UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2021.

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to .

Commission file number 001-36859

PayPal Holdings, Inc.

(Exact Name of Registrant as Specified in Its Charter)

Delaware		**47-2989869**
(State or Other Jurisdiction of Incorporation or Organization)		**(I.R.S. Employer Identification No.)**
2211 North First Street	**San Jose, California**	**95131**
(Address of Principal Executive Offices)		**(Zip Code)**

(408) 967-1000

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	*Trading Symbol(s)*	*Name of each exchange on which registered*
Common stock, $0.0001 par value per share	**PYPL**	**NASDAQ Global Select Market**

Securities registered pursuant to Section 12(g) of the Act:
None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer	☒	Accelerated Filer	☐
Non-accelerated Filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of June 30, 2021, the aggregate market value of the registrant's common stock held by non-affiliates of the registrant was approximately $342.2 billion based on the closing sale price as reported on the NASDAQ Global Select Market.

As of January 28, 2022, there were 1,165,004,913 shares of common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive proxy statement for its 2022 Annual Meeting of Stockholders are incorporated herein by reference in Part III of this Annual Report on Form 10-K to the extent stated herein. Such proxy statement will be filed with the Securities and Exchange Commission within 120 days of the registrant's fiscal year ended December 31, 2021.

TABLE OF CONTENTS

		Page
	Part I	
Item 1.	Business	4
Item 1A.	Risk Factors	16
Item 1B.	Unresolved Staff Comments	30
Item 2.	Properties	31
Item 3.	Legal Proceedings	32
Item 4.	Mine Safety Disclosures	32
	Part II	
Item 5.	Market for Registrant's Common Equity, Related Stockholder Matters, and Issuer Purchases of Equity Securities	32
Item 6.	Removed and Reserved	33
Item 7.	Management's Discussion and Analysis of Financial Condition and Results of Operations	33
Item 7A.	Quantitative and Qualitative Disclosures About Market Risk	54
Item 8.	Financial Statements and Supplementary Data	55
Item 9.	Changes in and Disagreements With Accountants on Accounting and Financial Disclosure	56
Item 9A.	Controls and Procedures	56
Item 9B.	Other Information	56
Item 9C.	Disclosure Regarding Foreign Jurisdictions that Prevent Inspections	56
	Part III	
Item 10.	Directors, Executive Officers and Corporate Governance	56
Item 11.	Executive Compensation	56
Item 12.	Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	57
Item 13.	Certain Relationships and Related Transactions, and Director Independence	57
Item 14.	Principal Accounting Fees and Services	57
	Part IV	
Item 15.	Exhibits, Financial Statement Schedules	58
Item 16.	Form 10-K Summary	122

Trademarks, Trade Names and Service Marks

PayPal owns or has rights to use the trademarks, service marks, and trade names that it uses in conjunction with the operation of its business. Some of the more important trademarks that PayPal owns or has rights to use that appear in this Annual Report on Form 10-K include: PayPal®, PayPal Credit®, Braintree, Venmo, Xoom, Zettle, Hyperwallet, Honey, and Paidy, which may be registered or trademarked in the United States and other jurisdictions. PayPal's rights to some of these trademarks may be limited to select markets. Each trademark, trade name, or service mark of any other company appearing in this Annual Report on Form 10-K is, to PayPal's knowledge, owned by such other company.

PART I

FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K ("Form 10-K") contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, including statements that involve expectations, plans or intentions, such as those relating to future business, future results of operations or financial condition, new or planned features or services, mergers or acquisitions, or management strategies. Additionally, our forward-looking statements include expectations related to anticipated impacts of the coronavirus ("COVID-19") pandemic. These 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. These forward-looking statements involve risks and uncertainties that could cause our actual results and financial condition to differ materially from those expressed or implied in our forward-looking statements. Such risks and uncertainties include, among others, those discussed in "Item 1A. Risk Factors" of this Form 10-K, as well as in our consolidated financial statements, related notes, and the other information appearing in this report and our other filings with the Securities and Exchange Commission ("SEC"). We do not intend, and undertake no obligation except as required by law, to update any of our forward-looking statements after the date of this report to reflect actual results or future events or circumstances. Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements. You should read the information in this report in conjunction with the audited consolidated financial statements and the related notes that appear in this report.

ITEM 1. BUSINESS

OVERVIEW

PayPal Holdings, Inc. was incorporated in Delaware in January 2015 and is a leading technology platform that enables digital payments and simplifies commerce experiences on behalf of merchants and consumers worldwide. PayPal is committed to democratizing financial services to help improve the financial health of individuals and to increase economic opportunity for entrepreneurs and businesses of all sizes around the world. Our goal is to enable our merchants and consumers to manage and move their money anywhere in the world in the markets we serve, anytime, on any platform, and using any device when sending payments or getting paid. We believe that effective management of environmental, social, and governance ("ESG") risks and opportunities is essential to deliver on our mission and strategy. Our core values of Collaboration, Inclusion, Innovation, and Wellness are the driving forces behind our mission and form the foundation of our operating philosophy. We believe that they help stimulate the creativity and engagement of our global workforce to deliver products and services designed to meet the diverse needs of our customers. Unless otherwise expressly stated or the context otherwise requires, references to "we," "our," "us," "the Company," or "PayPal" refer to PayPal Holdings, Inc. and its consolidated subsidiaries.



(1) Our combined payments solutions comprise our proprietary payments platform.

PayPal's payment solutions enable our customers to send and receive payments. We operate a global, two-sided network at scale that connects merchants and consumers with 426 million active accounts (consisting of 392 million consumer active accounts and 34 million merchant active accounts) across more than 200 markets. PayPal helps merchants and consumers connect, transact, and complete payments, whether they are online or in person. PayPal is more than a connection to third-party payment networks. We provide proprietary payment solutions accepted by merchants that enable the completion of payments on our payments platform on behalf of our customers.

We offer our customers the flexibility to use their accounts to purchase and receive payments for goods and services, as well as the ability to transfer and withdraw funds. We enable consumers to exchange funds more safely with merchants using a variety of funding sources, which may include a bank account, a PayPal or Venmo account balance, PayPal and Venmo branded credit products, a credit card, a debit card, certain cryptocurrencies, or other stored value products such as gift cards, and eligible credit card rewards. Our PayPal, Venmo, and Xoom products also make it safer and simpler for friends and family to transfer funds to each other. We offer merchants an end-to-end payments solution that provides authorization and settlement capabilities, as well as instant access to funds and payouts. We also help merchants connect with their customers, process exchanges and returns, and manage risk. We enable consumers to engage in cross-border shopping and merchants to extend their global reach while reducing the complexity and friction involved in enabling cross-border trade.

We earn revenues primarily by charging fees for completing payment transactions for our customers and other payment-related services that are typically based on the volume of activity processed on our payments platform. We generally do not charge customers to fund or draw from their accounts; however, we generate revenue from customers on fees charged for foreign currency conversion, instant transfers from their PayPal or Venmo account to their debit card or bank account, and to facilitate the purchase and sale of cryptocurrencies. We also earn revenue by providing other value added services, which comprises revenue earned through partnerships, interest and fees from our merchant and consumer credit products, referral fees, subscription fees, gateway services, and other services that we provide to our merchants and consumers.

KEY PERFORMANCE METRICS



We measure the relevance of our products and services to our customers and the performance and success of our business through active accounts, payment transactions, and total payment volume:

An *active account* is an account registered directly with PayPal or a platform access partner that has completed a transaction on our platform, not including gateway-exclusive transactions, within the past 12 months. A platform access partner is a third party whose customers are provided access to PayPal's platform or services through such third-party's login credentials, including entities that utilize Hyperwallet's payout capabilities. A user may register on our platform to access different products and may register more than one account to access a product. Accordingly, a user may have more than one active account.

Number of 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.

Total payment volume ("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.

OUR STRENGTHS

Our business is built on a strong foundation designed to drive growth and differentiate us from our competitors. We believe that our competitive strengths include the following:

- *Two-sided network*—our payments platform connecting merchants and consumers enables PayPal to offer unique end-to-end product experiences while gaining valuable insights into how customers use our platform. Our payments platform provides for digital and in-store (at the point of sale) transactions while being both technology and platform agnostic.

- *Scale*—our global scale helps us to drive organic growth. As of December 31, 2021, we had 426 million active accounts, consisting of 392 million consumer active accounts and 34 million merchant active accounts in more than 200 markets around the world. A market is a geographic area or political jurisdiction, such as a country, territory, or protectorate, in which we offer some or all of our products and services. A country, territory, or protectorate is identified by a distinct set of laws and regulations. In 2021, we processed $1.25 trillion of TPV.

- *Trusted brands*—we have built and strengthened well-recognized and trusted brands, including PayPal, Braintree, Venmo, Xoom, Zettle, and Honey. Our communications and marketing efforts across multiple geographies and demographic groups play an important role in building brand visibility, usage, and overall preference among customers.

- *Risk and compliance management*—our enterprise risk and compliance management program and use of tokenization are designed to help secure customer information, and to help ensure we process legitimate transactions around the world, while identifying and minimizing illegal, high-risk, or fraudulent transactions.

- *Regulatory licenses*—we believe that our regulatory licenses, which enable us to operate in markets around the world, are a distinct advantage and help support business growth.

MERCHANT AND CONSUMER PAYMENT SOLUTIONS



Merchant value proposition

We partner with our merchants to help grow and expand their businesses by providing global reach and powering all aspects of digital checkout. We offer alternative payment methods, including access to credit solutions, provide fraud prevention and risk management solutions, reduce losses through proprietary protection programs, and offer tools and insights for utilizing data analytics to attract new customers and improve sales conversion. We employ a technology and platform agnostic approach intended to enable merchants of all sizes to quickly and easily provide digital checkout online and in-store across all platforms and devices and to securely and simply receive payments from their customers.

PayPal's payments platform enables merchants to accept all types of online and offline payments, including those made with the PayPal and Venmo digital wallets, our consumer credit products, credit cards and debit cards, and other competitor digital wallets, as well as other popular local payment methods. Our diversified suite of products and services is tailored to meet the needs of merchants regardless of their size or business complexity. We have expanded our merchant value proposition to enable payment acceptance at the point of sale through our PayPal and Venmo digital wallets, quick response ("QR") code-based solutions, and our Zettle point of sale solutions. We aim to offer a seamless, omni-channel solution that helps merchants manage and grow their business. Through our consumer focused offerings, we provide simplified and personalized shopping experiences for consumers, including the ability to easily make exchanges and returns, to help merchants drive increased conversion through higher consumer engagement.

We offer access to merchant finance products for certain small and medium-sized businesses through the PayPal Working Capital and PayPal Business Loan products, which we collectively refer to as our merchant finance offerings. The PayPal Working Capital product allows businesses to access a loan or cash advance for a fixed fee and based on their annual payment volume processed by PayPal. The PayPal Business Loan product provides businesses with short-term financing for a fixed fee based on an evaluation of both the applying business as well as the business owner. In the United States ("U.S."), these products are provided under a program agreement with WebBank. We believe that these merchant finance offerings enable us to deepen our engagement with our existing small and medium-sized merchants and expand services to new merchants by providing access to capital that may not be available effectively or efficiently from traditional banks or other lending providers.

Our acquisition of Paidy, Inc. ("Paidy") enables us to expand our buy now, pay later solutions and other capabilities in Japan. Our acquisition of Guofubao Information Technology Co. (GoPay), Ltd., a holder of payment business licenses in China, enables us to partner with Chinese financial institutions and technology platforms to provide a more comprehensive set of payment solutions to merchants and consumers, both in China and globally.

We generate revenues from merchants primarily by charging fees for completing their payment transactions and other payment-related services. We also earn revenues from interest and fees earned on our merchant loans receivables.

Consumer value proposition

We focus on providing affordable, convenient, and secure consumer financial products and services intended to democratize the management and movement of money. We provide consumers with a digital wallet that enables them to send payments to merchants more safely using a variety of funding sources, which may include a bank account, a PayPal account balance, a Venmo account balance, our consumer credit products, credit cards, debit cards, certain cryptocurrencies, or other stored value products such as gift cards, and eligible credit card rewards.

We also offer consumers person-to-person ("P2P") payment solutions through our PayPal, Venmo, and Xoom products and services. We enable both domestic and international P2P transfers across our payments platform. Our Venmo digital wallet in the U.S. is a leading mobile application used to move money between our customers and to make purchases at select merchants. Xoom is an international money transfer service that enables our customers to send money and prepaid mobile phone reloads to, and pay bills for, people around the world in a secure, fast, and cost-effective way. P2P is a significant customer acquisition channel that facilitates organic growth by enabling potential PayPal users to establish active accounts with us at the time they make or receive a P2P payment. We also simplify and personalize shopping experiences for our consumers by offering tools for product discovery, price-tracking, offers, and easier exchanges and returns, which enhances consumer engagement and sales conversion for our merchants.

We offer credit products to consumers in certain markets as a potential funding source at checkout. Once a consumer is approved for credit, the product is made available as a funding source for that account holder. The U.S. PayPal- and Venmo-branded consumer credit program is offered through Synchrony Bank. We offer a PayPal-issued PayPal Credit product in the United Kingdom ("U.K.") and a PayPal branded consumer credit card issued by Citigroup in Australia. In addition, we have expanded our consumer credit offerings to include buy now, pay later installment products in the U.S., U.K., France, Germany, Australia, Spain, Italy, and through the acquisition of Paidy, in Japan. A key attribute of our buy now, pay later products is the absence of consumer late fees for missed payments in most of the geographies where we offer it. We believe that our consumer credit products help enable us to increase engagement with consumers and merchants on our two-sided network.

We have expanded our consumer value proposition through enhancements to the PayPal and Venmo digital wallets, which provide increased functionality for consumers to explore deals and offers and to more easily transact with cryptocurrencies in certain markets. Our goal is to drive increased consumer engagement by providing consumers with a comprehensive set of services to manage their finances and enhancing their ability to shop online and in person.

We generate revenue from consumers on fees charged for foreign currency conversion, instant transfers from their PayPal or Venmo account to their debit card or bank account, to facilitate the purchase and sale of cryptocurrencies, interest, fees, or other revenue from credit product programs, and other miscellaneous fees.

PROTECTING MERCHANTS AND CONSUMERS

Protecting merchants and consumers on our payments platform from financial and fraud loss is imperative to successfully competing and sustainably growing our business. Fraudulent activities, such as account takeover, identity theft (including stolen financial information), and counterparty malicious activities, represent a significant risk to merchants and consumers, as well as their payment partners. We provide merchants and consumers with protection programs for certain purchase transactions completed on our payments platform. We believe that these programs, which help protect both merchants and consumers from financial loss resulting from fraud and counterparty non-performance, are generally consistent with or broader than protections provided by other participants in the payments industry. These programs are designed to promote confidence on both the part of consumers, who will only be required to pay if they receive their purchased item in the condition significantly as described, and merchants, who will receive payment for the product they deliver to the customer.

Our ability to protect both merchants and consumers is based largely on our proprietary, end-to-end payments platform and our ability to utilize the data from both sides of transactions on our two-sided network, specifically from buyers and sellers and from senders and receivers of payments. Our ongoing investment in systems and processes designed to enhance the safety and security of our products reflects our goal of having PayPal recognized as one of the world's most trusted payments brands.

COMPETITION

The global payments industry is highly competitive, continuously changing, highly innovative, and increasingly subject to regulatory scrutiny and oversight. Many of the areas in which we compete evolve rapidly with innovative and disruptive technologies, shifting user preferences and needs, price sensitivity of merchants and consumers, and frequent introductions of new products and services. Competition also may intensify as new competitors emerge, businesses enter into business combinations and partnerships, and established companies in other segments expand to become competitive with various aspects of our business.

We compete with a wide range of businesses. Some of our current and potential competitors are or may be larger than we are, have larger customer bases, greater brand recognition, longer operating histories, a dominant or more secure position, broader geographic scope, volume, scale, resources, and market share than we do, or offer products and services that we do not offer. Other competitors are or may be smaller or younger companies that may be more agile in responding quickly to regulatory and technological changes.

We differentiate ourselves to merchants through our ability to innovate and develop products and services that offer new payment experiences for our merchants, demonstrate that they may achieve incremental sales by using and offering our services to consumers, support transactions on our payments platform across varied technologies and payment methods, through the simplicity and transparency of our fee structure, and our seller protection programs. In addition, we differentiate ourselves to consumers through the ability to use our products and services across multiple commerce channels, including e-commerce, mobile, and payments at the point of sale, and without sharing their financial information with the merchant or any other party they are paying; our customer service, dispute resolution, and buyer protection programs; and our ability to simplify and personalize shopping experiences. We invest resources towards improving our products and services, offering choice in payment options, providing excellent customer service, and building brands that merchants and consumers trust.

Our business faces competition from a wide range of businesses and from all forms of physical and electronic payments. We face competition from banks and financial institutions, which provide traditional payment methods (particularly credit cards and debit cards (collectively, "payment cards"), electronic bank transfers, and credit), payment networks that facilitate payments for payment cards or proprietary retail networks, payment card processors, and "card on file" services. We also face competition from providers offering a variety of payment products and services including tokenized and contactless payment cards, digital wallets and mobile payments solutions, credit, installment or other buy now pay later methods, real-time payment systems, P2P payments and money remittance services, card readers and other devices or technologies for payment at point of sale, virtual currencies and distributed ledger technologies, and tools that simplify and personalize shopping experiences for consumers and merchants. Our products and services face competition from all forms of payments, which include paper-based payments (primarily cash and checks), credit cards, debit cards, electronic bank transfers, credit, installment methods, digital wallets and mobile payment solutions, contactless payments (including contactless cards, tokenized cards, Near Field Communication based solutions, and QR code-based solutions), and virtual currencies, such as cryptocurrencies and stablecoins.

In addition to the discussion in this section, see "Item 1A. Risk Factors" under the caption "*We face substantial and increasingly intense competition worldwide in the global payments industry"* for further discussion of the potential impact of competition on our business.

