PayPal Q4-18 Investor Update

January 30, 2019

Non-GAAP Financial Measures; Forward-Looking Statements

- This presentation contains non-GAAP measures relating to our performance. In addition, we have included certain pro forma adjustments in our presentation of year-over-year growth rates associated with non-GAAP operating expenses, non-GAAP earnings per diluted share, and non-GAAP operating margin. We have chosen to present non-GAAP pro forma measures because we believe that these measures provide investors a consistent basis for assessing our performance, and help to facilitate comparisons of our operating results, across different periods. These pro forma adjustments reflect items that are factually supportable, directly attributable to the reclassification of the U.S. consumer credit receivable portfolio as held for sale from November 2017, and expected to have a continuing impact on the company’s results of operations. These measures may be different from non-GAAP financial measures used by other companies. The presentation of this financial information, which is not prepared under any comprehensive set of accounting rules or principles, is not intended to be considered in isolation of, or as a substitute for, the financial information prepared and presented in accordance with generally accepted accounting principles. You can find the reconciliation of these non-GAAP financial measures to the most directly comparable GAAP measures in the Supplemental Information at the end of this presentation.
- All growth rates represent year-over-year comparisons, except as otherwise noted. FX-neutral (which we also refer to as FXN or currency neutral) results are calculated by translating the current period’s local currency results by the prior period’s exchange rate. FX-neutral growth rates are calculated by comparing the current period's FX-neutral results with the prior period's results, excluding the impact of currency hedging.
- As previously disclosed, we have updated our definitions of Active Accounts and Total Payment Volume (TPV) to capture the diversification of PayPal’s products and services through strategic partnerships, new products and acquisitions. Prior period metric results for Active Accounts, TPV, Number of Payment Transactions, and Payment Transactions Per Active Account have been revised to reflect the updated definitions of the metrics. For additional details, please see PayPal’s Current Report on Form 8-K filed with the Securities and Exchange Commission on April 10, 2018.
- This presentation contains forward-looking statements relating to, among other things, the future results of operations, financial condition, expectations and plans of PayPal Holdings, Inc. and its consolidated subsidiaries that reflect PayPal’s current projections and forecasts. Forward-looking statements can be identified by words such as “may,” “will,” “would,” “should,” “could,” “expect,” “anticipate,” “believe,” “estimate,” “intend,”, “strategy”, “future”, ”opportunity”, “plan,” “project,” “forecast” and other similar expressions. Forward-looking statements include, but are not limited to, statements regarding projected financial results for first quarter and full year 2019, the impact and timing of acquisitions and the projected future growth of PayPal’s businesses. Forward-looking statements are based upon various estimates and assumptions, as well as information known to PayPal as of the date of this presentation, and are inherently subject to numerous risks and uncertainties.
- Our actual results could differ materially from those predicted or implied by forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to: changes in political, business, economic, market and trade conditions, including any regional or general economic downturn or crisis and any conditions that affect payments or e-commerce growth; fluctuations in foreign currency exchange rates; the competitive, regulatory, payment card association-related and other risks specific to the PayPal, PayPal Credit, Braintree, Venmo, Xoom, iZettle and other products, especially as PayPal continues to expand geographically and introduce new products and as new laws and regulations related to payments and financial services come into effect; the impact of PayPal's customer choice initiatives, including on its funding mix and transaction expense; PayPal’s ability to successfully compete in an increasingly competitive environment for its businesses, products and services, including competition for consumers and merchants and the increasing importance of mobile payments and mobile commerce; the outcome of legal and regulatory proceedings and PayPal's need and ability to manage regulatory, tax and litigation risks as its products and services are offered in more jurisdictions and applicable laws become more restrictive; changes to PayPal's capital allocation or management of operating cash; uncertainty surrounding the implementation and impact of the United Kingdom's formal notification of its intent to withdraw from the European Union; cyberattacks and security vulnerabilities in PayPal products and services that could reduce revenue, increase costs, harm us competitively, or lead to liability; the effect of management changes and business initiatives; any changes PayPal may make to its product offerings; the effect of any natural disasters or other business interruptions on PayPal or PayPal's customers; PayPal's ability to timely upgrade and develop its technology systems, infrastructure and customer service capabilities at reasonable cost; PayPal's ability to maintain the stability, security and performance of its Payment Platform while adding new products and features in a timely fashion; the risk that we may not realize the expected benefits of the sale of U.S. consumer credit receivables to Synchrony Financial transaction; risks that planned acquisitions will not be completed on contemplated terms, or at all, and that any businesses PayPal may acquire will not perform in accordance with its expectations; the timing and possible outcome of the UK Competition and Markets Authority’s review and investigation of the acquisition of iZettle; and PayPal's ability to profitably integrate, manage and grow businesses that have been acquired or may be acquired in the future.
- More 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. All information in this presentation is as of January 30, 2019. For the reasons discussed above, you should not place undue reliance on the forward-looking statements in this presentation. PayPal assumes no obligation to update such forward-looking statements.

Strategic Highlights

Record year in 2018… Strengthened strategic positioning and extended competitive moat… Expect 2019 to be another strong year for PayPal

- 2018 revenue of $15.45 billion, +21% (normalized for credit receivables sale) with 26% TPV growth (FXN)
- 2018 non-GAAP EPS +28% to $2.42 driven by top line strength, solid execution and expense discipline
- Record net new actives adding 39 million accounts in 2018
- Venmo volumes surpassed eBay volumes in 2H ’18 and monetization on track… entering 2019 with an annual revenue run rate of $200M
- 2018 capital allocation: $2.7 billion in acquisitions and $3.5 billion in share repurchases
- De-risked our credit exposure, closing the sale of U.S. credit receivables for $6.9 billion in total consideration
- On track to deliver medium-term targets* for revenue/earnings growth and operating margin expansion
- 2019 full year guidance affirms October 2018 preliminary outlook

PayPal

* Investor Day (May 2018).

Full Year 2018 Summary

Strong user and transaction growth driving solid results

Revenue

$15.45B

18%[1] Spot and FX-Neutral YoY Growth; ~3.5 pts of negative impact from sale of U.S. consumer credit portfolio to Synchrony (SYF)

Non-GAAP EPS[1]

$2.42

28% increase YoY

Free Cash Flow[1]

$4.66B | **$3.15B***

* Adjusted for sale of U.S. consumer credit portfolio to SYF

Active Accounts[2]

38.7M

Net adds in year

31% increase YoY

267M

includes >21M merchant accounts

17% increase YoY

Customer Engagement [2]

36.9 payment transactions per active account

9% increase YoY

Total Payment Volume[2]

$578B

27% Spot and **26%** FX-Neutral YoY Growth

- Added 38.7 million net new active accounts in 2018, including 2.9 million from acquisitions
- Processed 9.9 billion transactions in the year, 27% growth
- Free Cash Flow (FCF) of $4.66 billion, or $3.15 billion adjusting for the sale to Synchrony

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(1) Non-GAAP revenue, earnings per share and free cash flow are non-GAAP financial measures. Please see the Supplemental Information for a reconciliation of these non-GAAP financial measures to the most directly comparable GAAP financial measures.

(2) All metrics are presented consistent with the updated definitions in the 8-K filed on April 10, 2018. Definitions included in Supplemental Information.

Fourth Quarter 2018 Summary

Strong user and transaction growth driving solid results

Revenue

$4.23B

14%[(1)] Spot and FX-Neutral YoY Growth; ~7 pts of negative impact from sale of U.S. consumer credit portfolio to SYF

Non-GAAP EPS[(1)]

$0.69

26% increase YoY

Free Cash Flow[(1)]

$910 million

6%* decrease YoY from lower OVAS revenue related to the sale of the U.S. consumer credit portfolio to SYF

Active Accounts[(2)]

13.8M

Net adds in quarter

58% increase YoY

267M

includes >21M merchant accounts

17% increase YoY

Customer Engagement [(2)]

36.9 payment transactions per active account [(2)]

9% increase YoY

Total Payment Volume[(2)]

$164B

23% Spot and **25%** FX-Neutral YoY Growth

- Added 13.8 million net new active accounts in Q4-18, including 2.9 million from acquisitions, record consumer acquisition for a quarter
- Approximately 124 million consumer accounts opted into One Touch and 11 million merchant accounts now offer One Touch

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* Adjusted for the sale to Synchrony. In Q4-17, cash flow from operations was negatively impacted by $1299 million due to the held for sale presentation related to the sale of our U.S. consumer credit portfolio to Synchrony.

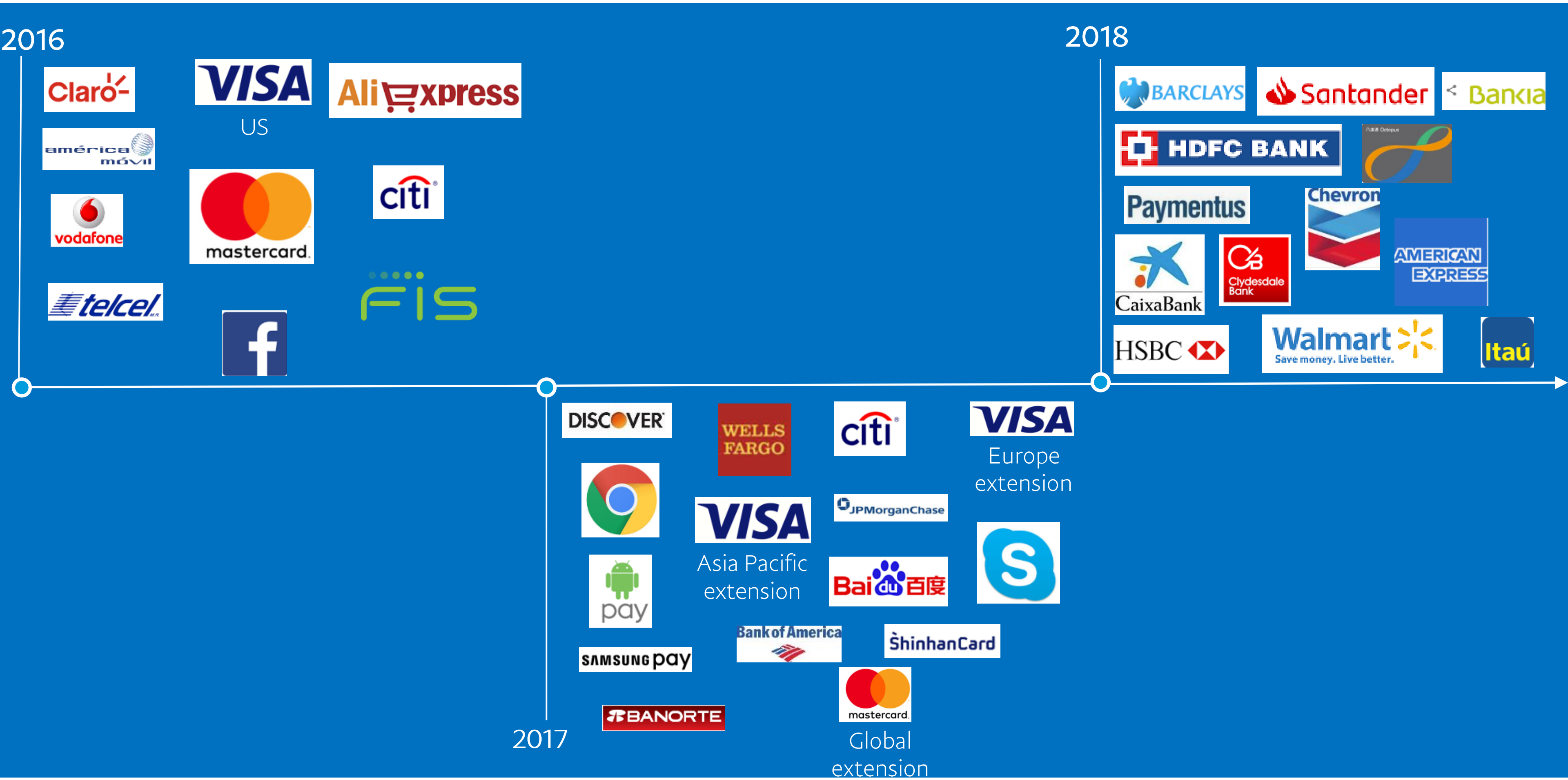
(1) Non-GAAP revenue, earnings per share and free cash flow are non-GAAP financial measures. Please see the Supplemental Information for a reconciliation of these non-GAAP financial measures to the most directly comparable GAAP financial measures.

