | <ul style="list-style-type: none"> Medium to Large, \$10k - \$20k | <ul style="list-style-type: none"> Small, ~\$300 | <ul style="list-style-type: none"> Small, ~\$300 - \$500 |
| Sample Use Cases | <ul style="list-style-type: none"> Various consumer and business transfers | <ul style="list-style-type: none"> Overseas mortgages International investing Exporting / importing International payroll Hedging | <ul style="list-style-type: none"> Migrant worker remittances Emergency money | <ul style="list-style-type: none"> Migrant worker remittances Emergency money |
| Strengths | <ul style="list-style-type: none"> Trusted brands Branch networks Funds already sitting in accounts | <ul style="list-style-type: none"> Online, easy to use interfaces Robust user tools available High touch and market expertise available if necessary | <ul style="list-style-type: none"> Large distribution of agent locations for both sending and receiving | <ul style="list-style-type: none"> Online, easy to use interfaces Relatively low fees |
| Weaknesses | <ul style="list-style-type: none"> Limited banking hours High fees Lack of transparency Limited online capabilities | <ul style="list-style-type: none"> Not a mass market product Migration online may lower revenue per transaction | <ul style="list-style-type: none"> High cust. acquisition costs High fees Primarily cash based Limited online capabilities Highly competitive market | <ul style="list-style-type: none"> High customer acquisition costs Competition increasing from traditional players |

PayPal Acquires Xoom for \$890 mm

Selected Industry Transactions – Capital Flows Tell the Story



Source: Company reports, Capital IQ, FT Partners' proprietary transaction database.

(1) Western Union's acquisition of Travellex's Global Payments unit included the legacy Ruesch business.



PayPal Acquires Xoom for \$890 mm

Selected Money Transfer Transactions

| Announced Date | Transaction Overview | Company | Selected Buyers / Investors | Amount (\$MM) | FinTech Database |
|----------------|--|-----------------------------|---|---------------|-------------------------|
| 07/02/15 | Ding Acquires iSend | iSend | Ding | na | Details |
| 07/01/15 | PayPal Acquires Xoom for \$890 mm | Xoom | PayPal | 890 | Details |
| 06/23/15 | The Currency Cloud Secures \$18 mm in Series C Financing | The Currency Cloud | Sapphire Ventures; Rakuten; Anthemis Group; Atlas Ventures; Notion Capital; XAnge Private Equity | 18 | Details |
| 06/22/23 | RIA Financial Acquires IME | IME | RIA Financial | na | Details |
| 04/28/15 | OrbitRemit Secures Series A Financing | OrbitRemit | Undisclosed Investors | na | Details |
| 04/16/15 | CurrencyFair Secures Approximately \$10.7 mm in Financing Led by Octopus Investments | CurrencyFair | Octopus Investments; Frontline Ventures | 11 | Details |
| 03/19/15 | Remitly Secures \$12.5 mm in Series B Financing Led by Draper Fisher Jurvetson | Remitly | DN Capital; Draper Fisher Jurvetson; QED Investors; Trilogy Equity Partners | 13 | Details |
| 01/25/15 | TransferWise Secures \$58 mm in Series C Financing Led by Andreessen Horowitz | TransferWise | IA Ventures; Andreessen Horowitz; Seedcamp; Valar Ventures; Index Ventures; Undisclosed Investors | 58 | Details |
| 01/13/15 | peerTransfer Secures \$22 mm in Financing Led by Bain Capital Ventures | peerTransfer | Bain Capital Ventures; Spark Capital; QED Investors; Devonshire Investors; Accel Partners | 22 | Details |
| 10/22/14 | Tipalti Secures \$13 mm in Series B Financing Led by Wicklow Capital | Tipalti | Wicklow Capital | 13 | Details |
| 10/06/14 | Transnetwork has Agreed to Acquire Citi Remesas | Citi Remesas | Transnetwork | na | Details |
| 09/09/14 | MoneyGram Acquires Nexxo | Nexxo Financial Corporation | MoneyGram International Inc. | na | Details |
| 09/02/14 | MoneyGram Acquires MTI Money Transfer Limited | MTI Money Transfer | MoneyGram International Inc. | na | Details |
| 08/29/14 | Bridgepoint Acquires Moneycorp for Approximately \$351.6 mm | Moneycorp | Bridgepoint Capital Limited | 352 | Details |
| 06/23/14 | Ebury Secures \$30 mm in Financing from Greylock Partners | Ebury Partners | Greylock Partners | 30 | Details |
| 06/09/14 | TransferWise Secures \$25mm in Financing | TransferWise | IA Ventures; Index Ventures; Valar Ventures; Kima Ventures; Undisclosed Investors; Tag Venture Partners | 25 | Details |
| 06/05/14 | Fastacash Secures \$4 mm in Financing | Fastacash | Jungle Ventures; SPRING SEEDS Capital; Funding the Future; Undisclosed Investors | 4 | Details |
| 05/19/14 | Pangea Secures Financing | Pangea Payments | Chicago Venture Partners; Jump Capital; OCA Ventures; BW Capital Partners; Undisclosed Investors | na | Details |
| 04/15/14 | The Currency Cloud Secures \$10 mm in Series B Financing | The Currency Cloud | Anthemis Group; Notion Capital; Atlas Venture; Xange Private Equity; SVB Silicon Valley Bank | 10 | Details |
| 03/12/14 | WorldRemit Secures \$40 mm in Financing from Accel Partners | WorldRemit | Accel Partners | 40 | Details |
| 03/11/14 | Azimo Secures \$10 mm in Financing Led by Greycroft Partners | Azimo | Greycroft Partners; Frontier Investments; RI Digital; e.ventures; TA Venture; KRW Schindler | 10 | Details |
| 03/10/14 | Euronet Worldwide Acquires HiFX for \$242 mm | HiFX Plc | Euronet Worldwide, Inc. | 242 | Details |



PayPal Acquires Xoom for \$890 mm

Selected Money Transfer Transactions (cont.)

| Announced Date | Transaction Overview | Company | Selected Buyers / Investors | Amount (\$MM) | FinTech Database |
|----------------|---|--------------------------------|---|---------------|-------------------------|
| 01/30/14 | Quippi Secures \$2 mm in Financing from Avalon Ventures | Quippi | Avalon Ventures | 2 | Details |
| 01/06/14 | Remitly Secures \$5.5 mm in Financing Led by QED Investors | Remitly | QED Investors; Trilogy Equity Partners; Founder?s Co-op; TomorrowVentures; Bezos Expeditions; Undisclosed Investors | 6 | Details |
| 12/27/13 | peerTransfer Secures \$6.2 mm in Financing Led by Devonshire Investors | peerTransfer | Maveron; Spark Capital; QED Investors; Devonshire Investors | 6 | Details |
| 11/25/13 | Kwanji Secures Financing from Mercia Fund Management | Kwanji | Mercia Fund Managment | na | Details |
| 11/11/13 | World First Secures Financing Led by FTV Capital | World First | FTV Capital; Industry Ventures; StepStone Group | na | Details |
| 11/01/13 | CurrencyFair Secures \$2.5 mm in Financing from Frontline Ventures | CurrencyFair | Frontline Ventures; Undisclosed Investors | 3 | Details |
| 10/23/13 | TransferGo Secures \$0.25 mm in Financing from Practica Seed Capital Fund | TransferGo | Practica Seed Capital Fund | <1 | Details |
| 10/07/13 | Fastacash Secures \$3 mm in Financing | Fastacash | Jungle Ventures; SPRING SEEDS Capital; Funding the Future | 3 | Details |
| 09/29/13 | Azimo Secures \$1 mm in Financing | Azimo | BlueYield; Undisclosed Investors | 1 | Details |
| 09/23/13 | OzForex Raises Approximately \$414.2 mm in its Initial Public Offering | OzForex | Undisclosed Investors | 414 | Details |
| 09/19/13 | MoneyGram Acquires Advanced Chrono Cash Services | Advanced Chrono Cash Services | MoneyGram International Inc. | na | Details |
| 09/19/13 | MoneyGram has Agreed to Acquire MoneyGlobe Payment Institution | MoneyGlobe Payment Institution | MoneyGram International Inc. | na | Details |
| 09/18/13 | Ebury Partners Secures Approximately \$5.6 mm in Financing Led by Envestors | Ebury Partners | Envestors; Undisclosed Investors | 6 | Details |
| 08/19/13 | CVC Capital Partners Acquires Skrill for Approximately \$800 mm | Skrill | CVC Capital Partners | 800 | Details |
| 06/25/13 | peerTransfer Secures \$6.4mm in Financing | peerTransfer | Kibo Ventures; FJME; Spark Capital; Maveron; QED Investors | 6 | Details |
| 05/29/13 | Earthport Secures \$10 mm in Financing from IFC | Earthport plc | International Finance Corporation | 10 | Details |
| 05/20/13 | Pangea Secures \$1 mm in Financing | Pangea Payments | OCA Ventures; Origin Ventures, LLC; Accelerator Fund (I2A); FireStarter Fund | 1 | Details |
| 05/14/13 | TransferWise Secures \$6 mm in Financing Led by Valar Ventures | TransferWise | Valar Ventures | 6 | Details |
| 05/13/13 | Akimbo Secures \$0.85 mm in Financing | Akimbo Financial | Undisclosed Investors | 1 | Details |
| 01/18/13 | Azimo Secures \$0.48 mm in Financing | Azimo | Undisclosed Investors | 1 | Details |
| 01/11/13 | Xoom Announces Closing of its Initial Public Offering | Xoom Corporation | Undisclosed Investors | 101 | Details |
| 01/08/13 | Euronet Worldwide Acquires Pure Commerce | Pure Commerce | Euronet Worldwide, Inc. | na | Details |

PayPal Acquires Xoom for \$890 mm

Selected Money Transfer Transactions (cont.)