STRATEGY

Our ability to grow revenue is affected by, among other things, consumer spending patterns, merchant and consumer adoption of digital payment methods, the expansion of multiple commerce channels, the growth of mobile devices and merchant and consumer applications on those devices, the growth of consumers globally with internet and mobile access, the pace of transition from cash and checks to digital forms of payment, our share of the digital payments market, and our ability to innovate and introduce new products and services that merchants and consumers value. Our strategy to drive growth in our business includes the following:

- *Growing our core business*: through expanding our global capabilities, customer base and scale, increasing our customers' use of our products and services by better addressing their everyday needs related to accessing, managing, and moving money, creating seamless checkout experiences, and expanding the adoption of our solutions by merchants and consumers;

- *Expanding our value proposition for merchants and consumers*: by being technology and platform agnostic, partnering with our merchants to grow and expand their business online and in-store, and providing consumers with simple, secure, and flexible ways to manage and move money across different markets, merchants, and platforms and simplifying their shopping experiences;

- *Forming strategic partnerships*: by building new strategic partnerships to provide better experiences for our customers, offer greater choice and flexibility, acquire new customers, and reinforce our role in the payments ecosystem; and

- *Seeking new areas of growth*: organically and through acquisitions and strategic investments in our existing and new international markets around the world and focusing on innovation in both the digital and physical world.

ESG MANAGEMENT

PayPal is committed to creating a more inclusive global economy and advancing our core values of Collaboration, Inclusion, Innovation, and Wellness across our communities, workforce, and strategies. We manage priority ESG risks and opportunities through four key pillars: (1) social innovation, (2) employees and culture, (3) environmental sustainability, and (4) responsible business practices. We believe this integrated, enterprise-wide approach to managing our global business responsibly helps to enable us to create value for all of our stakeholders, including our employees, stockholders, partners, and communities. In 2021, we continued to advance our ESG strategy, including through the following: a science-based approach to reducing our climate change impacts, targeted investments to address the racial wealth gap and empower underserved communities and businesses, programmatic development intended to foster an inclusive culture across the employee lifecycle, and ongoing enhancements to support the safety and security of our products and platform. We take this commitment seriously and endeavor to provide transparent disclosures on the progress of this work through our annual Global Impact Report and other communications.

TECHNOLOGY

Our payments platform utilizes a combination of proprietary and third-party technologies and services intended to facilitate transactions efficiently and securely between millions of merchants and consumers worldwide across different channels, markets, and networks. Our payments platform connects with financial service providers around the world and allows consumers to make purchases using a wide range of payment methods, regardless of where a merchant is located. Consumers who use our payments platform can send payments in more than 200 markets around the world and in more than 100 currencies, withdraw funds to their bank accounts in 56 currencies, and hold balances in their PayPal accounts in 25 currencies.

A transaction on our payments platform can involve multiple participants in addition to us, including a merchant, a consumer, and the consumer's funding source provider. We have developed intuitive user interfaces, customer tools, transaction completion databases, and network applications on our payments platform designed to enable our customers to utilize our suite of products and services. Our payments platform, open application programming interfaces, and developer tools are designed to enable developers to innovate with ease and offer robust applications to our global ecosystem of merchants and consumers, while at the same time maintaining the security of our customers' information.

The technology infrastructure supporting our payments platform simplifies the storage and processing of large amounts of data and facilitates the deployment and operation of large-scale global products and services in both our own data centers and when hosted by third party cloud service providers. Our technology infrastructure is designed around industry best practices intended to reduce downtime and help ensure the resiliency of our payments platform in the event of outages or catastrophic occurrences. Our payments platform incorporates multiple layers of protection for business continuity and system redundancy purposes and to help mitigate cybersecurity risks. We have a comprehensive cybersecurity program designed to protect our technology infrastructure and payments platform against cybersecurity threats, which includes regularly testing our systems to identify and address potential vulnerabilities. We strive to continually improve our technology infrastructure and payments platform to enhance the customer experience and to increase efficiency, scalability, and security.

For additional information regarding risks relating to our technology infrastructure and cybersecurity, see the information in "Item 1A. Risk Factors" under the captions "*Cyberattacks and security vulnerabilities could result in serious harm to our reputation, business, and financial condition*" and "*Business interruptions or systems failures may impair the availability of our websites, applications, products or services, or otherwise harm our business*."

RESEARCH AND DEVELOPMENT

Our total research and development expense was $1.6 billion, $1.4 billion, and $1.1 billion in 2021, 2020, and 2019, respectively.

INTELLECTUAL PROPERTY

The protection of our intellectual property, including our trademarks, copyrights, domain names, trade dress, patents, and trade secrets, is important to the success of our business. We seek to protect our intellectual property rights by relying on applicable laws, regulations, and administrative procedures in the U.S. and internationally. We have registered our core brands as domain names and as trademarks in the U.S. and many international jurisdictions. We also have an active program to continue to secure and enforce trademarks and domain names that correspond to our brands in markets of interest. We have filed and continue to file patent applications in the U.S. and in international jurisdictions covering certain aspects of our proprietary technology and new innovations. We also rely on contractual restrictions to protect our proprietary rights when offering or procuring products and services. We have routinely entered into confidentiality and invention assignment agreements with our employees and contractors, and non-disclosure agreements with parties with whom we conduct business to control access to, and use and disclosure of, our proprietary information.

For additional information regarding risks relating to our intellectual property, see the information in "Item 1A. Risk Factors" under the captions "*Third parties may allege that we are infringing their patents and other intellectual property rights*" and "*We may be unable to adequately protect or enforce our intellectual property rights*."

GOVERNMENT REGULATION

We operate globally and in a rapidly evolving regulatory environment characterized by a heightened focus by regulators globally on all aspects of the payments industry, including countering terrorist financing, anti-money laundering, privacy, cybersecurity, and consumer protection. The laws and regulations applicable to us, including those enacted prior to the advent of digital payments, are continuing to evolve through legislative and regulatory action and judicial interpretation. New or changing laws and regulations, including changes to their interpretation or implementation, as well as increased penalties and enforcement actions related to non-compliance, could have a material adverse impact on our business, results of operations, and financial condition. We monitor these areas closely and are focused on designing compliant solutions for our customers.

Government regulation impacts key aspects of our business. We are subject to regulations that affect the payments industry in the markets we operate.

Payments regulation. Various laws and regulations govern the payments industry in the U.S. and internationally. In the U.S., PayPal, Inc. (a wholly-owned subsidiary) holds licenses to operate as a money transmitter (or its equivalent) in the states where such licenses are required, as well as in the District of Columbia and certain territories. These licenses include not only the PayPal branded products and services offered in these locations, but also our Venmo, Hyperwallet, and Xoom products and services to the extent offered in these locations. As a licensed money transmitter, PayPal is subject to, among other requirements, restrictions with respect to the investment of customer funds, reporting requirements, bonding requirements, and inspection by state regulatory agencies. In certain cases, these licenses also generally cover PayPal's service enabling customers to buy, hold, and sell cryptocurrency directly from their PayPal or Venmo account. In the State of New York, PayPal has obtained a conditional virtual currency license from the New York Department of Financial Services to offer cryptocurrency services in the state in partnership with Paxos Trust Company.

Outside the U.S., we provide similar services customized for various countries and foreign jurisdictions through our foreign subsidiaries. The activities of those non-U.S. entities are, or may be, supervised by a financial regulatory authority in the jurisdictions in which they operate. Among other regulatory authorities, the Luxembourg Commission de Surveillance du Secteur Financier (the "CSSF"), the U.K. Financial Conduct Authority ("FCA"), the Australian Prudential Regulation Authority, the People's Bank of China, the Monetary Authority of Singapore, the Reserve Bank of India, the Central Bank of Russia, and the Central Bank of Brazil have asserted jurisdiction over some or all of our activities in their respective jurisdictions. This list is not exhaustive, and there are numerous other regulatory agencies that have or may assert jurisdiction over our activities. The laws and regulations applicable to the payments industry in any given jurisdiction are subject to interpretation and change.

In addition, financial services regulators in various jurisdictions, including the U.S. and the European Union ("EU"), have implemented authentication requirements for banks and payment processors intended to reduce online fraud, which could impose significant costs, make it more difficult for new customers to join PayPal, and reduce the ease of use of our products.

Banking agency supervision. We serve our customers in the EU and U.K. through PayPal (Europe) S.à.r.l. et Cie, S.C.A. ("PayPal (Europe)"), a wholly-owned subsidiary that is licensed and subject to regulation as a bank in Luxembourg by the CSSF. Under the U.K.'s Temporary Permissions Regime, PayPal is also deemed to be authorized and regulated by the U.K. FCA as a result of Brexit. Consequently, we must comply with rules and regulations of the European banking industry, including those related to capitalization, funds management, corporate governance, anti-money laundering, disclosure, reporting, and inspection. We are, or may be, subject to banking-related regulations in other countries now or in the future related to our role in the financial industry. In addition, based on our relationships with our partner financial institutions, we are, or may be, subject to indirect regulation and examination by the regulators of these financial institutions.

Lending regulation. PayPal's U.S. consumer installment loan product is subject to federal and state laws governing consumer credit and debt collection. PayPal holds multiple state licenses as the lender of this product. PayPal Ratenzahlung, a regulated installment loan for consumers in Germany, is subject to applicable local laws such as consumer (lending) laws, consumer protection, or banking transparency regulations. Paidy, Inc. holds multiple licenses for the issuance of their short-term installment products in Japan and is registered with the Ministry of Economy, Trade and Industry as a Comprehensive Credit Purchase Intermediary. In Australia, PayPal Credit Pty Limited offers a consumer short-term installment product that is exempt from regulation by the primary consumer credit legislation but is subject to other laws which cover the provision of financial services, credit reporting, debt collection, and privacy. PayPal's consumer buy now, pay later installment loan products in the U.K., France, Germany, Spain, and Italy are generally exempt from primary consumer credit legislation; however, certain consumer lending laws, consumer protection, or banking transparency regulations continue to apply to this activity.

PayPal and Venmo co-branded consumer credit cards and the PayPal Credit consumer credit product are issued by Synchrony Bank in the U.S. and the PayPal branded consumer credit card is issued by Citigroup in Australia, and are subject to laws and regulations governing these programs. PayPal Credit in the U.K. is a regulated, revolving consumer credit product subject to applicable local laws and regulations.

Our merchant finance offerings are subject to the applicable laws and regulations governing those programs, which differ by jurisdiction.

Consumer Financial Protection Bureau ("CFPB"). The CFPB has significant authority to regulate consumer financial products in the U.S., including consumer credit, deposits, payments, and similar products. As a large market participant of remittance transfers, the CFPB has direct supervisory authority over our business. The CFPB and similar regulatory agencies in other jurisdictions may have broad consumer protection mandates that could result in the promulgation and interpretation of rules and regulations that may affect our business.

Anti-money laundering, counter-terrorist financing, and sanctions. PayPal is subject to anti-money laundering ("AML") laws and regulations in the U.S. and other jurisdictions, as well as laws designed to prevent the use of the financial systems to facilitate terrorist activities. Our AML program is designed to prevent our payments platform from being used to facilitate money laundering, terrorist financing, and other illicit activities, or to do business in countries or with persons and entities included on designated country or person lists promulgated by the U.S. Department of the Treasury's Office of Foreign Assets Controls and equivalent authorities in other countries. Our AML and sanctions compliance programs, overseen by our AML/Bank Secrecy Act Officer, are composed of policies, procedures, and internal controls, and are designed to address these legal and regulatory requirements and assist in managing money laundering and terrorist financing risks.

Interchange fees. Interchange fees associated with four-party payments systems are being reviewed or challenged in various jurisdictions. For example, in the EU, the Multilateral Interchange Fee Regulation caps interchange fees for credit and debit card payments and provides for business rules to be complied with by any company dealing with payment card transactions, including PayPal. As a result, the fees that we collect in certain jurisdictions may become the subject of regulatory challenge.

Data protection and information security. We are subject to a number of laws, rules, directives, and regulations ("privacy and data protection laws") relating to the collection, use, retention, security, processing, and transfer (collectively, "processing") of personally identifiable information about our customers, our merchants' customers, and employees ("personal data") in the countries where we operate. Our business relies on the processing of personal data in many jurisdictions and the movement of data across national borders. As a result, much of the personal data that we process, which may include certain financial information associated with individuals, is subject to one or more privacy and data protection laws in one or more jurisdictions. In many cases, these laws apply not only to third-party transactions, but also to transfers of information between or among us, our subsidiaries, and other parties with which we have commercial relationships. The EU has adopted a comprehensive General Data Protection Regulation (the "GDPR"), which expanded the scope of the EU data protection law to foreign companies processing personal data of European Economic Area ("EEA") individuals and imposed a stricter data protection compliance regime. In the U.S., we are subject to privacy and information safeguarding requirements under the Gramm-Leach-Bliley Act as well as the California Consumer Privacy Act, which requires privacy protections comparable to those afforded by the GDPR, as well as the maintenance of a written, comprehensive information security program. In Europe, the operations of our Luxembourg bank are subject to confidentiality and information safeguarding requirements under the Luxembourg Banking Act.

Regulatory scrutiny of privacy, data protection, cybersecurity practices, and the processing of personal data is increasing around the world. Regulatory authorities are continuously considering numerous legislative and regulatory proposals and interpretive guidelines that may contain additional privacy and data protection obligations. In addition, the interpretation and application of these privacy and data protection laws in the U.S., Europe, and elsewhere are often uncertain and in a state of flux.

Anti-corruption. PayPal is subject to applicable anti-corruption laws, such as the U.S. Foreign Corrupt Practices Act and the U.K. Bribery Act, and similar laws in the jurisdictions in which we operate. Anti-corruption laws generally prohibit offering, promising, giving, accepting, or authorizing others to provide anything of value, either directly or indirectly, to or from a government official or private party in order to influence official action or otherwise gain an unfair business advantage, such as to obtain or retain business. We have implemented policies, procedures, and internal controls that are designed to comply with these laws and regulations.

Additional regulatory developments. Various regulatory agencies continue to examine and implement laws governing a wide variety of issues, including virtual currencies, identity theft, account management guidelines, disclosure rules, cybersecurity, and marketing, which may impact PayPal's business. Certain governments around the world are adopting laws and regulations pertaining to ESG performance, transparency, and reporting, including those related to overall corporate ESG disclosures (e.g., EU Sustainable Reporting Directive) as well as topical reporting requirements, such as reporting on climate-related financial disclosures.

For an additional discussion on governmental regulation affecting our business, please see "Item 1A. Risk Factors" and "Item 3. Legal Proceedings" included in this Form 10-K.

HUMAN CAPITAL

Global talent management

At PayPal, we consider the management of our global talent (human capital) to be essential to the ongoing success of our business. As of December 31, 2021, we employed approximately 30,900 people globally, representing approximately 150 nationalities, in approximately 30 countries, including approximately 13,100 located in the U.S.

Attracting, recruiting, developing, and retaining diverse talent enables us to provide our customers with products and services that help them to thrive in the global economy, and serve our other stakeholders. We are focused on supporting our employees across the full employee lifecycle from recruitment to onboarding to ongoing development, and have implemented programs designed to promote their total wellness, particularly during difficult times such as the COVID-19 pandemic. For example, in 2021, we continued to invest in employee mental wellness by providing workplace flexibility to reflect the diverse needs of our global workforce and appointing a Global Wellness Advocate.

Employee engagement

We use employee feedback to directly inform the ongoing development of our employee programs. In addition to administering an annual survey to gather input from our global workforce, we also conducted specific surveys to gather direct employee feedback on our annual performance program and evolving workplace preferences. For our 2021 annual employee survey, we heard from 79% of our global employees. Our engagement score, which reflects employees that would recommend PayPal to their peers and/or are happy at PayPal was 83%, which is above our technology peer benchmark. Our score measuring intent to stay was 80%, which reflects an employee's expectation to remain employed with the company in two years. Additionally, we observed improvements in employee scores regarding effective collaboration and work life balance, two areas we focused on advancing in 2021. We also evaluate employee survey responses for feedback on other key components of our culture and programs. The detailed scores are shared across the organization and analyzed to understand differences by geography, demographics, and job level, and to identify opportunities for further improvement. For example, in 2021, we focused on enhancing our employee communications and opportunities to better support ongoing remote working.

Talent acquisition, development, and retention

As a leading technology platform that enables digital payments and simplifies commerce experiences, we compete for top global talent around the world. We believe that a strong culture focused on employee experiences that enables advancement, learning, and individual career insights is essential to the successful acquisition, development, and retention of diverse talent. To that end, we have implemented programs focused on inclusive hiring practices, enriched virtual new hire experiences, individual coaching and mentorship programs, and ongoing learning opportunities, including unlimited access to LinkedIn Learning. In 2021, we expanded our new employee development program with specific topical training sessions, including mobility and developing women in leadership. We also listened to employee feedback and sought opportunities to reduce employee stress and formalized the removal of individual performance ratings as part of our annual performance review process, which we believe has led to more meaningful performance conversations.

Employee wellness

We remain focused on promoting the holistic well-being of our employees, including resources, programs, and services to support our employees' physical, mental, and financial wellness. In 2021, we recognized the ongoing impact the COVID-19 pandemic was having on our global employees. In response, we continued our Global Wellness Days for all employees to take time to rest and recharge, expanded our Mind Yourself program to provide trainings and workshops to foster emotional well-being, preserved flexible work arrangements through Crisis Leave and other programs, and strategically extended employee benefits to additional global markets. We also continued our investments to strengthen employee financial wellness, including expanding individual financial coaching, broadening employee access to early earned wages across the U.S. and additional global markets, and promoting the prioritization of employee financial health across the private sector through the Worker Financial Wellness Initiative.

Diversity, inclusion, equity, and belonging

We believe that fostering diversity, inclusion, equity, and belonging ("DIE&B") is critical to our global talent strategy and pivotal to building a culture that embraces individual characteristics, values diversity, minimizes barriers, and enhances feelings of security and support across the workplace. We are committed to equal pay for equal work, promoting enterprise-wide inclusive learning opportunities, and partnering with leading organizations to embed DIE&B considerations into our talent strategy. Our strong commitment to DIE&B is evident at all levels of the organization from our Board of Directors to our executive leadership team to our global workforce. As of December 31, 2021, 50% of our Board and 56% of our senior leadership team identified as women and/or from a diverse ethnic group. Across our workforce, we reached 56% overall diverse workforce representation, including 44% global gender diversity and 52% U.S. ethnic diversity, as of December 31, 2021.

