PayPal Holdings, Inc.
Stockholder Questions and Answers from the 2023 Annual Stockholders' Meeting

Below is the list of questions we received prior to and during our 2023 Annual Meeting of Stockholders held on May 24, 2023 (the "Annual Meeting"). In a few cases, we have consolidated multiple questions on the same topic together and provided a summary response. We have also 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", "Legal Proceedings" 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 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 of May 24, 2023. PayPal does not undertake, and expressly disclaims, any obligation to update the information.

Questions Received Prior to and During the Annual Meeting:

BOARD MATTERS

Question: When will a new CEO be announced?

Company Response:
We plan to announce a new CEO before year end. The search is well underway and the Board is working expeditiously with a leading search firm to assess candidates. We have detailed sets of criteria and skill sets to assess both internal and external candidates. Important decisions like this take time, and it is essential that the Board take a deliberate and comprehensive approach in selecting our next CEO.

Question: Why are PayPal Board members permitted to sit on two or more other public company boards? Have you considered reducing the maximum to one additional public company board?

Company Response:
We believe that service on a public company board outside of PayPal provides our directors with insights about ensuring strong board and management accountability, protecting

stockholder interests, and observing appropriate governance practices. The Governance Guidelines of PayPal's Board of Directors allow for directors to hold a maximum of three other public company board positions – two if they are chief executive officers of public companies – and prohibit directors from serving as a director or officer of another company that may cause a significant conflict of interest. We believe that these guidelines help to ensure that PayPal's board members have the capacity to actively engage with the company's business and effectively represent the long-term interests of stockholders. We also note that nine of PayPal's 12 directors serve on either one or no other public company boards.

PayPal Board members are expected to rigorously prepare for, attend, and participate in all board meetings, as well as all applicable board committee meetings. Our board met 12 times during 2022. Each director nominee who served in 2022 attended at least 75% of our board meetings and meetings of the board committees on which they served.

COMPENSATION

Question: Has the Compensation Committee reviewed its executive compensation practices regarding the mix of equity compensation, the financial and qualitative metrics used to evaluate performance, or the named executive officers' (NEOs) compensation targets?

Company Response:
The Compensation Committee annually reviews and approves PayPal's executive compensation practices, including compensation elements for our NEOs, the mix of equity compensation, company performance measures, individual performance ratings, and NEO compensation targets.

The Compensation Committee has designed our executive compensation program to support PayPal's growth strategy. Compensation program elements include a base salary for NEOs, as well as equity awards that motivate the achievement of short-term and long-term performance goals. The Compensation Committee believes that long-term incentives in the form of equity awards should make up a significant portion of our NEOs' Target Total Direct Compensation opportunity because such awards help align pay and performance, and the interests of our executives with those of our stockholders. Accordingly, more than 50% of our NEOs' Total Target Direct Compensation is performance-based and tied to pre-established performance goals aligned with our short-term and long-term objectives.

Question: Why does PayPal's executive and director compensation approach include equity awards that can be dilutive to other shareholders?

Company Response:
The Compensation Committee and the Board believe that equity compensation is essential to enable the company to attract, retain, and reward employees and directors, and to link executive compensation with long-term stockholder value creation. We strongly believe that granting equity awards motivates employees and directors to think and act like owners,

rewarding them when value is created for stockholders. Accordingly, more than 50% of our NEOs' Total Target Direct Compensation is performance-based and tied to pre-established performance goals aligned with our short-term and long-term objectives.

Question: Why does PayPal limit employee trading of its stock during the period leading up to and after its quarterly earnings report?

Company Response:
Like most public companies, PayPal has adopted an insider trading policy to govern transactions in the securities of PayPal. Under this policy, employees are restricted from certain transactions in the company's stock during specified blackout periods.

This policy is designed to prevent unlawful trading based on material non-public information that PayPal employees may be aware of as a result of their employment with the company.

STOCK PERFORMANCE

Question: Why has PayPal's stock price declined? What are you doing to increase the price?

Related Questions:

- *Why has stock price decreased so much since a year and a half ago? What plans do you have to enhance shareholder value?*
- *Why don't you want shareholders to be compensated for having shares in the company you're working for?*
- *Why is the stock of the company going down every day, in general? Is there any plan to tackle these issues?*
- *When will the stock price go back up to pre-pandemic levels?*
- *What does the Board say to disappointed shareholders regarding PayPal's stock price?*

Company Response:
The global macroeconomic environment continues to be complex and difficult to predict. At our recent Q1 2023 earnings, we reported that we beat our guidance across both revenue and earnings per share (EPS) for the quarter, and as a result, we raised our full year 2023 EPS guidance. We are in a strong financial position, and we are driving steady progress against our strategic priorities. PayPal's Board and management team are focused on delivering on our commitments and creating long-term value for our stockholders.