| Announced Date | Transaction Overview | Company | Selected Buyers / Investors | Amount (\$MM) | FinTech Database |
|----------------|---|---|--|---------------|-------------------------|
| 12/31/12 | Fastacash Secures \$1.5 mm in Financing Led by Funding the Future | Fastacash | Funding the Future | 2 | Details |
| 12/31/12 | Remitly Secures \$2.6 mm in Financing Led by Trilogy Equity | Remitly | Trilogy Equity Partners; Bezos Expeditions; TomorrowVentures | 3 | Details |
| 12/21/12 | TransferGo Secures \$0.19 mm in Financing from Practica Seed Capital Fund | TransferGo | Practica Seed Capital Fund | <1 | Details |
| 08/21/12 | Exponent Private Equity Acquires Fintrax for Approximately \$211.2 mm | Fintrax | Exponent Private Equity | 211 | Details |
| 07/18/12 | Boom Financial Secures \$17 mm in Financing from Digicel Group | Boom Financial | Digicel Group; RRE Ventures | 17 | Details |
| 06/26/12 | DoughMain Acquires Allowance-Plus | Allowance Plus | DoughMain | na | Details |
| 06/12/12 | Shinsei Bank has Agreed to Acquire Lloyds Banking' Japan Remittance Business | Lloyds Banking' Japan Remittance Business | Shinsei Bank | na | Details |
| 05/24/12 | Silver Lake and Partners Group have Agreed to Acquire Global Blue for Approximately \$1.26 bn | Global Blue | Partners Group; Silver Lake | 1,259 | Details |
| 04/17/12 | TransferWise Secures \$1.3 mm in Financing Led by IA Ventures and Index Ventures | TransferWise | IA Ventures; Index Ventures; Undisclosed Investors | 1 | Details |
| 04/13/12 | Beamit Secures \$2.4 mm in Financing Led by Founder?s Co-op | Remitly | Bezos Expeditions; Founder?s Co-op; TomorrowVentures; TechStars | 2 | Details |
| 03/12/12 | Regalocard Secures 0.32 mm in Financing | RegaloCard | Undisclosed Investors | <1 | Details |
| 02/29/12 | Mobile Transactions International Secures \$4 mm in Financing | Zoona | ACCION International; Omidyar Network; Mennonite Economic Development Associates | 4 | Details |
| 12/05/11 | Rev Worldwide Secures Financing from Omidyar Network | Rev Worldwide | Omidyar Network | na | Details |
| 11/22/11 | Xoom Secures \$25 mm in Financing | Xoom Corporation | Sequoia Capital; New Enterprise Associates; DAG Ventures; Northgate Capital | 25 | Details |
| 11/01/11 | RBS Acquires Majority Stake in TTT Moneycorp | Moneycorp | RBS Special Opportunities Fund LP | na | Details |
| 10/28/11 | Remitly Secures \$0.75 mm in Financing | Remitly | Undisclosed Investors | 1 | Details |
| 09/01/11 | KlickEx Secures Approximately \$0.4 mm in Financing | Klickex | Undisclosed Investors | <1 | Details |
| 08/15/11 | peerTransfer Secures \$7.5 mm in Financing Led by Spark Capital | peerTransfer | Boston Seed Capital; Spark Capital; Accel Partners; Maveron | 8 | Details |
| 07/22/11 | Tempo Financial Secures \$5 mm in Financing | Tempo Financial Holdings Corporation | Undisclosed Investors | 5 | Details |
| 07/19/11 | CurrencyFair Secures \$0.82 mm in Financing | CurrencyFair | Enterprise Ireland | 1 | Details |
| 07/05/11 | Western Union Acquires Travelex Global Business Payments for Approximately \$975 mm in Cash | Travelex Group Business Payments | Western Union | 975 | Details |
| 05/20/11 | Azibo Group Acquires Tor Currency Exchange | TorFX | Azibo Group | na | Details |



PayPal Acquires Xoom for \$890 mm

Selected Money Transfer Transactions (cont.)

| Announced Date | Transaction Overview | Company | Selected Buyers / Investors | Amount (\$MM) | FinTech Database |
|----------------|--|---------------------------------------|--|---------------|-------------------------|
| 03/08/11 | Thomas H. Lee Partners has Agreed to Recapitalize MoneyGram International | MoneyGram International Inc. | Thomas H. Lee Partners | na | Details |
| 01/26/11 | Banco do Brasil and Bradesco Acquires 10% Stake in CBSS for Approximately \$100 mm | Alelo | Banco Bradesco S.A.; Banco do Brasil | 100 | Details |
| 01/25/11 | Adaptive Payments Secures Financing from SHAZAM | Adaptive Payments | Shazam | 5 | Details |
| 11/22/10 | Accel Partners and The Carlyle Group Acquires Minority Stake in OzForex Group | OzForex | The Carlyle Group; Accel Partners | na | Details |
| 11/01/10 | Global Payment Technologies Secures Financing | Global Payment Technologies, Inc. | Undisclosed Investors | na | Details |
| 10/28/10 | peerTransfer Secures Financing Led by from Spark Capital | peerTransfer | Spark Capital | na | Details |
| 10/14/10 | Earthport Secures Approximately \$12 mm in Financing | Earthport plc | Undisclosed Investors | 12 | Details |
| 04/15/10 | Welsh, Carson, Anderson & Stowe has Agreed to Acquire Majority Stake in GlobalCollect | GlobalCollect | Welsh, Carson, Anderson & Stowe | na | Details |
| 04/09/10 | TransGlobal Payment Solutions Secures Financing Led by Enterprise Ventures | TransGlobal Payment Solutions Limited | EV Growth | na | Details |
| 03/23/10 | Xoom Secures \$32.2 mm in Financing | Xoom Corporation | C2 Capital; Glynn Capital Management; Undisclosed Investors | 33 | Details |
| 02/18/10 | Earthport Secures \$6.5 mm in Financing | Earthport plc | Undisclosed Investors; HU Investments LLC | 7 | Details |
| 01/04/10 | RegaloCard Secures \$7 mm in Financing from Dublin Ventures and Kinsail | RegaloCard | Dublin Ventures; Kinsail Corporation | na | Details |
| 11/18/09 | Palladium Equity Partners Acquires Global Payments? DoEx- and Europhil-Branded Money Transfer Businesses | DoEx Dollar Express | Palladium Equity Partners | na | Details |
| 07/07/09 | Travelport and PSP International Form eNett | eNett International | PSP International; Travelport | na | Details |
| 05/07/09 | Western Union has Agreed to Acquire Custom House for \$370 mm in Cash | Custom House | Western Union | 370 | Details |
| 05/05/09 | Vocalink Secures \$89.6 mm in Financing | VocaLINK | Undisclosed Investors | 90 | Details |
| 02/10/09 | Western Union has Agreed to Acquire FEXCO's Money Transfer Business for \$159.5 mm in Cash | FEXCO | Western Union | 160 | Details |
| 05/22/08 | State Street Global Markets Acquires SSISearch | SSISearch, Ltd. | State Street Global Markets, LLC | na | Details |
| 05/01/08 | Tempo Financial Holdings Secures Financing from Arsenal Capital Partners | Tempo Financial Holdings Corporation | Arsenal Capital Partners | na | Details |
| 04/25/08 | Nexxo Financial Secures Financing from Menlo Ventures, Split Rock Partners and Sutter Hill Ventures | Nexxo Financial Corporation | Menlo Ventures; Split Rock Partners; Sutter Hill Ventures | na | Details |
| 04/16/08 | Management Backed by Palladium Equity Partners and Other Co-Investors Acquires Remesas Quisqueyana | Remesas Quisqueyana, Inc | Adams Street Partners; Baird Private Equity Group; Palladium Equity Partners; Sewanee Ventures | na | Details |
| 03/25/08 | Global Payment Technologies Secures \$0.19 mm in Financing | Global Payment Technologies, Inc. | Global Payment Technologies' Angel Investors | <1 | Details |

PayPal Acquires Xoom for \$890 mm

Selected Money Transfer Transactions (cont.)

| Announced Date | Transaction Overview | Company | Selected Buyers / Investors | Amount (\$MM) | FinTech Database |
|----------------|---|------------------------------|--|---------------|-------------------------|
| 02/12/08 | MoneyGram International Secures \$760 mm in Financing Led by Thomas H. Lee Partners and Goldman Sachs | MoneyGram International Inc. | Goldman Sachs Group, Merchant Banking Division; Thomas H. Lee Partners | 760 | Details |
| 01/10/08 | Nexxo Financial Secures \$7.5 mm in Financing from Menlo Ventures and Sutter Hill Ventures | Nexxo Financial Corporation | Menlo Ventures; Sutter Hill Ventures | 8 | Details |
| 09/28/07 | Xoom Corporation Secures \$20.29 mm in Financing Led by DAG Ventures | Xoom Corporation | Volition Capital; DAG Ventures; Sequoia Capital; New Enterprise Associates | 20 | Details |
| 08/09/07 | Barclays Private Equity Along with Apax Partners Worldwide's Management Acquired Majority Stake in Global Refund for Approximately \$492 mm | Global Blue | Barclays Private Equity | 492 | Details |
| 07/23/07 | General Atlantic Acquires GlobalCollect | GlobalCollect | General Atlantic | na | Details |
| 05/23/07 | Earthport Secures \$2.46mm in Financing in Secondary Offering | Earthport plc | Undisclosed Investor(s) | 3 | Details |
| 05/08/07 | Trans-Fast Secures Financing from Greenhill Capital Partners | Trans-Fast Remittance, LLC | Greenhill Capital Partners | na | Details |
| 03/27/07 | Travelex Acquires Ruesch International | Ruesch International | Travelex | 440 | Details |
| 03/08/07 | Euronet Worldwide Secures \$159.36 mm in Financing | Euronet Worldwide, Inc. | Angelo, Gordon & Co.; Invesco Aim Management Group, Inc; UBS; William Blair and Company; Magnetar Capital, LLC; Capital Research & Management Company; R&G Financial Corporation | 159 | Details |
| 12/28/06 | RBS Acquires Stake in TTT Moneycorp | Moneycorp | RBS Special Opportunities Fund LP | na | Details |
| 11/21/06 | Euronet Acquires RIA for \$450mm in Cash and Equity | RIA Financial | Euronet Worldwide, Inc. | na | Details |
| 06/19/06 | Xoom Secures \$15 mm in Financing Led by Fidelity Ventures | Xoom Corporation | Volition Capital; New Enterprise Associates; Sequoia Capital; SVB Capital | 15 | Details |
| 04/03/06 | Lindsay Goldberg Acquires Majority Stake in Intermex Wire Transfer | Intermex Wire Transfer | Lindsay Goldberg | na | Details |
| 03/28/06 | Investcorp Technology Partners Acquires Moneybookers | Skrill | InvestCorp | na | Details |
| 02/07/06 | Custom House Secures Financing from Great Hill Partners | Custom House | Great Hill Partners | na | Details |
| 11/01/05 | Management Backed by Waterland Private Equity Investments and Prime Technology Ventures Acquires GlobalCollect | GlobalCollect | Prime Technology Ventures | na | Details |
| 10/01/05 | Nexxo Financial Secures \$15 mm in Financing from Menlo Ventures, Stanford Management Company and Sutter Hill Ventures | Nexxo Financial Corporation | Menlo Ventures; Sutter Hill Ventures | 15 | Details |
| 09/13/05 | Emida Technologies Secures \$7.5 mm in Financing Led by GRP Partners, Stone Canyon Venture Partners and Richard L. Scott Investments | Emida Technologies, Inc. | GRP Partners; Richard L. Scott Investments | 8 | Details |
| 05/20/05 | Nexxar Group Secures \$8.5 mm in Financing from Key Venture Partners and FT Ventures | Nexxar Group | Key Venture Partners; FTV Capital | 9 | Details |
| 05/12/05 | First Data Acquires Vigo Remittance | Vigo Remittance | First Data | na | Details |
| 04/28/05 | Standard Chartered Acquires 6 % of Travelex | Travelex Group | Standard Chartered PLC | na | Details |
| 02/28/05 | Apax Acquires Travelex for \$2.02 bn in Cash | Travelex Group | Apax Partners Worldwide | 2,020 | Details |



PayPal Acquires Xoom for \$890 mm

Selected Money Transfer Transactions (cont.)