Workforce representation is only one aspect of our broader DIE&B strategy. We also empower eight employee resource groups to promote community and belonging for employees that identify as Black, Latinx/Hispanic, women, interfaith, veterans, LGBTQ+, Asian, and disabled persons and their allies. These groups drive ongoing employee engagement around the world for all employees, regardless of background, to support and champion their peers and related causes. In 2021, we continued our support for underrepresented communities and employees through activities such as enhanced strategic partnerships, a new inclusive learning journey, and new tools and resources to promote DIE&B considerations across the business. We also enhanced our executive compensation framework and annual performance evaluations to integrate DIE&B considerations as part of the individual performance portion of our 2021 annual incentive program for our senior executives.

As part of our annual ESG reporting, we provide additional information on our global talent strategy, including detailed representation metrics, in our Global Impact Report available at https://about.pypl.com/values-in-action/reporting/global-impact-report/default.aspx.

AVAILABLE INFORMATION

The address of our principal executive offices is PayPal Holdings, Inc., 2211 North First Street, San Jose, California 95131. Our website is located at www.paypal.com, and our investor relations website is located at https://investor.pypl.com. From time to time, we may use our investor relations site and other online and social media channels, including the PayPal Newsroom (https://newsroom.paypal-corp.com/), Twitter handles (@PayPal and @PayPalNews), LinkedIn page (https://www.linkedin.com/company/paypal), Facebook page (https://www.facebook.com/PayPalUSA/), YouTube channel (https://www.youtube.com/paypal), Dan Schulman's LinkedIn profile (https://www.linkedin.com/in/dan-schulman/), John Rainey's LinkedIn profile (www.linkedin.com/in/john-rainey-pypl), Dan Schulman's Facebook page (https://www.facebook.com/DanSchulmanPayPal/), and Dan Schulman's Instagram page (https://www.instagram.com/dan_schulman/) as a means of disclosing information about the Company and for complying with our disclosure obligations under Regulation Fair Disclosure. Our Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports are available free of charge on our investor relations website as soon as reasonably practicable after they are electronically filed with, or furnished to, the SEC. The SEC maintains an internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC at http://www.sec.gov. The content of our websites and information we may post on or provide to online and social media channels, including those mentioned above, and information that can be accessed through our websites or these online and social media channels is not incorporated by reference into this Form 10-K or in any other report or document we file with the SEC, and any references to our websites or these online and social media channels are intended to be inactive textual references only.

ITEM 1A. RISK FACTORS

You should carefully review this section in addition to the other information appearing in this Form 10-K, including our consolidated financial statements and related notes, for important information regarding risks and uncertainties that affect us. The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties that we are unaware of, or that we currently believe are not material, may also become important factors that adversely affect our business. If any of the following risks actually occur, our business, financial condition, results of operations, and future prospects could be materially and adversely affected.

CYBERSECURITY AND TECHNOLOGY RISKS

Cyberattacks and security vulnerabilities could result in serious harm to our reputation, business, and financial condition.

The techniques used to attempt to obtain unauthorized or illegal access to systems and information (including customers' personal data), disable or degrade service, exploit vulnerabilities, or sabotage systems are constantly evolving, and in some circumstances may not be recognized or detected until after they have been launched against a target. Unauthorized parties have attempted, and we expect that they will continue to attempt, to gain access to our systems or facilities through various means, including, but not limited to, hacking into our systems or facilities or those of our customers, partners, or vendors, and attempting to fraudulently induce users of our systems (including employees and customers) into disclosing user names, passwords, payment card information, or other sensitive information used to gain access to such systems or facilities. This information may in turn be used to access our customers' personal or proprietary information and payment card data that are stored on or accessible through our information technology systems and those of third parties with whom we partner. Numerous and evolving cybersecurity threats, including advanced and persisting cyberattacks, cyberextortion, distributed denial-of-service attacks, ransomware, spear phishing and social engineering schemes, the introduction of computer viruses or other malware, and the physical destruction of all or portions of our information technology and infrastructure and those of third parties with whom we partner could compromise the confidentiality, availability, and integrity of the data in our systems. We have experienced from time to time, and may experience in the future, breaches of our security measures due to human error, malfeasance, insider threats, system errors or vulnerabilities, or other irregularities. We believe that PayPal is a particularly attractive target for cybercriminals due to our name, brand recognition, types of data (including payments-related data) that customers provide to us, and the widespread adoption and use of our products and services.

Any cyberattacks or data security breaches affecting the information technology or infrastructure of companies we acquire or of our customers, partners, or vendors (including data center and cloud computing providers) could have similar negative effects. For example, in November 2017, we suspended the operations of TIO Networks ("TIO") (acquired in July 2017) as part of an investigation of security vulnerabilities of the TIO platform. In December 2017, we announced that we had identified evidence of unauthorized access to TIO's network and the potential compromise of personally identifiable information for approximately 1.6 million TIO customers. This incident resulted in governmental inquiries and civil claims against us and may lead to additional inquiries and claims in the future.

Under payment card network rules and our contracts with our payment processors, if there is a breach of payment card information that we store, or that is stored by our direct payment card processing vendors, we could be liable to the payment card issuing banks for their cost of issuing new cards and related expenses. Cybersecurity breaches and other exploited security vulnerabilities could subject us to significant costs and liabilities, result in improper disclosure of data and violations of applicable privacy and other laws, require us to change our business practices, cause us to incur significant remediation costs, lead to loss of customer confidence in, or decreased use of, our products and services, damage our reputation and brands, divert the attention of management from the operation of our business, result in significant compensation or contractual penalties from us to our customers and their business partners as a result of losses to or claims by them, or expose us to regulatory penalties and fines. While we maintain insurance policies intended to offset the financial impact we may experience from these risks, our coverage may be insufficient to compensate us for all losses caused by security breaches and other damage to or unavailability of our systems.

Business interruptions or systems failures may impair the availability of our websites, applications, products or services, or otherwise harm our business.

Our systems and operations and those of our service providers and partners have experienced from time to time, and may experience in the future, business interruptions or degradation because of distributed denial-of-service and other cyberattacks, insider threats, hardware and software defects or malfunctions, human error, earthquakes, hurricanes, floods, fires, and other natural disasters, public health crises (including pandemics), power losses, disruptions in telecommunications services, fraud, military or political conflicts, terrorist attacks, computer viruses or other malware, or other events. The frequency and intensity of weather events related to climate change are increasing, which could increase the likelihood and severity of such disasters as well as related damage and business interruption. Our corporate headquarters are located in the San Francisco Bay Area, a seismically active region in California. A catastrophic event that results in a disruption or failure of our systems or operations could result in significant losses and require substantial recovery time and significant expenditures to resume or maintain operations, which could have a material adverse impact on our business, financial condition, and results of operations. Additionally, some of our systems, including those of companies we have acquired, are not fully redundant, and our disaster recovery planning may not be sufficient for all possible outcomes or events. As a provider of payments solutions, we are subject to heightened scrutiny by regulators that may require specific business continuity, resiliency and disaster recovery plans, and rigorous testing of such plans, which may be costly and time-consuming to implement, and may divert our resources from other business priorities.

We have experienced, and expect to continue to experience, system failures, cyberattacks, unplanned outages, and other events or conditions from time to time that have and may interrupt the availability, or reduce or adversely affect the speed or functionality, of our products and services. These events have resulted and likely will continue to result in loss of revenue. A prolonged interruption in the availability or reduction in the availability, speed, or functionality of our products and services could materially harm our business. Frequent or persistent interruptions in our services could permanently harm our relationship with our customers and partners and our reputation. Moreover, if any system failure or similar event results in damage to our customers or their business partners, they could seek significant compensation or contractual penalties from us for their losses, and those claims, even if unsuccessful, would likely be time-consuming and costly for us to address, and could have other consequences described in this "Risk Factors" section under the caption "*Cyberattacks and security vulnerabilities could result in serious harm to our reputation, business, and financial condition*."

We have undertaken and continue to undertake certain system upgrades and re-platforming efforts designed to improve the availability, reliability, resiliency, and speed of our platform. These efforts are costly and time-consuming, involve significant technical risk, and may divert our resources from new features and products, and there can be no guarantee that these efforts will be effective. Frequent or persistent site interruptions could lead to regulatory scrutiny, significant fines and penalties, and mandatory and costly changes to our business practices, and ultimately could cause us to lose existing licenses that we need to operate or prevent or delay us from obtaining additional licenses that may be required for our business.

We also rely on facilities, components, applications, and services supplied by third parties, including data center facilities and cloud data storage and processing services. From time to time, we have experienced interruptions in the provision of such facilities and services provided by these third parties. If these third parties experience operational interference or disruptions (including a cybersecurity incident), breach their agreements with us, or fail to perform their obligations and meet our expectations, our operations could be disrupted or otherwise negatively affected, which could result in customer dissatisfaction, regulatory scrutiny, and damage to our reputation and brands, and materially and adversely affect our business. While we maintain insurance policies intended to offset the financial impact we may experience from these risks, our coverage may be insufficient to compensate us for all losses caused by interruptions in our service as a result of systems failures and similar events.

In addition, any failure to successfully implement new information systems and technologies, or improvements or upgrades to existing information systems and technologies in a timely manner could have an adverse impact on our business, internal controls (including internal controls over financial reporting), results of operations, and financial condition.

If we cannot keep pace with rapid technological developments to provide new and innovative products and services, the use of our products and services and, consequently, our revenues, could decline.

Rapid, significant, and disruptive technological changes impact the industries in which we operate, for example, payment technologies (including real-time payments, payment card tokenization, virtual currencies, distributed ledger and blockchain technologies, and proximity payment technology such as Near Field Communication and other contactless payments); internet browser technologies, that enable users to easily store their payment card information for use on any retail or e-commerce website; artificial intelligence and machine learning; developments in technologies supporting our regulatory and compliance obligations; and in-store, digital, and social commerce.

We expect new services and technologies to continue to emerge and evolve. We cannot predict the effects of technological changes on our business, which technological developments or innovations will become widely adopted, and how those technologies may be regulated. We rely in part on third parties, including some of our competitors, for the development of and access to new or evolving technologies. These third parties may restrict or prevent our access to, or utilization of, those technologies, as well as their platforms or products. We expect that new services and technologies applicable to the industries in which we operate will continue to emerge and may be superior to, or render obsolete, the technologies we currently use in our products and services. Developing and incorporating new technologies into our products and services may require significant investment, take considerable time, and ultimately may not be successful. Our ability to adopt new products and services and to develop new technologies may be limited or restricted by industry-wide standards, platform providers, payments networks, changes to laws and regulations, changing expectations of consumers or merchants, third-party intellectual property rights, and other factors. Our success will depend on our ability to develop and incorporate new technologies and adapt to technological changes and evolving industry standards. If we are unable to do so in a timely or cost-effective manner, our business could be harmed.

LEGAL, REGULATORY AND COMPLIANCE RISKS

Our business is subject to extensive government regulation and oversight. Our failure to comply with extensive, complex, overlapping, and frequently changing rules, regulations, and legal interpretations could materially harm our business.

Our business is subject to complex and changing laws, rules, regulations, policies, and legal interpretations in the markets in which we offer services directly or through partners, including, but not limited to, those governing: banking, credit, deposit taking, cross-border and domestic money transmission, prepaid access, foreign currency exchange, privacy, data protection, data governance, cybersecurity, banking secrecy, digital payments, cryptocurrency, payment services (including payment processing and settlement services), fraud detection, consumer protection, antitrust and competition, economic and trade sanctions, anti-money laundering, and counter-terrorist financing.

Regulators globally have been establishing and increasing their regulatory authority, oversight, and enforcement in a manner that impacts our business. As we introduce new products and services and expand into new markets, including through acquisitions, we expect to become subject to additional regulations, restrictions, and licensing requirements. As we expand and localize our international activities, we expect that our obligations in the markets in which we operate will continue to increase. In addition, because we facilitate sales of goods and provide services to customers worldwide, one or more jurisdictions may claim that we or our customers are required to comply with their laws, which may impose different, more specific, or conflicting obligations on us, as well as broader liability.

Any failure or perceived failure to comply with existing or new laws, regulations, or orders of any government authority (including changes to or expansion of their interpretation) may subject us to significant fines, penalties, criminal and civil lawsuits, forfeiture of significant assets, and enforcement actions in one or more jurisdictions; result in additional compliance and licensure requirements; cause us to lose existing licenses or prevent or delay us from obtaining additional licenses that may be required for our business; increase regulatory scrutiny of our business; divert management's time and attention from our business; restrict our operations; lead to increased friction for customers; force us to make changes to our business practices, products or operations; require us to engage in remediation activities; or delay planned transactions, product launches or improvements. Any of the foregoing could, individually or in the aggregate, harm our reputation, damage our brands and business, and adversely affect our results of operations and financial condition. The complexity of United States ("U.S.") federal and state and international regulatory and enforcement regimes, coupled with the global scope of our operations and the evolving global regulatory environment, could result in a single event prompting a large number of overlapping investigations and legal and regulatory proceedings by multiple government authorities in different jurisdictions. While we have implemented policies and procedures designed to help ensure compliance with applicable laws and regulations, there can be no assurance that our employees, contractors, and agents will not violate such laws and regulations.

Payments Regulation

In the U.S., PayPal, Inc. (a wholly-owned subsidiary) holds licenses to operate as a money transmitter (or its equivalent) in the states where such licenses are required, as well as in the District of Columbia and certain territories. If we violate the laws or regulations covered under our licenses, we could be subject to liability and/or additional restrictions, forced to cease doing business with residents of certain states or territories, forced to change our business practices, or required to obtain additional licenses or regulatory approvals, which could impose substantial costs and harm our business.

While we currently allow our customers to send payments from approximately 200 markets, we allow customers in only approximately half of those markets (including the U.S.) to also receive payments, in some cases with significant restrictions on the manner in which customers can hold balances or withdraw funds. These limitations may adversely affect our ability to grow our business.

We principally provide our services to customers in the European Economic Area ("EEA") and the United Kingdom ("U.K.") through PayPal (Europe), our wholly-owned subsidiary that is licensed and subject to regulation as a credit institution in Luxembourg. PayPal (Europe) is potentially subject to significant fines or other enforcement action if it violates applicable requirements. Additionally, compliance with applicable laws and regulations could become more costly and operationally difficult to manage due to potentially inconsistent interpretations and domestic regulations by various countries in the region. European regulation, such as the Revised Payment Services Directive ("PSD2") enabling payment and account information sharing by regulated payment providers, could subject us to data security and other legal and financial risks. If the business activities of PayPal (Europe) exceed certain thresholds, or if the European Central Bank ("ECB") determines, PayPal (Europe) may be deemed a significant supervised entity and certain activity of PayPal (Europe) would become directly supervised by the ECB, rather than by the Luxembourg Commission de Surveillance du Secteur Financier, which could subject us to additional requirements and would likely increase compliance costs.

In many of the other markets outside the U.S. in which we do business, we serve our customers through PayPal Pte. Ltd., our wholly-owned subsidiary based in Singapore. PayPal Pte. Ltd. is supervised by the Monetary Authority of Singapore ("MAS"), but does not hold a remittance license. As a result, PayPal Pte. Ltd. is not able to offer outbound remittance payments to PayPal customers from Singapore. In many of the markets (other than Singapore) served by PayPal Pte. Ltd., it is unclear and uncertain whether our Singapore-based service is subject only to Singapore law or, if it is subject to the application of local laws, whether such local laws would require a payment processor like us to be licensed as a payments service, bank, financial institution, or otherwise. The Payment Services Act came into effect in Singapore in January 2020. PayPal Pte. Ltd. has submitted an application for a Major Payment Institution license to the MAS to continue to provide payments services, and is operating under an exemption from holding a license within a statutory transition period while the application is pending. Once PayPal Pte. Ltd. obtains its license, we will be required to comply with new regulatory requirements, which will result in increased operational complexity and costs for our Singapore and international operations.

In addition, in certain markets outside of the U.S., we provide our services to customers through PayPal Pte. Ltd. or, if required by local regulations, a local branch of PayPal Pte. Ltd. or a local subsidiary subject to local regulatory supervision or oversight. From time to time, we may also acquire entities subject to local payments regulatory supervision or oversight.

There are substantial costs and potential product and operational changes involved in maintaining and renewing licenses, certifications, and approvals, and we could be subject to fines, other enforcement actions, and litigation if we are found to violate any of these requirements. There can be no assurance that we will be able to (or decide to) continue to apply for or obtain any licenses, renewals, certifications, and approvals in any jurisdictions. In certain markets, we may rely on local banks or other partners to process payments and conduct foreign currency exchange transactions in local currency, and local regulators may use their authority over such local partners to prohibit, restrict, or limit us from doing business. The need to obtain or maintain licenses, certifications, or other regulatory approvals could impose substantial additional costs, delay or preclude planned transactions, product launches or improvements, require significant and costly operational changes, impose restrictions, limitations, or additional requirements on our business, products and services, or prevent us from providing our products or services in a given market.

Cryptocurrency Regulation

Our current and planned cryptocurrency offerings could subject us to additional regulations, licensing requirements, or other obligations. The rapidly evolving regulatory landscape with respect to cryptocurrency may subject us to inquiries or investigations from regulators and governmental authorities, require us to make product changes, restrict or discontinue product offerings, and implement additional and potentially costly controls. If we fail to comply with regulations, requirements,

prohibitions or other obligations applicable to us, we could face regulatory or other enforcement actions and potential fines and other consequences.

In addition, financial and third party risks related to our cryptocurrency offerings, such as inappropriate access to or theft or destruction of cryptocurrency assets held by our custodian, insufficient insurance coverage by the custodian to reimburse us for all such losses, the custodian's failure to maintain effective controls over the custody and settlement services provided to us, the custodian's inability to purchase or liquidate cryptocurrency holdings, and defaults on financial or performance obligations by counterparty financial institutions, could materially and adversely affect our financial performance and significantly harm our business.

