PayPal Holdings, Inc.

Stockholder Questions and Answers for the 2020 Annual Stockholders' Meeting

Below is the list of questions we received in advance of and during our 2020 Annual Meeting of Stockholders held on May 21, 2020 (the "Annual Meeting"), including those that we were not able to cover in the Q&A session due to time. Consistent with the meeting Rules of Conduct and Procedure, 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 language which was inappropriate or related to a stockholder's personal interests, matters, or grievances, and removed names of individuals. We have also responded individually to stockholders raising matters of individual concern (e.g., questions with respect to a customer's specific account).

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 of May 21, 2020. 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:

Question: Where can I find PayPal's proxy materials? Can I review them in a format other than Adobe Flash Player?

Company Response:

- You may view our proxy materials at www.proxyvote.com. You will need your 16-digit control number on your Notice, proxy card or voting instruction form, as applicable, to access the materials.
- You may also view our proxy statement and annual report on our Investor Relations website at https://investor.paypal-corp.com/financial-information/annual-reports.
- Our proxy statement is also available on the SEC's website at https://www.sec.gov/Archives/edgar/data/1633917/000119312520101351/d856632ddef14a.htm. The materials on the SEC website are in HTML format. You do not need Adobe Flash Player to review the materials on the SEC website.

Question: Is there a way to review the performance of the directors before making voting decisions? Can you please provide a summary?

Company Response:

- One of the Board's primary responsibilities is overseeing management's establishment and execution of PayPal's strategy. The Board works closely with management to respond to the dynamically changing, competitive environment in which we operate.
- Please refer to "Proposal 1: Election of Directors" (pages 10-24) and "Corporate Governance" (pages 28-37) in our proxy statement for important information about our directors, as well as the "Executive Summary" of our "Compensation Discussion and Analysis" (pages 47-48), which provides company performance highlights.

Question: Where can I find information on the stockholder proposals that will be considered at the 2020 Annual Meeting?

Company Response:

- Each of the stockholder proposals on the ballot for our Annual Meeting is set forth in our proxy statement, which was filed with the SEC on April 8, 2020. Our proxy statement also includes PayPal's statements in opposition to each of the stockholder proposals.
- For information on proposal 4 (Stockholder Right to Act by Written Consent), please refer to pages 86-87 of our proxy statement.
- For information on proposal 5 (Human and Indigenous Peoples' Rights), please refer to pages 88-89 of our proxy statement.

Question: How can I submit a stockholder proposal?

Company Response:

- For information on submitting a stockholder proposal for the 2021 Annual Meeting of Stockholders, please see pages 94-95 of our proxy statement.

Additional Questions Received Prior to and During the Annual Meeting:

Question: Is Paypal ever going to get into using CashApps like your competition does?

Company Response:

- We have multiple peer-to-peer payment services, including PayPal, Venmo and Xoom, which work across multiple devices, operating systems, and financial instruments.
- Customers have used PayPal's P2P services to send and receive more than $200 billion in the last year alone, which I [Dan Schulman] think demonstrates our clear leadership.

Question: eBay+PayPal created tremendous value until eBay lost ground to Amazon. In the years since the split Paypal has done well. But with every tech giant getting into payments do you believe PayPal as a standalone entity will create more value than PayPal as the payment arm of, say, Facebook? How are you sure Amazon won't do to you what it did to eBay?

Company Response:

- From a competitive standpoint, I [Dan Schulman] think we are very well-positioned. Some of our key competitive advantages include our two-sided network, which has grown significantly in the last several years to more over 325 million accounts, including more than 25 million merchant accounts. We have global presence in 200+ markets, and our wide range of products and services address the increasing need for digital payment options. In addition, over the past couple of years, we've partnered closely with Google and Facebook to offer seamless payment experiences for our mutual customers.
- Given the current environment, we expect a rapid acceleration towards e-commerce, which is clearly a tailwind, and we are prioritizing initiatives that will help us take advantage of these trends.

Question: How will you handle the holding of Uber stock? Will you keep holding, sell or invest more in Uber?

Company Response:

- We made our strategic investment in Uber in connection with expanding our commercial agreement. We expect to work closely with Uber on numerous new initiatives, including expanding in growing economies like Brazil and India. Uber remains a close and important strategic partner to us.
- When I [Dan Schulman] take a step back and look at strategic investments in general, you can expect us to be opportunistic about transactions that will accelerate the growth of new customers and increase engagement on our platform. At a high level, we've always been focused on long-term value creation, and we have a disciplined approach to investment management.

