



GOVERNANCE GUIDELINES OF THE BOARD OF DIRECTORS

The Board of Directors (the "Board") of PayPal Holdings, Inc. (the "Company") has adopted these governance guidelines (the "Guidelines") to assist it in following corporate practices that serve the best interests of the Company and its stockholders. The Board intends that these Guidelines serve as a flexible framework within which the Board may conduct its business, not as a set of binding legal obligations. The Guidelines should be interpreted in the context of all applicable laws, rules, regulations, listing standards, the Company's Restated Certificate of Incorporation (the "Charter") and the Amended and Restated Bylaws (the "Bylaws") and other governing legal documents.

BOARD COMPOSITION; SELECTION OF DIRECTORS; POLICY REGARDING ELECTION OF DIRECTORS

Size of the Board

The number of directors that constitutes the Board shall be fixed from time to time by a resolution adopted by the Board in accordance with the Bylaws. The Board shall periodically review its size to ensure that the current number of directors effectively supports the Company.

Board Member Criteria

The Board should be composed of directors chosen on the basis of their character, integrity, judgment, skills, background and experience of particular relevance to the Company. In addition, directors should have high-level managerial experience in a relatively complex organization or be accustomed to dealing with complex problems. Directors should also represent the balanced, best interests of the stockholders as a whole rather than special interest groups or constituencies. At the same time, in addressing the overall composition of the Board, characteristics and background, should be considered as well to complement the skills, qualifications and expertise that directors bring to the Board. The Governance and Nominating Committee (the "Governance Committee") is committed to actively seeking highly qualified individuals with a range of work experiences, qualifications and backgrounds to include in the pool from which director candidates are selected. Each director should be an individual of the highest character and integrity, with the ability to work well with others and with sufficient time available to devote to the affairs of the Company to carry out the responsibilities of a director.

Guiding Principles for Board Composition and Succession

Board composition should be guided by the following principles, which are focused on maintaining robust and effective governance:

- The Board should be composed of directors who are highly engaged.
- In light of the rapidly changing environment in which the Company's businesses operate, the Board should include individuals with highly relevant professional experience.
- Board refreshment over time is critical to ensuring that the Board as a whole maintains an appropriate balance of tenure, qualifications, skills, backgrounds and experience needed to provide effective oversight in light of the Company's current and future strategic needs. The Company benefits when there is a mix of experienced directors with a deep understanding of the Company and newer directors who bring fresh perspectives and new ideas.

- The Board does not believe in setting a specific limit for the overall length of time a director may serve. Directors who have served on the Board for an extended period can provide valuable insight into the operations and future of the Company based on their experience with, and understanding of, the Company's history, policies, and objectives.

Proportion of Independent Directors

The Board shall consist of at least a majority of directors who meet the criteria for independence required by applicable listing standards as such requirements may be amended from time to time (each, an "Independent Director"). The Board shall determine on an annual basis whether each director qualifies as an Independent Director pursuant to applicable listing standards. The Board also believes that the Chief Executive Officer ("CEO") should be a member of the Board and that it may be in the Company's best interest to have one or more former members of management serve as directors.

Board Leadership

The Board's policy is that the positions of Board Chair and CEO should generally be held by separate persons as an aid in the Board's oversight of management and to allow the CEO to focus primarily on management responsibilities. If the Board Chair is not an Independent Director, the Independent Directors shall designate a Lead Independent Director from the group of Independent Directors. In addition to the duties of a Board member, the Lead Independent Director shall be responsible for: (i) providing the Board Chair with input as to an appropriate schedule of Board meetings; (ii) providing the Board Chair with input as to the preparation of agendas for Board meetings; (iii) providing the Board Chair with input as to the quality, quantity, and timeliness of the flow of information from the Company's management that is necessary for the Independent Directors to effectively and responsibly perform their duties; (iv) making recommendations to the Board Chair regarding the retention of consultants who report directly to the Board (other than consultants who are selected by the various committees of the Board); (v) presiding over executive sessions of the Board; (vi) acting as a liaison between the Independent Directors and the Board Chair and CEO on sensitive issues; (vii) together with the Board Chair, leading the Board in its review of the results of the annual self-assessment process, including acting on director feedback as needed; and (viii) communicating with major stockholders, as appropriate. Subject to the Lead Independent Director's continued service on the Board, the Lead Independent Director shall serve a two-year term, or until such Lead Independent Director's resignation or the appointment by the Independent Directors of a successor, or the appointment of a Board Chair who is an Independent Director (or the determination by the Independent Directors that a serving Board Chair has qualified as an Independent Director).