Lending Regulation

We hold a number of U.S. state lending licenses for our U.S. consumer short-term installment loan product, which is subject to federal and state laws governing consumer credit and debt collection. While our non-U.S. consumer short-term installment loan products which are available in the U.K., France, Germany, Spain, Italy and Australia are generally exempt from primary consumer credit legislation, certain consumer lending laws, consumer protection or banking transparency regulations continue to apply to these products. Increased global regulatory focus on short-term installment products and consumer credit more broadly could result in laws or regulations requiring changes to our policies, procedures, operations, and product offerings, and restrict or limit our ability to offer credit products. We could be subject to fines, other enforcement action, and litigation if we are found to violate any aspects of applicable law or regulations.

Consumer Protection

Violations of federal and state consumer protection laws and regulations, including the Electronic Fund Transfer Act ("EFTA") and Regulation E as implemented by the Consumer Financial Protection Bureau ("CFPB"), could result in the assessment of significant actual damages or statutory damages or penalties (including treble damages in some instances) and plaintiffs' attorneys' fees. We are subject to, and have paid amounts in settlement of, lawsuits containing allegations that our business violated the EFTA and Regulation E or otherwise advance claims for relief relating to our business practices (e.g., that we improperly held consumer funds or otherwise improperly limited consumer accounts).

In October 2021, the CFPB issued an order pursuant to its market-monitoring authority requiring us to provide extensive information on our payment products, including with respect to the collection, use of, and access to data and consumer protections, among other items. In December 2021, the CFPB issued a separate order pursuant to its market-monitoring authority requiring us to provide information on our Buy Now, Pay Later offerings.

PayPal principally offers its services in the EEA countries through a "passport" notification process through PayPal Europe's Luxembourg regulator to regulators in other EEA member states in accordance with EU regulations, as well as in the UK through the Temporary Permissions Regime. Regulators in these countries could notify us of and seek to enforce local consumer protection laws that apply to our business, in addition to Luxembourg consumer protection laws, and could also seek to persuade the local regulator to order PayPal to conduct its activities in the local country directly or through a branch office. These or similar actions by these regulators could increase the cost of, or delay, our ability to expand our business in Europe.

Anti-Money Laundering and Counter-Terrorist Financing; Economic and Trade Sanctions

Regulators in the U.S. and around the world continue to increase standards and expectations regarding anti-money laundering and counter-terrorist financing, and to expand the scope of existing laws and regulations to emerging products and markets, which may require us to further revise or expand our compliance program globally and/or in specific jurisdictions, including the procedures we use to verify the identity of our customers and to monitor international and domestic transactions. Such changes could have the effect of making compliance more costly and operationally difficult to manage, lead to increased friction for customers, and result in a decrease in business. Regulators regularly re-examine the transaction volume thresholds at which we must obtain and keep applicable records or verify identities of customers and any change in such thresholds could result in greater compliance costs and impact our business. In addition, we are required to comply with economic and trade sanctions administered by the U.S., the EU, relevant EU member states, and other jurisdictions in which we operate. Non-compliance with anti-money laundering laws and regulations or economic and trade sanctions may subject us to significant fines, penalties, lawsuits, and enforcement actions, result in regulatory sanctions and additional compliance requirements, increase regulatory scrutiny of our business, restrict our operations, and damage our reputation and brands. See "Note 13—Commitments and Contingencies" to our consolidated financial statements for disclosure relating to possible violations arising from our sanctions compliance program.

Privacy and Protection of Customer Data

The legal and regulatory environment relating to privacy and data protection laws continues to develop and evolve in ways we cannot predict, including with respect to technologies such as cloud computing, artificial intelligence, cryptocurrency, and blockchain technology. Any failure, or perceived failure, by us to comply with our privacy policies as communicated to customers or with privacy and data protection laws could result in proceedings or actions against us by data protection authorities, government entities, or others. Such proceedings or actions could subject us to significant fines, penalties, judgments, and negative publicity, require us to change our business practices, increase the costs and complexity of compliance, result in reputational harm, and materially harm our business. In addition, compliance with inconsistent privacy and data protection laws may restrict or limit our ability to provide products and services to our customers.

PayPal relies on a variety of compliance methods to transfer personal data of EEA individuals to the U.S., including Binding Corporate Rules for internal transfers of certain types of personal data and Standard Contractual Clauses ("SCCs") as approved by the European Commission for transfers to and from third parties. In June 2021, the European Commission imposed new SCC requirements which impose certain contract and operational requirements on PayPal, its merchants, and vendors in order to adhere to certain affirmative duties, including requirements related to government access transparency, enhanced data subject rights, and broader third party assessments to ensure safeguards necessary to protect personal data exported from PayPal's EEA customers and/or employees to countries outside the EEA. To the extent PayPal relies on SCCs, such engagements will require new contractual arrangements under the updated requirements to avoid limitations on PayPal's ability to process EEA data in countries outside of the EEA.

In the wake of the California Consumer Privacy Act passed in 2018, multiple U.S. states have adopted or proposed similar legislation to protect consumers in their states. California passed the Consumer Privacy Rights Act of 2020, and Virginia and Colorado have passed similar privacy and data protection laws. The continued increase in state-level privacy laws is likely to result in a disparate array of privacy rules with unaligned or conflicting provisions, accountability requirements, individual rights, and state enforcement powers and may subject us to increased regulatory scrutiny and business costs, and lead to unintended consumer confusion.

We are subject to regulatory scrutiny and may be subject to legal proceedings under antitrust and competition laws.

We are subject to scrutiny by various government agencies regarding antitrust and competition laws and regulations in the U.S. and internationally, including in connection with proposed or implemented business combinations, acquisitions, investments, partnerships, commercial agreements and business practices. Some jurisdictions also provide private rights of action for competitors or consumers to assert claims of anticompetitive conduct. Other companies and government agencies have in the past and may in the future allege that our actions violate the antitrust or competition laws of the U.S., individual states, other countries, or the EU, or otherwise constitute unfair competition. Some regulators and legislators, particularly those outside of the U.S., may perceive that our products and services are used so broadly that otherwise uncontroversial business practices could be deemed anticompetitive. Any claims or investigations, even if without merit, may be very expensive to defend or respond to, involve negative publicity, and substantial diversion of management time and effort, and could result in reputational harm, significant judgments, fines and remedial actions against us, or require us to change our business practices, make product or operational changes, or delay or preclude planned transactions, product launches or improvements.

We are regularly subject to general litigation, regulatory scrutiny, and government inquiries.

We are regularly subject to claims, individual and class action lawsuits, arbitration proceedings, government and regulatory investigations, inquiries, actions or requests, and other proceedings alleging violations of laws, rules, and regulations with respect to competition, antitrust, intellectual property, privacy, data protection, information security, anti-money laundering, counter-terrorist financing, sanctions, anti-bribery, anti-corruption, consumer protection, fraud, accessibility, securities, tax, labor and employment, commercial disputes, services, charitable fundraising, contract disputes, escheatment of unclaimed or abandoned property, product liability, use of our services for illegal purposes, the matters described in "Note 13—Commitments and Contingencies—Litigation and Regulatory Matters—General Matters" to our consolidated financial statements, and other matters. The number and significance of these disputes and inquiries has increased and is expected to continue to increase as our products, services, and business expand in complexity, scale, scope, and geographic reach, including through acquisitions of businesses and technology. Investigations and legal proceedings are inherently uncertain, expensive and disruptive to our operations, and could result in substantial payments to satisfy judgments, fines, penalties or settlements, negative publicity, substantial diversion of management time and effort, reputational harm, criminal sanctions, or orders that prevent or limit us from offering certain products or services; require us to change our business practices in costly ways, develop non-infringing or otherwise altered products or technologies, or pay substantial royalty or licensing fees; or delay or preclude planned transactions, product launches or improvements. Determining legal reserves or possible losses from such

matters involves judgment and may not reflect the full range of uncertainties and unpredictable outcomes. We may be exposed to losses in excess of the amount recorded, and such amounts could be material. If any of our estimates and assumptions change or prove to have been incorrect, this could have a material adverse effect on our business, financial position, results of operations, or cash flows.

Third parties may allege that we are infringing their patents and other intellectual property rights.

We are frequently subject to litigation based on allegations of infringement or other violations of intellectual property rights. At any given time, we are typically a defendant in a number of patent lawsuits and subject to intellectual property infringement claims. Intellectual property infringement claims against us may result from, among other things, our expansion into new business areas, including through acquisitions of businesses and technology, and new or expanded products and services and their convergence with technologies not previously associated with areas related to our business, products, and services. The ultimate outcome of any allegation or claim is often uncertain and any such claim, with or without merit, may be time-consuming, result in costly litigation, divert management's time and attention from our business, result in reputational harm, and require us to, among other things, redesign or stop providing our products or services, pay substantial amounts to settle claims or lawsuits, satisfy judgments, or pay substantial royalty or licensing fees.

We may be unable to adequately protect or enforce our intellectual property rights.

The protection of our intellectual property, including our trademarks, copyrights, domain names, trade dress, patents and trade secrets, is important to the success of our business. Effective intellectual property protection may not be available in every jurisdiction in which we offer our products and services. Although we have generally taken measures to protect our intellectual property rights, there can be no assurance that we will be successful in protecting or enforcing our rights in every jurisdiction, or that our contractual arrangements will prevent or deter third parties from infringing or misappropriating our intellectual property, or that third parties may independently develop equivalent or superior intellectual property rights. We may be required to expend significant time and resources to prevent third party infringement and enforce our rights, and we may not be able to discover or determine the extent of any unauthorized use of our proprietary rights. If we are unable to prevent third parties from using or offering technologies that infringe our patent or trade secret rights, the uniqueness and value of our products and services could be adversely affected. If we are unable to prevent third parties from adopting, registering, or using trademarks and trade dress that infringe, dilute, or otherwise violate our trademark rights, the value of our brands could be diminished and our business could be adversely affected. We have licensed in the past, and expect to license in the future, certain of our proprietary rights, such as trademarks or copyrighted material, to others. These licensees may take actions that diminish the value of our proprietary rights or harm our reputation. Any failure to adequately protect or enforce our intellectual property rights, or significant costs incurred in doing so, could diminish the value of our intangible assets and materially harm our business.

BUSINESS AND OPERATIONS RISKS

The continuing effects of the novel coronavirus ("COVID-19") pandemic could materially and adversely affect our business, financial condition, and results of operations.

The ultimate extent to which the COVID-19 pandemic impacts our business, financial condition, and results of operations will depend on future developments, which are highly uncertain, difficult to predict, and subject to change, including, but not limited to, the duration, scope, severity, proliferation of variants and increase in the transmissibility of the virus, its impact on the global economy, actions taken to contain or limit the impact of COVID-19, such as the availability of an effective vaccine or treatment, geographic variation in how countries and states are handling the pandemic, and how quickly and to what extent normal economic and operating conditions may potentially resume.

The COVID-19 pandemic has adversely impacted and is likely to further adversely impact the operations of our customers, suppliers, vendors and other business partners, and may adversely impact our results of operations in the future. Cross-border and domestic commerce may be adversely impacted by measures taken by government authorities and businesses globally to contain and limit the spread of COVID-19, including travel restrictions, border closures, quarantines, shelter in place and lock down orders, mask and social distancing requirements, and business limitations and shutdowns. To the extent that such mitigation measures remain in place or are reinstated for significant periods of time, they may adversely affect our business, financial condition, and results of operations. Actions that we have taken or may take in the future intended to assist customers impacted by COVID-19 may negatively impact our results of operations. In particular, we have experienced and may continue to experience adverse financial impacts from a number of operational factors, including, but not limited to: increased liability under our buyer protection program or chargebacks on payment cards resulting from merchants' selling goods or services in advance of the delivery date or experiencing bankruptcy, insolvency or other business interruption; customer defaults on

payment obligations under PayPal branded credit products; increased cybersecurity and payment fraud risk; challenges to the availability and reliability of our products and services; and supply chain disruptions impacting our business.

While our business has benefited from the shift from in-store shopping and traditional payment methods towards e-commerce and digital payments, to the extent that customer preferences revert to pre-COVID-19 behaviors as the pandemic-related restrictions lessen, our business, financial condition, and results of operations would be adversely impacted.

The significant increase in the number of our employees who are working remotely as a result of the pandemic, and an extended period of remote work arrangements and subsequent reintroduction into the workplace could introduce operational risk, increase cybersecurity risk, strain our business continuity plans, negatively impact productivity, and give rise to claims by employees or otherwise adversely affect our business. Additionally, COVID-19 could require new or modified processes, procedures, and controls to respond to changes in our business environment. We may take further actions as may be required by government authorities or that we determine are in the best interests of our employees, customers, and business partners. There is no certainty that such measures will be sufficient to mitigate the risks posed by COVID-19 or will otherwise be satisfactory to government authorities.

The impacts of COVID-19, individually or collectively, could have a material adverse impact on our business, financial condition, and results of operations and have the effect of heightening or exacerbating many of the other risks described in this "Risk Factors" section.

We face substantial and increasingly intense competition worldwide in the global payments industry.

The global payments industry is highly competitive, continuously changing, highly innovative, and increasingly subject to regulatory scrutiny and oversight. Many of the areas in which we compete evolve rapidly with innovative and disruptive technologies, shifting user preferences and needs, price sensitivity of merchants and consumers, and frequent introductions of new products and services. Competition also may intensify as new competitors emerge, businesses enter into business combinations and partnerships, and established companies in other segments expand to become competitive with various aspects of our business.

We compete with a wide range of businesses in every aspect of our business. Some of our current and potential competitors are larger than we are, have larger customer bases, greater brand recognition, longer operating histories, a dominant or more secure position, broader geographic scope, volume, scale, resources, and market share than we do, or offer products and services that we do not offer. Other competitors are smaller or younger companies that may be more agile in responding quickly to regulatory and technological changes. Our competitors may devote greater resources to the development, promotion, and sale of products and services, and/or offer lower prices or more effectively offer their own innovative programs, products, and services. We often partner with many of these businesses and we consider the ability to continue establishing these partnerships to be important to our business. Competition for relationships with these partners is intense, and there can be no assurance that we will be able to continue to establish, grow, or maintain these partner relationships. If we are not able to differentiate our products and services from those of our competitors, drive value for our customers, or effectively and efficiently align our resources with our goals and objectives, we may not be able to compete effectively. See "Item 1. Business—Competition" of this Form 10-K for further discussion of the competitive environment in the markets where we operate.

Changes to payment card networks or bank fees, rules, or practices could harm our business.

To process certain transactions, we must comply with applicable payment card, bank or other network (collectively, "network") rules. The rules govern all aspects of a transaction on the networks, including fees and other practices. From time to time, the networks have increased the fees and assessments that they charge for transactions that access their networks. Certain networks have also imposed special fees or assessments for transactions that are executed through a digital wallet such as the one that PayPal offers. Our payment processors may have the right to pass any increases in fees and assessments on to us as well as increase their own fees for processing. Any increase in interchange fees, special fees, or assessments for transactions that we pay to the networks or our payment processors could make our pricing less competitive, increase our operating costs, and reduce our operating income, which could materially harm our business, financial condition, and results of operations.

In some jurisdictions, government regulations have required the payment card networks to reduce or cap interchange fees. Any changes in interchange fee rates or limitations, or their applicability to PayPal, could adversely affect our competitive position against payment card service providers and the revenue we earn from our branded card programs, require us to change our business practices, and harm our business.

We may also be subject to fines assessed by the networks resulting from any rule violations by us or our merchants. The networks set and interpret their rules and have alleged from time to time that various aspects of our business model violate these operating rules. Such allegations may result in significant fines and penalties or require changes in our business practices that may be costly and adversely affect our business. The network rules may also increase the cost of, impose restrictions on, or otherwise impact the development of, our products which may negatively affect their deployment and adoption. The networks could adopt new operating rules or interpret or re-interpret existing rules that we or our payment processors might find difficult or even impossible to follow, or costly to implement, which could require us to make significant changes to our products. If we become unable or limited in our ability to accept certain payment types such as debit or credit cards, our business would be adversely affected.

Changes in how consumers fund their PayPal transactions could harm our business.

We pay transaction fees when consumers fund payment transactions using credit cards, lower fees when consumers fund payments with debit cards, and nominal fees when consumers fund payment transactions by electronic transfer of funds from bank accounts, from an existing PayPal account balance or Venmo account balance, or through our PayPal branded consumer credit products. Our financial performance is sensitive to changes in the rate at which our consumers fund payments using payment cards, which can significantly increase our costs. Although we provide consumers in certain markets with the opportunity to use their existing PayPal account balance or Venmo account balance to fund payment transactions, some of our consumers may prefer to use payment cards, which may offer features and benefits not provided as part of their PayPal accounts. An increase in the portion of our payment volume funded using payment cards or in fees associated with our funding mix, or other events or developments that make it more difficult or costly for us to fund transactions with lower-cost funding options, could materially and adversely affect our financial performance and significantly harm our business.

Our ability to receive the benefit of U.S. merchant financing offerings may be subject to challenge.

Merchant loans under our U.S. PayPal Working Capital ("PPWC") and PayPal Business Loan ("PPBL") products are provided by a state chartered industrial bank under a program agreement with us, and we acquire the receivables generated by those loans after origination. In June 2020, largely in response to the *Madden v. Midland Funding, LLC* case decided in the U.S. Court of Appeals for the Second Circuit, the Federal Deposit Insurance Corporation ("FDIC") approved a final rule clarifying that loans originated by state-chartered non-member banks remain valid throughout the lifetime of the loan, reflecting a similar rule finalized by the Office of the Comptroller of Currency ("OCC") in May 2020. The final rule reaffirms and codifies in regulation the so-called "valid-when-made doctrine," which provides that the interest rate for a loan is determined when the loan is made and will not be affected by subsequent events such as sale, assignment, or other transfer. A number of state attorneys general have challenged these FDIC and OCC rules, and there remains some uncertainty whether non-bank entities purchasing loan receivables originated by FDIC-insured, state chartered industrial banks may rely on federal preemption of state usury laws and other state laws. An adverse outcome of these or similar challenges, or changes to applicable laws and regulations or regulatory policy, could materially impact our U.S. PPWC and PPBL products and our business.

Our credit products expose us to additional risks.