(2) All metrics are presented consistent with the updated definitions in the 8-K filed on April 10, 2018. Definitions included in Supplemental Information.

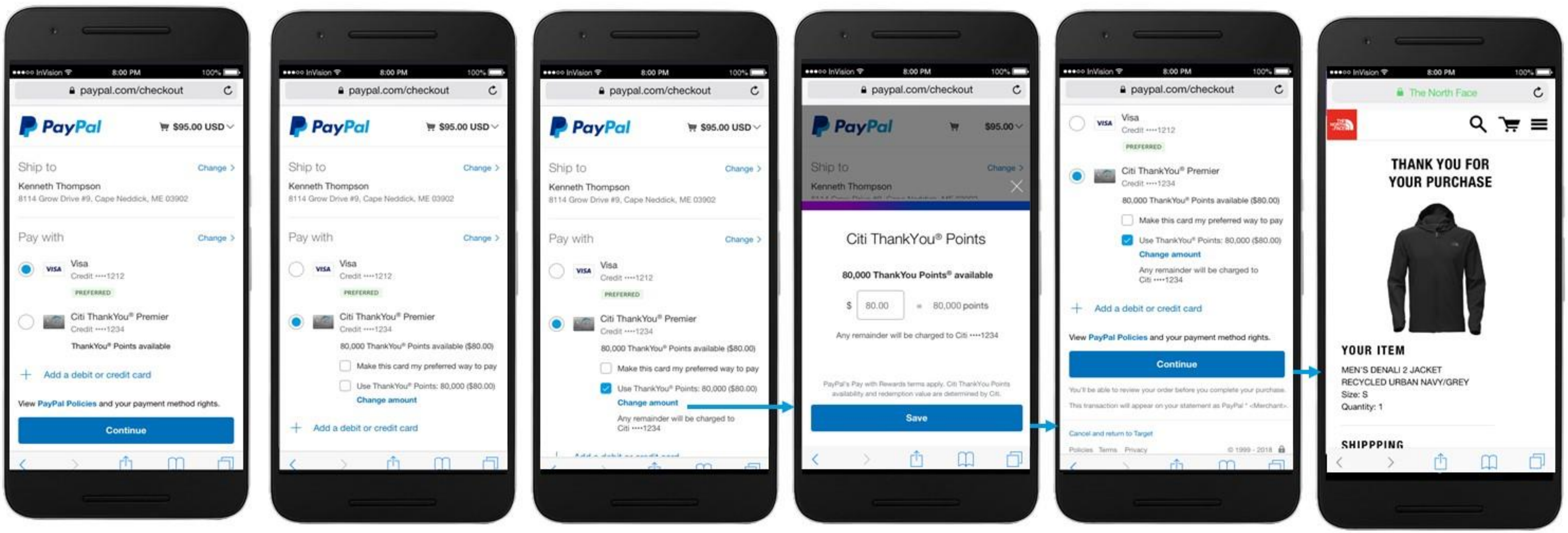
BUSINESS UPDATES

Expanding Strategic Partnerships

Announced 38 partnership agreements since 2016

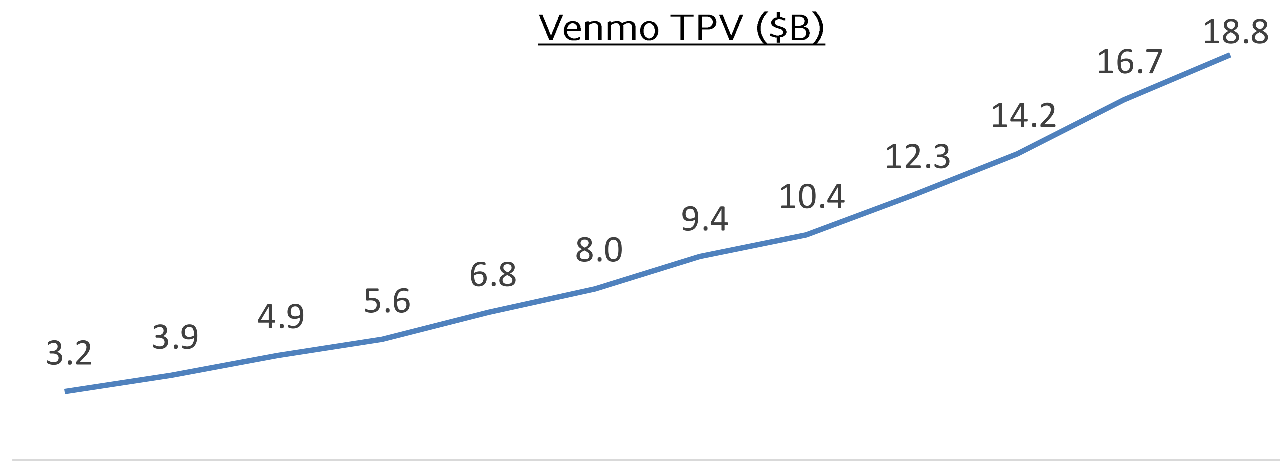


Pay For Your Purchases With Rewards Points At PayPal Merchants



Venmo's Rapid Growth

$62 billion in TPV processed in 2018, 79% growth



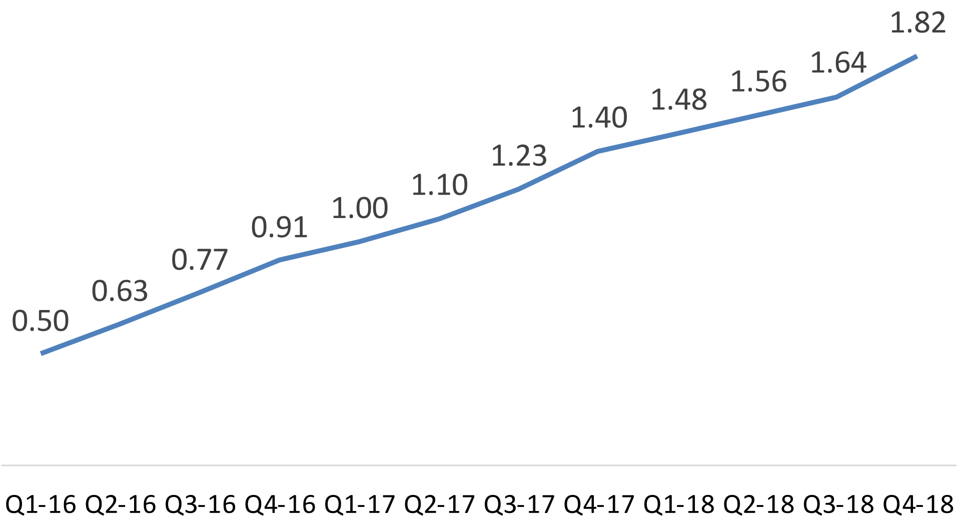
	Q1-16	Q2-16	Q3-16	Q4-16	Q1-17	Q2-17	Q3-17	Q4-17	Q1-18	Q2-18	Q3-18	Q4-18
Y/Y Growth	154%	141%	131%	126%	114%	103%	93%	86%	80%	78%	78%	80%

Key Milestones since 2016

January 2016	Over $1 billion in payments made on Venmo in a month for the first time ever
October 2017	More than 2 million U.S. merchants enabled to accept Pay with Venmo
January 2018	Launch of instant cash out on Venmo
June 2018	Launch of Venmo debit card
July 2018	Uber adds Venmo as a payment option
December 2018	29% of active users have engaged in a monetizable experience

Braintree: Winning With Merchants

Braintree: Transactions including gateway and PayPal transactions (B)[1]



Key Merchants

UBER, facebook, Deutsche Post, Google, airbnb, World Vision, Dropbox, LIVE NATION, BOXED, yelp, WILLIAMS SONOMA, STITCH FIX, Eventbrite, GRUBHUB, NBC UNIVERSAL, verizon, macy's, Krispy Kreme DOUGHNUTS, KFC, Deutsche Telekom

Key Milestones

- 6.5 billion transactions[1] (including transactions on the PayPal platform and gateway and other transactions) processed in 2018
- Together with PayPal, Braintree is the only payments company that enables businesses to accept PayPal and Venmo as payment methods

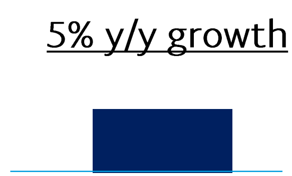
[1] Includes both (i) transactions on the PayPal platform as well as (ii) gateway and other transactions that are not eligible to be counted in our number of payment transactions metric and are not included for purposes of calculating engagement and TPV.