| Announced Date | Transaction Overview | Company | Selected Buyers / Investors | Amount (\$MM) | FinTech Database |
|----------------|--|-----------------------------------|---|---------------|-------------------------|
| 02/28/05 | Apax Partners Acquires Remaining Stake in Travelex | Travelex Group | Apax Partners Worldwide; Standard Chartered PLC | na | Details |
| 02/01/05 | American Cash Exchange Secures Financing | American Cash Exchange | Undisclosed Investor(s) | 5 | Details |
| 12/02/04 | Welsh, Carson, Anderson & Stowe Acquires Ruesch International | Ruesch International | Welsh, Carson, Anderson & Stowe | na | Details |
| 07/01/04 | Viad Spins-off MoneyGram International | MoneyGram International Inc. | Undisclosed Investors | na | Details |
| 05/18/04 | EMIDA Secures \$5 mm in Financing from GRP Partners and Richard L. Scott Investments | Emida Technologies, Inc. | Richard L. Scott Investments; GRP Partners | 5 | Details |
| 03/18/04 | Global Payment Technologies Secures \$4 mm in Convertible Debt Financing from Laurus Funds | Global Payment Technologies, Inc. | Laurus Funds | 4 | Details |
| 11/12/03 | Vesta Corporation Secures \$20 mm from Oak Investment Partners | Vesta Corporation | Oak Investment Partners | 20 | Details |
| 10/01/03 | Xoom Secures \$0.8 mm in Financing | Xoom Corporation | Xoom Corporation's Angel Investors | 1 | Details |
| 08/12/03 | Global Payments Acquires DolEx Dollar Express | DolEx Dollar Express | Global Payments | 190 | Details |

PayPal Acquires Xoom for \$890 mm

Selected Public Company Comparables (Emerging vs. Established Players)

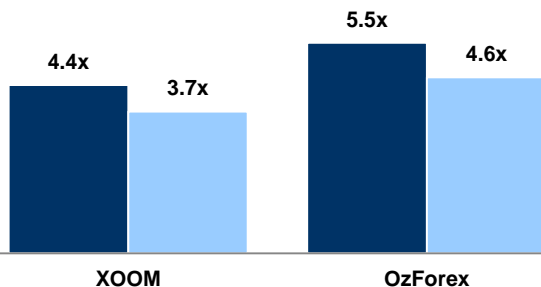
Clear valuation disparity among fast growing International Payment Specialists and emerging Consumer Remittance Providers vs. established Consumer Remittance Providers

HiFX acquired by Euronet for 3.8x 2013 revenues and 13.4x 2013 adjusted EBITDA ⁽¹⁾

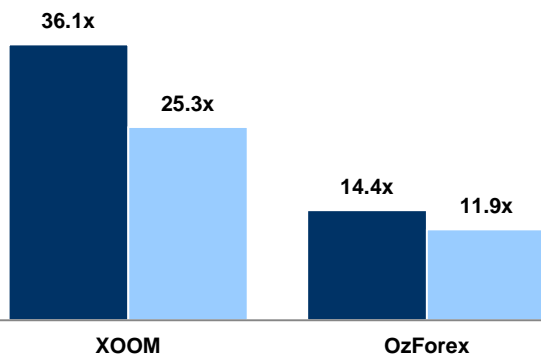
Emerging Consumer / International Specialists

EV / Revenue

■ CY 2015E
■ CY 2016E

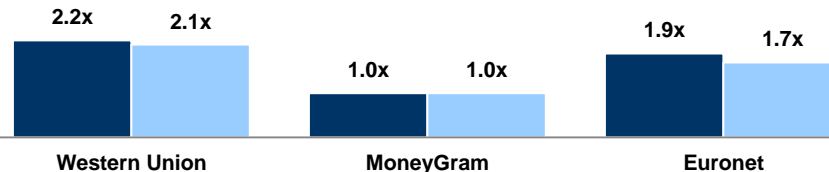


EV / EBITDA

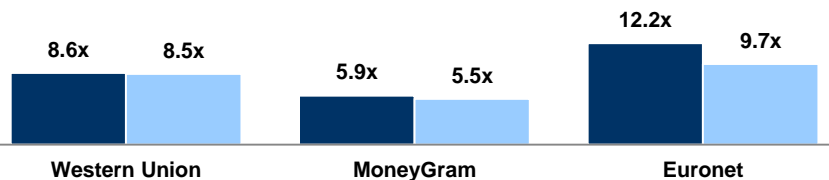


Established Consumer Remittance Providers

EV / Revenue



EV / EBITDA



B. PayPal Acquires Paydiant

PayPal Acquires Paydiant

Transaction Overview

Transaction Overview

- On March 2, 2015, PayPal announced that it had agreed to acquire Paydiant
 - Details of the transaction were not disclosed, but the purchase price is estimated at \$280 mm ⁽¹⁾
- PayPal plans to leverage Paydiant's technology platform used by big retail chains to help other merchants create their own mobile wallet apps
- The acquisition positions PayPal to potentially become a popular payment option in brick-and-mortar stores as well as an additional payment method for mobile apps
- The combination of PayPal and Paydiant will enable the scaling of the combined company's mobile wallet technology, offering value added benefits including: risk management, 24x7 customer support, loyalty points and private label card acceptance and an open payments platform that supports all mobile operating systems
 - PayPal's global reach expands into more than 200 markets and 162 million active digital wallets
- In addition to the Paydiant acquisition, PayPal also announced a plan to begin selling NFC-enabled versions of its PayPal Here card reader

Selected Quotes in Response to Paydiant Acquisition

BetaBoston

"The move to add the Newton-based company is a strategic play by PayPal to form a deeper connection with merchants, due to Paydiant's relationship with MCX. PayPal seemed to be losing ground in the race to own the payments space, with Apple, Google, and Samsung all developing their own payment systems."

TE

"Adding Paydiant will bring more point-of-sale volume on to PayPal's platform, and it will also give PayPal a more established route into tackling more of that large-merchant market, offering them the proposition of developing their own-branded mobile wallets and credit cards alongside other marketing programs like gift cards and loyalty cards."

StreetInsider.com
If you're not inside...you're outside

"Consumers repeatedly tell us they prefer to use a mobile payment solution offered by their trusted financial institution. PayPal recognizes that preference, and has thrown their support to a platform which empowers both financial institutions and retailers to provide mobile payments functionality in their own apps, in ways that best serve their members or customers."

Paul Fiore, CEO CUWallet

PayPal's acquisition of Paydiant follows a string of recent consolidation in the mobile wallet space including Google's acquisition of Softcard and Samsung's acquisition of LoopPay

Clearly, mobile wallet providers are bulking up in an attempt to better compete with Apple Pay

PayPal Acquires Paydiant

Paydiant Overview

The acquisition of Paydiant and the introduction of NFC technology to PayPal Here card readers will enable PayPal to better compete with Apple Pay and Google Wallet while enabling clients to create and manage their own mobile wallet apps as well

Overview

CEO: Kevin Laracey
Headquarters: Newton, MA
Founded: 2010

- Paydiant provides a cloud-based mobile wallet platform for retailers, banks and payment processors
 - Paydiant's platform enables its partners to integrate technology agnostic, complete mobile wallet capabilities into their own mobile apps
 - The platform works with existing smartphones, POS systems and payment terminals
 - The mobile wallet functionality includes mobile payments, loyalty programs, coupons and e-receipts
- The technology allows smartphone users to either scan a QR code at retailers' existing POS system, or pay through NFC technology
- Paydiant has secured several strategic partnerships including Merchant Customer Exchange (MCX), which has been working to develop CurrentC, its mobile payment app

Selected Paydiant Partnerships



MCX / CurrentC

- MCX is Paydiant's largest partnership, providing its mobile wallet platform for the development of MCX's payment app, CurrentC, to challenge Apple Pay
 - CurrentC makes it easier for shoppers to use payment methods including bank accounts or store-branded cards that are cheaper for retailers to process compared to traditional credit and debt cards
- The MCX consortium includes Walmart, Target, Sears, Wendy's, Exxon and CVS among others
- PayPal is now well positioned to deliver a merchant-friendly solution to MCX members and can work with members to get a solution into the market quickly

Previous Equity Financings

| Date | Size (\$ mm) | Lead Investors |
|----------|--------------|--|
| 09/10/13 | \$15.0 | NORTH BRIDGE General Catalyst Partners StageOne Taking Startups to the Next Level |
| 07/10/12 | 12.0 | NORTH BRIDGE General Catalyst Partners StageOne Taking Startups to the Next Level |
| 02/21/11 | 7.6 | NORTH BRIDGE General Catalyst Partners |

C. PayPal Acquires Braintree for \$800 mm

PayPal Acquires Braintree for \$800 mm

Transaction Summary & Braintree Overview

Transaction Summary

- On September 26, 2013, PayPal announced that it had agreed to acquire Braintree in an all cash deal valued at \$800 mm
- Braintree had previously received approximately \$70 mm in financing from New Enterprise Associates, Accel Partners, RRE Ventures and Greycroft Partners, among others
- The Company's CEO, Bill Ready, will remain CEO of the Company after the acquisition; all 210 of Braintree's employees will become eBay employees
- The Company expects \$0.01 dilution from the anticipated late Q4 close of the acquisition ⁽¹⁾

Strategic Rationale

- According to eBay CFO, Bob Swan, the acquisition will "help accelerate PayPal's leadership in mobile payments and support developers who are creating innovative solutions for next-generation commerce start-ups" ⁽¹⁾
- Braintree's easy-to-use API has gotten significant of traction with developers making it appealing to PayPal, whose developer platform product has struggled to gain developer adoption
- Attractive onboarding and merchant account creation platform were key benefits
- PayPal found it attractive that the service Braintree provides is primarily a no-risk PSP / Gateway ⁽¹⁾
- Because of its business model (unlike PayPal), Braintree gets insight into all transactions processed
- PayPal expects to get enhanced economics by having an increased share of check out with its payment options from Braintree merchants

Braintree Overview

- CEO:** Bill Ready
- Headquarters:** Chicago, IL
- Founded:** 2007
- Employees:** 210 ⁽²⁾
- Braintree is a developer-focused payments gateway provider that enables online and mobile payments for merchants;
 - \$12 bn in volume annually, 33% mobile
 - Estimated 40 mm user accounts (vs. PayPal's 132 mm accounts)
 - The Company provides merchants and developers with various commerce and payment tools, including single-click checkout, international payments, recurring billing and mobile commerce solutions
 - Braintree's technology and APIs enable a relatively straightforward and fast on-boarding process, leading to a relatively rapid adoption; merchant integration takes 30 minutes or less ⁽³⁾⁽⁴⁾
 - Braintree's Venmo offering (acquired in 2012) allows one-click payment across different apps that the Company powers from a user's mobile device
 - Clients include Airbnb, OpenTable, TaskRabbit and Uber
 - Expanded to Europe in August 2012; now enables payments in over 130 currencies in more than 40 countries with limited personnel presence
 - Braintree charges 2.9% of total transaction value plus a \$0.30 fee per transaction

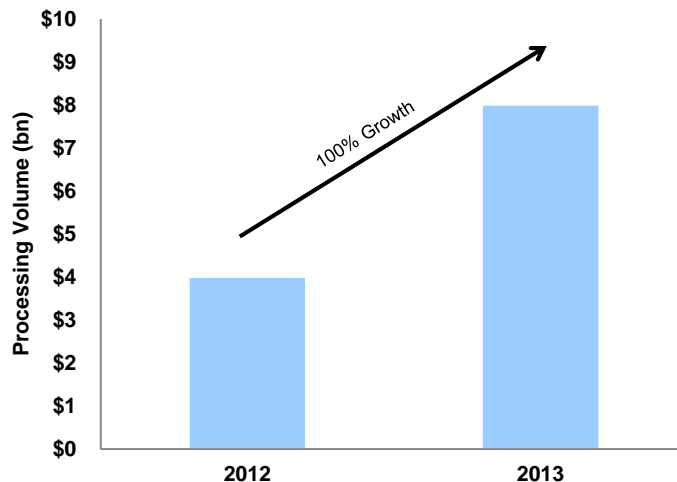
PayPal Acquires Braintree for \$800 mm

Braintree Overview (cont.)