We offer credit products to a wide range of consumers and merchants in the U.S. and various international markets. The financial success of these products depends on the effective management of related risk. The credit decision-making process for our consumer credit products uses proprietary methodologies and credit algorithms and other analytical techniques designed to analyze the credit risk of specific consumers based on, among other factors, their past purchase and transaction history with PayPal or Venmo and their credit scores. Similarly, proprietary risk models and other indicators are applied to assess merchants who desire to use our merchant financing offerings to help predict their ability to repay. These risk models may not accurately predict the creditworthiness of a consumer or merchant due to inaccurate assumptions, including those related to the particular consumer or merchant, market conditions, economic environment, or limited transaction history or other data. The accuracy of these risk models and the ability to manage credit risk related to our credit products may also be affected by legal or regulatory requirements, changes in consumer behavior, changes in the economic environment, issuing bank policies, and other factors.

We generally rely on third-party chartered financial institutions to provide PayPal and Venmo branded consumer credit and merchant financing offerings to our U.S. customers. As a service provider to these third-party chartered financial institutions, which are federally supervised U.S. financial institutions, we are subject from time to time to examination by their federal banking regulators. In the event of any termination or interruption in a partner bank's ability or willingness to lend, our ability to offer consumer credit and merchant financing products could be interrupted or limited, which could materially and adversely affect our business. We may be unable to reach a similar arrangement with another chartered financial institution on favorable terms or at all. Obtaining licenses to originate such loans would be a costly, time-consuming and uncertain process, and would subject us to additional laws and regulatory requirements, which could significantly increase our costs and compliance

obligations and require us to change our business practices.

We are subject to the risk that account holders who use our credit products will default on their payment obligations, creating the risk of potential charge-offs or negative impact to revenue share arrangement with Synchrony Bank with respect to our U.S. consumer credit product. The non-payment rate among account holders may increase due to, among other factors, changes to underwriting standards, risk models not accurately predicting the creditworthiness of a user, worsening economic conditions, such as a recession or government austerity programs, increases in prevailing interest rates, and high unemployment rates. Account holders who miss payments often fail to repay their loans, and account holders who file for protection under the bankruptcy laws generally do not repay their loans.

We currently purchase receivables related to our PayPal branded merchant financing offerings in the U.S. and extend credit for our consumer and merchants products outside the U.S. through our international subsidiaries. If we are unable to fund our credit products, or the purchase of the receivables related to our merchant financing offerings in the U.S. adequately or in a cost-effective manner, or if we are unable to efficiently manage the cash resources utilized for these purposes, the growth of our credit products could be negatively impacted.

For information on lending regulations that impact our business, see "*Our business is subject to extensive government regulation and oversight. Our failure to comply with extensive, complex, overlapping, and frequently changing rules, regulations, and legal interpretations could materially harm our business—Lending Regulation*" in this risk factor section.

We rely on third parties in many aspects of our business, which creates additional risk.

We rely on third parties in many aspects of our business, including, but not limited to: networks, banks, payment processors, and payment gateways that link us to the payment card and bank clearing networks to process transactions; unaffiliated third-party lenders to originate our U.S. credit products to consumers, U.S. merchant financing, and branded credit card products; PayPal-branded debit card products issued by an unaffiliated bank; cryptocurrency custodial service providers; and external business partners and contractors who provide key functions (e.g., outsourced customer support and product development functions; facilities; information technology, data center facilities and cloud computing). These risks include legal, regulatory, information security, reputational, operational, or any other risks inherent in engaging and relying upon a third-party. If we are unable to effectively manage our third-party relationships, these third parties are unable to meet their obligations to us, or we experience substantial disruptions in these relationships, our operations, results of operations, and financial results could be adversely impacted. Additionally, while we have policies and procedures for managing these relationships, they inherently involve a lesser degree of control over business operations, governance, and compliance, thereby potentially increasing our financial, legal, reputational, and operational risk.

Any factors that reduce cross-border trade or make such trade more difficult could harm our business.

Cross-border trade (i.e., transactions where the merchant and consumer are in different countries) is an important source of our revenues and profits. Cross-border transactions generally provide higher revenues and operating income than similar transactions that take place within a single country or market. In certain markets, cross-border trade represents our primary (and in some instances our only) presence.

Cross-border trade may be negatively impacted by various factors including, but not limited to, foreign currency exchange rate fluctuations and the interpretation and application of laws of multiple jurisdictions in the context of cross-border trade and foreign exchange. Any factors that increase the costs of cross-border trade for us or our customers or that restrict, delay, or make cross-border trade more difficult or impractical, such as trade policy, higher tariffs, or localization requirements, could reduce our cross-border transactions and volume, negatively impact our revenues and profits, and harm our business.

Failure to deal effectively with fraud, abusive behaviors, bad transactions, and negative customer experiences would increase our loss rate and could negatively impact our business and severely diminish merchant and consumer confidence in and use of our services.

Third parties have attempted, and we expect that they will likely continue to attempt, to abuse access to and misuse our payment services to commit fraud by, among other things, creating fictitious PayPal accounts using stolen or synthetic identities or personal information, making transactions with stolen financial instruments, abusing or misusing our services for financial gain, or fraudulently inducing users of our systems into engaging in bad transactions. Due to the nature of PayPal's digital payments services, third parties may seek to engage in abusive schemes or fraud attacks that are often difficult to detect and may be deployed at a scale that would otherwise not be possible in physical transactions. Measures to detect and reduce the risk of fraud and abusive behavior are complex, require continuous improvement, and may not be effective in detecting and preventing

fraud, particularly new and continually evolving forms of fraud or in connection with new or expanded product offerings. If these measures do not succeed, our business could be negatively impacted. We also incur substantial losses from erroneous transactions and situations where funding instruments used for legitimate transactions are closed or have insufficient funds to satisfy payments, or the payment is made to an unintended recipient in error. Numerous and evolving fraud schemes and misuse of our payments service could subject us to significant costs and liabilities, require us to change our business practices, cause us to incur significant remediation costs, lead to loss of customer confidence in, or decreased use of, our products and services, damage our reputation and brands, divert the attention of management from the operation of our business, and result in significant compensation or contractual penalties from us to our customers and their business partners as a result of losses to or claims by them.

Our buyer and seller protection programs are intended to reduce the likelihood of losses for consumers and merchants from fraudulent transactions. The buyer protection program also, protects consumers if they do not receive the item ordered or if the item received is significantly different from its description. We incur substantial losses from our buyer and seller protection programs as a result of disputes filed by our customers. We seek to recover losses from our buyer and seller protection programs from the merchant, but may not be able to fully recover them if the merchant is unwilling or unable to pay, the transaction involves a fraudulent merchant, or the merchant provides sufficient evidence that the item was delivered.

In addition, consumers who pay through PayPal or Venmo may have reimbursement rights from their payment card issuer, which in turn will seek recovery from us. If losses incurred by us related to payment card transactions become excessive, we could lose the ability to accept payment cards for payment, which would negatively impact our business. Regulators and card networks may also adapt error resolution and chargeback requirements to account for evolving forms of fraud, which could increase PayPal's exposure to fraud losses and impact the scope of coverage of our buyer and seller protection programs. Increases in our loss rate, including as a result of changes to the scope of transactions covered by our buyer and seller protection programs, could negatively impact our business. See "Note 13—Commitments and Contingencies—Protection Programs" to our consolidated financial statements.

Failure to effectively monitor and evaluate the financial condition of our merchants may also expose PayPal to losses. In the event of the bankruptcy, insolvency, business failure, or other business interruption of a merchant that sells goods or services in advance of the date of their delivery or use (e.g., airline, cruise, or concert tickets, custom-made goods, and subscriptions), we could be liable to the buyers of such goods or services, including through our buyer protection program or through chargebacks on payment cards used by customers to fund their payments. Allowances for transaction losses that we have established may be insufficient to cover incurred losses.

Use of our payments services for illegal activities or improper purposes could harm our business.

Users have attempted, and may attempt in the future, to use our payments platform for illegal activities or improper uses, such as money laundering, terrorist financing, sanctions evasion, illegal online gambling, fraudulent sales of goods or services, illegal telemarketing activities, illegal sales of prescription medications or controlled substances, piracy of software, movies, music, and other copyrighted or trademarked goods (in particular, digital goods), bank fraud, child pornography, human trafficking, prohibited sales of alcoholic beverages or tobacco products, securities fraud, pyramid or ponzi schemes, or the facilitation of other illegal or improper activity. Moreover, certain activity that may be legal in one jurisdiction may be illegal in another jurisdiction, and a merchant may be found responsible for intentionally or inadvertently importing or exporting illegal goods, resulting in liability for us. Owners of intellectual property rights or government authorities may seek to bring legal action against providers of payments solutions, including PayPal, that are peripherally involved in the sale of infringing or allegedly infringing items. While we invest in measures intended to prevent and detect illegal activities that may occur within our payments platform, these measures require continuous improvement and may not be effective in detecting and preventing illegal activity or improper uses.

Any illegal or improper uses of our payments platform by our users may subject us to claims, individual and class action lawsuits, and government and regulatory requests, inquiries, or investigations that could result in liability, restrict our operations, require us to change our business practices, harm our reputation, increase our costs, and negatively impact our business. For example, government enforcement or regulatory authorities could seek to impose additional restrictions or liability on us arising from the use of our payments platform for illegal or improper activity, and our failure to detect or prevent such use.

Acquisitions, strategic investments, and other strategic transactions could result in operating difficulties and could harm our business.

We expect to continue to consider and evaluate a wide array of potential strategic transactions as part of our overall business strategy, including, but not limited to, business combinations, acquisitions, and dispositions of certain businesses, technologies, services, products, and other assets; strategic investments; and commercial and strategic partnerships (collectively, "strategic transactions"). At any given time, we may be engaged in discussions or negotiations with respect to one or more strategic transactions, any of which could, individually or in the aggregate, be material to our financial condition and results of operations. There can be no assurance that we will be successful in identifying, negotiating, consummating and integrating favorable transaction opportunities. Strategic transactions may involve additional significant challenges, uncertainties, and risks, including, but not limited to, challenges of integrating new employees, products, systems, technologies, operations, and business cultures; challenges associated with operating acquired businesses in markets in which we may have limited or no experience; failure to develop the acquired business adequately; disruption of our ongoing operations and diversion of our management's attention; inadequate data security, cybersecurity and operational and information technology resilience; failure to identify, or our underestimation of, commitments, liabilities, deficiencies and other risks associated with acquired businesses or assets; potential exposure to new risks associated with acquired businesses and entities, including potential new or increased regulatory oversight and uncertain or evolving legal, regulatory, and compliance requirements; potential reputational risks that could arise from transactions with, or investments in, companies, particularly those involved in new or developing businesses or industries, which may be subject to uncertain or evolving legal, regulatory, and compliance requirements; failure of the transaction to advance our business strategy and of its anticipated benefits to materialize; potential impairment of goodwill or other acquisition-related intangible assets; and the potential for our acquisitions to result in dilutive issuances of our equity securities or significant additional debt. Strategic transactions may also heighten many of the risks described in this "Risk Factors" section. These transactions are inherently risky, may not be successful, and may harm our business, results of operations, and financial condition.

Strategic investments in which we have a minority ownership stake inherently involve a lesser degree of influence over business operations. We may be dependent on controlling shareholders, management, or other persons or entities who control them and who may have business interests, strategies, or goals that are inconsistent with ours. Business decisions or other actions or omissions of the controlling shareholders, management, or other persons or entities who control companies in which we invest may adversely affect the value of our investment, result in litigation or regulatory action against us, and damage our reputation and brand.

Our international operations subject us to increased risks, which could harm our business.

Our international operations generate approximately one-half of our net revenues. Our international operations, including any expansion in international markets, subject us to significant challenges, uncertainties, and risks, including, but not limited to: local regulatory, licensing, reporting, and legal obligations; costs and challenges associated with operating in markets in which we may have limited or no experience, including effectively localizing our products and services and adapting them to local preferences; difficulties in developing, staffing, and simultaneously managing a large number of varying foreign operations as a result of distance, language, and cultural differences and in light of varying laws, regulations, and customs; differing employment practices and the existence of works councils; difficulties in recruiting and retaining qualified employees and maintaining our company culture; fluctuations in foreign currency exchange rates; exchange control regulations; profit repatriation restrictions; potential tariffs, sanctions, fines, or other trade barriers or restrictions; import or export regulations; compliance with U.S. and foreign anti-bribery, anti-corruption, sanctions, anti-money laundering and counter-terrorist financing laws and regulations; the interpretation and application of laws of multiple jurisdictions; and national or regional political, economic, or social instability.

Our international operations also may heighten many of the other risks described in this "Risk Factors" section. Any violations of the complex foreign and U.S. laws, rules and regulations that may apply to our international operations may result in fines, criminal actions, or sanctions against us and, our directors, officers, and employees; prohibit or require us to change our business practices; and damage our reputation. Although we have implemented policies and procedures designed to promote compliance with these laws, there can be no assurance that our employees, contractors, or agents will not violate our policies. These risks are inherent in our international operations, may increase our costs of doing business internationally, and could materially and adversely affect our business.

Brexit: The U.K.'s departure from the EU could harm our business, financial condition, and results of operations.

Following the departure of the U.K. from the EU and the EEA on January 31, 2020 (commonly referred to as "Brexit") and the expiration of the transition period on December 31, 2020, there continues to be uncertainty over the practical consequences of Brexit including the potential for Brexit to contribute to long-term instability in financial, stock and currency exchange markets, greater restrictions on the supply and availability of goods and services between the U.K. and EEA region, and a general deterioration in consumer sentiment and credit conditions leading to overall negative economic growth and increased risk of

merchant default.

The consequences of Brexit have brought legal uncertainty and increased complexity for financial services firms, which could continue as national laws and regulations in the U.K. differ from EU laws and regulations and additional authorization requirements come into effect. These developments have led and could lead in the future to additional regulatory costs and challenges for us, including, but not limited to, the following:

- PayPal (Europe) operates in the U.K. within the scope of its passport permissions (as they existed at the end of the transition period) pursuant to the Temporary Permissions Regime pending the grant of new U.K. authorizations by the U.K. financial regulators. If we are unable to obtain the required authorizations before the expiry of the longstop dates set by the U.K. regulators under the Temporary Permissions Regime, our European operations could lose their ability to offer services into the U.K. market on a cross-border basis; and
- our European operations being required to comply with new legal and regulatory requirements in the U.K. that may be in addition to, or inconsistent with, those of the EEA, in each case, leading to increased complexity and costs.

Global and regional economic conditions could harm our business.

Adverse global and regional economic conditions such as turmoil affecting the banking system or financial markets, including, but not limited to, tightening in the credit markets, extreme volatility or distress in the financial markets (including the fixed income, credit, currency, equity, and commodity markets), higher unemployment, high consumer debt levels, recessionary or inflationary pressures, supply chain issues, reduced consumer confidence or economic activity, government fiscal and tax policies, U.S. and international trade relationships, agreements, treaties, tariffs and restrictive actions, the inability of a government to enact a budget in a fiscal year, government shutdowns, government austerity programs, and other negative financial news or macroeconomic developments could have a material adverse impact on the demand for our products and services, including a reduction in the volume and size of transactions on our payments platform. Additionally, any inability to access the capital markets when needed due to volatility or illiquidity in the markets and increased regulatory liquidity and capital requirements may strain our liquidity position. Such conditions may also expose us to fluctuations in foreign currency exchange rates or interest rates that could materially and adversely affect our financial results. See “Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations – Impact of Foreign Currency Exchange Rates and Liquidity and Capital Resources” and “Item 7A. Quantitative and Qualitative Disclosures About Market Risk” for additional information on our financial risks.

Real or perceived inaccuracies in our metrics may harm our reputation and negatively affect our business.

Our key metrics are calculated using internal company data based on the activity we measure on our platform and may be compiled from multiple systems, including systems that are organically developed or acquired through business combinations. While the measurement of our key metrics is based on what we believe to be reasonable methodologies and estimates, there are inherent challenges and limitations in measuring our key metrics globally at scale. The methodologies used to calculate our key metrics require judgment.

We regularly review our processes for calculating these key metrics, and from time to time we may make adjustments to improve their accuracy or relevance. For example, we continuously apply models, processes and practices designed to detect and prevent fraudulent account creation on our platforms, and work to improve and enhance those capabilities. When we detect a significant volume of illegitimate activity, we generally remove the activity identified from our key metrics. Although such adjustments may impact key metrics reported in prior periods, we generally do not update previously reported key metrics to reflect these subsequent adjustments unless the retrospective impact of process improvements or enhancements is determined by management to be material. Further, as our business develops, we may revise or cease reporting metrics if we determine that such metrics are no longer appropriate measures of our performance. If investors, analysts, or customers do not consider our reported measures to be sufficient or to accurately reflect our business, we may receive negative publicity, our reputation may be harmed, and our business may be adversely impacted.

Environmental, social and governance (“ESG”) issues may have an adverse effect on our business, financial condition and results of operations and damage our reputation.

Customers, investors, employees and other stakeholders are increasingly focused on ESG practices, including our efforts with respect to global talent, cybersecurity, data privacy and protection and climate change. If we do not adapt to and comply with new laws and regulations or changes to legal or regulatory requirements concerning ESG matters, or fail to meet rapidly evolving investor, industry or stakeholder expectations and standards, or if the Company is perceived to have not responded appropriately to growing concerns with respect to ESG issues, our reputation may be harmed, customers may choose to refrain from using our products and services, and our business or financial condition may be adversely affected.

We specifically recognize the inherent physical climate-related risks wherever business is conducted. Our primary locations may be vulnerable to the adverse effects of climate change. For example, California, where our headquarters is located, has historically experienced, and is projected to continue to experience, climate-related events more frequently, including drought, water scarcity, heat waves, wildfires and resultant air quality impacts, and power shutoffs associated with wildfire prevention. These extreme weather conditions may disrupt our business and may cause us to experience additional costs to maintain or resume operations and higher attrition. In addition, current and emerging legal and regulatory requirements with respect to climate change (e.g., carbon pricing) and other aspects of ESG (e.g., disclosure requirements) may result in increased compliance requirements on our business and supply chain, which may increase our operating costs and cause disruptions in our operations.