We Are Growing Together With Our Partners

2018 TPV Growth at Spot rates

Merchant Services

eBay Marketplaces on PayPal

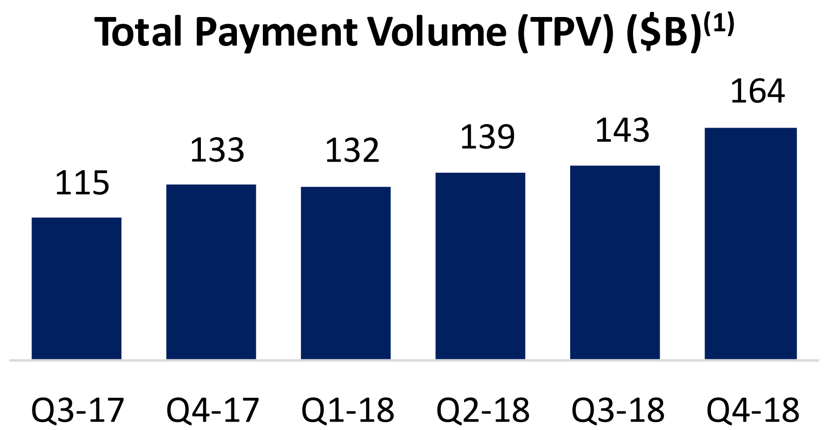


$84.7B of TPV from our Top 20 Marketplaces and Partners

UBER GRUBHUB airbnb Etsy lyft skyscanner

OPERATING & FINANCIAL METRICS PERFORMANCE

Total Payment Volume (TPV)



	Q3-17	Q4-17	Q1-18	Q2-18	Q3-18	Q4-18
FXN Y/Y Growth	28%	29%	27%	27%	25%	25%

- TPV grew 23% at spot, 25% on an FX-neutral basis in Q4-18. Deceleration was primarily driven by slower growth in eBay and cross border volumes and the lapping of TIO Networks, partially offset by acquisitions
- Peer to peer (P2P) volume, including core PayPal, Venmo and Xoom, increased 46% in the quarter to >$39B and represented ~24% of TPV. For the full year, P2P volume increased 49% to ~$139B
- Venmo volume increased 80% to approximately $19B in the quarter. For the full year Venmo volume increased 79% to $62B

(1) All metrics are presented consistent with the updated definitions in the Form 8-K filed on April 10, 2018. Definitions included in Supplemental Information.

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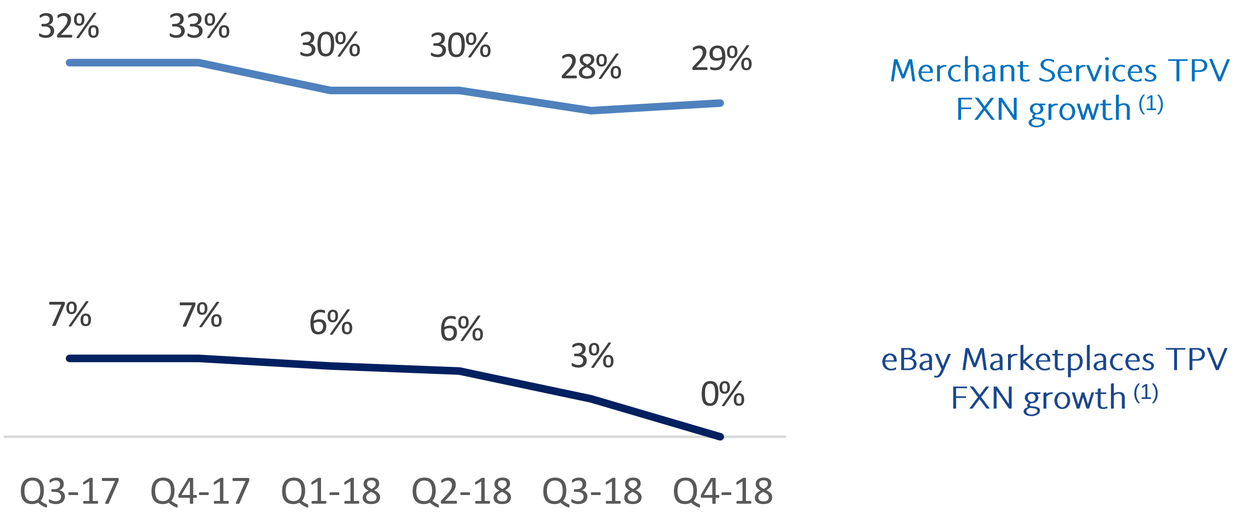
TPV: Merchant Services

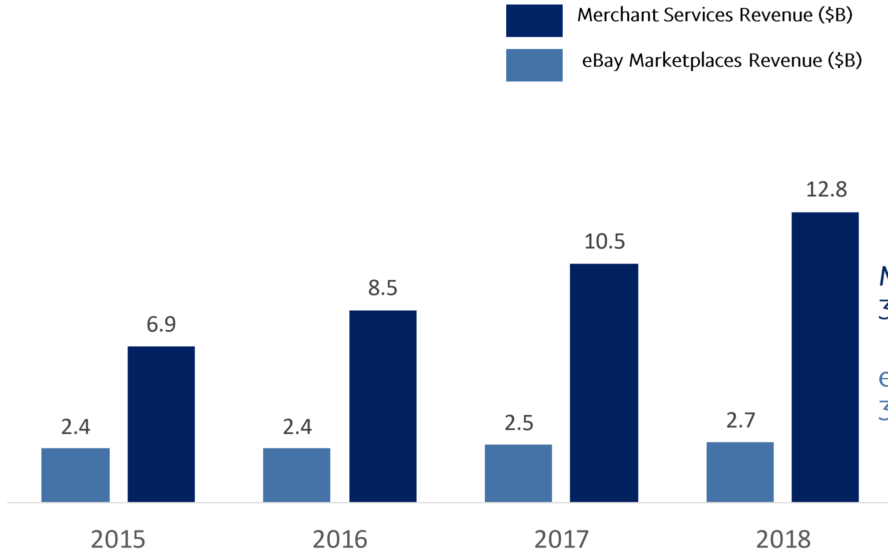


Merchant Services as % of Total TPV	87%	87%	87%	88%	89%	90%

- Merchant Services (non-eBay Marketplaces related) volume represented 90% of TPV in Q4-18; share of merchant service volume increased >10 pts since separation
- 29% growth in Merchant Services volume driven primarily by core PayPal and Braintree. Deceleration on y/y basis was driven by the slower growth in cross border volume, lapping of TIO Networks partially offset by acquisitions

[1] All metrics are presented consistent with the updated definitions in the Form 8-K filed on April 10, 2018. Definitions included in Supplemental Information.

eBay: TPV And Revenue Share Continue To Decline Since Separation



Merchant Services Revenue
3-year CAGR: 23%

eBay Marketplaces Revenue
3-year CAGR: 4%

	2015	2016	2017	2018
eBay Marketplaces TPV as % of Total TPV	21%	17%	14%	11%
eBay Marketplaces Revenue as % of Total Revenue	26%	22%	20%	17%

- Since 2015, on average, PayPal's Merchant Services' revenue has grown approximately 6x the rate of eBay's Marketplaces revenue on PayPal's platform

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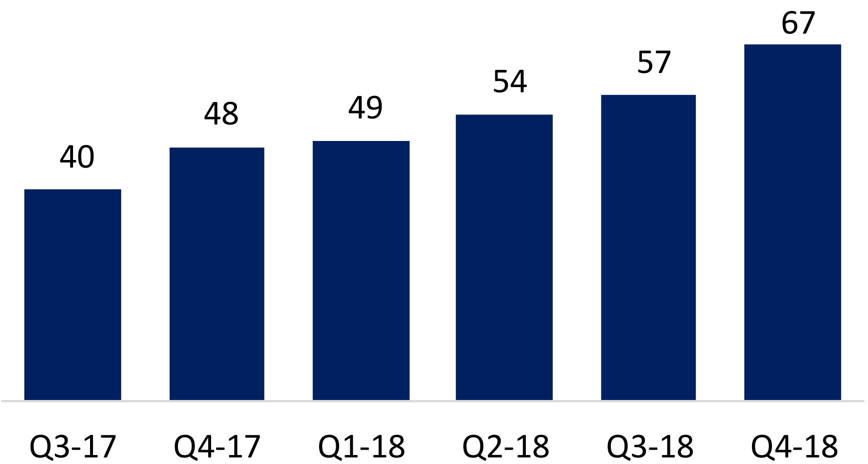
TPV: Mobile

Mobile TPV ($B)



	Q3-17	Q4-17	Q1-18	Q2-18	Q3-18	Q4-18
Y/Y Growth	53%	53%	52%	49%	45%	40%
Share of total TPV	34%	36%	37%	39%	40%	41%

- Mobile TPV was ~$227 billion in 2018, up ~46%
- Mobile TPV represented 39% of TPV in 2018, an increase of >500 basis points versus 2017

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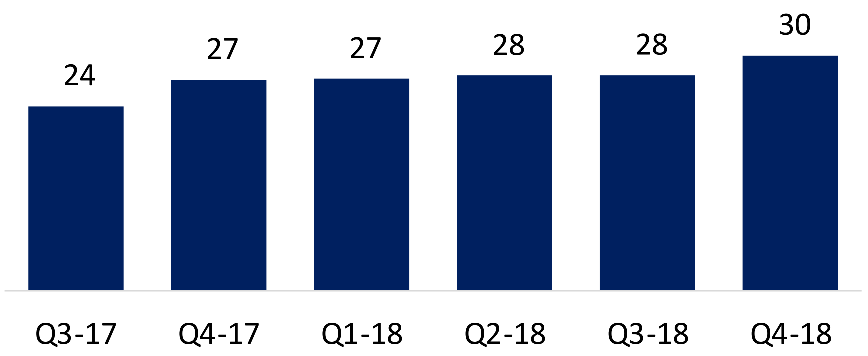
TPV: Cross Border Trade (CBT)

Cross Border Trade TPV ($B)[(1)(2)]



	Q3-17	Q4-17	Q1-18	Q2-18	Q3-18	Q4-18
FXN Y/Y Growth	22%	24%	23%	19%	18%	14%
Y/Y Growth	24%	28%	30%	23%	17%	11%
Share of total TPV	21%	20%	21%	20%	19%	18%

- CBT TPV was $30 billion in Q4-18, up 14% on an FX-neutral basis. Deceleration in CBT growth was primarily driven by the strengthening U.S. dollar
- CBT TPV represented 18% of TPV in Q4-18 vs. 20% in Q4-17 driven by stronger growth in Braintree and Venmo and the slower growth of CBT as a result of the stronger U.S. dollar

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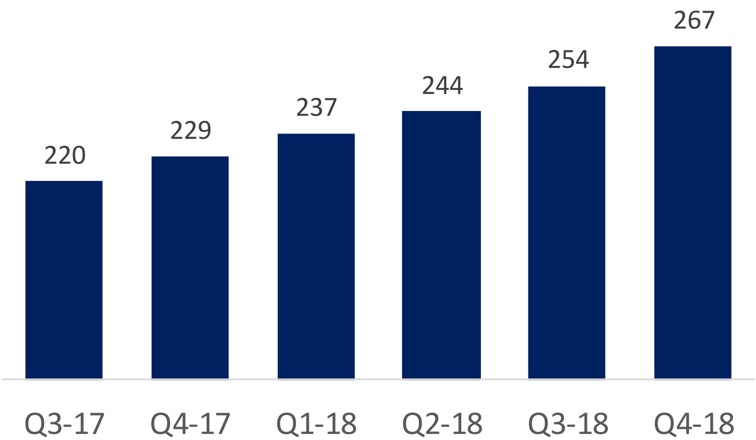
[(1)] All metrics are presented consistent with the updated definitions in the Form 8-K filed on April 10, 2018. Definitions included in Supplemental Information.
[(2)] In a typical purchase transaction cross border TPV is counted in the region where the merchant is located. For example, in the case of a U.S. seller and a Germany buyer, the TPV is counted in the U.S.