Nomination of Directors

The Governance Committee is responsible for recommending individuals to present to the Board as candidates for Board membership in connection with the election of directors by stockholders and to fill Board vacancies. The Board has delegated to the Governance Committee the responsibility for the screening process for identifying possible candidates.

To ensure that the Board continues to evolve and is refreshed in a manner that serves the changing business and strategic needs of the Company, the Governance Committee annually reviews with the Board the applicable skills, qualifications, expertise, characteristics and background of Board nominees in the context of the current Board composition and Company circumstances. In making its recommendations to the Board, the Governance Committee considers the qualifications of each individual director candidate in light of the criteria described under "Board Member Criteria" and "Guiding Principles for Board Development and Succession" above. The Governance Committee may use a variety of sources, including executive search firms and stockholder recommendations, to identify director candidates.

For nomination of potential new candidates made other than by the Board, the stockholder or other person making such nomination must comply with the Company's Charter and Bylaws. Subject to the nominating stockholder's compliance with the Company's Charter and Bylaws and, if applicable, Rule 14a-19 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), candidates nominated by a stockholder will be included on a universal proxy card. Such inclusion is not an endorsement of the stockholder nominee. All potential candidates must agree (i) to make themselves reasonably available for interviews with the Governance Committee and/or other directors and members of management; and (ii) to the conduct by the Company of customary background checks and other reviews of nominee qualifications.

Policy Regarding Election of Directors

The Board expects each incumbent director who is nominated for re-election to the Board to tender an irrevocable resignation from the Board prior to the corresponding annual meeting of stockholders in accordance with the Bylaws. In the event an incumbent director fails to receive the required votes for re-election, the Governance Committee, or a committee of the Board consisting solely of Independent Directors that does not include such incumbent director, will determine whether to accept such director's resignation in accordance with the Bylaws.

Accordingly, in considering whether to nominate any incumbent director for re-election, the Board shall consider whether the incumbent director has tendered an irrevocable resignation that will be effective upon (i) the failure to receive the required vote at the next meeting at which such director faces re-election and (ii) acceptance of such resignation in accordance with the Bylaws. In addition, in considering whether to nominate an individual who is not an incumbent director for election to the Board, or to fill a director vacancy or new directorship, the Board shall consider whether such individual has agreed to tender a resignation of the type described in the preceding sentence prior to being nominated for re-election, if applicable.

Changes in a Director's Status

Directors shall inform the Board Chair (or the Lead Independent Director if the Board Chair is not an Independent Director) and the Company's Secretary of any significant change in such director's personal circumstances, including a change in principal occupation, changes in professional roles and responsibilities, or status as a member of the board of any other public company, including retirement, in each case, including changes that may affect the continued appropriateness of Board or committee membership. Any Independent Director shall also inform the Board Chair (or the Lead Independent Director if the Board Chair is not an Independent Director) and the Company's Secretary of any change in circumstance that may impact such director's status as an Independent Director. The Governance Committee shall be advised of any such change described above and shall make a recommendation to the Board on the continued appropriateness of such director's Board or committee membership under these circumstances.

Outside Directorships and Positions

From time to time, members of the Board are invited to serve on boards of other public companies. Participation should be very selective. To ensure that members of the Board have the time and resources to commit to the Board, it is recommended that Board members serve on four or fewer boards of publicly held companies (including the Board). Members of the Board who are chief executive officers of public companies are recommended not to sit on the boards of more than three public companies (including the board of the company on which they serve as chief executive officer). In the event a Board member holds a position on the Company's Audit and Finance Committee, such member may not serve on the audit committees of boards of more than three other publicly held companies unless the Board determines that such simultaneous service would not impair the ability of the individual to effectively serve on the Company's Audit and Finance Committee. The Governance Committee and the Board will consider the nature of and

time involved in a director's service on other boards in evaluating the suitability of individual directors and making its recommendations to Company shareholders.

