

PayPal Holdings, Inc.

Stockholder Questions and Answers from the 2019 Annual Stockholders' Meeting

Below is the list of questions we received in advance of and during our 2019 Annual Meeting of Stockholders held on May 22, 2019 (the "Annual Meeting"), including answers to questions that we posted in advance of the meeting for the convenience of our stockholders. In a few cases, we have consolidated multiple questions on the same topic together and provided a summary response, and also have made minor edits for clarity, corrected typos, removed inappropriate language and removed names of individuals.

PayPal's answers to these questions may contain forward-looking statements that are based on management's current expectations, forecasts and assumptions, and involve risks and uncertainties. PayPal's actual results could differ materially from those predicted or implied by forward-looking statements. Information about factors that could adversely affect PayPal's results of operations, financial condition and prospects or that could cause actual results to differ from those expressed or implied in forward-looking statements is included under the captions "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in PayPal's most recent annual report on Form 10-K and its subsequent quarterly reports on Form 10-Q, copies of which may be obtained by visiting PayPal's Investor Relations website at <https://investor.paypal-corp.com> or the SEC's website at www.sec.gov. You should not rely on any forward-looking statements. All information in this document is as May 22, 2019. PayPal does not undertake, and expressly disclaims, any obligation to update the information.

Questions Received and Posted to PayPal Investor Relations Website and Meeting Website Prior to the Annual Meeting:

Q. Are you having difficulty finding information on the stockholder proposals that will be considered at the 2019 stockholder meeting?

A.

- Each of the stockholder proposals on the ballot is provided in our 2019 proxy statement, which was filed with the SEC on April 10, 2019 and provided to each stockholder in the proxy materials. The proxy statement also includes PayPal's statements in opposition to each of the stockholder proposals.
- A copy of the proxy statement is available on our investor relations website at <https://investor.paypal-corp.com/static-files/8ea5e1b0-49c9-4060-80df-9089e28cfe8f> and on the SEC's website at <https://www.sec.gov/Archives/edgar/data/1633917/000119312519102854/d651677ddef14a1.pdf>.
- For information on proposal 4 (stockholder proposal regarding political disclosure), please refer to pages 76-77 of the proxy statement.
- For information on proposal 5 (stockholder proposal regarding human and indigenous peoples' rights), please refer to pages 78-79 of the proxy statement.

Q. Are you having difficulty reading our proxy materials?

A.

- Both the proxy statement posted on the SEC’s EDGAR website (see link in question above) and the proxy materials posted on PayPal’s investor relations website (see link in question above) can be adjusted to increase the font size for easier access. The process to increase the font size will vary based on which internet browser you are using. For most browsers, click on the “gear” symbol in the upper righthand corner and choose “Zoom” from the dropdown menu. The Zoom feature will allow you to choose the size document best suited for your needs.
- In addition, the www.proxyvote.com site allows a stockholder to click on the materials (far right column) and then click on “PDF” (top bar) which will bring up a document that can be adjusted to increase the font size for easier access.

Q. Regarding “Stockholder proposal regarding political disclosure”, the Board’s statement clearly claims that it supports ethical behavior and transparency; if this is true, why would it recommend voting against such a proposal. The recommendation and the practice are diametrically opposed.

A.

- We already provide clear and transparent disclosure regarding the governance of our political activities as well as our political contributions under U.S. state and local laws, and contributions to organizations operating under Section 527 of the Internal Revenue Code.
- We are committed to the highest ethical standards and already have procedures in place to ensure that our political contributions and lobbying activities are subject to appropriate oversight. Our policy and practices regarding political contributions are available at <https://publicpolicy.paypal-corp.com/about-us#politicaltransparency>.
- Our proxy statement contains additional information on why we believe this proposal is unnecessary and not in the best interests of our stockholders. Please see page 77 of the proxy statement.

Additional Questions Received Prior to and During the Annual Meeting:

Q. I noticed that only one of the five executive team members is female. Although she is equally compensated with three of the men with respect to stock awarded, her salary is the lowest. What accounts for that?

A. Since April 2018, Louise Pentland, our Chief Business Affairs and Legal Officer, has had the same annual base salary and bonus opportunity as our Chief Financial Officer and Chief Operating Officer. The annual base salaries of our named executive officers, including Ms. Pentland, are shown on page 57 of our proxy statement. The summary compensation table shows the actual dollar amount of salary paid for 2018, which resulted in the difference shown in the salary column this year. On a related note, with the addition of Allison Johnson, our EVP and Chief Marketing Officer, 50% of our senior vice president and above executives are women or underrepresented ethnic minorities.

Q. Why are there so many directors?

A. In accordance with our governance guidelines, the board sets the number of directors at a level that they believe most effectively supports the company. We believe we have the appropriate number of directors for our size and complexity. Our board members are highly engaged and contribute significant time and energy to their responsibilities. And each director brings expertise that allows the collective board to effectively oversee the company.

Q. Why is PayPal management allowed to discriminate against users based on their political beliefs?

A. Our mission is deeply grounded in our commitment to democratizing financial services and providing the billions of people around the world with equal financial opportunities. We do not discriminate against users based on political beliefs. We also believe that we have a responsibility to be role model corporate citizen. Our company must have a purpose beyond profit, and our stakeholders expect us to take meaningful action on issues that are inconsistent with our core values.

Q. Are we not federally required to change independent auditors regularly to prevent any possible conflict of interest? If we've been with PwC since 2000, why are we not changing to another auditor to verify ethical practice?