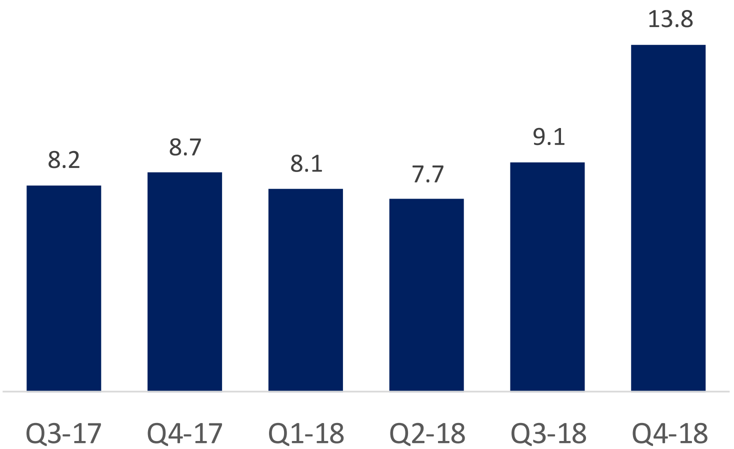
Active Accounts

Active Accounts (M)[1]



	Q3-17	Q4-17	Q1-18	Q2-18	Q3-18	Q4-18
Y/Y Growth	13%	15%	15%	15%	15%	17%

Net New Active Accounts (M)

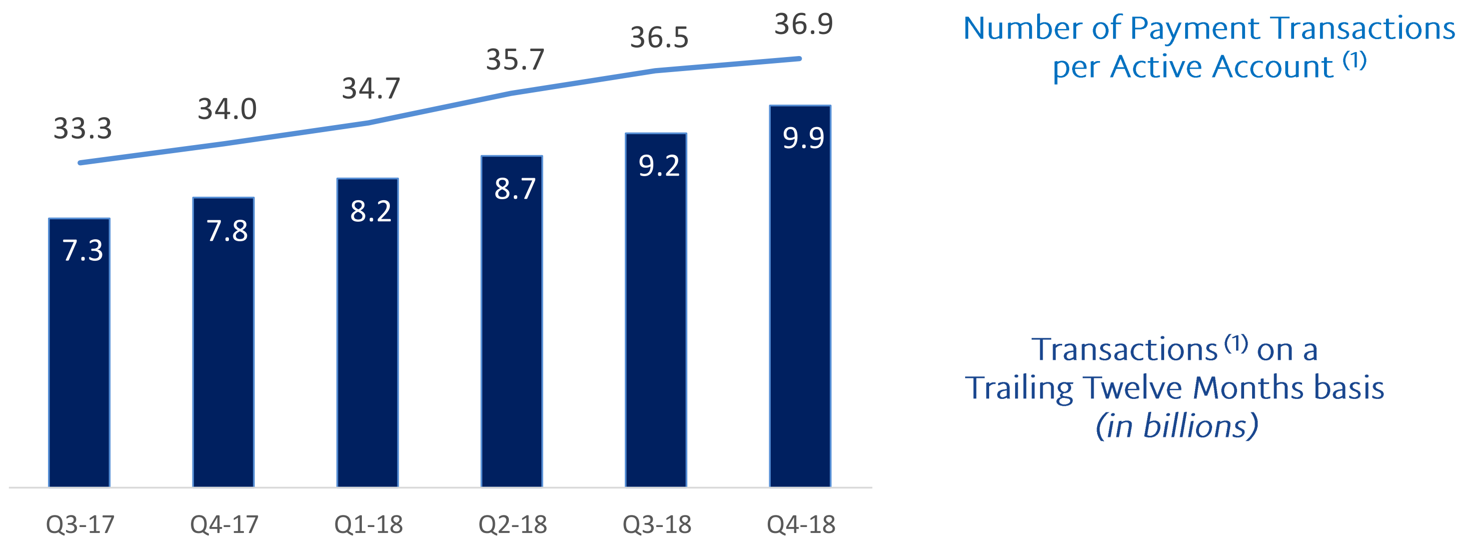


	Q3-17	Q4-17	Q1-18	Q2-18	Q3-18	Q4-18
Y/Y Growth	85%	64%	35%	18%	11%	58%

- Ended the quarter with 267 million active accounts, up 17%, including over 21 million active merchant accounts
- Added 13.8 million net new active accounts, including 2.9 million net new actives from acquisitions, record addition for a quarter
- Excluding acquisitions, active account growth predominantly driven by core PayPal and Venmo

[1] All metrics are presented consistent with the updated definitions in the Form 8-K filed on April 10, 2018. Definitions included in Supplemental Information.

Customer Engagement



	Q3-17	Q4-17	Q1-18	Q2-18	Q3-18	Q4-18
Customer Engagement Y/Y Growth	8%	8%	8%	9%	9%	9%

- Processed ~2.9B payment transactions during Q4-18, up 28%
- Payment transactions per active account increased 9% to 36.9

[1] All metrics are presented consistent with the updated definitions in the Form 8-K filed on April 10, 2018. Definitions included in Supplemental Information.

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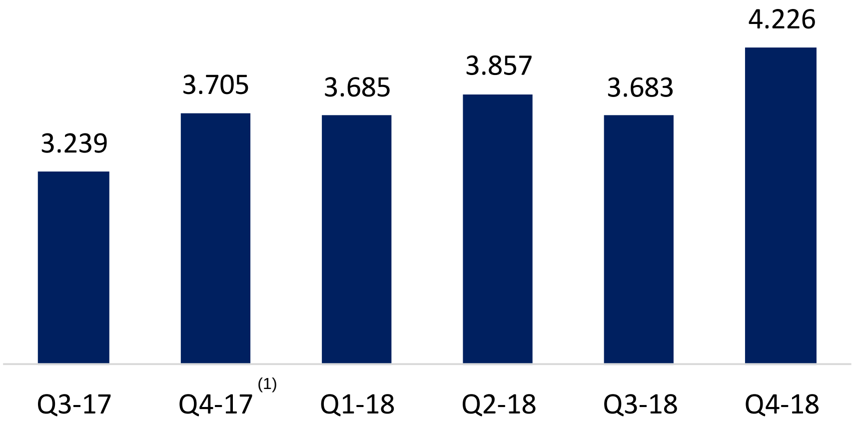
Revenue

Total Revenue ($B)



	Q3-17	Q4-17	Q1-18	Q2-18	Q3-18	Q4-18
Spot Y/Y Growth	21%	24%	24%	23%	14%	14%
FXN Y/Y Growth	22%	24%	22%	22%	14%	14%

- Total Revenue growth of 14% on a spot and FX-neutral basis, which includes a negative impact of approximately 7 points from the sale of the U.S. consumer credit receivables portfolio to Synchrony
- Transaction Revenue grew 18% on an FX-neutral basis driven primarily by core PayPal and Braintree
- Other Value Added Services Revenue declined 18% on an FX-neutral basis due primarily to the sale of the U.S. consumer credit receivables portfolio to Synchrony
- Hedging gains, which are recognized in international transaction revenue, were $39 million dollars in Q4-18 versus a loss of $29 million dollars in Q4-17

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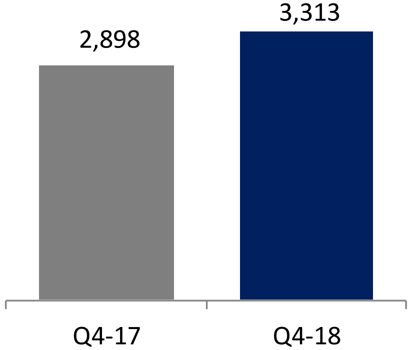
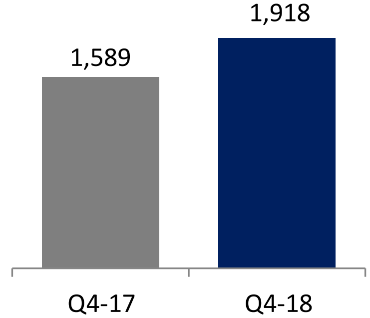
(1) Q4-17 Revenue is presented on a non-GAAP basis. Please see the Supplemental Information for a reconciliation of this non-GAAP financial measure to the most directly comparable GAAP financial measure.

Non-GAAP Expense Detail

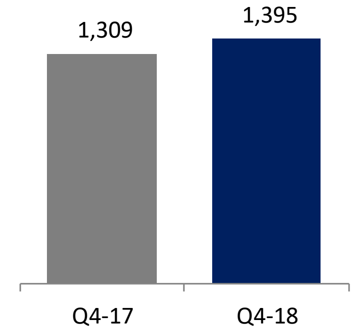
Total Expenses[1] ($M)



Volume-based Expenses[2] ($M)



Non-transaction Related Expenses[3] ($M)



	Total Q4-17	Total Q4-18	Volume-based Q4-17	Volume-based Q4-18	Non-transaction Q4-17	Non-transaction Q4-18
Y/Y Growth	22.7%	14.3%	26.0%	20.7%	18.9%	6.6%
% of Revenue	78.2%	78.4%	42.9%	45.4%	35.3%	33.0%

- Volume-based expenses grew 21%
- Expense discipline generating operating leverage on a non-GAAP basis:
  - Non-transaction related expenses grew 7% and delivered 232 basis points of leverage
  - Adjusting for the sale to Synchrony and acquisitions of iZettle, Jetlore, Simility and Hyperwallet, non-transaction related expenses grew 9% and delivered 130 basis points of leverage
- For the full year, adjusting for the sale to Synchrony and acquisitions, non-transaction related expenses increased 15 cents for every dollar of revenue

(1) Expenses are presented on a non-GAAP basis. Please see the Supplemental Information for a reconciliation of this non-GAAP financial measure to the most directly comparable GAAP financial measure.