Members of the Board shall not serve as a director or officer of any company that may cause a significant conflict of interest with their service as a member of the Company's Board. Board members should normally avoid serving on the board, or serving as an officer, of a service provider, contractor, consultant or other party with whom the Company does a significant amount of business, particularly when such participation might create an appearance of favoritism or a conflict of interest. All directors shall inform the Board Chair (or the Lead Independent Director if the Board Chair is not an Independent Director) and the Company's Secretary of any activity that may be a potential conflict of interest, such as an affiliation with a material competitor or supplier of the Company. The Governance Committee shall be advised of such activity and shall make a recommendation to the Board on the continued appropriateness of such director's Board or committee membership under these circumstances. Board members will take any such action as the Governance Committee deems to be necessary or appropriate to effect the intent of this section.

BOARD OVERSIGHT

Strategic Oversight and Risk Management

One of the Board's primary responsibilities is overseeing management's establishment and execution of the Company's strategy, and at least annually, the Board conducts an in-depth review of the Company's overall strategy. The Board looks to the expertise of its committees to inform strategic oversight in their areas of focus. In addition, the Board is responsible for overall risk assessment and management oversight and executes its oversight responsibility directly and through its committees, who regularly report back to the Board.

BOARD PROCEDURES

Selection of CEO and Board Chair

The Board shall select and appoint the CEO. The Independent Directors shall designate the Board Chair.

Attendance at Board, Committee, and Annual Meetings

The Board currently has at least four regularly scheduled meetings each year, plus special meetings as required. Each Board member shall make every effort to attend each Board meeting, each meeting of a committee on which such director serves, and the annual meeting of stockholders, preferably in person but in special circumstances via telephone conference call or other electronic means.

Time Commitment and Board Service

Each Board member is expected to ensure that his or her other existing and planned future commitments do not materially interfere with such member's service on the Company's Board.

Executive Sessions Among Independent Directors

At each regularly scheduled Board meeting, time will be allocated for the Independent Directors to meet in executive session without Company management present. The Board Chair (if an Independent Director) or the Lead Independent Director, as applicable, will chair these meetings.

Conflicts of Interest

- *Director Conflicts of Interest.* On an annual basis, each Board member will complete a questionnaire that is designed to assist the Board in affirmatively determining independence and identify any actual or potential conflicts of interest.
- *Senior Executive Conflicts of Interest.* On an annual basis, each “executive officer” of the Company, as defined in Rule 3b-7 of the Exchange Act, will complete a questionnaire that is designed to identify any actual or potential conflicts of interest.

Auditor Independence

The Audit and Finance Committee is responsible for making appropriate inquiries and receiving appropriate assurances necessary to assess the independence of the Company's auditors.

Code of Business Conduct and Ethics

The Audit and Finance Committee is responsible for evaluating and, if appropriate, recommending to the Board approval of any contemplated waiver of a provision of the Company's Code of Business Conduct and Ethics involving directors and executive officers as set forth in the Code of Business Conduct and Ethics.

Availability of Outside Advisors

The Board and each of its committees may retain outside legal, financial or other advisors as the Board or such committee deems necessary or appropriate, at the Company's expense. The Board and each Committee thereof shall have the power to hire independent legal, financial or other advisors as they may deem necessary, without consulting or obtaining the approval of any officer of the Company in advance.

Access to Information and Management

The Board shall have access to information about the Company that it deems necessary or appropriate to carry out its duties, subject to reasonable efforts to avoid disruption to the Company's business and operations. This includes, among other things, access to the Company's management, employees, documents and facilities.

Board Interaction with Stakeholders

It is the Company's policy that, as a general matter, management speaks for the Company and, accordingly, directors should refer all inquiries from investors, analysts, the press or others to the CEO or their designee. Nevertheless, it is expected that Independent Directors, including the Board Chair (or the Lead Independent Director if the Board Chair is not an Independent Director), may from time to time meet or otherwise communicate with external constituents, including stockholders. Typically, those meetings or communications will be coordinated through the CEO or their designee.

Review of Governance Guidelines

The Governance Committee shall review these Guidelines at least annually and make any recommendations to the Board.