A. PwC has only served as PayPal Holdings' independent auditor since 2015 when the company became an independent public company. We believe this is the appropriate timeframe for measuring PwC's tenure as our independent auditor. Federal regulations require our independent auditor to rotate the lead partner on our audit engagement every five years.

Q. While pleased to see the number of women on the board, I notice a lack of diversity ethnically. How are board members sought and selected? Would you ever consider implementing a "Rooney Rule" to improve upon the lack of diversity?

A. Consistent with our commitment to inclusion and diversity at all levels of the company, 50% of our board members are now women or from underrepresented ethnic groups. When searching for new directors, we actively seek out qualified women and individuals from underrepresented ethnic groups to include in the pool from which our board nominees are chosen. I think we've done a good job so far in building a world-class board and we will continue to consider qualified nominees with relevant qualifications, skills and experience who will be strong contributors to our board.

Q. PayPal claims to espouse human rights and equality as one of our values, so why do we have operations in countries notorious for violations of these rights, such as China and Russia? Doesn't this seem incredibly hypocritical?

A. Consistent with our values, PayPal supports the belief that every person has the right to be treated equally, and with dignity and respect. Principles of fairness, inclusion and equality are at the heart of everything we seek to achieve and stand for as a company. Through our government relations team and public policy research, we use our position as a business

leader to influence legislation, regulation, or other government decisions, actions, or policies in support of our mission, our employees, and our customers.

Q. *Doing well and doing good are not mutually exclusive. Why did the board recommend against human and indigenous rights? Or political disclosure? You're not a gun manufacturer or arms exporter. You're the friendly neighborhood payment facilitator. You can do this. If corporate America doesn't take the lead in doing what's right, you know the current White House is certainly not. Where does that leave our grandchildren? Lead. Thank you.*

A. Our mission is to democratize financial services and it's fueled by our core values of collaboration, inclusion, innovation and wellness. Our 2018 Global Impact Report outlines our strategy and our progress on our environmental, social and governance priorities. The report also provides insight into how we're making a difference in this world by acting on our mission and values today and into the future. For example, in 2018 we obtained a perfect score for the third consecutive year from the Human Rights Campaign Corporate Equality Index 2018. With respect to the stockholder proposals regarding political disclosure and human rights, as stated earlier, the Board considered each proposal and concluded that their adoption is unnecessary and not the best interest of our stockholders for the reasons outlined in the proxy statement.

Q. *Is the Sarnoff on the Board a SARNOFF of RCA – Radio Corporation of America?*

A. Ms. Sarnoff's biography appears on Page 19 in the proxy statement, and is provided in accordance with SEC rules.

Q. *How many people are attending the meeting today?*

A. As of now [approximately 8:30 AM PST, May 22, 2019], we have 36 people attending the meeting today.

Q. *With the CEO pay ratio of 313:1, ,our CEO is extremely generously paid and incentivized to do his job to the best of his abilities. The CEO PSU award that raised the CEO pay ratio far above 313:1, and specifically to 543:1, makes a mockery of the compensation and incentives of other PayPal employees. Why are incentives such as the CEO PSU Award so unaccountable and unfairly high?*

A. The CEO's PSU Award is linked directly to share price and was set at a very high bar at the time our stock was trading at a near all-time high of \$77. And we set two different achievement levels: one, at a stock price of \$105 a share; the next one at \$125, with the idea that we would have to stretch to get there over a longer period of time. Our long-term plans are 3-year plans. This is a 5-year plan. And to ensure that early achievement, for whatever set of reasons, did not necessarily yield the amount unless the stock price continued to increase and hold its level, the stock award can be earned and vested, but it cannot be realized until the end of the 5-year period. And we felt there was a great connectivity between a significant increase in the market value of the company, the most sensitive measure of shareholder performance from a return perspective. With respect to how that fits into the pay ratio, we, as

a company, have a wide range of employees across many different pay levels. These kinds of ratios can get very different results depending on the makeup of our company. We consider this to be a very strong performance-based incentive to realize our 5-year growth plan, and that's why we did it.

Q. *What percentage of online purchases are conducted via the PayPal platform (i.e., what is the market share for PayPal)?*

A. We don't break out our market share. It's a difficult, actually, calculation to do. What we do look at is what is our growth rate in terms of our processing volumes versus the industry. In the last quarter, our FX mutual TPV, or total process volume, was about 25%, which we think is greater than the industry average, and therefore, we continue to believe that we are gaining market share. And that's the way that we look at that. What is our growth rate on TPV versus what is the growth rate of the market. And for the last, at least, several quarters and even quarters before that, we believe we're growing faster than the market.

Q. *Why would you make such a huge investment in Uber? PayPal shareholders expect to be invested in the payment industry, not the so-called ridesharing industry.*

A. We take a look at all of our investments. We have a very clear policy on what we do with our overall capital, how much we return to shareholders, how much we invest organically, how much we invest in acquisitions. These overall investments in companies like Uber, MercadoLibre, is a part of our capital that we are dedicating towards acquisitions and partnerships. With both MercadoLibre and Uber, this is not so much about investing in the company, but securing a very broad and extensive commercial partnership and overall partnership with both of those companies. We believe both companies will add significantly to the scale, scope and overall engagement that we have with our consumers and potential consumers. This business is very much one of partnerships. It's one where we interconnect with other payment networks, with other large payment players, of which Uber is one. And MercadoLibre certainly is one of the leading, if not the leading, e-commerce player in Latin America. And so these two investments cemented these relationships that we have, and we expect to reap quite significant benefits as a result of that.

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