(2) Volume based expenses include transaction expense and transaction and loan losses.

(3) Non-transaction related expenses include customer support and operations, sales and marketing, product development, general and administrative, depreciation and amortization, and restructuring and other charges.

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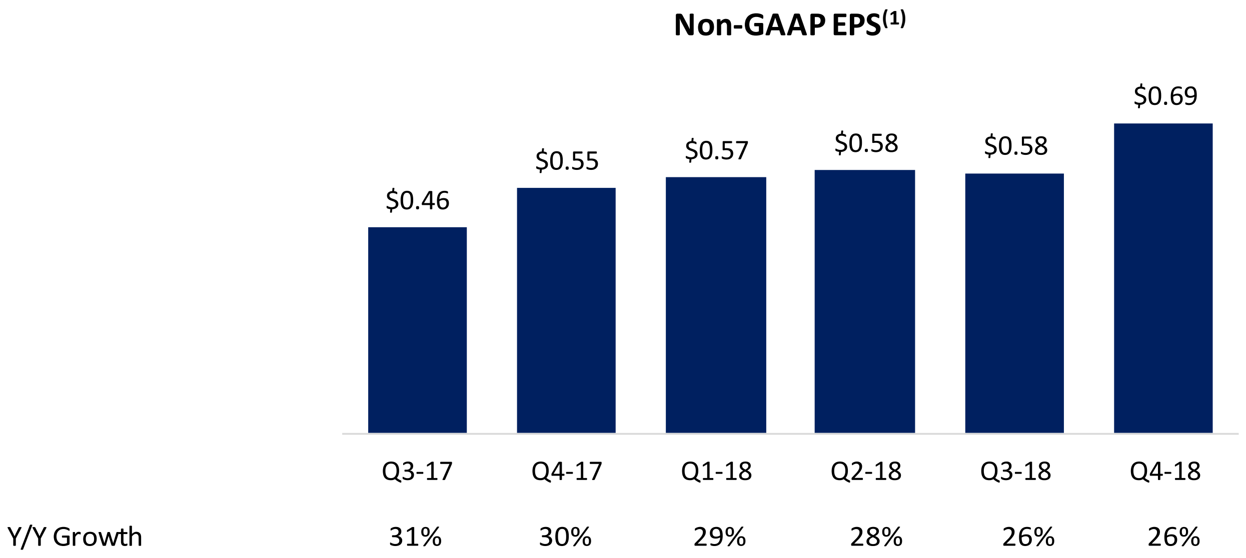
Non-GAAP EPS

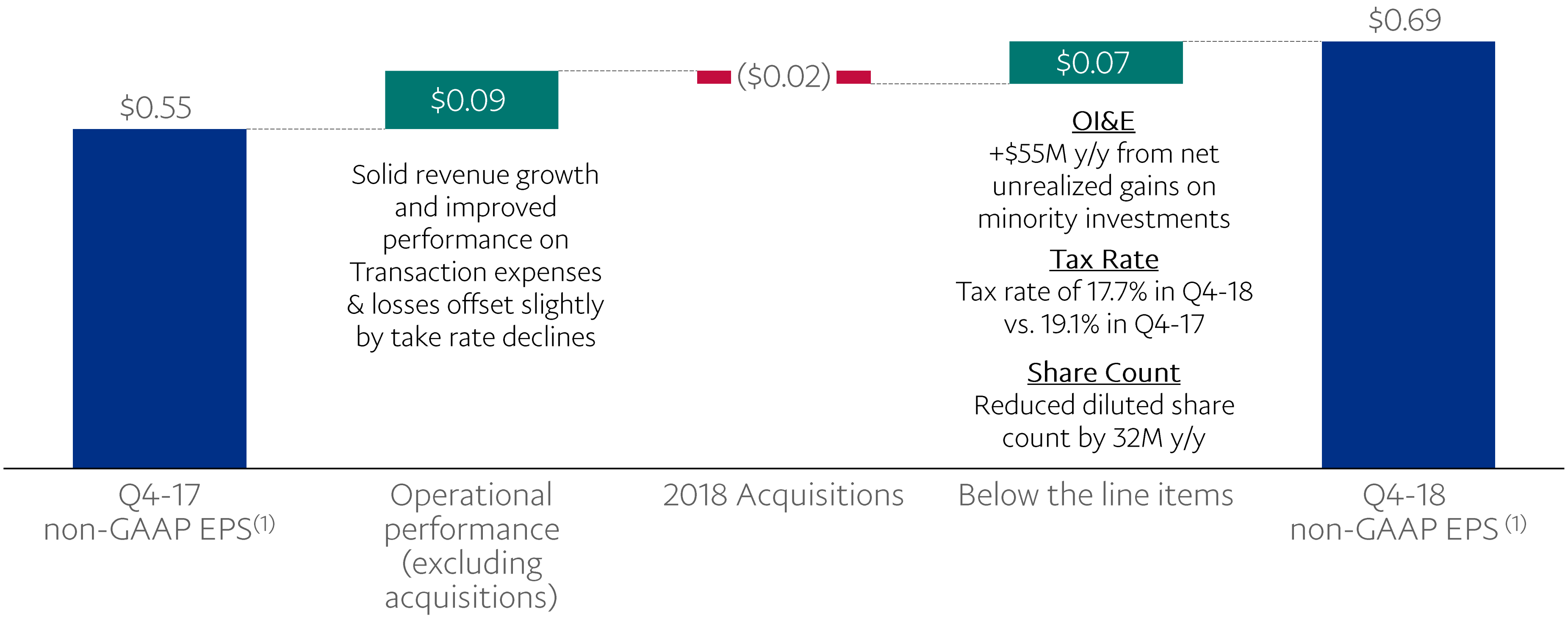


- Other Income & Expense (OI&E) for the quarter was $88 million, increasing $67 million y/y, primarily driven by ~$55M of net unrealized gains* on minority equity investments
- Non-GAAP effective tax rate[1] for Q4-18 was 17.7%. For the year, non-GAAP effective tax rate was 17.5%
- 26% growth in non-GAAP EPS in Q4-18

* Beginning in 2018, based on new FASB accounting guidance, unrealized gains/losses on observable price changes on minority investments are now recognized within the Other Income & Expense line in the income statement.

[1] Non-GAAP EPS and non-GAAP effective tax rate are non-GAAP financial measures. Please see the Supplemental Information for a reconciliation of these non-GAAP financial measure to the most directly comparable GAAP financial measures.

Non-GAAP EPS Walk



Numbers in the chart may not foot due to rounding.

(1) Non-GAAP EPS and non-GAAP effective tax rate are non-GAAP financial measures. Please see the Supplemental Information for a reconciliation of these non-GAAP financial measure to the most directly comparable GAAP financial measures.

Selected Minority Equity Investments

PayPal strategically invests to drive growth and long-term innovation

Minority equity investments totaled $293 million as of December 31, 2018

Company	Description
acorns Invest the Change	Micro-investing and consumer financial services app
Arkose Labs	Risk-based-authentication tech provider
cloud.IQ	AI powered ecommerce optimization platform
DOSH	Consumer app providing real-time, automatic cashback for card-linked offers
monese	Pan-European neo-bank serving the migrant population across 20 countries
Pine Labs Pioneering Payment Technologies	Indian POS and in-store digital payments provider
PPRO the payment professionals	Supports critical APM integrations for acquirers and e-commerce merchants
Raise	Online gift card marketplace
raisin.	Online marketplace for deposits throughout Europe
SafeBreach	Software security firm providing breach and attack simulation services to enterprises
TALA	Consumer and SMB credit offerings for the underserved in emerging markets
Toss	Korean P2P mobile money platform

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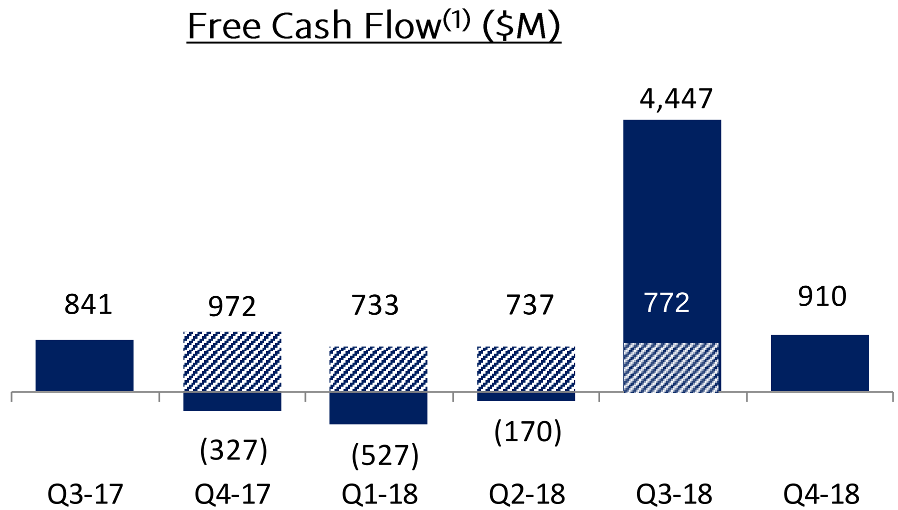
Minority equity investments consist primarily of minority equity interests in companies that are not publicly traded and are reported in long-term investments on our consolidated balance sheets.

