

PayPal Holdings, Inc.

Stockholder Questions and Answers from the 2025 Annual Stockholders' Meeting

Below is the list of questions we received prior to and during the 2025 Annual Meeting of Stockholders of PayPal Holdings, Inc. ("PayPal") held on June 5, 2025 (the "Annual Meeting"). In a few cases, we have consolidated multiple questions on the same topic together and provided a summary response. We have also made minor edits for clarity, corrected typos, removed inappropriate language, and removed names of individuals.

PayPal's answers to these questions may contain forward-looking statements that are based on management's current expectations, forecasts, and assumptions, and involve risks and uncertainties. PayPal's actual results could differ materially from those predicted or implied by forward-looking statements. Information about factors that could adversely affect PayPal's results of operations, financial condition, and prospects or that could cause actual results to differ from those expressed or implied in forward-looking statements is included under the captions "Risk Factors", "Legal Proceedings," and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in PayPal's most recent annual report on Form 10-K and its subsequent quarterly reports on Form 10-Q, copies of which may be obtained by visiting PayPal's [Investor Relations](#) website or the SEC's website at www.sec.gov. You should not rely on any forward-looking statements. All information in this document is as of June 5, 2025. PayPal does not undertake, and expressly disclaims, any obligation to update any forward-looking statements.

Questions Received Prior to and During the Annual Meeting:

STOCK PERFORMANCE

Question: Why has PayPal's share price declined in recent years?

Related Question:

- I paid \$190 per share in Sept 2020; 114.55 3/28/22; and \$70.00 per share 12/18/22; can you summarize what happened during that period?*

Company Response:

We are transforming PayPal from a payments company into a commerce platform. This strategy positions us to win and is designed to drive durable, profitable growth over time. We are committed to operating with transparency and ensuring that our shareholders understand how we measure our success.

2024 was a transition year and we accomplished a lot. We reignited profitable growth and reinvigorated active user growth, while continuing to prioritize operating efficiently. We set a solid foundation for us to continue executing on our strategy and deliver on our vision for the future.

To drive forward this strategy, our teams are focused and executing on our four strategic growth drivers: win checkout, scale omni and grow Venmo, drive payment service provider profitability, and scale next-generation growth vectors. We are already demonstrating progress. At our recent Q1 2025 earnings, we reported our fifth consecutive quarter of profitable growth, driven by multiple sources across our strategic initiatives. Non-GAAP earnings per share grew more than 20% year-over-year, and both total active accounts and monthly active accounts grew 2%.

We are encouraged by the progress we are making and there remains significant opportunity to drive further profitable growth ahead of us. It will take time to prudently drive a meaningful and sustainable transformation, but we are doing the work and building solid momentum. We will continue to stay close to our customers, deeply understand their greatest needs, and innovate to serve them. Ultimately, we believe this approach will deliver more value to our customers while driving durable, profitable growth and value creation for our company and stockholders.

COMPENSATION

Question: Why does PayPal include equity compensation as part of its total compensation package?

Related Question:

- *Why do we give shares to executives and directors?*

Company Response:

Equity compensation is a key component of our compensation program and allows us to effectively compete for, attract, and retain top talent. We operate in a highly competitive market for talent and compete with companies in both the technology and financial sectors. The Compensation Committee of the Board of Directors ("Compensation Committee") also believes that paying a portion of compensation in the form of PayPal equity awards motivates employees and our directors to think and act like owners and creates strong alignment with the interests of our stockholders. Our stock ownership guidelines for executives and non-employee directors require significant sustained ownership of our common stock to align the long-term interests of our executives and non-employee directors with those of our stockholders and reflect our commitment to sound corporate governance.

Question: Why are executives paid so much more than employees despite the lack of total shareholder return?

Related Question:

- *Shareholders have noted falling stock prices over the past several years. This has led to layoffs of already underpaid employees - the board should instead be looking to cut cost from the highest paid individuals at the company such as the executive suite. Why is the pay disparity so great and the executive suite paid disproportionately large salaries and bonuses despite lack of shareholder return?*

Company Response:

The Compensation Committee emphasizes a “pay-for-performance” philosophy, and our executive compensation program is designed to link compensation with the achievement of our financial objectives as well as stockholder value creation. The program incentivizes and rewards executives primarily through long-term incentives in the form of Performance-Based Restricted Stock Unit (PBRSU) and Restricted Stock Unit (RSU) awards. The Board believes that equity awards, whose value depend on the performance of our stock and which require the achievement of performance criteria and/or continued service over time, link realized pay to company performance, support an ownership mentality, and create strong alignment between participants and stockholders. Our executive compensation program is designed to provide the appropriate incentives to drive long-term value creation and align executives’ interests with those of our stockholders.