If one or more of our counterparty financial institutions default on their financial or performance obligations to us or fail, we may incur significant losses.

We have significant amounts of cash, cash equivalents, receivables outstanding, and other investments on deposit or in accounts with banks or other financial institutions in the U.S. and international jurisdictions. As part of our currency hedging activities, we enter into transactions involving derivative financial instruments with various financial institutions. Certain banks and financial institutions are also lenders under our credit facilities. We regularly monitor our exposure to counterparty credit risk, and actively manage this exposure to mitigate the associated risk. Despite these efforts, we may be exposed to the risk of default by, or deteriorating operating results or financial condition or failure of, these counterparty financial institutions. If one of our counterparties were to become insolvent or file for bankruptcy, our ability to recover losses incurred as a result of default or to access or recover our assets that are deposited, held in accounts with, or otherwise due from, such counterparty may be limited by the counterparty's liquidity or the applicable laws governing the insolvency or bankruptcy proceedings. In the event of default or failure of one or more of our counterparties, we could incur significant losses, which could negatively impact our results of operations and financial condition.

There are risks associated with our indebtedness.

We have incurred indebtedness, and we may incur additional indebtedness in the future. Our ability to pay interest and repay the principal for our indebtedness is dependent upon our ability to manage our business operations and generate sufficient cash flows to service such debt. Our outstanding indebtedness and any additional indebtedness we incur may have significant consequences, including, without limitation: requiring us to use a significant portion of our cash flow from operations and other available cash to service our indebtedness, thereby reducing the funds available for other purposes, including capital expenditures, acquisitions, strategic investments, and share repurchases; reducing our flexibility in planning for or reacting to changes in our business, competition pressures and market conditions; and limiting our ability to obtain additional financing for working capital, capital expenditures, acquisitions, strategic investments, share repurchases, or other general corporate and other purposes.

Our revolving credit facilities and the indentures for our senior unsecured notes pursuant to which certain of our outstanding debt securities were issued contain financial and other covenants that restrict or could restrict, among other things, our business and operations. If we fail to pay amounts due under a debt instrument or breach any of its covenants, the lenders would typically have the right to demand immediate repayment of all borrowings thereunder (subject in certain cases to a grace or cure period). Moreover, any such acceleration and required repayment of, or default in respect of, our indebtedness could, in turn, constitute an event of default under other debt instruments, thereby resulting in the acceleration and required repayment of our indebtedness. Any of these events could materially adversely affect our liquidity and financial condition.

Changes by any rating agency to our outlook or credit rating could negatively affect the value of both our debt and equity securities and increase our borrowing costs. If our credit ratings are downgraded or other negative action is taken, the interest rates payable by us under our indebtedness may increase, and our ability to obtain additional financing in the future on favorable terms or at all could be adversely affected.

Changes in tax laws, exposure to unanticipated additional tax liabilities, or implementation of record-keeping obligations could have a material adverse effect on our business.

An increasing number of U.S. states, the U.S. federal government, and foreign jurisdictions, as well as international organizations, such as the Organization for Economic Co-operation and Development and the EU Commission, are focused on tax reform and other legislative or regulatory action to increase tax revenue. Various countries have proposed or enacted digital services taxes. These actions may materially affect our effective tax rate.

The determination of our worldwide provision for income taxes and other tax liabilities requires estimation and significant judgment, and there are many transactions and calculations where the ultimate tax determination is uncertain. We are currently undergoing a number of investigations, audits, and reviews by tax authorities in multiple U.S. and foreign tax jurisdictions. Any adverse outcome of any such audit or review could result in unforeseen tax-related liabilities that differ from the amounts recorded in our financial statements, which may, individually or in the aggregate, materially affect our financial results in the periods for which such determination is made. While we have established reserves based on assumptions and estimates that we believe are reasonable to cover such eventualities, these reserves may prove to be insufficient.

In addition, our future income taxes could be adversely affected by the incurrence of losses or earnings being lower than anticipated in jurisdictions that have lower statutory tax rates, and earnings being higher than anticipated in jurisdictions that have higher statutory tax rates; by changes in the valuation of our deferred tax assets and liabilities, including as a result of gains on our foreign currency exchange risk management program; by changes in tax laws, regulations, or accounting principles; or by certain discrete items.

A number of U.S. states, the U.S. federal government, and foreign jurisdictions have implemented and may impose reporting or record-keeping obligations on companies that engage in or facilitate e-commerce to improve tax compliance. A number of jurisdictions are also reviewing whether payment service providers and other intermediaries could be deemed to be the legal agent of merchants for certain tax purposes. We have modified our systems to meet applicable requirements and expect that further modifications will be required to comply with future requirements, which may negatively impact our customer experience and increase operational costs. Any failure by us to comply with these and similar reporting and record-keeping obligations could result in substantial monetary penalties and other sanctions, adversely impact our ability to do business in certain jurisdictions, and harm our business.

We may be unable to attract, retain, and develop the highly skilled employees we need to support our business.

Competition for key and other highly skilled personnel is intense, especially for executive talent, software engineers, and other technology talent. We may be limited in our ability to recruit or hire internationally, including due to restrictive laws or policies on immigration, travel, or availability of visas for skilled workers. The loss of the services of any of our key personnel, or our inability to attract, hire, develop, motivate and retain key and other highly qualified and diverse talent, whether in a remote or in-office environment, or address the safety, health and productivity of our workforce could harm our overall business and results of operations.

We are subject to risks associated with information disseminated through our products and services.

We may be subject to claims relating to information disseminated through our online services, including claims alleging defamation, libel, harassment, hate speech, breach of contract, invasion of privacy, negligence, copyright or trademark infringement, or other theories based on the nature and content of the materials disseminated through the services, among other things. We invest in measures intended to detect and block activities that may occur within our payments platform in violation of our policies. These measures require continuous improvement and may not be effective in detecting and preventing the exchange of information in violation of our policies. If these measures are not effective, our business could be negatively impacted. If the laws or regulations that provide protections for online dissemination of information are invalidated or are modified to reduce protections available to us and we become liable for information provided by our customers and carried on our products and services, we could be directly harmed and we may be forced to implement new measures to reduce our exposure, including expending substantial resources or discontinuing certain product or service offerings, which could harm our business.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

We own and lease various properties in the United States ("U.S.") and other countries around the world. We use the properties for executive and administrative offices, customer services and operations centers, product development offices, warehouses, and data centers. As of December 31, 2021, our owned and leased properties provided us with aggregate square footage as follows:

	United States	Other Countries	Total
		(In millions)	
Owned facilities	1.0	0.1	1.1
Leased facilities	1.4	2.0	3.4
Total facilities	2.4	2.1	4.5

We own a total of approximately 106 acres of land, with approximately 85 acres in the U.S. Our corporate headquarters are located in San Jose, California and occupy approximately 0.7 million of owned square feet.

ITEM 3. LEGAL PROCEEDINGS

The information set forth under "Note 13—Commitments and Contingencies—Litigation and Regulatory Matters" to the consolidated financial statements included in Part IV, Item 15 of this Form 10-K is incorporated herein by reference.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS, AND ISSUER PURCHASES OF EQUITY SECURITIES

COMMON STOCK

PayPal common stock is quoted on the NASDAQ Global Select Market under the ticker symbol "PYPL."

As of January 28, 2022, there were 4,103 holders of record of our common stock. The actual number of stockholders is significantly greater than this number of record holders, and includes stockholders who are beneficial owners but whose shares are held in street name by brokers and other nominees.

DIVIDEND POLICY

We have never paid any cash dividends and we currently do not anticipate paying any cash dividends in the foreseeable future.

STOCK REPURCHASE ACTIVITY

In July 2018, our Board of Directors authorized a stock repurchase program that provides for the repurchase of up to $10 billion of our common stock, with no expiration from the date of authorization. Our stock repurchase program is intended to offset the impact of dilution from our equity compensation programs and, subject to market conditions and other factors, may also be used to make opportunistic repurchases of our common stock to reduce outstanding share count. Any share repurchases under our stock repurchase program may be made through open market transactions, block trades, privately negotiated transactions including accelerated share repurchase agreements or other means at times and in such amounts as management deems appropriate, and will be funded from our working capital or other financing alternatives. Moreover, any stock repurchases are subject to market conditions and other uncertainties and we cannot predict if or when any stock repurchases will be made. We may terminate our stock repurchase program at any time without prior notice.

The stock repurchase activity under our stock repurchase program during the three months ended December 31, 2021 is summarized as follows:

	Total number of shares purchased	Average price paid per share[1]	Total number of shares purchased as part of publicly announced plans or programs	Approximate dollar value of shares that may yet be purchased under the plans or programs
	(In millions, except per share amounts)			
Balance as of September 30, 2021				$ 6,560
October 1, 2021 through October 31, 2021	—	$ —	—	6,560
November 1, 2021 through November 30, 2021	1.7	$ 186.67	1.7	6,236
December 1, 2021 through December 31, 2021	6.3	$ 187.56	6.3	5,060
Balance as of December 31, 2021	8.0		8.0	$ 5,060

[1] Average price paid per share for open market purchases includes broker commissions.

ITEM 6. REMOVED AND RESERVED

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This Form 10-K contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, including statements that involve expectations, plans, or intentions (such as those relating to future business, future results of operations or financial condition, new or planned features or services, mergers or acquisitions, or management strategies). Additionally, our forward-looking statements include expectations related to anticipated impacts of the coronavirus pandemic. These 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. These forward-looking statements involve risks and uncertainties that could cause our actual results and financial condition to differ materially from those expressed or implied in our forward-looking statements. Such risks and uncertainties include, among others, those discussed in "Item 1A. Risk Factors" of this Form 10-K, as well as in our consolidated financial statements, related notes, and the other information appearing in this report and our other filings with the Securities and Exchange Commission ("SEC"). We do not intend, and undertake no obligation except as required by law, to update any of our forward-looking statements after the date of this report to reflect actual results or future events or circumstances. Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements. You should read the following "Management's Discussion and Analysis of Financial Condition and Results of Operations" in conjunction with the audited consolidated financial statements and the related notes that appear in this report. Unless otherwise expressly stated or the context otherwise requires, references to "we," "our," "us," "the Company," and "PayPal" refer to PayPal Holdings, Inc. and its consolidated subsidiaries.

This Management's Discussion and Analysis of Financial Condition and Results of Operations focuses on discussion of 2021 results as compared to 2020 results. For discussion of 2020 results as compared to 2019 results, see "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" within our Form 10-K for the year ended December 31, 2020 filed with the SEC on February 5, 2021.

BUSINESS ENVIRONMENT

THE COMPANY

We are a leading technology platform that enables digital payments and simplifies commerce experiences on behalf of merchants and consumers worldwide. PayPal is committed to democratizing financial services to help improve the financial health of individuals and to increase economic opportunity for entrepreneurs and businesses of all sizes around the world. Our goal is to enable our merchants and consumers to manage and move their money anywhere in the world in the markets we serve, anytime, on any platform, and using any device when sending payments or getting paid, including person-to-person payments.

Regulatory environment

We operate globally and in a rapidly evolving regulatory environment characterized by a heightened focus by regulators globally on all aspects of the payments industry, including countering terrorist financing, anti-money laundering, privacy, cybersecurity, and consumer protection. The laws and regulations applicable to us, including those enacted prior to the advent of digital payments, are continuing to evolve through legislative and regulatory action and judicial interpretation. New or changing laws and regulations, including changes to their interpretation and implementation, as well as increased penalties and enforcement actions related to non-compliance, could have a material adverse impact on our business, results of operations, and financial condition. We monitor these areas closely and are focused on designing compliant solutions for our customers.

Information security

Information security risks for global payments and technology companies like us have increased significantly in recent years. Although we have developed systems and processes designed to protect the data we manage, prevent data loss and other security incidents and effectively respond to known and potential risks, and expect to continue to expend significant resources to bolster these protections, we remain subject to these risks and there can be no assurance that our security measures will provide sufficient security or prevent breaches or attacks. For additional information regarding our information security risks, see "Item 1A. Risk Factors—*Cyberattacks and security vulnerabilities could result in serious harm to our reputation, business, and financial condition.*"

COVID-19

The coronavirus ("COVID-19") pandemic has resulted in government authorities and businesses throughout the world implementing numerous measures intended to contain and limit the spread of COVID-19, including travel restrictions, border closures, quarantines, shelter-in-place and lock-down orders, mask and social distancing requirements, and business limitations and shutdowns. The spread of COVID-19 and increased variants has caused, and may continue to cause us to make significant modifications to our business practices, including enabling most of our workforce to work from home, establishing strict health and safety protocols for our offices, restricting physical participation in meetings, events, and conferences, and imposing restrictions on employee travel. We will continue to actively monitor the situation and may take further actions that alter our business practices as may be required by federal, state, or local authorities or that we determine are in the best interests of our employees, customers, or business partners.

The spread of COVID-19 has also accelerated the shift from in-store shopping and traditional in-store payment methods (e.g., cash) towards e-commerce and digital payments and resulted in increased customer demand for safer payment and delivery solutions (e.g., contactless payment methods, buy online and pick up in store) and significant increases in online spending in certain verticals that have historically had a strong in-store presence. On balance, our business has benefited from these behavioral shifts. To the extent that consumers revert to pre-COVID-19 behaviors as the pandemic-related restrictions lessen, our business, financial condition, and results of operations would be adversely impacted.

The rapidly changing global market and economic conditions as a result of the COVID-19 pandemic have impacted, and are expected to continue to impact, our operations and business. The broader implications of the COVID-19 pandemic and related global economic unpredictability on our business, financial condition, and results of operations remain uncertain. For additional information on how the COVID-19 pandemic has impacted and could continue to negatively impact our business, see below for specific discussion in the respective areas, and also refer to "Part I, Item 1A, Risk Factors" in this Form 10-K.

BREXIT

The United Kingdom ("U.K.") formally exited the European Union ("EU") and the European Economic Area ("EEA") on January 31, 2020 (commonly referred to as "Brexit") with the expiration of the transition period on December 31, 2020. PayPal (Europe) S.à.r.l. et Cie, SCA ("PayPal (Europe)") operates in the U.K. within the scope of its passport permissions (as they stood at the end of the transition period) under the Temporary Permissions Regime pending the grant of new U.K. authorizations by the U.K. financial regulators. We are currently unable to determine the longer-term impact that Brexit will have on our business, which will depend, in part, on the implications of new tariff, trade, and regulatory frameworks that now govern the provision of cross-border goods and services between the U.K. and the EEA, as well as the financial and operational consequences of the requirement for PayPal (Europe) to obtain new U.K. authorizations to operate its business longer-term within the U.K. market. For additional information on how Brexit could affect our business, see "Item 1A. Risk Factors—*Brexit: The U.K.'s departure from the EU could harm our business, financial condition, and results of operations*."

Brexit may contribute to instability in financial, stock, and foreign currency exchange markets, including volatility in the value of the British Pound and Euro. We have foreign currency exchange exposure management programs designed to help reduce the impact from foreign currency exchange rate movements. The tables below provide the percentage of our total net revenues and gross loans and interest receivable from the U.K. and EU (excluding the U.K.) for the periods presented:

	2021	2020	2019
Net revenues generated from the U.K.	9 %	11 %	11 %
Net revenues generated from the EU (excluding the U.K.)	19 %	19 %	17 %

	December 31, 2021	December 31, 2020
Gross loans and interest receivable due from customers in the U.K.	40 %	50 %
Gross loans and interest receivable due from customers in the EU (excluding the U.K.)	21 %	14 %

The change in the percentage of gross loans and interest receivable due from customers in the U.K. and EU year-over-year was primarily attributable to expansion of our installment credit products in the EU.

OVERVIEW OF RESULTS OF OPERATIONS

The following table provides a summary of our consolidated financial results for the years ended December 31, 2021, 2020, and 2019:

	Year Ended December 31,			Percent Increase/(Decrease)	
	2021	2020	2019	2021	2020
	(In millions, except percentages and per share amounts)				
Net revenues	$ 25,371	$ 21,454	$ 17,772	18 %	21 %
Operating expenses	21,109	18,165	15,053	16 %	21 %
Operating income	4,262	3,289	2,719	30 %	21 %
Operating margin	17 %	15 %	15 %	**	**
Other income (expense), net	(163)	1,776	279	(109) %	537 %
Income tax (benefit) expense	(70)	863	539	(108) %	60 %
Effective tax rate	(2)%	17 %	18 %	**	**
Net income	$ 4,169	$ 4,202	$ 2,459	(1) %	71 %
Net income per diluted share	$ 3.52	$ 3.54	$ 2.07	(1) %	71 %
Net cash provided by operating activities	$ 6,340	$ 5,854	$ 4,071	8 %	44 %

All amounts in tables are rounded to the nearest million, except as otherwise noted. As a result, certain amounts may not recalculate using the rounded amounts provided.
** Not Meaningful

Net revenues increased $3.9 billion, or 18%, in 2021 compared to 2020 driven primarily by growth in total payment volume ("TPV", as defined below under "Key Metrics") of 33%.

Total operating expenses increased $2.9 billion, or 16%, in 2021 compared to 2020 due primarily to an increase in transaction expense, and to a lesser extent, increases in sales and marketing expenses, technology and development expenses, and customer support and operations expenses, partially offset by a decline in transaction and credit losses.

Operating income increased $973 million, or 30%, in 2021 compared to 2020 due to growth in net revenues, partially offset by an increase in operating expenses. Our operating margin was 17% and 15% in 2021 and 2020, respectively. Operating margin for 2021 was positively impacted primarily by the decrease in transaction and credit losses.

Net income decreased by $33 million, or 1%, in 2021 as compared to 2020 due to a decrease in other income (expense), net of $1.9 billion, driven primarily by lower net gains on strategic investments in 2021 compared to the prior year, partially offset by the previously discussed increase in operating income of $973 million and a decrease in income tax expense of $933 million associated with lower net gains on strategic investments, higher benefits associated with stock-based compensation deductions, and lower expense related to intra-group transfers of intellectual property.