Free Cash Flow



	Q3-17	Q4-17	Q1-18	Q2-18	Q3-18	Q4-18
FCF % of Revenue	26%	26%	20%	19%	21%	22%
CAPEX % of Revenue	5%	5%	5%	5%	6%	5%

*Adjusted FCF

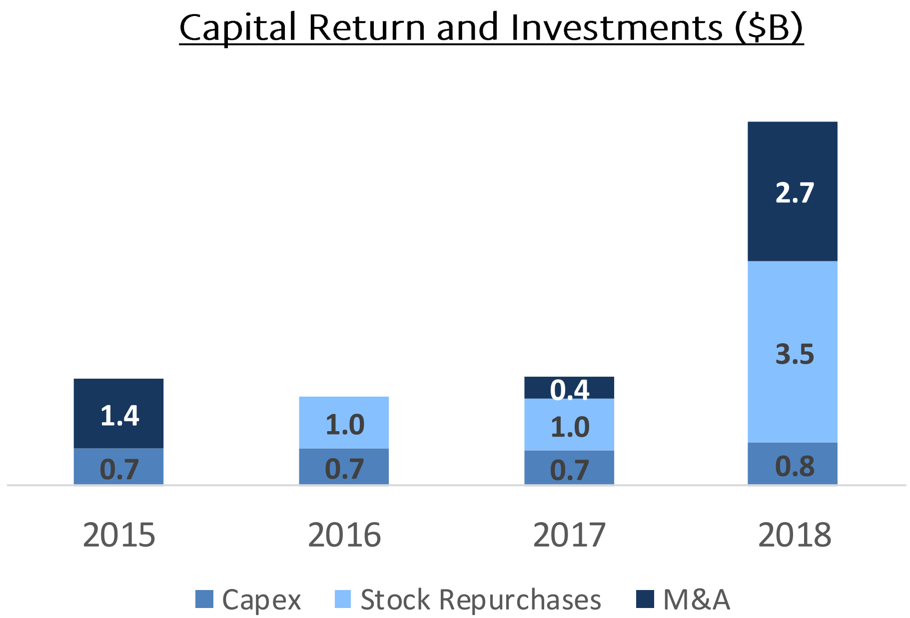
- Free Cash Flow (FCF) of $910 million in Q4-18. FCF for 2018 was $4.66 billion; adjusting for the sale to Synchrony, FCF for 2018 was $3.15 billion
- Total Cash, Cash Equivalents, and Investments of $9.71 billion[(2)] comprising $8.66 billion international and $1.05 billion U.S.
- In 2018, returned $3.525 billion to shareholders by repurchasing 43.7M shares at an average price of $80.68

[*] Normalized for the impact of held for sale accounting of U.S. Consumer credit receivables portfolio.

[(1)] Free cash flow is a non-GAAP financial measure. Please see the Supplemental Information for a reconciliation of this non-GAAP financial measure to the most directly comparable GAAP financial measure.

[(2)] Excludes restricted cash of $77M and equity investments of $293M as of December 31, 2018.

Capital Allocation



- Generated ~$10.1 billion in FCF[(1)] since separation in July 2015
- Repurchased ~91 million shares of common stock since separation, returning $5.5 billion to shareholders at an average price of $60.94
- In 2018, completed acquisitions of iZettle, Hyperwallet, Simility and Jetlore

(1) Free cash flow is a non-GAAP financial measure. Please see the Supplemental Information for a reconciliation of this non-GAAP financial measure to the most directly comparable GAAP financial measure.

2019 Guidance

FY 2019 Guidance

	Low	High
Revenue (in billions)	**$17.85**	**$18.10**
Y/Y Growth	*16%*	*17%*
FXN Y/Y Growth	*16%*	*17%*
Non-GAAP EPS	**$2.84**	**$2.91**
Free Cash Flow (in billions)	**> $3.0**	

- TPV growth in mid-20% range
- Non-GAAP EPS Y/Y growth of 17% - 20%
- Non-GAAP effective tax rate of 17% - 19%
- CAPEX ~5% of revenue
- GAAP EPS of $1.83 - $1.93

Guidance Context

- 2019 full year guidance affirms October 2018 preliminary outlook
- Revenue and non-GAAP EPS guidance in-line with the preliminary outlook provided in October
- Full year revenue guidance of 16% - 17% FXN growth, which includes ~1.5 pts of growth relating to 2018 acquisitions and ~3.5 pts of decline related to the sale of the U.S. consumer credit receivables to Synchrony
- Non-GAAP EPS guidance includes approximately $0.08 to $0.10 of expected dilution from 2018 acquisitions
- Expect to deliver non-GAAP operating margin expansion, with operating leverage and efficiencies more than offsetting the dilutive impact of 2018 acquisitions
- Free Cash Flow guidance reflects the impact of higher cash taxes

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Non-GAAP EPS, non-GAAP effective tax rate, and free cash flow are non-GAAP financial measures. Please see the Supplemental Information for a reconciliation of these non-GAAP financial measures to the most directly comparable GAAP financial measures.

Q1 2019 Guidance

Q1 2019 Guidance	Low	High
Revenue (in billions)	**$4.080**	**$4.130**
Y/Y Growth	*11%*	*12%*
FXN Y/Y Growth	*11%*	*13%*
Non-GAAP EPS	**$0.66**	**$0.68**

Reflects ~7 percentage points of decline related to the sale of the U.S. consumer credit receivables portfolio to Synchrony

- Represents the third consecutive quarter in which revenue from the U.S. consumer credit receivables portfolio is no longer recognized within Other Value Added Services revenue
- Estimated GAAP and non-GAAP results include ~1.5 points of revenue growth and approximately $0.02 - $0.03 of expected dilution from 2018 acquisitions

Non-GAAP EPS is a non-GAAP financial measure. Please see the Supplemental Information for a reconciliation of this non-GAAP financial measure to the most directly comparable GAAP financial measure.

SUPPLEMENTAL INFORMATION

PayPal Metrics

(in millions, except %)	Q3-17	Q4-17	Q1-18	Q2-18	Q3-18	Q4-18
Active Accounts [1]	**220**	**229**	**237**	**244**	**254**	**267**
Y/Y Growth	13%	15%	15%	15%	15%	17%
Net New Active Accounts	**8.2**	**8.7**	**8.1**	**7.7**	**9.1**	**13.8**
Number of Payment Transactions [1]	**1,941**	**2,240**	**2,214**	**2,327**	**2,463**	**2,867**
Y/Y Growth	25%	25%	25%	28%	27%	28%
Total Payment Volume [1]	**115,224**	**132,515**	**132,364**	**139,403**	**143,004**	**163,648**
Y/Y Growth	30%	32%	32%	29%	24%	23%
FXN Y/Y Growth	28%	29%	27%	27%	25%	25%
US TPV	65,464	74,068	74,700	79,959	83,242	94,439
Y/Y Growth	30%	31%	28%	30%	27%	28%
International TPV	49,760	58,448	57,665	59,444	59,761	69,209
Y/Y Growth	29%	32%	36%	28%	20%	18%
FXN Y/Y Growth	26%	26%	25%	22%	22%	22%
Total Take Rate [1]	**2.81%**	**2.80%**	**2.78%**	**2.77%**	**2.58%**	**2.58%**
Transaction Take Rate [1]	**2.48%**	**2.45%**	**2.42%**	**2.38%**	**2.34%**	**2.35%**
Transaction Expense Rate [1]	0.96%	0.96%	0.96%	0.98%	0.96%	0.96%
Transaction and Loan Loss Rate [1]	0.32%	0.24% *	0.23%	0.24%	0.21%	0.21%
Transaction Margin [2]	**54.8%**	**57.1%** *	**57.1%**	**56.0%**	**54.9%**	**54.6%**

- Cross-border trade (CBT) was 18% of TPV in the quarter, growing 14% FX-neutral
- 49% of active accounts are outside the U.S.
- Average Payment Volume (APV) was $57, down 4% year over year
- Transaction take rate down ~9 bps, driven primarily by P2P growth (including Venmo) offset by hedging gains
- Credit loans receivable of $2.5B, with $1.8B related to merchant receivables, consisting of PayPal Working Capital and PayPal Business Loan products

[1] All metrics are presented consistent with the updated definitions in the Form 8-K filed on April 10, 2018. Definitions included in Supplemental Information.

[2] Definitions included in Supplemental Information.

* Q4-17 Transaction and Loan Loss Rate and Transaction Margin are presented on a non-GAAP basis. Please see the Supplemental Information for a reconciliation of these non-GAAP financial measures to the most directly comparable GAAP financial measures.

Financial Detail

($ millions)	Q3 17	Q4 17	Q1 18	Q2 18	Q3 18	Q4 18
Transaction Revenue	2,858	3,244	3,197	3,318	3,343	3,851
Y/Y Growth	22%	23%	22%	20%	17%	19%
Other Value Added Services (OVAS)	381	461 *	488	539	340	375
Y/Y Growth	15%	36%	39%	49%	-11%	-19%
Total Revenue[1]	**3,239**	**3,705** *	**3,685**	**3,857**	**3,683**	**4,226**
Y/Y Growth	21%	24%	24%	23%	14%	14%
FXN Y/Y Growth	22%	24%	22%	22%	14%	14%
% International	46%	46%	45%	44%	47%	48%
US Revenue Y/Y Growth	21%	27% *	26%	27%	13%	9%
International Revenue FXN Y/Y Growth	22%	21%	18%	16%	15%	19%
Volume-based expenses	1,465	1,589 *	1,580	1,696	1,661	1,918
Non-transaction related expenses	1,128	1,309	1,276	1,341	1,235	1,395
Total Operating Expenses[1]	**2,593**	**2,898**	**2,856**	**3,037**	**2,896**	**3,313**
Y/Y Growth	19%	23%	22%	23%	12%	14%
Non-GAAP Op. Income[1]	**646**	**807**	**829**	**820**	**787**	**913**
Non-GAAP Op. Margin %[1]	**20%**	**22%**	**22%**	**21%**	**21%**	**22%**
Non-GAAP EPS[1]	**$0.46**	**$0.55**	**$0.57**	**$0.58**	**$0.58**	**$0.69**
Y/Y Growth	31%	30%	29%	28%	26%	26%
CAPEX	165	180	178	198	223	224
Free Cash Flow[1]	**841**	**(327)**	**(527)**	**(170)**	**4447**	**910**

- U.S. revenue growth driven primarily by core Merchant Services and Braintree partially offset by the impact of the sale of the U.S. consumer credit portfolio to Synchrony. Adjusting for the sale to Synchrony, U.S. revenue would have grown ~20%
- International revenue growth driven by core Merchant Services. In Q4-18, international revenue growth benefited from the inclusion of iZettle

[1] Non-GAAP revenue, operating expenses, non-GAAP operating income, non-GAAP operating margin, non-GAAP EPS, and free cash flow are non-GAAP financial measures. Please see the Supplemental Information for a reconciliation of these non-GAAP financial measures to the most directly comparable GAAP financial measures.

* Q4-17 Total Revenue, US Revenue, Other Value Added Services (OVAS) and Transaction and Loss Expenses are presented on a non-GAAP basis. Please see the Supplemental Information for a reconciliation of these non-GAAP financial measures to the most directly comparable GAAP financial measures.