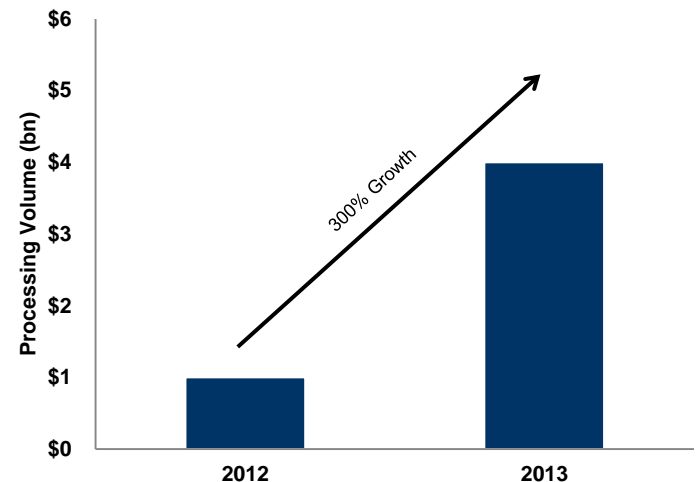
Braintree's Major Milestones ⁽¹⁾

| 2011 | 2012 | 2013 |
|---|--|---|
| <p>June 2011 – Braintree Raised \$34.2 mm in a Series A Round Led by Accel Partners</p> <p>September 2011 – Founder & Chairman, Bryan Johnson Hired Bill Ready as CEO</p> | <p>August 2012 – Braintree Acquired P2P Mobile Payments Company, Venmo; Braintree expanded product reach to Europe</p> <p>October 2012 – Braintree Raised \$35 mm in a Series B Round Led by NEA</p> | <p>November 2012 – 3000 Clients / 50 of top 500 eCommerce Companies; 40% Quarter-over-Quarter Growth</p> <p>September 2013 – PayPal Agreed to Acquire Braintree; 4000 Clients</p> |

Braintree's Online Processing Volume







Braintree's Mobile Processing Volume ⁽²⁾



PayPal Acquires Braintree for \$800 mm

Selected Wall Street Analyst Perspectives

| Broker | Analysts' Comments |
|--|---|
|  09/27/13 | <ul style="list-style-type: none"> ■ "Braintree's popularity with startups and developers should bolster PayPal in the rapidly evolving payment processor and mobile app market" ■ "PayPal would benefit from Braintree's Venmo app, which allows users to pay each other using their mobile device and by using Facebook credentials" |
| Morgan Stanley 09/26/13 | <ul style="list-style-type: none"> ■ "PayPal is likely to achieve \$20 bn in mobile payment volume in 2013, and we believe that adding capabilities like Braintree's one-touch payment functionality will drive further consumer adoption of mobile commerce just as Amazon's introduction of 1-click checkout drove consumer adoption of eCommerce by removing a key friction point in the buying process (which in turn helped merchants convert consumers)" |
|  09/26/13 | <ul style="list-style-type: none"> ■ "eBay plans to book Braintree as it does with its Payflow Gateway (allowing merchants to accept credit cards directly on their site). Thus it will have no impact on PayPal's TPV, but will flow through to revenue (thus inflating consolidated take rate)" ■ "At current levels, our sum-of-the-parts analysis suggests PayPal is being valued at 0.1x 2013 TPV or \$20 bn Enterprise Value. At the \$800 mm purchase price the TPV multiple suggests a 0.06x multiple, a solid discount in our view and below the TechCrunch reported \$1 bn asking price." |
|  09/26/13 | <ul style="list-style-type: none"> ■ "[Braintree] expands PayPal's reach to more services oriented businesses—like Uber and AirBnB—while also benefitting from data generated from owning the full check-out flow" ■ "The opportunity to own more of the check-out flow as transactions expand to mobile, the ability to incorporate Braintree's APIs coupled with the Company's ~\$12 bn TPV and its relatively successful acquisition strategy suggest Braintree can help expand PayPal's overall business" |
|  09/26/13 | <ul style="list-style-type: none"> ■ "We believe that this deal makes reasonable sense strategically as it expands PayPal's distribution and removes a competitor" ■ "An \$800 mm all-cash deal amounts to a reasonable 7% of eBay's current cash and investments or 28% of its U.S. total cash and investments" ■ "eBay stated that they expect the deal will be immaterial to the company's revenue guidance (given in June 2013), but will negatively impact non-GAAP EPS by \$0.01 and GAAP EPS by \$0.01 - \$0.03 in 2013" |
| J.P.Morgan 09/25/13 | <ul style="list-style-type: none"> ■ "We believe the acquisition makes strategic sense for PayPal as it improves PayPal's position in mobile while also adding significant technology and talent" ■ "Mobile is a fast-growing segment of PayPal's overall TPV, and we believe the Braintree acquisition accelerates PayPal's growth here" |

Source: Wall Street Equity Research.



PayPal Acquires Braintree for \$800 mm

Selected Competitor Profiles - Judo



London, England

Dennis Jones
CEO

George Karibian
Co-Founder
Board Member

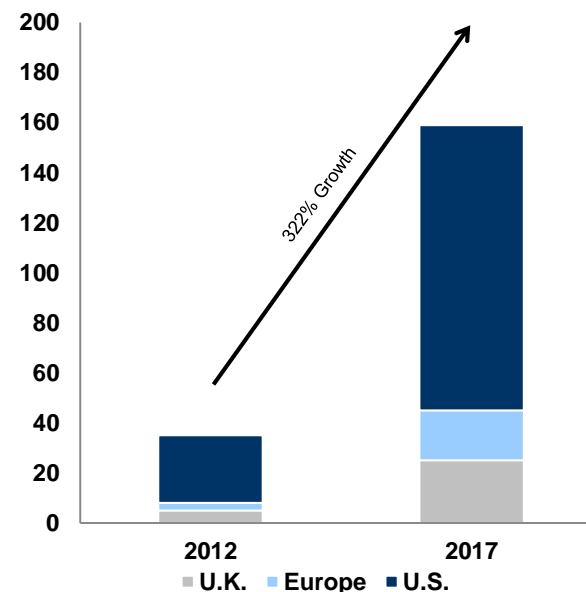
Jan Farrarons
Co-Founder
Board Member

Jon Prideaux
Board Chair

Company Overview

- U.K.-based Judo offers an in-app payment processing platform focused 100% on mobile devices
- Enables businesses to add mobile optimized card payments to their iOS and Android apps with a single line of code
- Platform simplifies creating mobile-optimized payment capability through RESTful APIs and developer-friendly SDKs
- Selected features include:
 - One-click payments on a mobile device
 - Increased transaction success and decreased cart abandonment with a single call to its servers
 - Comprehensive offering includes merchant account, gateway service and PCI compliance
 - Robust, instant onboarding platform for merchants; a clear differentiator of the platform
 - For marketplace style businesses, Judo offers a Master Merchant boarding and multi-party settlement capability
- Judo raised \$5 mm in early stage financing in July 2013, then followed by another \$9 mm round led by Route 66 Ventures in December 2014
- Single server-call architecture enables it to process transactions more quickly than its competitors; this process boosts visit-to-payment conversion by 6x
- Over 2,500 customers use the Judo platform
- Pricing: 2.4% + £0.20 per transaction; £15 chargeback fee; custom pricing on volume greater than £10,000 / month

U.S. and U.K. Retail mCommerce Market (\$ bn)



- Mobile to capture ~25% of all electronic sales by 2017
- Mobile shift is similar to disruptive scope of eCommerce revolution

Competitors





PayPal Acquires Braintree for \$800 mm

Selected Competitor Profiles - Stripe

San Francisco, CA

Patrick Collison
Co-Founder
CEO

John Collison
Co-Founder

William Alvarado
Head of BD and
Financial Operations

Company Overview

- Stripe's offering enables web developers to take payments via the internet without having to set up their own merchant bank account or store consumer's credit cards
 - Platform built for developers with simple, composable, orthogonal APIs
- Allows checkout experience to happen on the merchant's website to avoid the risk of consumer visiting an outside site to checkout and perhaps dropping the transaction in the process
- Stripe currently supports businesses in 18 countries, enabling them to instantly accept payments from around the world
 - Maintains 9 global offices
- Notable clients include Lyft, Order Ahead, Sidecar, Exec and Postmates; marketplaces like these are the Company's fastest growing segment of enterprise users ⁽¹⁾
- Pricing: 2.9% + \$0.30 per transaction; \$15 chargeback fee; custom pricing on volume greater than \$1 mm / year

Recent Financings

| Date | Size (\$ mm) | Investors | Estimated Valuation |
|----------|--------------|--|---------------------|
| 12/02/14 | \$70 | THRIVE CAPITAL, General Catalyst Partners, SEQUOIA, FOUNDERS FUND, khosla ventures | \$3.6 bn |
| 01/22/14 | 80 | SEQUOIA, FOUNDERS FUND, khosla ventures, ALLEN & COMPANY | 1.8 bn |
| 07/09/12 | 20 | General Catalyst Partners, SEQUOIA, Redpoint VENTURES | 250-500 mm |
| 02/10/12 | 18 | SEQUOIA | 100 mm |
| 03/29/11 | 2 | ANDREESSEN HOROWITZ, SVAngel, SEQUOIA | 20 mm |
| 08/02/10 | na | Y Combinator | na |

Competitors



Sources: Press releases, Company website, Wall Street Equity Research.

(1) TechCrunch. "Stripe Makes It Easier For Marketplaces To Collect And Distribute Payments To Multiple Accounts."