IMPACT OF FOREIGN CURRENCY EXCHANGE RATES

We have significant international operations that are denominated in foreign currencies, primarily the British Pound, Euro, Australian dollar, and Canadian dollar, subjecting us to foreign currency exchange risk which may adversely impact our financial results. The strengthening or weakening of the United States ("U.S.") dollar versus the British Pound, Euro, Australian dollar, and Canadian dollar, as well as other currencies in which we conduct our international operations, impacts the translation of our net revenues and expenses generated in these foreign currencies into the U.S. dollar. In 2021, 2020, and 2019, we generated approximately 46%, 49%, and 47% of our net revenues from customers domiciled outside of the United States, respectively. Because we generate substantial net revenues internationally, we are subject to the risks of doing business outside of the U.S., including those discussed under "Item 1A. Risk Factors."

We calculate the year-over-year impact of foreign currency exchange movements on our business using prior period foreign currency exchange rates applied to current period transactional currency amounts. While changes in foreign currency exchange rates affect our reported results, we have a foreign currency exchange exposure management program in which we designate certain foreign currency exchange contracts as cash flow hedges intended to reduce the impact on earnings from foreign currency exchange rate movements. Gains and losses from these foreign currency exchange contracts are recognized as a component of transaction revenues in the same period the forecasted transactions impact earnings.

In the years ended December 31, 2021 and 2020, the year-over-year foreign currency movements relative to the U.S. dollar had the following impact on our reported results:

	Year Ended December 31,	
	2021	2020
	(In millions)	
Favorable impact to net revenues (exclusive of hedging impact)	$ 440	$ 66
Hedging impact	(190)	20
Favorable impact to net revenues	250	86
(Unfavorable) favorable impact to operating expense	(181)	4
Net favorable impact to operating income	$ 69	$ 90

While we enter into foreign currency exchange contracts to help reduce the impact on earnings from foreign currency exchange rate movements, it is impossible to predict or eliminate the total effects of this exposure.

We also used a foreign currency exchange contract, designated as a net investment hedge, to reduce the foreign currency exchange risk related to our investment in a foreign subsidiary. This contract matured in 2020. Gains and losses associated with this instrument will remain in accumulated other comprehensive income until the foreign subsidiary is sold or substantially liquidated.

Additionally, in connection with transactions occurring in multiple currencies on our payments platform, we generally set our foreign currency exchange rates daily and may face financial exposure if we incorrectly set our foreign currency exchange rates or as a result of fluctuations in foreign currency exchange rates between the times that we set our foreign currency exchange rates and when transactions occur. Given that we also have foreign currency exchange risk on our assets and liabilities denominated in currencies other than the functional currency of our subsidiaries, we have an additional foreign currency exchange exposure management program in which we use foreign currency exchange contracts to offset the impact of foreign currency exchange rate movements on our assets and liabilities. The foreign currency exchange gains and losses on our assets and liabilities are recorded in other income (expense), net, and are offset by the gains and losses on the foreign currency exchange contracts. These foreign currency exchange contracts reduce, but do not entirely eliminate, the impact of foreign currency exchange rate movements on our assets and liabilities.

KEY METRICS AND FINANCIAL RESULTS

KEY METRICS

Active accounts, number of payment transactions, number of payment transactions per active account, and TPV are key non-financial performance metrics ("key metrics") that management uses to measure the performance of our business, and are defined as follows:

- An *active account* is an account registered directly with PayPal or a platform access partner that has completed a transaction on our platform, not including gateway-exclusive transactions, within the past 12 months. A platform access partner is a third party whose customers are provided access to PayPal's platform or services through such third party's login credentials, including entities that utilize Hyperwallet's payout capabilities. A user may register on our platform to access different products and may register more than one account to access a product. Accordingly, a user may have more than one active account. The number of active accounts provides management with additional perspective on the growth and overall scale of our platform.

- *Number of 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* reflects the total number of payment transactions within the previous 12-month period, divided by active accounts at the end of the period. The number of payment transactions per active account provides management with insight into the average number of times a customer account engages in payments activity on our payments platform in a given period.

- *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.

As our transaction revenue is typically correlated with TPV growth and the number of payment transactions completed on our payments platform, management uses these metrics to gain insights into the scale and strength of our payments platform, the engagement level of our customers, and underlying activity and trends which are indicators of current and future performance. We present these key metrics to enhance investors' evaluation of the performance of our business and operating results.

Our key metrics are calculated using internal company data based on the activity we measure on our platform and may be compiled from multiple systems, including systems that are organically developed or acquired through business combinations. While the measurement of our key metrics is based on what we believe to be reasonable methodologies and estimates, there are inherent challenges and limitations in measuring our key metrics globally at our scale. The methodologies used to calculate our key metrics require judgment.

We regularly review our processes for calculating these key metrics, and from time to time we may make adjustments to improve their accuracy or relevance. For example, we continuously apply models, processes and practices designed to detect and prevent fraudulent account creation on our platforms, and work to improve and enhance those capabilities. When we detect a significant volume of illegitimate activity, we generally remove the activity identified from our key metrics. Although such adjustments may impact key metrics reported in prior periods, we generally do not update previously reported key metrics to reflect these subsequent adjustments unless the retrospective impact of process improvements or enhancements is determined by management to be material.

NET REVENUES

Our revenues are classified into the following two categories:

- *Transaction revenues:* Net transaction fees primarily charged to merchants on a transaction basis based on the TPV completed on our payments platform. Growth in TPV is directly impacted by the number of payment transactions that we enable on our payments platform. We earn additional fees from merchants and consumers on transactions where we perform currency conversion, where we enable cross-border transactions (i.e., transactions where the merchant and consumer are in different countries), to facilitate the instant transfer of funds for our customers from their PayPal or Venmo account to their debit card or bank account, to facilitate the purchase and sale of cryptocurrencies, and other miscellaneous fees.

- *Revenues from other value added services:* Net revenues derived primarily from revenue earned through partnerships, referral fees, subscription fees, gateway fees, and other services we provide to our merchants and consumers. We also earn revenues from interest and fees earned on our portfolio of loans receivable, and interest earned on certain assets underlying customer balances.

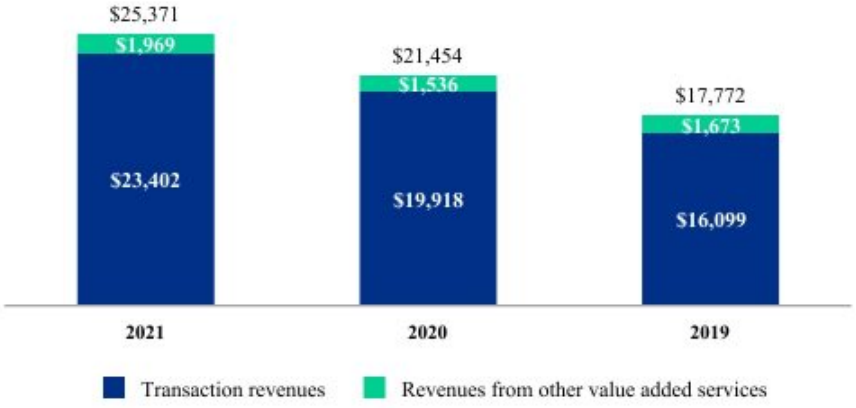
Our revenues can be significantly impacted by, but not limited to, the following:

- The mix of merchants, products, and services;
- The mix between domestic and cross-border transactions;
- The geographic region or country in which a transaction occurs; and
- The amount of our loans receivable outstanding with merchants and consumers.

Refer to "Part I, Item 1A, Risk Factors" in this Form 10-K for further discussion on factors that impact our revenue.

Net revenues analysis

The components of our net revenues for the years ended December 31, 2021, 2020, and 2019 were as follows (in millions):



Transaction revenues

Transaction revenues grew by $3.5 billion, or 17%, in 2021 compared to 2020 mainly attributable to our Braintree and core PayPal products and services, and to a lesser extent, Venmo products and services driven by strong growth in TPV and the number of payment transactions on our payments platform. In the year ended December 31, 2021, we benefited from the recovery of travel and events verticals, which were adversely impacted in the prior year as a result of the COVID-19 pandemic. These factors favorably impacting growth in transaction revenues in 2021 were partially offset by a decline in TPV and revenue we generate from eBay's marketplace platform, which we expect to continue, to a lesser extent, to negatively impact revenue growth trends in the first half of 2022.

In the first quarter of 2020, we experienced an adverse impact on our TPV and transaction revenues due to the initial impact of the COVID-19 pandemic. In the second quarter of 2020, we benefited from a shift from in-store payment methods to digital payments (as described above) which was sustained throughout the remainder of 2020 and in 2021.

The graphs below present the respective key metrics (in millions) for the years ended December 31, 2021, 2020, and 2019:



*Reflects active accounts at the end of the applicable period. Active accounts as of December 31, 2021 and 2020 include 3.2 million active accounts contributed by Paidy, Inc. ("Paidy") on the date of acquisition in October 2021 and 10.2 million active accounts contributed by Honey on the date of acquisition in January 2020, respectively.

The following table provides a summary of related metrics:

	Year Ended December 31,			Percent Increase/ (Decrease)	
	2021	2020	2019	2021	2020
Number of payment transactions per active account	45.4	40.9	40.6	11 %	1 %
Percent of cross-border TPV	16 %	17 %	18 %	**	**

** Not meaningful

We had active accounts of 426 million and 377 million as of December 31, 2021 and 2020, respectively, an increase of 13%. Number of payment transactions were 19.3 billion and 15.4 billion as of December 31, 2021 and 2020, respectively, an increase of 25%. TPV was $1.25 trillion and $936 billion as of December 31, 2021 and 2020, respectively, an increase of 33%.

Transaction revenues grew more slowly than TPV and the number of payment transactions in 2021 due primarily to a decline in eBay's marketplace platform TPV where we had historically earned higher rates, lower growth in foreign exchange fees, a higher portion of TPV generated through Braintree by bill pay partners, large merchants, and other marketplaces which generally pay lower rates with higher transaction volumes, and an unfavorable impact from hedging. Changes in prices charged to our customers did not significantly impact transaction revenue growth in 2021.

Revenues from other value added services

Revenues from other value added services increased by $433 million, or 28%, in 2021 compared to 2020 due primarily to increases in our revenue share with Synchrony Bank ("Synchrony") and fee revenue from the servicing of loans under the U.S government's Paycheck Protection Program ("PPP") administered by the U.S. Small Business Administration ("SBA") and enacted in March 2020 under the Coronavirus Aid, Relief, and Economic Security Act in response to the COVID-19 pandemic. We do not own the receivables associated with loans originated through the PPP. The fee revenue associated with the PPP loans in the year ended December 31, 2021 was $157 million, which included revenue recognized upon loan forgiveness and the extinguishment of our servicing obligations for a portion of the outstanding loans. At December 31, 2021, the remaining unearned fee revenue associated with the PPP loans was not material. The growth in revenue from other value added services in the year ended December 31, 2021 was also attributable to an increase in interest and fee revenue on our consumer loans receivable portfolio driven primarily by growth in international markets, partially offset by a decline in interest and fee revenue on our merchant loans receivable portfolio due to a decrease in average outstanding loans year-over-year and a decline in interest earned on certain assets underlying customer account balances resulting from lower interest rates.

The total gross consumer and merchant loans receivable balance as of December 31, 2021 and 2020 was $5.3 billion and $3.6 billion, respectively, reflecting a year-over-year increase of 48% driven primarily by growth in our consumer receivable portfolio due to the expansion of our installment credit products, including the entry into new markets.

In response to the COVID-19 pandemic, we took both proactive and reactive measures during 2020 to support our merchants and consumers that had loans and interest receivables due to us under our credit product offerings. These measures were intended to help reduce financial difficulties experienced by our customers and included providing payment holidays to grant payment deferrals to certain borrowers for varying periods of time, and amended payment terms through loan modifications in certain cases. Given the uncertainty surrounding the COVID-19 pandemic, including its duration and severity, related global economic conditions and the ultimate impact it may have on the financial condition of our merchants and consumers, the extent of these types of actions and their prospective impact on our interest and fee income is not determinable. In addition, consumers that have outstanding loans and interest receivable due to Synchrony may experience similar hardships that result in increased losses recognized by Synchrony, which may result in a decrease in our revenue share earned from Synchrony in future periods. In the event the overall return on the PayPal branded credit programs funded by Synchrony does not meet a minimum rate of return ("minimum return threshold") in a particular quarter, our revenue share for that period would be zero. Further, in the event the overall return on the PayPal branded credit programs managed by Synchrony does not meet the minimum return threshold as measured over four consecutive quarters and in the following quarter, we would be required to make a payment to Synchrony, subject to certain limitations. Through December 31, 2021, the overall return on the PayPal branded credit programs funded by Synchrony exceeded the minimum return threshold.

Seasonality

The Company does not experience meaningful seasonality with respect to net revenues. No individual quarter in 2021, 2020, or 2019 accounted for more than 30% of annual net revenue.

OPERATING EXPENSES

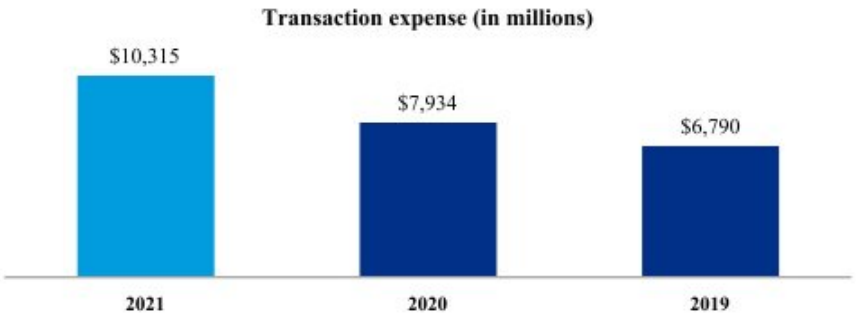
The following table summarizes our operating expenses and related metrics we use to assess the trends in each:

	Year Ended December 31,			Percent Increase/ (Decrease)	
	2021	2020	2019	2021	2020
	(In millions, except percentages)				
Transaction expense	$ 10,315	$ 7,934	$ 6,790	30 %	17 %
Transaction and credit losses	1,060	1,741	1,380	(39) %	26 %
Customer support and operations	2,075	1,778	1,615	17 %	10 %
Sales and marketing	2,445	1,861	1,401	31 %	33 %
Technology and development	3,038	2,642	2,085	15 %	27 %
General and administrative	2,114	2,070	1,711	2 %	21 %
Restructuring and other charges	62	139	71	(55) %	96 %
Total operating expenses	$ 21,109	$ 18,165	$ 15,053	16 %	21 %
Transaction expense rate[1]	0.83 %	0.85 %	0.95 %	**	**
Transaction and credit loss rate[2]	0.09 %	0.19 %	0.19 %	**	**

[1] Transaction expense rate is calculated by dividing transaction expense by TPV.
[2] Transaction and credit loss rate is calculated by dividing transaction and credit losses by TPV.
** Not meaningful.

Transaction expense

Transaction expense is primarily composed of the costs we incur to accept a customer's funding source of payment. These costs include fees paid to payment processors and other financial institutions when we draw funds from a customer's credit or debit card, bank account, or other funding source they have stored in their digital wallet. We refer to the allocation of funding sources used by our consumers as our "funding mix." The cost of funding a transaction with a credit or debit card is generally higher than the cost of funding a transaction from a bank or through internal sources such as a PayPal or Venmo account balance or our consumer credit products. As we expand the availability and presentation of alternative funding sources to our customers, our funding mix may change, which could increase or decrease our transaction expense rate. The cost of funding a transaction is also impacted by the geographic region or country in which a transaction occurs, as we generally pay lower rates for transactions funded with credit or debit cards outside the U.S. Our transaction expense rate is impacted by changes in product mix, merchant mix, regional mix, funding mix, and fees paid to payment processors and other financial institutions. Macroeconomic environment changes may also result in behavioral shifts in consumer spending patterns affecting the type of funding source they use, which also impacts the funding mix.



Transaction expense increased by $2.4 billion, or 30%, in 2021 compared to 2020 due primarily to an increase in TPV of 33%. The decrease in transaction expense rate in 2021 compared to 2020 was due primarily to a decline in transaction expense rates associated with both our core PayPal and Braintree products, offset by an increase in the share of volume associated with our Braintree products. For the years ended December 31, 2021, 2020, and 2019, approximately 39%, 40%, and 41% of TPV, respectively, was generated outside of the U.S.

Transaction and credit losses

Transaction losses include the expense associated with our buyer and seller protection programs, fraud, and chargebacks. Credit losses include the losses associated with our merchant and consumer loans receivable portfolio. Beginning in 2020, these losses are based on current expected credit losses. Our transaction and credit losses fluctuate depending on many factors, including TPV, product mix, current and projected macroeconomic conditions including unemployment rates, merchant insolvency events, changes to and usage of our customer protection programs, the impact of regulatory changes, and the credit quality of loans receivable arising from transactions funded with our credit products for consumers and loans and advances to merchants.

The components of our transaction and credit losses (in millions) for the years ended December 31, 2021, 2020, and 2019 were as follows:



Transaction and credit losses decreased by $681 million, or 39%, in 2021 compared to 2020.

Transaction losses were $1.2 billion and $1.1 billion for the years ended December 31, 2021 and 2020, respectively, reflecting an increase of $18 million, or 2%, year-over-year. Transaction loss rate (transaction losses divided by TPV) was 0.09%, 0.12%, and 0.15% for the years ended December 31, 2021, 2020, and 2019, respectively. The increase in transaction losses was due primarily to growth in TPV, partially offset by benefits realized from continued risk mitigation strategies, which also contributed to a decrease in our transaction loss rate over the same period. The duration and severity of the impacts of the COVID-19 pandemic and related global economic conditions remain unknown. Any negative impacts on macroeconomic conditions could increase the risk of merchant bankruptcy, insolvency, business failure, or other business interruption, which may adversely impact our transaction losses, particularly for merchants that sell goods or services in advance of the date of their delivery or use.