Question: What is Paypal doing to address issues of reduced customer service during Covid-19? Why aren't the call centers operating remotely? Or why wasn't messaging available, except through multiple layers of the help section?

Company Response:

- We have adapted our servicing strategy to enable our team members to work from home for their health and safety, while continuing to serve our customers through phone, messaging and self-service channels, like our help center. We have expanded our messaging hours to ensure timely responses to our customer inquiries and will continue to adapt our

servicing approach to meet our customer needs while looking after the well-being of our team members working remotely.

Question: What is the greatest impact of Covid-19 on the company?

Company Response:

- COVID-19 has fundamentally changed the way people transact. We believe we will look back at this time as a tipping point where digital payments, both offline and online, became an essential element of our lives, hastening the demise of cash, and forcing a reimagination of commerce, retailing and the payments system. And we intend to be a driving force as those trends unfold. We entered this crisis in a position of strength—as a leader in global digital payments with more than 300 million customers across 200 markets, and a brand that stands for trust, innovation, and empowering people and businesses to thrive in the global economy. In April, there was an unprecedented demand for our products and services. In fact, on May 1st, we had our largest single day of transactions in our history; larger than last year's transactions on Black Friday or Cyber Monday. In April we added 7.4 million net new active accounts, a new record, growing ~135% on a year-over-year basis.

Question: I hope that in this time of COVID 19 crisis all senior management will forgo any increases in compensation both salary and other types of enrichment. Will you commit to take that position until the markets return to normalcy?

Company Response:

- PayPal is in a fortunate position to have the balance sheet and the business model to weather through this challenging time from a position of relative strength. There is a secular movement away from cash and towards digital payments and we are well positioned to help during this difficult time.
- All of our global employees know that they have PayPal's support during this difficult time. We will continue to do everything we can to ensure our employees' health and safety, as well as the continued flexibility that this new reality demands.
- We will continue to be responsible stewards of the long-term financial health of our company and to do what is right for the PayPal, our employees and our customers.

Question: While I agree that the stockholder proposal about human rights is not necessary, it does bring up a few questions that I have also seen in the past. Do we have an official position on why we offer services to Israel but not to Palestinians? I'm sure it's a complicated area, but it would seem to fit with our ethics to support both if possible.

Company Response:

- Our ambition is for everyone to have access to our services for digital payments and commerce, in accordance with applicable regulatory requirements.

- Although we are not currently providing services in the Palestinian territories, we hope ultimately to be able to address the risk, compliance, regulatory and resource allocation issues to properly serve customers in this region and other markets where PayPal is not yet present in due course.
- While we do not have anything to announce for the immediate future, we continuously work to develop strategic partnerships, address business feasibility, regulatory, and compliance needs and requirements, and evaluate the necessary local authority permissions for new market entries.

Question: I am following up from my question from 2019 concerning PayPal's stance on human rights while operating in countries notorious for violating them. What specific actions has PayPal taken to actively promote and defend human rights in all countries where it operates? Which specific legislative bills has PayPal backed concerning this topic?

Company Response:

- We believe that only through operating in diverse, global markets with differing political landscapes can we truly fulfill our mission and improve the financial health of people around the world.
- We engage with foreign governments and public institutions as a trusted partner on a range of topics including support for small- and medium-sized business entrepreneurship and cross-border business development. We view this work as foundational for building economic opportunities and combatting poverty to help create the structure for local social and environmental progress, including further actions to promote and defend human rights.
- Additionally, this past year, we joined business coalitions to support the U.S. Equality Act for LGBTQ rights, signed on to amicus briefs for the Deferred Action for Childhood Arrivals (DACA) program, and supported the Pregnancy Workers Fairness Act.

Question: PayPal has partnered with the Southern Poverty Law Center to determine which organizations may use its payment platform. Will PayPal commit to reviewing and, upon review, potentially severing any relationship with or reliance on this organization?

Company Response:

- We regularly assess activity against our Acceptable Use Policy and carefully review actions reported to us, and will discontinue our relationship with account holders who are found to violate our policies.
- Our team of dedicated professionals handles each review individually with a thoughtful, consistent and objective approach in how we apply our policy.
- Our decisions are not politically driven, and we are committed to independently reviewing input from a variety of sources, whether that be from customers, third-parties or other individuals. We welcome input from any group, organization or individual through our online submission process, but all decisions are made independently and solely by PayPal.

Question: Will cashless be a permanent routine going forward or will a return to cash re-enter?