D. Google Acquires Softcard



Google's acquisition of Softcard breaks down the prior barriers imposed by the major U.S. wireless carriers and will enable Google Wallet to be preinstalled across Android phones

Google is now much better positioned to compete with [Apple Pay](#)

Google's move quickly follows [Samsung's acquisition of LoopPay](#), announced just last week

Google Acquires Components of Softcard and Partners with US Wireless Carriers

Transaction and Softcard Overview

Transaction Overview

- On February 23, 2015, Google announced that it had agreed to acquire components of Softcard's technology and intellectual property
 - Financial details of the transaction were not disclosed
 - None of Softcard's employees are joining Google as part of the deal ⁽¹⁾
- Google will use Softcard's technology to strengthen Google Wallet, Google's NFC-based mobile wallet solution
- Perhaps the most important part this transaction, Google also announced an agreement with the biggest US wireless carriers (AT&T, T-Mobile and Verizon) to have Google Wallet preinstalled on all of their Android phones, making it a much stronger challenger to Apple Pay
- As of the announcement date, Softcard customers can continue to tap and pay with the Softcard app
- Both Google's move and Samsung's acquisition last week of LoopPay have reduced some of the fragmentation in the mobile wallet space, which has served as a barrier to widespread consumer adoption of mobile payments

Softcard Overview

- | | |
|---------------|----------------|
| CEO: | Michael Abbott |
| Headquarters: | New York, NY |
| Founded: | 2010 |
- Softcard offers an application that enables consumers to use their smartphones to pay for purchases and use loyalty cards via contactless payment terminals using NFC technology
 - Softcard, formerly known as ISIS, was formed in 2010 as a joint venture among major telco carriers including AT&T, T-Mobile and Verizon
 - Users can add their American Express, Chase or Wells Fargo credit cards to their Softcard Wallet
 - Compatible with Android platform phones equipped with NFC and an enhanced SIM card with a secure element from the users' carrier; iPhone users are required to use the Isis Ready Case with a built-in NFC antennae
 - On September 9, 2014, the Company announced that it will actively work with Apple to integrate Softcard on the iPhone in 2015 – using a secure SIM-based hardware solution; given Google's acquisition of Softcard, this may now be less likely to occur

E. Samsung Acquires LoopPay



Samsung Acquires LoopPay

Transaction Summary & LoopPay Overview

Samsung holds 25% of the global market for smartphones, selling nearly 75 million devices in Q4 2014 ⁽¹⁾

Acquisition of LoopPay positions Samsung to offer its own mobile wallet solution, competing with ApplePay and others

FINANCIAL
TECHNOLOGY
PARTNERS

Transaction Overview

- On February 18, 2015, Samsung Electronics announced that it had agreed to acquire LoopPay
 - Details of the transaction were not disclosed
- LoopPay will join Samsung to strengthen the company's overall efforts to provide users with seamless, safe, and reliable mobile wallet solutions
- LoopPay has developed a patented Magnetic Secure Transmission (MST) technology that enables existing magnetic card readers to accept payments from devices embedded with the technology
 - MST technology has the potential to work in approximately 90% of existing point-of-sale terminals
- Samsung had previously invested in LoopPay helping to fund the development of the MST technology; other investors included Synchrony Financial and Visa
- LoopPay's founders, Will Graylin and George Wallner, will join Samsung's mobile division

Selected Quotes in Response to Announcement

WSJ

Christophe Uzureau, a VP of research at Gartner, specializing in mobile payments, said the key question would be whether Samsung has "the muscle and the commitment" to build a full-scale platform and to foster the right relationships with financial-services firms, and not offer a product that is "purely a reaction to Apple Pay."

USA
TODAY

"Samsung's acquisition of LoopPay signals how serious it is about building and launching a competitive mobile payments system in the United States. It also likely gives Samsung exclusive access to LoopPay's technology, which enables mobile payments to be made at merchants who haven't upgraded their point-of-sale technology to support newer contactless payment methods like NFC — of which there are many."

Bryan Yeager, eMarketer analyst

TC

"In December of last year, Re/Code reported that Samsung was in negotiations with LoopPay regarding development of an Apple Pay competitor. At the time, the arrangement sounded more like a partnership than an acquisition, but Samsung clearly saw the benefit of bringing the Boston-based company entirely in-house to further its interests."

TC

"Samsung is set to launch its 2015 flagship Android smartphone at MWC on March 1, when we expect to see a Samsung Galaxy S6 unveiling. It's possible that tech developed in tandem with LoopPay will make an appearance with new smartphone hardware, though the fruits of this new union also might not be ready for launch just yet."



Samsung Acquires LoopPay

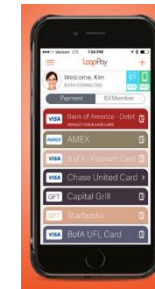
LoopPay Overview

Samsung intends to embed LoopPay's technology into its phones, enabling them to be used for mobile payments at a much wider number of merchants compared to NFC-based solutions such as ApplePay

LoopPay Overview

- CEO:** Will Graylin
Headquarters: Boston, MA
Founded: 2012
- LoopPay's patented Magnetic Secure Transmission (MST) technology turns in-store payment terminals where consumers would normally swipe a credit card into contactless readers
 - Works at approximately 90% of retail locations globally
 - No special equipment needed to accept payments with LoopPay-enabled smartphone or other devices
 - Cards can be securely stored on the phone in the mobile wallet through a dongle device
 - LoopPay supports 10,000+ issuers, thousands of credit and debit cards along with most gift, loyalty, private label, prepaid and campus cards
 - The platform adheres to the highest level of payment card industry security
 - The solution verifies ID of each user during sign up process; security algorithm prevents fraudsters from swiping in other people's cards into their LoopPay device
 - In 2015, the Company is planning to deliver secure tokenization / one time use card data from Visa and other players in the payments ecosystem
 - Technology can be embedded in numerous form factors including charge cases for iPhones, most Android phones, fobs, and watches for less than \$1

Mobile App / Dongle



Core Technology



LoopPay invented a technology that wirelessly transmits the same magnetic signal from a payment card to a merchant's existing mag strip-only or EMV chip card terminals

Selected Form Factors with LoopPay Technology



CardCase / Case



Charge CardCase



LoopPay Card



KeyChain Fob

F. Apple Unveils Apple Pay



Apple Unveils Apple Pay

Highlights

Apple's entrance into the payments space has the potential to be highly disruptive ...

... however, the structure of Apple Pay preserves the role of the incumbent players in the payments value chain





On September 9, 2014, Apple unveiled the new iPhone 6 along with Apple Pay, Apple's new way to make payments using iPhones at the point-of-sale or within apps

- Apple's entrance into the payments space has the potential to be highly disruptive given the company's substantial assets including roughly 40% of the smart phone market in the U.S., a loyal customer base, more than 800 million iTunes accounts on file (which include payment information), its Touch ID authentication system and a balance sheet flush with billions of dollars in cash ... however, the structure of Apple Pay (at least version 1.0) preserves the role of the incumbent players in the payments value chain including issuers, merchants and processors and could actually create greater opportunities for other online and mobile payment providers
- Adoption of mobile payments has been relatively slow in the U.S., but given Apple's consumer popularity and a groundswell of industry support, Apple has brought mobile payments front and center to consumers and merchants, potentially providing the spark to ignite widespread, ubiquitous usage and acceptance of mobile payments
- While Apple has initially partnered with a number of networks, issuers and merchants, actual usability of Apple Pay at its initial launch will still be limited as more than half of the market uses Android, a number of the largest merchants that are partnered with MCX (including Walmart) are not signed up to accept Apple Pay and Apple Pay will only work with the new iPhone 6's or older iPhone 5's paired with the new Apple Watch, which is not scheduled for release until next year
- Based on various press reports, Apple will be receiving ~15 basis points on every Apple Pay transaction, which will reduce the revenue issuers would otherwise receive through interchange



Apple Unveils Apple Pay

Description of Key Terms

| Term | Definition | |
|--------------------------------|---|--|
| Near Field Communication (NFC) |  | <ul style="list-style-type: none">■ NFC enables simple two-way interactions between electronic devices, allowing consumers to perform contactless transactions■ Technology is compatible with existing contactless card infrastructure■ Enables devices to share information at a distance that is less than 4 centimeters maximum |
| Quick Response Code (QR Code) |  | <ul style="list-style-type: none">■ Type of two-dimensional, machine-readable optical label that has the capability of storing a large amount of information■ Used to store financial account information, such as payment addresses, cryptographic keys and transaction information |
| Tokenization |  | <ul style="list-style-type: none">■ Tokenization encrypts actual payment information and converts it to a randomized string of numbers, ensuring the safety of sensitive payment details, such as card numbers, expiration dates and security codes■ Information is stored in a virtual vault system; if the vault is compromised, the hackers will only be able to steal the scrambled data |
| Secure Element |  | <ul style="list-style-type: none">■ The secure element is a dynamic environment in which application code and data can be securely stored and administered; it resides in a highly secure chip inside the phone and provides delimited memory for each application■ NFC applications that involve financial transactions or certain marketing applications (e.g., coupons and loyalty) may require a “secure element” |
| Apple Passbook |  | <ul style="list-style-type: none">■ Enables user to store airline boarding passes, movie tickets, gift cards and credit and debit cards within the application■ iPhone 6 and iPhone 6 Plus owners will be able to use their iSight mobile camera to capture and add their credit / debit card information to Passbook■ Available on in all iPhone or iPod Touch devices running on iOS 6 or later |
| Touch ID |  | <ul style="list-style-type: none">■ Apple's Touch ID fingerprint technology features an authentication protocol to validate cardholders' identity at the point of checkout■ To use Touch ID, user places their thumb on the home button of their phone■ Feature is available on iPhone 5S, iPhone 6 and iPhone 6 Plus models |



Apple Unveils Apple Pay

How Paying with Apple Pay Works at the Point-of-Sale



- User can add a card to Passbook by uploading it from their existing iTunes account or by taking a picture of their Visa, MasterCard or American Express card with the Apple iSight camera
- Apple verifies the user's information with their bank and adds the card to Passbook
- Account goes through a tokenization process and is assigned a random string of numbers
- Encrypted account number is stored in the secure element within the phone

- Purchaser selects a card to use for the transaction through Passbook and places their thumb over the home button of their device
- Touch ID verifies the users' thumbprint as an authentication protocol for fraud protection

- User taps or waves the top of their iPhone 6 to the payment terminal after Touch ID verifies their identity
- Phone beeps, creates a small vibration and an on-screen "payment accepted" notification is shown to show the completion of the transaction

Apple is leveraging its existing ecosystem assets -- large installed customer base including 800 million+ iTunes accounts, Touch ID technology -- along with a new tokenization / security process to enable consumers to easily and securely make payments with their iPhones

Disruption at the point-of-sale should be limited because many merchants are already enabled for NFC payments and EMV mandates should further accelerate NFC acceptance



Apple Unveils Apple Pay

Apple Pay “Tap-to-Pay” Device Compatibility

Initial availability of Apple Pay’s “tap-to-pay” feature is limited to the United States and through the iPhone 6, iPhone 6 Plus or via an Apple Watch paired with either of these phones



iPhone 6 iPhone 6+

Phone or paired watch



iPhone 6 iPhone 6+

However, Apple iPhone 5, 5C and 5S users will be able to utilize Apple Pay via a paired Apple Watch



iPhone 5 iPhone 5C iPhone 5S

Phone and paired watch





Apple Unveils Apple Pay

Apple Pay Key Partners

Apple already lined up an impressive list of payment ecosystem partners prior to the launch of Apple Pay

Note that Apple only disclosed usability of Visa, MasterCard and American Express cards with Apple Pay initially, but reports suggest that Discover and China UnionPay cards will be enabled as well

FINANCIAL
TECHNOLOGY
PARTNERS

Issuers

- ✓ Partnered with the six major card issuers in the U.S., which represent 83% of credit card purchase volume



Networks

- ✓ Works with the major credit and debit card network brands



In-Store Merchants

- ✓ Accepted in over 220,000 stores accepting contactless payments



In-App Merchants

- ✓ Enables users to make purchases within the following apps; more participating stores and apps are expected



Source: Apple website, Want China Times.