With investor feedback front of mind, the Compensation Committee made several enhancements to our 2024-2026 PBRsUs under our Long-Term Incentive Program to more closely align payouts with long-term stockholder value and ensure rigor in our long-term incentive program. One such enhancement was to redesign the program to focus on relative total shareholder return (rTSR), measured as compared to the S&P 500, with the target for rTSR set at the 55th percentile.

Amongst our broader employee base, the Compensation Committee also made several enhancements to both our annual and long-term incentive plans to strengthen pay-for-performance alignment, increase the focus on profitable growth, and address historical challenges experienced in connection with setting long-term performance goals. One such enhancement was to move to 100% cash compensation for the annual incentive plan for all employees. This reflects prevailing market practice among PayPal’s compensation peer group, aligns actual payouts with the intended value to be delivered, and reduces our burn rate and dilution to shareholders.

You can find more detail on the compensation of both our Named Executive Officers (NEOs) and broader employee base in our proxy statement.

BUSINESS STRATEGY

Question: How is PayPal taking advantage of the opportunity in agentic commerce?

Related Question:

- *Agentic AI is everywhere all of the sudden, how are you going to make sure that PayPal is a leader in this space?*
- *How is PayPal envisioning AI utilization for future services/products?*

Company Response:

We believe that agentic commerce represents a paradigm shift in how people shop. Consumers will no longer want to shop just in-store and online. They will increasingly want to shop with agents and conversationally. This creates significant opportunities for PayPal.

For example, some critical ingredients are missing today from the LLMs or large language models. Agents can't easily verify the merchant or consumer – they need fraud and risk protection on both sides. PayPal is uniquely positioned with our hundreds of millions of consumers and tens of millions of merchants to connect LLMs with merchants – and we bring the foundational ingredients of trust and security, as well as a rich dataset of preferences and behaviors to enable KYC (know your customer) and KYB (know your business), with a scaled two-sided network.

In short, at PayPal, we're building a next-generation commerce platform that powers unique, personalized, and rewarding shopping experiences, whether they are online, in your favorite stores, or increasingly through AI agents.

We are expanding our products, services, and reach so that consumers can use us everywhere they shop, and moving from a one-size-fits-all experience to personalized experiences that leverage the vast data at our fingertips. This also includes developing a dynamic smart wallet supported by AI capabilities to help consumers make the smartest choice in how to pay, with the best rewards every time they shop.

We are transforming the company from a payments-only company to an end-to-end strategic commerce partner for our merchants. And underpinning this is our work to converge into a single PayPal platform enabled by AI that unlocks the full potential of PayPal's two-sided network in support of both consumers and merchants. This strategy is durable and we are well positioned to win over the long-term.

To drive forward this strategy, our teams are focused and executing on our four strategic growth drivers: win checkout, scale omni and grow Venmo, drive Payment Service Provider – or PSP – profitability, and scale next-generation growth vectors. AI will help us move faster and deliver better experiences in all of these areas. The future of commerce will have a strong agentic presence, and we're excited about leading the charge. Agentic commerce is about creating seamless, predictive, and highly personalized commerce experiences. As agents begin to shop and pay on behalf of consumers, the companies that enable these capabilities at scale will lead the next wave of innovation. With our trusted brand, two-sided network, and global scale, PayPal is uniquely positioned to lead this shift.

We've been actively investing in this future. Our recent Developer Days were focused entirely on agentic commerce, convening leading engineering talent and AI companies to develop innovations that make commerce smarter and more delightful. In fact, we launched the first remote Model Context Protocol, or MCP, server for agentic commerce. Our MCP servers and PayPal Agent Toolkit enable developers to seamlessly integrate with our suite of APIs to build agentic workflows that handle commerce operations intelligently, efficiently, and safely. For example, now Anthropic and OpenAI models can connect to PayPal's remote MCP servers to power commerce.

We also recently announced a groundbreaking partnership with Perplexity, where PayPal and Venmo will be integrated as native payment options in their conversational search platform.

This is a powerful example of agentic commerce in action – where discovery, decision, and purchase can all happen in one seamless interaction.

These innovations reflect the next step in our mission to revolutionize commerce by making it better, faster, and more personalized for consumers, while driving better conversion for merchants. We're intently focused on what's next, executing with discipline, and working to create long-term value for our shareholders by positioning ourselves as a leader at the cutting-edge of commerce.