Our top priorities are executing across our strategic initiatives and enhancing the value proposition for the consumers and merchants on our platform. We are focused on growing our core business, enhancing our platform, expanding into key international markets, and developing new, innovative products and solutions. We continue to have strong conviction in the growth potential of our business and our ability to sustainably create value for our stockholders.

Question: Will PayPal consider paying dividends on its stock?

Related Questions:

- *Any plan to provide a dividend to stockholders?*

Company Response:
We remain very focused on investing in growth, which we believe is critical for long-term value creation. Our number one priority is to invest and innovate to enhance our value proposition for our consumers and merchants.

We have taken a more aggressive approach to our capital return program over the last several quarters. We continue to believe that share repurchases, in addition to investing in the business, remain an excellent use of capital for our stockholders. In 2022, we returned $4.2 billion dollars to stockholders through share repurchases, representing more than 80% of the free cash flow we generated. While we continue to evaluate our capital allocation plans and priorities on a regular basis, at this time we do not have plans to introduce a dividend, but it may be something we consider in the future.

Question: Does PayPal have shareholders who are naked short selling?

Related Questions:

- *Does PayPal have naked shorts in it?*

Company Response:
We do not comment on trading activity regarding our stock.

BUSINESS STRATEGY

Question: What is the current impact of eBay on PayPal's business?

Company Response:
We have moved past the transition of eBay off our platform. In 2022, eBay represented just 2% of our revenue and total payment volume. Going forward, similar to our other large enterprise partners, eBay's impact will be driven by general ecommerce trends and share of checkout dynamics.

Question: Why is PayPal's business limited to financial technology? Why doesn't the company diversify into other areas?

Company Response:
PayPal's mission to build a more financially inclusive and interconnected world is core to everything we do. Our business priorities are centered on leveraging technology to make financial services and commerce more convenient, affordable, and secure. Over the past 20

years, we have built a two-sided network that is unique in size and scale, and empowers hundreds of millions of consumers and merchants to join and thrive in the global economy. We are focused on leveraging these assets to sustainably and profitably grow our business for our stockholders. To achieve this, we are working towards our three strategic priorities: improving our core checkout proposition, growing our unbranded processing, and driving adoption of our digital wallets.

Question: How is PayPal's business in China performing?

Company Response:
The market in China has been heavily impacted by both global macroeconomic and supply chain issues. That said, we believe the market is stabilizing and starting to improve, and we are encouraged by the improvement we saw in our volumes in Q1 2023 relative to the prior few quarters. We continue to see China as a very important market with growth potential.

Question: Is Square PayPal's biggest competitor?

Company Response:
There are many strong competitors in the market, some of whom are also partners with PayPal. Over the past 20 years, we have built a two-sided payment platform that is unique in size and scale, connecting hundreds of millions of consumers and merchants across the globe, which we view as a competitive strength. Consumers trust our brand and value the safety, security, and convenience that we offer on our platform. We remain highly focused on continuing to improve our products and enhance our value proposition for both consumers and merchants.

ESG

Question: Why does PayPal place so much focus on environmental, social and governance (ESG) initiatives rather than on maximizing shareholder value?

Related Questions:

- *Why is the company focusing management on ESG versus creating shareholder growth and value?*
- *Will the Board stop making politically based decisions that clearly favor your personal agendas?*

Company Response:
At PayPal, we believe that effective management of ESG risks and opportunities plays a role in furthering the long-term interests of our stockholders and other stakeholders. Responsibly managing our global business helps to enable us to create value for all of our stakeholders, including our stockholders, employees, partners, and communities.

Question: Why does PayPal continue to prioritize diversity, inclusion, equity and belonging (DIE&B) within the company?

Company Response:
We believe that operating with a strong sense of purpose helps drive long-term sustainable growth by inspiring our employees and creating value for our shareholders, customers, and other stakeholders. We believe that effective management of ESG risks and opportunities plays a role in furthering the long-term interests of our stockholders and other stakeholders. PayPal has always been driven by its mission, its vision, and its values. Our mission to build a more financially inclusive and interconnected world is the foundation of our values-led culture, which is grounded in inclusion, innovation, collaboration, and wellness across our business, workforce, and communities.

Prioritizing diversity enables us to build products and create experiences for all of our customers, driving financial inclusion across everything we do. Our Global Impact Report provides additional information on our ESG and DIE&B strategies and priorities.

Question: Does PayPal have employees focused on DIE&B? If so, what are their duties and compensation?

Company Response:
PayPal's dedicated global DIE&B team, led by our Global Head of DIE&B, in partnership with appointed business leaders on our DIE&B Business Council, works to enhance our inclusion efforts and pilot new initiatives across the organization.