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Reconciliation of GAAP Net Revenues to Non-GAAP Net Revenues, Reconciliation of GAAP Transaction and Loan Losses to Non-GAAP Transaction and Loan Losses, Reconciliation of GAAP Transaction and Loan Losses Rate to Non-GAAP Transaction and Loan Losses Rate, Reconciliation of GAAP Transaction Margin to Non-GAAP Transaction Margin

	Three Months Ended										Year Ended December 31,		
(In Millions/Unaudited)	**December 31, 2018**	**September 30, 2018**	**June 30, 2018**	**March 31, 2018**	**December 31, 2017**	**September 30, 2017**	**June 30, 2017**	**March 31, 2017**	**December 31, 2016**	**September 30, 2016**	**2018**	**2017**	**2016**
TPV[1]	$ 163,648	$ 143,004	$ 139,403	$ 132,364	$ 132,515	$ 115,224	$ 107,800	$ 100,639	$ 100,711	$ 88,895	$ 578,419	$ 456,179	$ 359,928
GAAP Net revenues	$ 4,226	$ 3,683	$ 3,857	$ 3,685	$ 3,744	$ 3,239	$ 3,136	$ 2,975	$ 2,981	$ 2,667	$ 15,451	$ 13,094	$ 10,842
Other[2]	—	—	—	—	(39)	—	—	—	—	—	—	(39)	—
Non-GAAP Net revenues	$ 4,226	$ 3,683	$ 3,857	$ 3,685	$ 3,705	$ 3,239	$ 3,136	$ 2,975	$ 2,981	$ 2,667	$ 15,451	$ 13,055	$ 10,842
GAAP Transaction and loan losses	$ 340	$ 295	$ 334	$ 305	$ 40	$ 363	$ 308	$ 300	$ 307	$ 271	$ 1,274	$ 1,011	$ 1,088
Other[3]	—	—	—	—	283	—	—	—	—	—	—	283	—
Non-GAAP Transaction and loan Losses	$ 340	$ 295	$ 334	$ 305	$ 323	$ 363	$ 308	$ 300	$ 307	$ 271	$ 1,274	$ 1,294	$ 1,088
GAAP Transaction and loan losses rate (% of TPV)[1]	0.21%	0.21%	0.24%	0.23%	0.03 %	0.32%	0.29%	0.30%	0.30%	0.30%	0.22%	0.22 %	0.30%
Effect of non-GAAP Adjustment	—%	—%	—%	—%	0.21 %	—%	—%	—%	—%	—%	—%	0.06 %	—%
Non-GAAP Transaction and loan losses rate (% of TPV)[1]	0.21%	0.21%	0.24%	0.23%	0.24 %	0.32%	0.29%	0.30%	0.30%	0.30%	0.22%	0.28 %	0.30%
GAAP Transaction margin	54.6%	54.9%	56.0%	57.1%	65.1 %	54.8%	56.3%	56.7%	57.7%	58.7%	55.6%	58.5 %	59.1%
Effect of non-GAAP adjustment	—%	—%	—%	—%	(8.0)%	—%	—%	—%	—%	—%	—%	(2.3)%	—%
Non-GAAP Transaction margin	54.6%	54.9%	56.0%	57.1%	57.1 %	54.8%	56.3%	56.7%	57.7%	58.7%	55.6%	56.2 %	59.1%

Amounts in the table are rounded to the nearest million, except as otherwise noted. As a result, certain amounts may not recalculate using the rounded amounts provided.

(1) Prior period amounts were revised to reflect updated definitions of our metrics consistent with the 8-K issued on April 10, 2018.

(2) Elimination of allowance on interest receivable due to the designation of the U.S. Consumer Credit receivables portfolio as held for sale.

(3) Elimination of allowance on loans receivable due to the designation of the U.S. Consumer Credit receivables portfolio as held for sale.

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Reconciliation of GAAP Operating Expenses to Non-GAAP Operating Expenses

(In Millions/Unaudited)	Note	Three Months Ended December 31, 2018	September 30, 2018	June 30, 2018	March 31, 2018	December 31, 2017	September 30, 2017	June 30, 2017	March 31, 2017	December 31, 2016	September 30, 2016	Year Ended December 31, 2018	2017	2016
GAAP operating expenses:														
Transaction expense		$ 1,578	$ 1,366	$ 1,362	$ 1,275	$ 1,266	$ 1,102	$ 1,064	$ 987	$ 954	$ 830	$ 5,581	$ 4,419	$ 3,346
Transaction and loan losses		340	295	334	305	40	363	308	300	307	271	1,274	1,011	1,088
Customer support and operations		407	367	357	351	366	346	335	317	328	325	1,482	1,364	1,267
Sales and marketing		389	326	313	285	328	278	284	238	253	233	1,313	1,128	969
Product development		289	269	255	258	267	240	232	214	215	215	1,071	953	834
General and administrative		390	354	368	339	315	293	282	265	275	261	1,451	1,155	1,028
Depreciation and amortization		223	188	180	185	227	194	201	183	189	184	776	805	724
Restructuring and other charges		12	28	116	153	92	—	—	40	—	—	309	132	—
Total operating expenses		$ 3,628	$ 3,193	$ 3,285	$ 3,151	$ 2,901	$ 2,816	$ 2,706	$ 2,544	$ 2,521	$ 2,319	$ 13,257	$ 10,967	$ 9,256
Non-GAAP operating expense adjustments:														
Transaction and loan losses	(g)	$ —	$ —	$ —	$ —	$ 283	$ —	$ —	$ —	$ —	$ —	$ —	$ 283	$ —
Customer support and operations	(a)	$ (45)	$ (42)	$ (39)	$ (38)	$ (40)	$ (38)	$ (34)	$ (30)	$ (24)	$ (21)	$ (164)	$ (142)	$ (85)
Sales and marketing	(a)	(43)	(39)	(39)	(44)	(43)	(36)	(33)	(28)	(25)	(21)	(165)	(140)	(84)
Product development	(a)	(72)	(66)	(64)	(64)	(72)	(64)	(59)	(45)	(37)	(34)	(266)	(240)	(139)
General and administrative	(a)	(69)	(65)	(63)	(59)	(63)	(54)	(51)	(42)	(39)	(31)	(256)	(210)	(130)
	(b)	(2)	(2)	(13)	(32)	(1)	(2)	(12)	(2)	—	(1)	(49)	(17)	(11)
	(e)	(7)	(17)	—	—	—	—	—	—	—	—	(24)	—	—
	(h)	—	—	—	—	(5)	—	—	—	—	—	—	(5)	—
Depreciation and amortization	(a)	(6)	(5)	(5)	(4)	(4)	(3)	(3)	(2)	(2)	(2)	(20)	(12)	(6)
	(c)	(59)	(33)	(25)	(29)	(58)	(26)	(22)	(23)	(32)	(32)	(146)	(129)	(133)
	(f)	—	—	—	—	—	—	(15)	—	—	—	—	(15)	—
Restructuring and other charges	(d)	—	—	—	(25)	—	—	—	(40)	—	—	(25)	(40)	—
	(i)	(12)	(28)	—	—	—	—	—	—	—	—	(40)	—	—
Total operating expenses		$ (315)	$ (297)	$ (248)	$ (295)	$ (3)	$ (223)	$ (229)	$ (212)	$ (159)	$ (142)	$ (1,155)	$ (667)	$ (588)
Non-GAAP operating expenses:														
Transaction expense		$ 1,578	$ 1,366	$ 1,362	$ 1,275	$ 1,266	$ 1,102	$ 1,064	$ 987	$ 954	$ 830	$ 5,581	$ 4,419	$ 3,346
Transaction and loan losses		340	295	334	305	323	363	308	300	307	271	1,274	1,294	1,088
Customer support and operations		362	325	318	313	326	308	301	287	304	304	1,318	1,222	1,182
Sales and marketing		346	287	274	241	285	242	251	210	228	212	1,148	988	885
Product development		217	203	191	194	195	176	173	169	178	181	805	713	695
General and administrative		312	270	292	248	246	237	219	221	236	229	1,122	923	887
Depreciation and amortization		158	150	150	152	165	165	161	158	155	150	610	649	585
Restructuring and other charges		—	—	116	128	92	—	—	—	—	—	244	92	—
Total operating expenses		$ 3,313	$ 2,896	$ 3,037	$ 2,856	$ 2,898	$ 2,593	$ 2,477	$ 2,332	$ 2,362	$ 2,177	$ 12,102	$ 10,300	$ 8,668

(a) Stock-based compensation expense
(b) Employer payroll taxes on stock-based compensation
(c) Amortization and impairment of acquired intangible assets
(d) Restructuring
(e) Acquisition related transaction expense
(f) Impairment of investment in intellectual property fund
(g) Elimination of allowance on loans receivable due to the U.S. Consumer Credit receivables portfolio designation as held for sale
(h) Fees associated with the sale of the U.S. Consumer Credit receivables portfolio
(i) Net loss related to the sale of our U.S. Consumer Credit receivables portfolio

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Reconciliation of GAAP Operating Margin to Non-GAAP Operating Margin

(In Millions, Except Percentages/Unaudited)	Three Months Ended December 31, 2018	September 30, 2018	June 30, 2018	March 31, 2018	December 31, 2017	September 30, 2017	June 30, 2017	March 31, 2017	December 31, 2016	September 30, 2016	Year Ended December 31, 2018	2017	2016
GAAP operating income	$ 598	$ 490	$ 572	$ 534	$ 843	$ 423	$ 430	$ 431	$ 460	$ 348	$ 2,194	$ 2,127	$ 1,586
Stock-based compensation expense and related employer payroll taxes	237	219	223	241	223	197	192	149	127	110	920	761	455
Acquisition related transaction expense	7	17	—	—	—	—	—	—	—	—	24	—	—
Restructuring	—	—	—	25	—	—	—	40	—	—	25	40	—
Amortization of acquired intangible assets	59	33	25	29	58	26	22	23	32	32	146	129	133
Other	12	28	—	—	(317)	—	15	—	—	—	40	(302)	—
Total non-GAAP operating income adjustments	315	297	248	295	(36)	223	229	212	159	142	1,155	628	588
Non-GAAP operating income	$ 913	$ 787	$ 820	$ 829	$ 807	$ 646	$ 659	$ 643	$ 619	$ 490	$ 3,349	$ 2,755	$ 2,174
Non-GAAP operating margin	*21.6%*	*21.4%*	*21.3%*	*22.5%*	*21.8%*	*19.9%*	*21.0%*	*21.6%*	*20.8%*	*18.4%*	*21.7%*	*21.1%*	*20.1%*