Company Response:

- No one knows exactly what will happen but we are now operating in a world where touch-free payments are more sought after due to concerns with handling physical cash. We are watching countries that are starting to open up again to see how resilient the behavioral changes will be and, these are early results, but so far, we are seeing digital payments remain meaningfully elevated vs pre-COVID levels.

Question: Does the board consider the magnitude of the CEO pay ratio when designing the CEO's and NEO's compensation?

Company Response:

- As discussed in our proxy statement, the Compensation Committee takes into account a multitude of factors in determining executive compensation. Our key guiding principle for executive compensation continues to be closely aligning the compensation of our executives with the creation of long-term value for our stockholders by tying a significant portion of their target total direct compensation opportunity to our Company performance. Since becoming an independent public company in July 2015, PayPal has made significant financial and operational accomplishments under CEO Dan Schulman's leadership.

- For additional information related to the factors the Compensation Committee takes into account in determining executive compensation, please reference pages 54-64 of the proxy statement. We believe our executive compensation program is well aligned with our core compensation philosophy.

Question: PayPal employees must wait three years for all performance or restricted stock grants to fully vest, but according to page 25 of the proxy statement, directors receive equity awards as stock grants immediately. In both cases, we are told it's to "incentivize staying with PayPal". For employees, we are told that if it vests over three years, it encourages talent to stay at PayPal. Why are we not doing this with our directors? Why do non-employees receive better treatment with stock grants?

Company Response:

- PayPal believes that granting fully vested shares, together with PayPal's stock ownership guidelines, aligns stockholder and director interests, and further reinforces the Board's ability to exercise independent oversight. PayPal's director compensation program is generally aligned with our peer group companies.

Question: Do you plan on 2020 share buybacks? How much?

Company Response:

- In the first quarter of 2020, PayPal returned $800 million to stockholders in the form of stock repurchases. Since the second quarter of 2015, PayPal has returned ~$7.7 billion to stockholders, repurchasing approximately 113 million shares of common stock at an average price of $68.96. PayPal's targeted long-term capital allocation strategy contemplates the return of 40-50% of free cash flow to stockholders in the form of stock repurchases.

Question: When do the investors get a dividend?

Company Response:

- To achieve our growth objectives and reinforce our position as one of the leading players within digital payments, we look to invest in the business through organic investments as well as acquisitions and strategic partnerships.
- We are also committed to returning capital to stockholders, and as an independent public company, we have returned ~$7.7 billion to stockholders through stock repurchases. While we do not have any near-term plans to institute a dividend, we will continue to evaluate our capital allocation strategy as our business evolves.

Question: When was the last in person Board meeting?

Company Response:

- As disclosed in our proxy statement, during each calendar year, our Board typically holds eight regularly scheduled meetings, in addition to special meetings scheduled as appropriate.

Question: What was the selection process for the newest member of the Board?

Company Response:

- As disclosed in our 2019 proxy statement available at https://investor.paypal-corp.com/financial-information/annual-reports, Deborah Messemer was initially appointed as a director of the Company in January 2019, based on the recommendation of our Corporate Governance and Nominating Committee. Please see "Proposal 1 – Election of Directors – Consideration of Director Nominees – Director Selection Process and Qualifications" in our 2019 proxy statement for details on our director selection process.

Question: According to FAQ Question 9 on page 92 of the proxy statement, each share equals one vote. Considering that all abstentions are considered a vote against proposals, which assumes that all votes are taken when they are, in fact, not. Proposals are non-binding and the board or other committees can still take whichever action they

choose, overriding any decision by non-board/committee shareholders. Millions of shares (votes) are in the hands of a very limited number of people. The concept of a modern democracy means that one person gets one vote rather than the biggest landowners having the most or more heavily weighted votes. Why does PayPal continue to claim it "democratizes" payments when it is not practicing democracy at the highest levels of its own operations?

Company Response:

- PayPal follows customary and best practices approach to voting our shares. Pursuant to our Certificate of Incorporation, we have one class of common stock, and each share of PayPal stock is entitled to one vote.

Question: How many are attending the meeting today?

Company Response:

- There were 91 attendees at the 2020 Annual Meeting.

Question: I listened to the presentations and was about to vote when it was announced that voting had ended. Why was voting closed instantly after the presentations?

Company Response:

- Stockholders may vote their shares during the business portion of the meeting when the items of business, such as the proposals, are presented. As announced during the Annual Meeting and consistent with prior meetings, at the conclusion of the presentation of the items of business, the polls are closed and no additional votes may be submitted.