Question: Do you expect that PayPal's global business will be impacted by the rapidly changing tariff and trade policy environment, and how is the company preparing to weather any related global macroeconomic uncertainty?

Related Question:

- *Is PayPal going to be affected by all the tariffs that are being announced, and what are you doing to avoid negative impacts from the tariffs?*

Company Response:

As we continue making progress on PayPal's transformation, we have a strong foundation and multiple growth levers that will help us face the rapidly changing environment from a position of strength. To date, consumer spending and the labor market have proven resilient, but it remains to be seen how tariffs and other trading friction will impact global economic activity, consumer spending, and supply chains over time. Regardless, we remain focused on investing in profitable growth and executing our strategy, and we are encouraged by the momentum we are driving.

As we shared on our first quarter earnings call at the end of April, we had a strong start to the year, and our strategy is taking hold. Even with that strong start, taking into account uncertainty in the macro environment, we made the decision to maintain our full year guidance. This builds in some flexibility for us to navigate through the macroeconomic environment as the year unfolds.

Question: How much did PayPal spend on share buybacks in 2024 and how much does the company expect to spend on buybacks in 2025?

Related Question:

- *How much was spent on share buybacks in 2024 and how much is expect[ed] to be spent in 2025*

Company Response:

In the full year 2024, we returned \$6 billion to stockholders by repurchasing approximately 92 million shares of common stock. As we've disclosed in our full year outlook for 2025, we expect to return ~\$6 billion to stockholders through share repurchases.

As we announced in February 2025, PayPal's Board of Directors authorized a new, \$15 billion stock repurchase program. This new repurchase authorization is in addition to PayPal's June 2022 stock repurchase program, which had \$4.86 billion remaining authorization as of December 31, 2024.

Question: What is PayPal doing to prevent merchants who engage in counterfeiting and IP infringement from offering PayPal as a payment method?

Related Question:

- *PayPal is a US based company that increases earnings when US businesses using PayPal as a payment gateway grow and increase profits. I am a small business owner. I manufacture several products in the US and hold US patents, trademarks and copyrights. My company IP has been abused by thousands of China counterfeiters on websites selling globally, devastating my brand name and sales. 100% of the counterfeiter websites that my legal team has documented, and pursued the legal action against the website owners, offered PayPal as a payment option. These websites, most of which are listed on online fraud detection look-up sites, are repeatedly used for unlawful gain at the expense of IP rights owners and unknowing PayPal users being defrauded of their money. PayPal Directors should be blocking these known repeat offenders who are stealing US businesses' IP and PayPal account holder personal information. By blocking repeat offenders PayPal will be effectively helping US businesses retain and grow business and retain PayPal users through trust. Please let me know what PayPal is doing in this regard. Thank you.*

Company Response:

PayPal maintains an Acceptable Use Policy (AUP) to identify the types of products and services that are prohibited and those that require pre-approval. It is the responsibility of the buyers and sellers to ensure they are compliant with all applicable laws and policies. PayPal's AUP explicitly prohibits the sale of counterfeit items, including replica goods, fake brand name products, and items that infringe on intellectual property rights. You can find our AUP [here](#). We encourage customers to report any violations of the AUP, including violations related to counterfeit or stolen goods. You can report a violation of our AUP [here](#).

CORPORATE SUSTAINABILITY AND IMPACT

Question: How does PayPal ensure that its parameters for matching employee donations to nonprofit organizations are politically neutral and non-biased?

Related Question:

- *PayPal notes its employee matching program in its response to Proposal 5. Yet this employee matching program uses Benevity, a software which relies on heavily biased*

data from the partisan Southern Poverty Law Center. How is PayPal ensuring that its employee match parameters are applied in a politically neutrally, non biased manner?

Company Response:

Charitable giving can serve as a powerful way to extend our mission, vision, and purpose and create a lasting positive impact. PayPal supports charitable giving through many vehicles, including our employee gift matching program, which matches U.S. employee donations of money or time to eligible charities, up to \$2,500 per employee per year.

For an organization to receive charitable support from PayPal, they must be recognized by the Internal Revenue Service under Section 501(c)(3) of the U.S. Internal Revenue Code or as an instrumentality of a federal, state or local government as provided by Section 170(c) (1) of the Code (schools, libraries, etc.) or qualify as a domestic or foreign equivalent. PayPal's charitable giving is in compliance with applicable anti-corruption laws and company policy. A robust governance framework supports PayPal's charitable giving programs. All donations must be consistent with the PayPal Code of Business Conduct and Ethics and Anti-Bribery and Corruption policies. We review our policies and practices annually to promote appropriate risk oversight and application of best practices.