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Reconciliation of GAAP Net Income to Non-GAAP Net Income; Reconciliation of GAAP EPS to Non-GAAP EPS; Reconciliation of GAAP Effective Tax Rate to Non-GAAP Effective Tax Rate

	Three Months Ended										Year Ended December 31,		
(In Millions, Except Percentages and Per Share Amount/Unaudited)	**December 31, 2018**	**September 30, 2018**	**June 30, 2018**	**March 31, 2018**	**December 31, 2017**	**September 30, 2017**	**June 30, 2017**	**March 31, 2017**	**December 31, 2016**	**September 30, 2016**	**2018**	**2017**	**2016**
GAAP income before income taxes	$ 686	$ 533	$ 609	$ 548	$ 864	$ 451	$ 447	$ 438	$ 469	$ 360	$ 2,376	$ 2,200	$ 1,631
GAAP income tax expense	102	97	83	37	244	71	36	54	79	37	319	405	230
GAAP net income	584	436	526	511	620	380	411	384	390	323	2,057	1,795	1,401
Non-GAAP adjustments to net income:													
Non-GAAP operating income adjustments (see table above)	315	297	248	295	(36)	223	229	212	159	142	1,155	628	588
Other certain significant gains, losses, or charges	(6)	14	32	3	201	23	—	—	—	—	43	224	—
Tax effect of non-GAAP adjustments	(69)	(53)	(103)	(117)	(115)	(66)	(86)	(62)	(37)	(40)	(342)	(329)	(164)
Non-GAAP net income	$ 824	$ 694	$ 703	$ 692	$ 670	$ 560	$ 554	$ 534	$ 512	$ 425	$ 2,913	$ 2,318	$ 1,825
Shares used in diluted share calculation	1,196	1,199	1,202	1,217	1,228	1,223	1,215	1,216	1,216	1,214	1,203	1,221	1,218
Net income per diluted share:													
GAAP	$ 0.49	$ 0.36	$ 0.44	$ 0.42	$ 0.50	$ 0.31	$ 0.34	$ 0.32	$ 0.32	$ 0.27	$ 1.71	$ 1.47	$ 1.15
Non-GAAP	$ 0.69	$ 0.58	$ 0.58	$ 0.57	$ 0.55	$ 0.46	$ 0.46	$ 0.44	$ 0.42	$ 0.35	$ 2.42	$ 1.90	$ 1.50
GAAP effective tax rate	15%	18 %	14%	7%	28 %	16%	8%	12%	17%	10%	13%	18 %	14%
Tax effect of non-GAAP adjustments to net income	3%	(2)%	4%	11%	(9)%	1%	10%	6%	1%	5%	5%	— %	4%
Non-GAAP effective tax rate	18%	16 %	18%	18%	19 %	17%	18%	18%	18%	15%	18%	18 %	18%

Reconciliation of GAAP Net Revenue by Geography to Non-GAAP Net Revenue by Geography

	Three Months Ended										Year Ended December 31,		
(In millions/Unaudited)	December 31, 2018	September 30, 2018	June 30, 2018	March 31, 2018	December 31, 2017	September 30, 2017	June 30, 2017	March 31, 2017	December 31, 2016	September 30, 2016	2018	2017	2016
U.S. net revenues	$ 2,189	$ 1,962	$ 2,150	$ 2,023	$ 2,045	$ 1,743	$ 1,690	$ 1,606	$ 1,574	$ 1,436	$ 8,324	$ 7,084	$ 5,760
Non-GAAP adjustment[1]	—	—	—	—	(39)	—	—	—	—	—	$ —	(39)	—
Non-GAAP U.S. net revenues	$ 2,189	$ 1,962	$ 2,150	$ 2,023	$ 2,006	$ 1,743	$ 1,690	$ 1,606	$ 1,574	$ 1,436	$ 8,324	$ 7,045	$ 5,760
International net revenues	$ 2,037	$ 1,721	$ 1,707	$ 1,662	$ 1,699	$ 1,496	$ 1,446	$ 1,369	$ 1,407	$ 1,231	$ 7,127	$ 6,010	$ 5,082
Total net revenues	$ 4,226	$ 3,683	$ 3,857	$ 3,685	$ 3,744	$ 3,239	$ 3,136	$ 2,975	$ 2,981	$ 2,667	$ 15,451	$ 13,094	$ 10,842
Non-GAAP adjustment[1]	—	—	—	—	(39)	—	—	—	—	—	—	(39)	—
Total non-GAAP net revenues	$ 4,226	$ 3,683	$ 3,857	$ 3,685	$ 3,705	$ 3,239	$ 3,136	$ 2,975	$ 2,981	$ 2,667	$ 15,451	$ 13,055	$ 10,842

[1] Elimination of allowance on interest receivable due to the U.S. Consumer Credit receivables portfolio designation as held for sale.

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Reconciliation of GAAP Net Revenue by Type to Non-GAAP Net Revenue by Type

	Three Months Ended										Year Ended December 31,		
(In millions/Unaudited)	**December 31, 2018**	**September 30, 2018**	**June 30, 2018**	**March 31, 2018**	**December 31, 2017**	**September 30, 2017**	**June 30, 2017**	**March 31, 2017**	**December 31, 2016**	**September 30, 2016**	**2018**	**2017**	**2016**
Transaction revenues[1]	$ 3,851	$ 3,343	$ 3,318	$ 3,197	$ 3,244	$ 2,858	$ 2,775	$ 2,624	$ 2,641	$ 2,337	$ 13,709	$ 11,501	$ 9,585
Other value added services[1]	$ 375	$ 340	$ 539	$ 488	$ 500	$ 381	$ 361	$ 351	$ 340	$ 330	$ 1,742	$ 1,593	$ 1,257
Non-GAAP adjustment[2]	—	—	—	—	(39)	—	—	—	—	—	—	(39)	—
Non-GAAP other value added services	$ 375	$ 340	$ 539	$ 488	$ 461	$ 381	$ 361	$ 351	$ 340	$ 330	$ 1,742	$ 1,554	$ 1,257
Total net revenues	$ 4,226	$ 3,683	$ 3,857	$ 3,685	$ 3,744	$ 3,239	$ 3,136	$ 2,975	$ 2,981	$ 2,667	$ 15,451	$ 13,094	$ 10,842
Non-GAAP adjustment[2]	—	—	—	—	(39)	—	—	—	—	—	—	(39)	—
Total non-GAAP net revenues	$ 4,226	$ 3,683	$ 3,857	$ 3,685	$ 3,705	$ 3,239	$ 3,136	$ 2,975	$ 2,981	$ 2,667	$ 15,451	$ 13,055	$ 10,842

[1] Amounts in the prior period were reclassified to conform to current period presentation.

[2] Elimination of allowance on interest receivable due to the U.S. Consumer Credit receivables portfolio designation as held for sale.

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Reconciliation of Operating Cash Flow to Free Cash Flow and Adjusted Free Cash Flow

	Three Months Ended										Year Ended December 31,		
(In Millions/Unaudited)	**December 31, 2018**	**September 30, 2018**	**June 30, 2018**	**March 31, 2018**	**December 31, 2017**	**September 30, 2017**	**June 30, 2017**	**March 31, 2017**	**December 31, 2016**	**September 30, 2016**	**2018**	**2017**	**2016**
Net cash provided by operating activities	$ 1,134	$ 4,670	$ 28	$ (349)	$ (147)	$ 1,006	$ 921	$ 751	$ 923	$ 801	$ 5,483	$ 2,531	$ 3,158
Less: Purchases of property and equipment, net	(224)	(223)	(198)	(178)	(180)	(165)	(174)	(148)	(152)	(183)	(823)	(667)	(669)
Free cash flow	$ 910	$ 4,447	$ (170)	$ (527)	$ (327)	$ 841	$ 747	$ 603	$ 771	$ 618	$ 4,660	$ 1,864	$ 2,489
Impact of held for sale accounting presentation related to our U.S. consumer credit receivables portfolio on cash flow from operating activities	—	(3,675)	907	1,260	1,299	—	—	—	—	—	(1,508)	1,299	—
Adjusted free cash flow	$ 910	$ 772	$ 737	$ 733	$ 972	$ 841	$ 747	$ 603	$ 771	$ 618	$ 3,152	$ 3,163	$ 2,489

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Q1-19 and FY 2019 GAAP and Non-GAAP Guidance

	Three Months Ending March 31, 2019	
(in billions, except per share amounts)	GAAP	Non-GAAP(a)
Revenues	$4.08 - $4.13	$4.08 - $4.13
Diluted EPS	$0.42 - $0.45	$0.66 - $0.68

	Twelve Months Ending December 31, 2019	
(in billions, except per share amounts)	GAAP	Non-GAAP(b)
Revenues	$17.85- $18.10	$17.85- $18.10
Diluted EPS	$1.83 - $1.93	$2.84 - $2.91
Free Cash Flow		> $3

(a) Estimated non-GAAP amounts above for the three months ending March 31, 2019, reflect adjustments of approximately $385 - $415 million, primarily representing estimated stock-based compensation expense and related payroll taxes in the range of $285 - $300 million.

(b) Estimated non-GAAP amounts above for the twelve months ending December 31, 2019, reflect adjustments of approximately $1.30 - $1.40 billion, primarily representing estimated stock-based compensation expense and related payroll taxes, in the range of $1.05 - $1.11 billion.

Definitions

- **Active Accounts:** An active account is an account registered directly with PayPal or a platform access partner that has completed a transaction on our Payments platform, not including gateway-exclusive transactions, within the past 12 months.
- **Number of Payment Transactions:** Payment transactions are the total number of payments, net of payment reversals, successfully completed on our Payments Platform or enabled by PayPal via a partner payment solution, not including gateway-exclusive transactions.
- **Number of Payment Transactions per Active Account:** Number of payment transactions per active account reflects the total number of payment transactions within the previous 12 month period, divided by active accounts at the end of the period.
- **Total Payment Volume:** Total Payment Volume or “TPV” is the value of payments, net of payment reversals, successfully completed on our Payments Platform, or enabled by PayPal via a partner payment solution, not including gateway-exclusive transactions.
- **Total Take Rate:** Total take rate is total revenue divided by TPV.
- **Transaction Take Rate:** Transaction take rate is transaction revenue divided by TPV.
- **Transaction Expense Rate:** Transaction expense rate is calculated by dividing transaction expense by TPV.
- **Transaction and Loan Loss Rate:** Transaction and loan loss rate is calculated by dividing transaction and loan loss by TPV.
- **Transaction Margin:** Transaction margin is total revenue less transaction expense and transaction and loan loss, divided by total revenue