(1) Want China Times, "NFC-supported Apple Pay to work with China UnionPay", September 12, 2014.

(2) Digital Transactions, "As Questions Linger, Discover Says 'Me Too' to Apple Pay", September 10, 2014.



Apple Unveils Apple Pay

Apple Pay Key Technologies

By throwing its support behind NFC, Apple is leveraging a technology that many merchants and issuers are already familiar with in the U.S. and abroad

Apple Pay is viewed as highly secure through the use of tokenization and the lack of transmission of actual credit / debit card numbers

NFC

- Utilizes an NFC chip that communicates secure, encrypted payment credentials
- Allows users to tap their phone or Apple Watch against a contactless point-of-sale system to make a purchase through their NFC equipped Apple device
- NFC radio antennae is built across the top of the iPhone 6, iPhone 6 Plus and inside the Apple Watch
- Merchants and issuers are familiar with NFC technology through contactless cards and the Google Wallet, which are based on NFC



Touch ID / Tokenization / Security

- Touch ID verifies user identity
- Account number goes through a tokenization process and is encrypted, converting the information into a random string of numbers
- Utilizes a one-time, unique number per transaction to ensure privacy
- Specific credit / debit card information is never shared with the merchant
- Apple does not store the details of user accounts and transactions; recent transactions are stored in Passbook for consumer convenience only
- Enables users to remove their cards from Passbook remotely through the Find My iPhone App



Apple Unveils Apple Pay

Sample Apple Pay Transaction Economics

Sample Apple Pay Transaction



Consumer Purchase Amount

\$100



\$97.50

Net to Merchant

\$2.50

Total Processing Fees

- Interchange represents fees paid to banks from merchants for handling credit / debit card payments

- Apple is reportedly capturing ~15 basis points of the interchange pie in Apple Pay transactions, thus reducing revenue that would have otherwise gone to issuers*

- The economics for merchants, networks and acquirers / processors will reportedly remain unchanged in Apple Pay transactions



\$2.50

Total Processing Fees

\$1.75

Interchange



\$0.60

Merchant Acquiring / Processing Fees



\$0.15

Network Fees



Apple Unveils Apple Pay

Comparing Apple Pay and Google Wallet – Two Versions of NFC



| | | |
|------------|---|---|
| Background | Apple introduced Apple Pay on September 9, 2014, at its Fall Keynote Presentation | Google introduced the NFC-based Google Wallet in May 2011; in November 2013, the Company eliminated the secure element aspect of the wallet to a host card emulation (HCE) protocol for storage and retrieval of payment information |
| Technology | The Apple iPhone 6 and Apple Watch product lines are NFC-based and utilize the a secure element in the phone to store the users' sensitive payment information | Many Android-powered devices that offer NFC functionality already support NFC card emulation; HCE is another method of card emulation that does not require the secure element and allows any Android application to emulate a card and talk directly to the NFC reader; utilizes cloud-based storage |
| Overview | The card to be emulated is stored in the secure element in the device. When the user holds the device over an NFC terminal, the NFC controller in the device routes all of the data from the reader directly to the secure element. After the transaction is complete, an application can query the secure element directly for the transaction status and notify the user. | Through HCE, the data is routed to the host CPU on which the applications are running directly – instead of routing the NFC protocol frames to a secure element. |
| Diagram | <p>The diagram shows an Apple Device with a Host CPU and a Secure Element. The Host CPU is connected to the Secure Element via a double-headed arrow. The Secure Element is connected to the NFC Controller via a double-headed arrow. The NFC Controller is connected to an NFC Terminal via a red arrow pointing towards the terminal. The NFC Terminal is represented by a grey box with three curved lines indicating signal reception.</p> | <p>The diagram shows an Android Device with a Host CPU and an NFC Controller. The Host CPU is connected to the NFC Controller via a double-headed arrow. The NFC Controller is connected to an NFC Terminal via a red arrow pointing towards the terminal. The NFC Terminal is represented by a grey box with three curved lines indicating signal reception.</p> |



Apple Unveils Apple Pay

Comparing NFC and QR Code / Cloud-Based Solutions

NFC-Based Solutions



- NFC used by Apple Pay utilizes a secure element in the phone for information storage; however, host card emulation (HCE) NFC processes, such as used by Google Wallet, store information in the cloud
- Secure element on the handset is either on a SIM-card, Micro-SD card or embedded chip in the phone
- Investment required by merchants to upgrade POS equipment to accept NFC mobile payments
- EMV card / terminal upgrades in the U.S. will give merchants mobile NFC payment capability and lower fraud-loss expense
- Designed initially to give carriers more control / leverage to extract “tolls” for routing transactions from the handset to the network, however, Apple and Google have both been able to work around this
- Preserves current card-based processing infrastructure – only shifts transfer of data to the POS from card to phone
- Significant delays in the rollout of NFC in the U.S. caused by banks / carriers inability to agree on business case / revenue sharing as well as limited consumer demand
- Apple Pay’s utilization of NFC likely to spur more widespread adoption of NFC

QR Code / Cloud-Based Solutions



- Deemed to be highly secure through storage of sensitive consumer ID / payment data in the cloud
- Sensitive information flows from the cloud to the mobile device in an encrypted fashion through tokenization or other means
- Limited need to invest in / modify retailers’ existing POS infrastructure; only requires a QR-code scanner
- Not dependent on wireless carriers, device manufacturers or card brands
- Easier to wrap / integrate value-added loyalty services and product information around the core payment functionality in the same app
- Solution requires users to launch a wallet application on the phone to communicate with the merchant’s POS terminal – potentially slower than NFC in the checkout lane
- Only requires data connection; may require camera



Apple Unveils Apple Pay

Apple Pay Value Proposition and Potential Challenges



Value Proposition for Market Participants

Consumers

- Apple is advertising Apple Pay as faster and more secure for consumers compared to swiping traditional payment cards
- While not highlighted in the initial Apple Pay unveiling, the ability to combine loyalty / offers / rewards with mobile payments will likely enhance the value and incentive for consumers to pay with their phones

Merchants

- Apple Pay brings a new level of security to the merchant community thus reducing vulnerability to data breaches
- Apple Pay could stimulate incremental sales as consumers are replacing cash with mobile payments

Issuers

- Participating issuers ensure that consumers can use their cards in Apple Pay
- New levels of security should reduce fraud

Apple

- Added incentives for consumers to purchase Apple products
- New revenue opportunity: Apple reportedly getting a cut of interchange fees of around 15 basis points per transaction

Potential Challenges for Apple

Limitations on Available Devices

- Apple Pay only works on newer iPhones so only a subset of Apple customers will be able to use Apple Pay, at least initially

Limitations on Merchant Acceptance

- Apple has initially partnered with an impressive list of merchants, but many large merchants (particularly those that have joined MCX) have not agreed to accept Apple Pay
- In-store merchants will also have to be enabled to accept NFC payments; many large merchants already have NFC-enabled terminals, but many small merchants do not

Limitations on Card Issuer Coverage

- Apple has initially partnered with banks covering 83% of credit card purchase volume in the U.S., but this still leaves millions of consumers of other banks not able to use Apple Pay, at least initially

VII. Overview of FT Partners

Overview of FT Partners

FT Partners is the Leader in Financial Technology Investment Banking

Financial Technology Partners LP
FTP Securities LLC
is pleased to announce its exclusive role as
strategic and financial advisor to

MERCURY®
in its cash sale to

vantiv™
for total consideration of approximately
\$1,650,000,000

FINANCIAL
TECHNOLOGY
PARTNERS

The Only Investment Bank
Focused Exclusively on Financial Technology

Financial Technology Partners LP
FTP Securities LLC
is pleased to announce its exclusive role as
sole strategic and financial advisor to

MERCURY®
in its approximately 60% majority sale to

SILVERLAKE
for aggregate consideration of approx.
\$ 900,000,000

FINANCIAL
TECHNOLOGY
PARTNERS

The Only Investment Bank
Focused Exclusively on Financial Technology

Financial Technology Partners LP
FTP Securities LLC
is pleased to announce its exclusive role as
sole strategic and financial advisor to

judo
in its growth financing with

**ROUTE SIXTY-SIX
VENTURES**
for total consideration of approximately
£6,000,000

FINANCIAL
TECHNOLOGY
PARTNERS

The Only Investment Bank
Focused Exclusively on Financial Technology

Financial Technology Partners LP
FTP Securities LLC
is pleased to announce its exclusive role as
strategic and financial advisor to

azimo
in its Series B financing led by

frog
capital
for approximately
\$ 20,000,000

FINANCIAL
TECHNOLOGY
PARTNERS

The Only Investment Bank
Focused Exclusively on Financial Technology

Financial Technology Partners LP
FTP Securities LLC
is pleased to announce its exclusive role as
sole strategic and financial advisor to

YAPSTONE™
POWERING PAYMENTS
in its debt financing by

BregalSagemount Comerica Bank
totaling approximately
\$ 60,000,000

FINANCIAL
TECHNOLOGY
PARTNERS

The Only Investment Bank
Focused Exclusively on Financial Technology

Financial Technology Partners LP
FTP Securities LLC
is pleased to announce its exclusive role as
sole strategic and financial advisor to

OZFOREX
FOREIGN EXCHANGE SERVICES
in its
Initial Public Offering
valuing the equity at approximately
A\$480,000,000

FINANCIAL
TECHNOLOGY
PARTNERS

The Only Investment Bank
Focused Exclusively on Financial Technology

Financial Technology Partners LP
FTP Securities LLC
is pleased to announce its exclusive role as advisor to

CIBC
in its strategic investment in

MediciCare
with additional participation from
Bain Capital Ventures

\$70,000,000

FINANCIAL
TECHNOLOGY
PARTNERS

The Only Investment Bank
Focused Exclusively on Financial Technology

Financial Technology Partners LP
FTP Securities LLC
is pleased to announce its exclusive role as
sole strategic and financial advisor to

VERUS
in its sale to
sage
for cash consideration of approximately
\$ 325,000,000

FINANCIAL
TECHNOLOGY
PARTNERS

The Only Investment Bank
Focused Exclusively on Financial Technology

Financial Technology Partners LP
FTP Securities LLC
is pleased to announce its exclusive role as
sole strategic and financial advisor to

CentralPayment®
in its Strategic Investment by
TSYS®
for total consideration of approximately
\$ 100,000,000+

FINANCIAL
TECHNOLOGY
PARTNERS

The Only Investment Bank
Focused Exclusively on Financial Technology

Financial Technology Partners LP
FTP Securities LLC
is pleased to announce its exclusive role as
sole strategic and financial advisor to

FLEET ONE
in its cash sale to
wex
for total consideration of approximately
\$ 369,000,000

FINANCIAL
TECHNOLOGY
PARTNERS

The Only Investment Bank
Focused Exclusively on Financial Technology

Financial Technology Partners LP
FTP Securities LLC
is pleased to announce its exclusive role as
sole strategic and financial advisor to

NMI
NETWORK MERCHANTS INC.
in its growth investment by
BregalSagemount
for a total valuation of nearly
\$ 200,000,000