BOARD COMMITTEES

Nature of Committees

The purpose of the Board committees is to help the Board effectively and efficiently fulfill its responsibilities, although they do not displace the oversight responsibilities of the Board as a whole. Committees will regularly report the results of their significant activities to the full Board and make recommendations to the full Board as appropriate.

Number and Composition of Committees

The Company's Board currently has four principal committees: the Audit and Finance Committee; the Compensation Committee; the Governance Committee; and the Risk and Compliance Committee. From time to time the Board may form a new committee or disband a current committee depending upon the circumstances. Committee composition shall conform to the requirements of the Securities and Exchange Commission, The Nasdaq Stock Market, and any other applicable rules and regulations, as such requirements may be amended from time to time. Each of the Company's Audit and Finance Committee, Governance Committee, Compensation Committee, and Risk and Compliance Committee shall consist solely of Independent Directors, except in certain limited circumstances.

Appointment and Term of Service of Committee Members

The Governance Committee shall recommend members of the Board to serve as committee members, who shall, if appointed by the Board, serve until their resignation or until the Board appoints a successor. Committee assignments are reviewed annually by the Governance Committee.

Committee Proceedings

Committee proceedings shall conform to the requirements of The Nasdaq Stock Market (or other listing standards which may be applicable) and other applicable regulations, as such requirements may be amended from time to time. Each of the Board's committees shall be governed by a written charter approved by the Board. All Board members are welcome to attend committee meetings, unless the meeting relates solely to a matter with respect to which a Board member has a conflict of interest. The agendas and meeting minutes of the Committees shall be shared with the full Board. Each Committee shall periodically report to the Board on significant matters discussed by such Committee.

STOCK OWNERSHIP GUIDELINES

All non-employee directors and executive officers are subject to the Company's Stock Ownership Guidelines, which are intended to further align their interests with the long-term interests of the Company's stockholders.

BOARD COMPENSATION

The Board's compensation practices and any changes to such practices shall be determined by the Compensation Committee. The Board also believes that a significant portion of director compensation should align director interests with the long-term interests of our stockholders. It is appropriate for the Compensation Committee to receive, from time to time, reports on the status of Board compensation in relation to other similarly situated U.S. companies to ensure that the Company's Board compensation is appropriate and competitive.

Director's fees, including any additional amounts paid to Board committee chairs and members, are the only compensation a member of the Audit and Finance Committee may receive from the Company; provided, however, that a member of the Audit and Finance Committee may also receive fixed amounts of compensation under a retirement plan (including deferred compensation) from the Company for prior service with the Company so long as such compensation is not contingent in any way on continued service.

DIRECTOR ORIENTATION AND CONTINUING EDUCATION

The Company's director orientation program is intended to familiarize new directors with the Company's businesses, strategies, and policies, and assist them in developing the knowledge required for their service on the Board and any committees on which they serve. All new directors participate in the orientation program and other directors are also invited to participate.

The Company will make available to the Company's directors regular continuing education programs that enhance the skills and knowledge directors use to perform their responsibilities. These programs may include internally developed programs, programs presented by third parties, and financial and administrative support to attend qualifying academic or other independent programs.

ANNUAL SELF-ASSESSMENT

The Governance Committee shall recommend to the Board an annual self-assessment process for the Board and each of its committees. The self-assessment process will focus on whether the Board and its members, and the members of each committee, are functioning effectively and adequately contributing to the Company. The Board Chair (or Lead Independent Director if the Board Chair is not an Independent Director) will lead the Board review and the chair of each committee will lead the committee review of the results of the annual self-assessment process.

SUCCESSION PLANNING

The Board recognizes the importance of effective executive leadership to the Company's success, and reviews executive succession planning at least annually. As part of this process, the Board reviews and discusses the capabilities of the Company's senior leadership, as well as succession planning and potential successors for the Company's executive officers (including the CEO). The process includes consideration of organizational and operational needs, competitive challenges, leadership/management potential and development, and emergency situations.

CONFIDENTIALITY

The proceedings and deliberations of the Board and its committees are confidential. Each director must maintain the confidentiality of information received in connection with their service as a director to the extent not disclosed publicly by the Company.

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