FINANCIAL
TECHNOLOGY
PARTNERS

The Only Investment Bank
Focused Exclusively on Financial Technology

Financial Technology Partners LP
FTP Securities LLC
is pleased to announce its exclusive role as
sole strategic and financial advisor to

**century
PAYMENTS**
in its sale to
WorldPay
a portfolio company of
Advent International BainCapital

FINANCIAL
TECHNOLOGY
PARTNERS

The Only Investment Bank
Focused Exclusively on Financial Technology

Financial Technology Partners LP
FTP Securities LLC
is pleased to announce its role as
strategic and financial advisor to

TRANSFIRST
in its cash sale to
Vista Equity Partners
from
WCAS
\$1,500,000,000

FINANCIAL
TECHNOLOGY
PARTNERS

The Only Investment Bank
Focused Exclusively on Financial Technology

Financial Technology Partners LP
FTP Securities LLC
is pleased to announce its exclusive role as
sole debt capital advisor to

**jack henry
& ASSOCIATES INC.**
in its acquisition of
iPay Technologies
for total consideration of approximately
\$ 300,000,000

FINANCIAL
TECHNOLOGY
PARTNERS

The Only Investment Bank
Focused Exclusively on Financial Technology

Financial Technology Partners LP
FTP Securities LLC
is pleased to announce its exclusive role as
strategic and financial advisor to

**CUSTOM
HOUSE**
in its sale to
**WESTERN
UNION**
for total cash consideration of approximately
\$ 370,000,000

FINANCIAL
TECHNOLOGY
PARTNERS

The Only Investment Bank
Focused Exclusively on Financial Technology

Financial Technology Partners LP
FTP Securities LLC
is pleased to announce its exclusive role as
sole strategic and financial advisor to

VeriFone
THE WAY TO PAY™
in its
\$177,000,000
Initial Public Offering
valuing the equity at approximately
\$ 650,000,000

FINANCIAL
TECHNOLOGY
PARTNERS

The Only Investment Bank
Focused Exclusively on Financial Technology

Financial Technology Partners LP
FTP Securities LLC
is pleased to announce its exclusive role as
sole strategic and financial advisor to

PROPAY™
in its sale to
TSYS®
\$ 100,000,000+

FINANCIAL
TECHNOLOGY
PARTNERS

The Only Investment Bank
Focused Exclusively on Financial Technology

Financial Technology Partners LP
FTP Securities LLC
is pleased to announce its exclusive role as
sole strategic and financial advisor to

lynk
in its sale to
**The Royal Bank
of Scotland**
for cash consideration of approximately
\$ 525,000,000

FINANCIAL
TECHNOLOGY
PARTNERS

The Only Investment Bank
Focused Exclusively on Financial Technology

Overview of FT Partners

FT Partners Advises on Strategic Sale of Mercury for \$1.65 bn in Cash to Vantiv

Transaction Overview and Rationale

Overview of Transaction

- Mercury announced its sale to Vantiv for \$1.65 billion in cash on May 12, 2014
- Vantiv will fund the acquisition with committed financing; the transaction is expected to close in the second quarter of 2014
- This transaction is Vantiv's largest acquisition to-date (~5x larger than its acquisition of Litle) and one of the largest strategic merchant acquiring M&A transactions consummated in over a decade

Significance of Transaction

- Vantiv's acquisition of Mercury accelerates the Company's growth in the integrated payment space by significantly expanding distribution channels and technology capabilities
- Expands Vantiv's reach into the SMB segment through Mercury's distribution network, complementary verticals and ability to design integrated, value-added POS innovations
- Enhances Vantiv's competitive position in the payments sector broadly on the basis of technology differentiation, leading processing scale and omni-channel presence while increasing penetration into high growth channels
- Expected to add one to two percentage points to Vantiv's net revenue growth per year while being modestly accretive to Vantiv's non-GAAP earnings per share in 2014 with accelerating accretion in 2015

FT Partners' Role

- FT Partners served as advisor to Mercury
- FT Partners was also Mercury's advisor in the Company's 60% sale to Silver Lake in April of 2010 at a \$700mm valuation

Financial Technology Partners LP FTP Securities LLC

*is pleased to announce its role as
strategic and financial advisor to*



in its cash sale to

vantivTM

for total consideration of

\$ 1,650,000,000

FINANCIAL
TECHNOLOGY
PARTNERS

*The Only Investment Bank
Focused Exclusively on Financial Technology*

Overview of FT Partners

FT Partners Advises on the Sale of TransFirst to Vista Equity Partners

Transaction Overview and Rationale

Overview of Transaction

- On October 13, 2014, Vista Equity Partners announced that it will acquire TransFirst, a leading provider of secure transaction processing services, from Welsh, Carson, Anderson & Stowe ("WCAS")
- Similar to the May 2014 acquisition of Mercury by Vantiv, TransFirst had filed for an IPO prior to the transaction
- Vista Equity Partners is a U.S.-based private equity firm with over \$13.5 bn in cumulative capital commitments that focuses on software, data and technology-enabled businesses
- WCAS originally acquired TransFirst in June 2007

Significance of Transaction

- Vista's acquisition of TransFirst is one of the largest private equity-lead LBO's in the merchant acquiring space
- With over 200,000 merchants and more than 1,300 partners, the acquisition will allow TransFirst to solidify its position as a leading provider of payment processing solutions in the SMB space
- TransFirst intends to leverage Vista Equity Partners' expertise in helping its portfolio companies achieve operational, product and customer service excellence by contributing professional expertise and proven best practices

FT Partners' Role

- FT Partners served as a strategic and financial advisor to TransFirst in its sale process
- FT Partners has previously worked with TransFirst, including the Company's \$675 mm debt recap transaction in 2012

Financial Technology Partners LP FTP Securities LLC

*is pleased to announce its role as
a strategic and financial advisor to*



in its sale to



Vista Equity Partners

from



\$ 1,500,000,000



*The Only Investment Bank
Focused Exclusively on Financial Technology*

Overview of FT Partners

FT Partners Advises CIBC on its Investment in Dynamics' \$70 mm Series C Capital Raise

Transaction Overview and Rationale

Overview of Transaction

- On December 8, 2014, Dynamics announced it closed a \$70 million Series C round of financing that included new investors CIBC and MasterCard along with existing investors Bain Capital Ventures and Adams Capital Management
- The investment by CIBC follows the successful launch with Dynamics of the marquee CIBC Tim Hortons Double Double Card, which combines a no-fee CIBC credit card with a Tim Card, all in one
- Dynamics designs and manufactures integrated payment cards and advanced payment platforms; the company has currently launched products with banks in the United States and Canada
- CIBC is a leading Canadian-based global financial institution with a market capitalization of \$41 billion and a Basel III Common Equity Tier 1 ratio of 10.3%; through its three major businesses, Retail and Business Banking, Wealth Management and Wholesale Banking, CIBC provides a full range of financial products and services to 11 million clients in Canada and around the world

Significance of Transaction

- CIBC has a strong history of innovation and this investment further strengthens its relationship with Dynamics as the two continue to work together to bring new payment products to market
- The transaction demonstrates the continued relevance of the physical card as a means of payment and the increasing importance of innovative payment solutions that create value for consumers in new, differentiated ways while upholding the highest security standards
- The additional capital will help Dynamics to continue to meet global demand for its "Interactive Payment Card" technology platform by increasing the Company's ability to scale its manufacturing operations and extend its technical capabilities and product lines

FT Partners' Role

- FT Partners served as a strategic and financial advisor to CIBC on its investment
- Highlights FT Partners' continued success in advising a broad range of top-tier strategic investors across the financial technology landscape

Financial Technology Partners LP FTP Securities LLC

is pleased to announce its role as advisor to



in its strategic investment in



with additional participation from



Bain Capital Ventures



for approximately

\$ 70,000,000



**The Only Investment Bank
Focused Exclusively on Financial Technology**

Overview of FT Partners

FT Partners Advises Azimo on its \$20mm Series B Investment

Transaction Overview and Rationale

Overview of Transaction

- On June 15, 2015, Azimo announced the completion of its \$20 mm Series B financing led by Frog Capital
- Azimo is a world leader in online and smartphone-based money transfers – providing a fast, secure and low-cost alternative to legacy high street remittance services
- The Company, headquartered in London with additional offices in Poland, has the most comprehensive network of any digital player, sending money to over 200 countries, reaching 5 billion people with more than 80 different currencies
- Frog Capital is a leading growth capital investor focused on technology-led business in Europe

Significance of Transaction

- This investment signifies the ongoing disruption of the \$600 bn global remittance market in which Azimo generated a five-fold increase in the number of facilitated money transfers from the year prior
- Azimo will use the proceeds from the investment to continue its Pan-European growth and to target new markets in North America and Asia

FT Partners' Role

- FT Partners served as exclusive strategic and financial advisor to Azimo and its Board of Directors
- Azimo's capital raise demonstrates FT Partners' continued ability to establish strong relationships with top international financial technology firms and assist them in achieving their long-term strategic goals
- This transaction also builds upon FT Partners' expertise in money transfer, having advised several clients previously in the space

Financial Technology Partners LP FTP Securities LLC

*is pleased to announce its exclusive role as
strategic and financial advisor to*



for approximately

\$ 20,000,000



*The Only Investment Bank
Focused Exclusively on Financial Technology*

Overview of FT Partners

FT Partners Advises OzForex on its A\$480 Million Sale & IPO

Transaction Overview and Rationale

Overview of Transaction

- OzForex Group ("OzForex") completed its Sale & Initial Public Offering and began to trade on the Australian Stock Exchange ("ASX") under the ticker symbol OFX
- Stock closed first day of trading up ~30%
- OzForex is an online, global payments provider that offers individuals and SMBs a platform to purchase foreign currency to facilitate international transactions
- Prior to the offering, OzForex was owned by Accel Partners, The Carlyle Group, Macquarie Bank and other founder / private investors

Significance of Transaction

- Transaction was a sale of ~100% of the equity of the company to a "club" of institutional investors, followed by an IPO (one of the largest IPOs of an Australian company)
- Highly innovative "club-deal" structure allowed for reduced risk and certainty for existing investors
- Investors given the ability to sell ~100% of their interests in the Company; certain investors chose to retain a small portion of their ownership

FT Partners' Role

- FT Partners served as exclusive Financial, Strategic and IPO Advisor to OzForex and its Board of Directors
- FT Partners managed the very unique dual-track M&A / sale and IPO process, effectively achieving an "M&A" outcome for shareholders in the public markets (~100% liquidity)
- FT Partners' advisory role simplified and expedited the "time-to-market" period due to the significant amount of up-front work completed prior to the engagement of potential M&A sale buyers and underwriters

Financial Technology Partners LP FTP Securities LLC

*is pleased to announce its exclusive role as
sole financial, strategic and IPO advisor to*



in its

Initial Public Offering

valuing the equity at

A\$ 480,000,000



***The Only Investment Bank
Focused Exclusively on Financial Technology***

Overview of FT Partners

FT Partners Advises Custom House on its \$370 Million Sale to Western Union

Transaction Overview and Rationale

Overview of Transaction

- Custom House, Ltd. (“Custom House”) announced its sale to Western Union (NYSE: WU) for US\$370 million in cash
- Custom House is the largest independent, international B2B payments provider in the world
- Western Union is the world’s largest money transfer business
- Custom House was backed by Great Hill Partners, one of the leading private equity firms across the financial technology sector; transaction represents one of Great Hill Partners’ most successful exits to date

Significance of Transaction

- Transaction represents the one of the largest, independent private equity-backed payments transactions
- This acquisition allows Custom House to leverage its extensive online and offline international B2B payments solutions with Western Union’s global footprint, strong brand and balance sheet to rapidly build market share and penetrate new opportunities around the globe
- Custom House expected to provide a strong, diversified growth engine for Western Union outside of its core remittance business and will strengthen Western Union’s presence in the SME segment globally
- The acquisition of Custom House supports Western Union’s strategic plan by entering a new growth market and diversifying its product portfolio

FT Partners’ Role

- Demonstrates FT Partners’ ability to consummate transactions with strong valuations, despite an incredibly challenging economic environment

Financial Technology Partners LP FTP Securities LLC

*is pleased to announce its exclusive role as
sole strategic and financial advisor to*



in its sale to

**WESTERN
UNION**

for cash consideration of approximately

\$ 370,000,000

FINANCIAL
TECHNOLOGY
PARTNERS

*The Only Investment Bank
Focused Exclusively on Financial Technology*

Overview of FT Partners

Consistent Record of Representing Leading Private Equity Investors

ACCEL
PARTNERS

Great Hill
PARTNERS

GTCR

FTV
CAPITAL

DAWN CAPITAL

TRINITY
VENTURES

Vista Equity Partners

CLAIRVEST

ACCREDITIVE

Balderton
capital

THL
PARTNERS

TCV
TECHNOLOGY CROSSOVER VENTURES

Goldman Sachs

DFJ

LLRpartners

longridge

MERITECH
CAPITAL PARTNERS

OAK
HC/FT

PARTHENON
CAPITAL

ttvcapital

greylockpartners.

intel
Capital

AustinVentures

THE CARLYLE GROUP

TPG

NEW MOUNTAIN CAPITAL LLC

WELSH, CARSON, ANDERSON
& STOWE

upfront
VENTURES

dcm

Google
capital

ADAMS STREET
PARTNERS

BregalSagemount

HIGHLAND
CAPITAL PARTNERS

CREDIT SUISSE

ROUTE SIXTY-SIX
VENTURES

NEWSPRING
CAPITAL

ALPINE INVESTORS

H. I. G.
CAPITAL

SC

PAMLICO
CAPITAL

Venrock

JPMorganChase

General Atlantic
Global growth investors

OAK HILL
CAPITAL PARTNERS

b.to.v
PARTNERS AG
PRIVATE INVESTMENTS

Apex Venture Partners

Hudson Ventures

Bank of America

KEMMONS
WILSON
COMPANIES
EST. 1999

CAROUSEL CAPITAL

WESTON PRESIDIO
Providing Growth Capital Since 1991

PALM BEACH CAPITAL

DST

Bain Capital Ventures

Deutsche Bank

UBS

BLUFF POINT
ASSOCIATES

Morgan Stanley

THOMSON REUTERS

Bush O'Donnell

SAPPHIRE
VENTURES

TENGELMANN
ventures

the edgewater funds

IRON-GATE
CAPITAL

MERITAGE FUNDS
EQUITY & EXPERTISE

ICONIQ

BIRCH HILL
equity partners

Shortcut
VENTURES

MOELIS CAPITAL PARTNERS

WELLINGTON
MANAGEMENT

VILLAGE
VENTURES

ALLOY
VENTURES

APPIAN
VENTURES

frog
capital

FLYBRIDGE
CAPITAL PARTNERS

Foundation
CAPITAL

FINANCIAL
TECHNOLOGY
PARTNERS

Overview of FT Partners

Award-Winning Investment Banking Franchise Focused on Superior Client Results

FT Partners has been recognized as Investment Banking Firm of the Year and regularly achieves Merger and Financing Deal of the Year recognition



M&A Advisor Awards

- | | |
|------|--|
| 2014 | <ul style="list-style-type: none"> ■ Equity Financing Deal of the Year ■ Professional Services Deal of the Year, Above \$100mm |
| 2012 | <ul style="list-style-type: none"> ■ Dealmaker of the Year ■ Professional Services Deal of the Year, Above \$100 mm |
| 2011 | <ul style="list-style-type: none"> ■ Boutique Investment Bank of the Year ■ Deal of the Decade ■ <i>10 Deal of the Year Nominations Across 9 Categories</i> |
| 2010 | <ul style="list-style-type: none"> ■ Upper Middle Market Deal of the Year, Above \$500 mm ■ IT Services Deal of the Year, Below \$500mm ■ Cross-Border Deal of the Year, Below \$500mm |
| 2007 | <ul style="list-style-type: none"> ■ Dealmaker of the Year – Steve McLaughlin ■ Business to Business Services Deal of the Year ■ Computer and Information Technology Deal of the Year, Above \$100mm ■ Financial Services Deal of the Year, Above \$100mm |



- | | |
|-----------|---|
| 2006-2008 | ■ Steve McLaughlin consecutively ranked (2006, 2007 and 2008) among the top Bankers in Financial Technology |
|-----------|---|



Middle Market Financing Awards

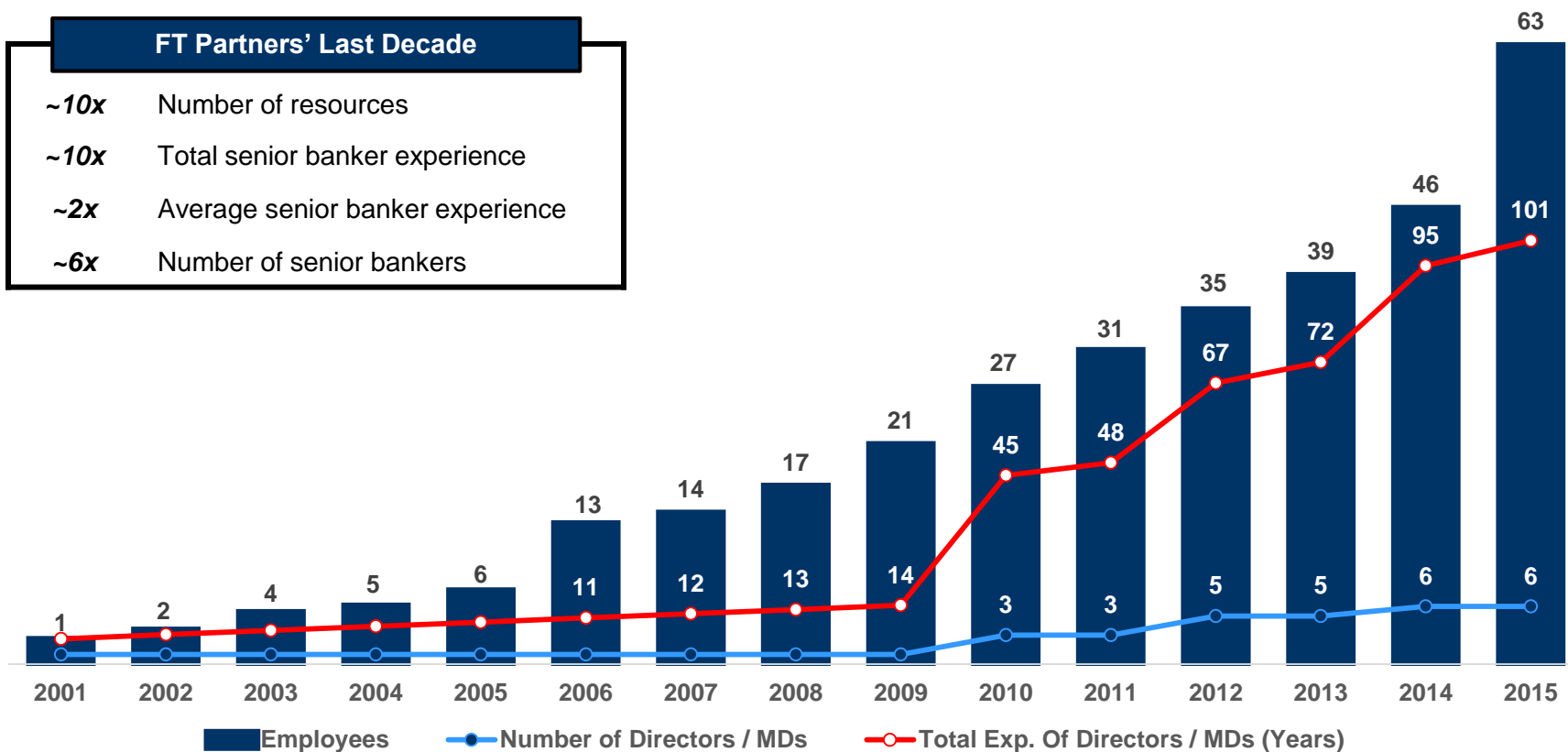
- | | |
|------|--|
| 2008 | <ul style="list-style-type: none"> ■ Equity Financing Dealmaker of the Year – Steve McLaughlin ■ Information Technology Deal of the Year ■ Financial Services Deal of the Year |
| 2006 | <ul style="list-style-type: none"> ■ Financing Professional of the Year – Steve McLaughlin ■ <i>Financing Deal of the Year - Equity</i> ■ <i>Financing Deal of the Year - Debt</i> |

Overview of FT Partners

Platform of Choice for Clients and Bankers Alike

FT Partners' Last Decade

- ~10x Number of resources
- ~10x Total senior banker experience
- ~2x Average senior banker experience
- ~6x Number of senior bankers



Avg Years of Director / MD Experience



Overview of FT Partners

The FT Partners Senior Banking Team

| Name / Position | Prior Background | Experience / Education | Years of Experience |
|---|---|--|---------------------|
| Steve McLaughlin <i>Founder, CEO & Managing Partner</i> |  | <ul style="list-style-type: none"> Formerly with Goldman, Sachs & Co. in New York and San Francisco from 1995-2002 Formerly Co-Head of Goldman Sachs' Financial Technology Group (#1 market share) Wharton M.B.A. | 20 |
| Larry Furlong <i>Managing Director</i> |  | <ul style="list-style-type: none"> Formerly with Goldman, Sachs & Co. in New York, London and Los Angeles beginning in 1995 Wharton M.B.A. | 20 |
| Greg Smith <i>Managing Director</i> |  | <ul style="list-style-type: none"> Formerly award winning Equity Research Analyst at Merrill Lynch / J.P. Morgan / Sterne Agee Recent coverage included V, MA, DST, GPN, HPY, JKHY, FIS & FISV among others | 19 |
| Tim Wolfe <i>Managing Director</i> |  | <ul style="list-style-type: none"> Formerly with Goldman, Sachs & Co. beginning in 2000 40 Under 40 M&A Advisor Award Winner 2013 Harvard M.B.A. | 13 |
| Andrew McLaughlin <i>Managing Director, Research & Business Development</i> |  | <ul style="list-style-type: none"> Leads FT Partners' Research and Business Development Team Formerly with Deloitte Consulting | 9 |
| Miguel Uria <i>Director</i> |  | <ul style="list-style-type: none"> Formerly with Credit Suisse Technology Investment Banking Wharton M.B.A. | 20 |