Credit losses decreased by $699 million, or 115%, in 2021 compared to 2020. The components of credit losses for the years ended December 31, 2021, 2020, and 2019 were as follows (in millions):

	Year Ended December 31,		
	2021	2020	2019[1]
Net charge-offs[2]	$ 219	$ 310	$ 208
Reserve build (release)[3]	(312)	296	80
Credit losses	$ (93)	$ 606	$ 288

[1] Credit losses for the year end December 31, 2019 were based on accounting guidance which was superseded by the adoption of Accounting Standards Update 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* ("CECL"), effective January 1, 2020.
[2] Net charge-offs includes the principal charge-offs partially offset by recoveries for consumer and merchant receivables.
[3] Reserve build (release) represents change in allowance for principal receivables excluding foreign currency remeasurement and, for 2020, impact of adoption of CECL.

The benefit in the year ended December 31, 2021 was attributable to the net release of reserves for loans receivable due to improvements in both current and projected macroeconomic conditions, including lower projected unemployment rates, as well as improvements in the credit quality of loans outstanding, partially offset by provisions for originations during the period. Allowances for our merchant and consumer portfolios included qualitative adjustments which took into account continued volatility with respect to macroeconomic conditions, as well as uncertainty around the financial health of our merchant borrowers, including uncertainty around the effectiveness of loan modification programs made available to merchants. The credit losses in the year ended December 31, 2020 were primarily associated with an increase in provisions for our loans receivable portfolio resulting from a reserve build driven by a sharp deterioration in macroeconomic projections reflecting the anticipated impact of the COVID-19 pandemic and provisions associated with originations, both of which significantly increased our then current expected credit losses, and to a lesser extent, changes in credit quality during the period. The increase in provisions associated with macroeconomic projections in the year ended December 31, 2020 included qualitative adjustments to account for the impact of limitations in our expected credit loss models resulting from the extreme fluctuations in both the actual and projected macroeconomic conditions during the period as well as to incorporate varying degrees of merchant performance in the current environment and expected performance in future periods.

The consumer loans and interest receivable balance as of December 31, 2021 and 2020 was $3.8 billion and $2.2 billion, respectively, representing a year-over-year increase of 77% driven by growth of our installment credit products in international markets and the U.S. and, to a lesser extent, growth of PayPal Credit in international markets. Approximately 53% and 77% of our consumer loans receivable outstanding as of December 31, 2021 and 2020, respectively, were due from consumers in the U.K. The decline in the percentage of consumer loans receivable outstanding in the U.K. at December 31, 2021 compared to December 31, 2020 was due to overall growth in the consumer loan portfolio, particularly from installment credit products in other markets.

The following table provides information regarding the credit quality of our consumer loans and interest receivable balance:

	December 31,	
	2021	2020
Percent of consumer loans and interest receivable current	97.0 %	97.9 %
Percent of consumer loans and interest receivable > 90 days outstanding [1]	1.5 %	0.9 %
Net charge-off rate[2]	4.3 %	2.4 %

[1] Represents percentage of balances which are 90 days past the billing date or contractual repayment date, as applicable.
[2] Net charge-off rate is the annual ratio of net credit losses, excluding fraud losses, on consumer loans receivable as a percentage of the average daily amount of consumer loans and interest receivable balance during the period.

The net charge-off rate at December 31, 2020 benefited from payment holidays provided by the Company as a part of our COVID-19 payment relief initiatives.

We offer access to merchant finance products for certain small and medium-sized businesses, which we refer to as our merchant finance offerings. Total merchant loans, advances, and interest and fees receivable outstanding, net of participation interest sold, as of both December 31, 2021 and 2020 were approximately $1.4 billion. Approximately 82% and 8% of our merchant receivables outstanding as of December 31, 2021 were due from merchants in the U.S. and U.K., as compared to approximately 81% and 10% as of December 31, 2020, respectively.

The following table provides information regarding the credit quality of our merchant loans, advances, and interest and fees receivable balance:

	December 31,	
	2021	2020
Percent of merchant receivables within original expected or contractual repayment period	91.8 %	75.4 %
Percent of merchant receivables > 90 days outstanding after the end of original expected or contractual repayment period	3.1 %	12.5 %
Net charge-off rate [1]	4.7 %	18.9 %

[1] Net charge-off rate is the annual ratio of net credit losses, excluding fraud losses, on merchant loans and advances as a percentage of the average daily amount of merchant loans, advances, and interest and fees receivable balance during the period.

The increase in the percent of current merchant receivables, decrease in percent of merchant receivables greater than 90 days outstanding, and decrease in the net charge-off rate for merchant receivables at December 31, 2021 as compared to December 31, 2020 were primarily due to the charge-off of accounts that experienced financial difficulties as a result of the COVID-19 pandemic in the prior year as well as improved performance in the current year partially attributable to the below mentioned modifications to the acceptable risk parameters including tightening of eligibility terms.

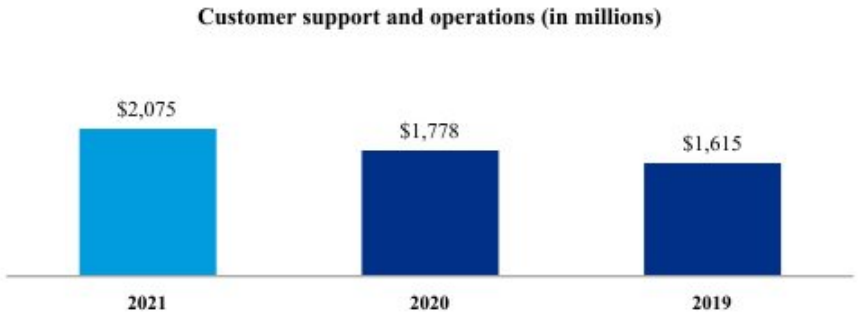
Beginning in the third quarter of 2020, we granted certain merchants loan modifications intended to provide them with financial relief and help enable us to mitigate losses. The associated loans and interest receivable have been treated as troubled debt restructurings due to the borrowers experiencing financial difficulty and significant changes in their loan structure, including repayment terms and/or fee and rate structure.

Modifications to the acceptable risk parameters of our credit products in 2020 in response to the impacts of the COVID-19 pandemic resulted in the implementation of a number of risk mitigation strategies, including reduction of maximum loan size, tightening eligibility terms, and a shift from automated to manual underwriting of loans and advances. These changes in acceptable risk parameters resulted in a decrease in originations in 2020 as compared to pre-pandemic levels. We continue to evaluate and modify our acceptable risk parameters in response to the changing macroeconomic environment and such changes in 2021 have resulted in a gradual increase in originations over the past nine months. While the impact of the COVID-19 pandemic on the economic environment remains uncertain, the longer and more severe the pandemic, the more likely it may have a material adverse impact on our borrowing base, which is primarily comprised of small and medium-sized merchants.

For additional information, see "Note 11—Loans and Interest Receivable" in the notes to the consolidated financial statements, and "Item 1A. Risk Factors—*Our credit products expose us to additional risks*" included in this Form 10-K.

Customer support and operations

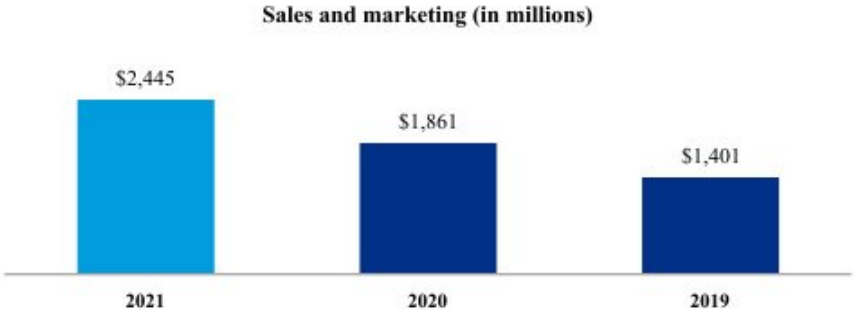
Customer support and operations includes costs incurred in our global customer operations centers, including costs to provide call support to our customers, costs to support our trust and security programs protecting our merchants and consumers, and other costs incurred related to the delivery of our products, including payment devices, card production, and customer onboarding and compliance costs.



Customer support and operations costs increased $297 million, or 17%, in 2021 compared to 2020. The increase in 2021 was primarily attributable to increases in employee-related expenses, customer onboarding and compliance costs, and contractors and consulting costs that support the growth of our active accounts and payment transactions.

Sales and marketing

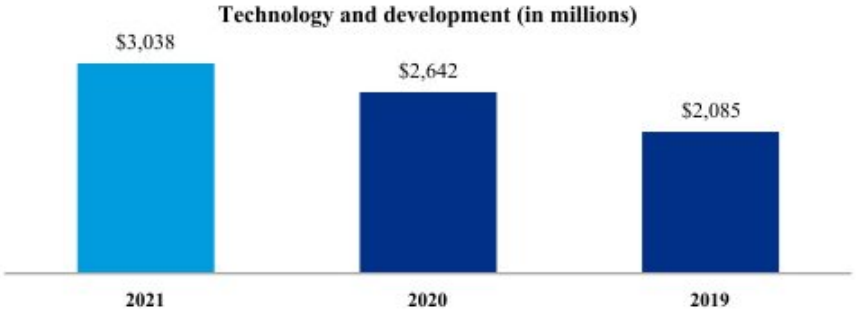
Sales and marketing includes costs incurred for customer acquisition, business development, advertising, and marketing programs.



Sales and marketing expenses increased $584 million, or 31%, in 2021 compared to 2020 due primarily to higher spending on marketing programs, including targeted user incentives to promote increased user engagement and new user acquisition, and, to a lesser extent, an increase in employee-related expenses.

Technology and development

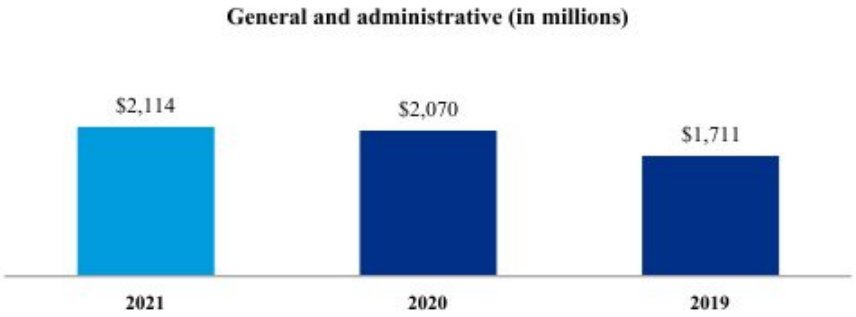
Technology and development includes costs incurred in connection with the development of our payments platform, new products, and the improvement of our existing products, including the amortization of software and website development costs incurred in developing our payments platform, which are capitalized. It also includes acquired developed technology and our site operations and other infrastructure costs incurred to support our payments platform.



Technology and development expenses increased $396 million, or 15%, in 2021 compared to 2020 due primarily to increases in cloud computing services utilized in delivering our products, costs related to contractors and consultants, and, to a lesser extent, amortization expense associated with internally developed software.

General and administrative

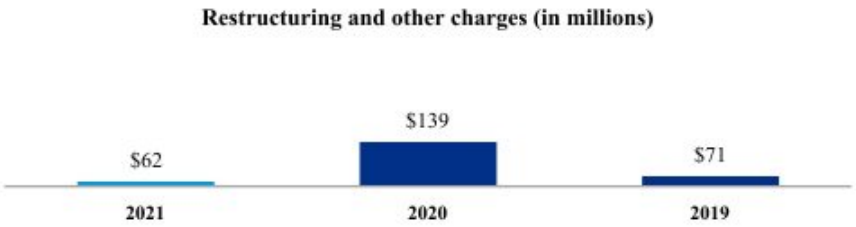
General and administrative includes costs incurred to provide support to our business, including legal, human resources, finance, risk and compliance, executive, and other support operations.



General and administrative expenses increased $44 million, or 2%, in 2021 compared to 2020 due primarily to increases in employee-related expenses and costs associated with enterprise software services, partially offset by a decline in professional services expenses.

Restructuring and other charges

Restructuring and other charges primarily consist of restructuring expenses.



Restructuring and other charges decreased by $77 million in 2021 compared to 2020.

During the first quarter of 2020, management approved a strategic reduction of the existing global workforce as part of a multiphase process to reorganize our workforce concurrently with the redesign of our operating structure, which spanned multiple quarters. During the years ended December 31, 2021 and 2020, the associated restructuring changes were $27 million and $109 million, respectively. We primarily incurred employee severance and benefits costs, as well as other associated consulting costs under the 2020 strategic reduction, substantially all of which have been accrued as of the second quarter of 2021.

For information on the associated restructuring liability, see “Note 17—Restructuring and Other Charges” in the notes to the consolidated financial statements included in this Form 10-K.

Additionally, in 2021 and 2020, we incurred asset impairment charges of $26 million and $30 million, respectively, due to exiting certain leased properties which resulted in a reduction of certain right-of-use lease assets and related leasehold improvements.

Other income (expense), net

Other income (expense), net decreased $1.9 billion, or 109%, in 2021 compared to 2020 due primarily to lower net gains on strategic investments of $46 million in 2021 compared to $1.9 billion in 2020.

Income tax (benefit) expense

Our effective tax rate was (2)% in 2021 and 17% in 2020. The decrease in our effective tax rate in 2021 was primarily the result of a decrease in tax expense related to the intra-group transfers of intellectual property, an increase in tax benefits associated with stock-based compensation deductions, and a decrease in tax expense associated with lower net gains on strategic investments. See "Note 16—Income Taxes" to the consolidated financial statements included in this Form 10-K for more information on our effective tax rate.

LIQUIDITY AND CAPITAL RESOURCES

We require liquidity and access to capital to fund our global operations, including customer protection programs, our credit products, capital expenditures, investments in our business, potential acquisitions and strategic investments, working capital, and other cash needs. We believe that our existing cash, cash equivalents, and investments, cash expected to be generated from operations, and our expected access to capital markets, together with potential external funding through third party sources, will be sufficient to meet our cash requirements within the next twelve months and beyond.

SOURCES OF LIQUIDITY

Cash, cash equivalents, and restricted cash

The following table summarizes our cash, cash equivalents, and investments as of December 31, 2021 and 2020:

	Year Ended December 31,	
	2021	2020
	(In millions)	
Cash, cash equivalents, and investments[1][2]	$ 12,981	$ 15,852

[1] Excludes assets related to funds receivable and customer accounts of $36.1 billion and $33.4 billion as of December 31, 2021 and 2020, respectively.

[2] Excludes total restricted cash of $109 million and $88 million at December 31, 2021 and 2020, respectively, and strategic investments of $3.2 billion as of both December 31, 2021 and 2020.

Cash, cash equivalents, and investments held by our foreign subsidiaries were $7.4 billion at December 31, 2021 and $7.0 billion at December 31, 2020, or 57% and 44%, of our total cash, cash equivalents, and investments as of those respective dates. At December 31, 2021, all of our cash, cash equivalents, and investments held by foreign subsidiaries were subject to U.S. taxation under Subpart F, Global Intangible Low Taxed Income ("GILTI"), or the one-time transition tax under the Tax Cuts and Jobs Act of 2017 ("Tax Act"). Subsequent repatriations to the U.S. will not be taxable from a U.S. federal tax perspective, but may be subject to state income or foreign withholding tax.

A significant aspect of our global cash management activities involves meeting our customers' requirements to access their cash while simultaneously meeting our regulatory financial ratio commitments in various jurisdictions. Our global cash balances are required not only to provide operational liquidity to our businesses, but also to support our global regulatory requirements across our regulated subsidiaries. Accordingly, not all of our cash is available for general corporate purposes.

Cash flows

The following table summarizes our consolidated statements of cash flows:

	Year Ended December 31,		
	2021	2020	2019
	(In millions)		
Net cash provided by (used in):			
Operating activities	$ 6,340	$ 5,854	$ 4,071
Investing activities	(5,485)	(16,218)	(5,742)
Financing activities	(764)	12,492	4,187
Effect of exchange rates on cash, cash equivalents, and restricted cash	(102)	169	(6)
Net increase in cash, cash equivalents, and restricted cash	$ (11)	$ 2,297	$ 2,510

Operating activities

Cash flows from operating activities includes net income adjusted for certain non-cash expenses, timing differences between expenses recognized for provision for transaction and credit losses and actual cash transaction losses incurred, and changes in other assets and liabilities. Significant non-cash expenses for the period include depreciation and amortization and stock-based compensation. The cash impact from actual transaction losses incurred during a period is reflected as changes in other assets and liabilities. The expenses recognized during the period for provision for credit losses are estimates of current expected credit losses on our merchant and consumer credit products. Actual charge-offs of receivables related to our merchants and consumer credit products have no impact on cash from operating activities.

We generated cash from operating activities of $6.3 billion in 2021 due primarily to operating income of $4.3 billion, as well as adjustments for non-cash expenses including stock-based compensation of $1.4 billion, depreciation and amortization of $1.3 billion, and provision for transaction and credit losses of $1.1 billion. Net income was also adjusted for deferred income taxes of $482 million, an increase in accounts receivable of $222 million, and changes in other assets and liabilities primarily related to actual cash transaction losses incurred during the period of $1.2 billion, partially offset by an increase in other liabilities of $406 million.

We generated cash from operating activities of $5.9 billion in 2020 due primarily to operating income of $3.3 billion, as well as adjustments for non-cash expenses including provision for transaction and credit losses of $1.7 billion, stock-based compensation of $1.4 billion, and depreciation and amortization of $1.2 billion. Net income was also adjusted for net gains on our strategic investments of $1.9 billion, changes in other assets and liabilities primarily related to actual cash transaction losses incurred during the period of $1.1 billion, and an increase in other assets of $498 million, partially offset by an increase in other liabilities of $1.0 billion.

Cash paid for income taxes, net in 2021, 2020, and 2019 was $474 million, $565 million, and $665 million, respectively.

Investing activities

Cash flows from investing activities includes purchases, maturities and sales of investments, cash paid for acquisitions and strategic investments, purchases and sales of property and equipment, changes in principal loans receivable, and funds receivable.

The net cash used in investing activities of $5.5 billion in 2021 was due primarily to purchases of investments of $40.1 billion, acquisitions (net of cash acquired) of $2.8 billion, changes in principal loans receivable, net of $1.6 billion, and purchases of property and equipment of $908 million. These cash outflows were partially offset by maturities and sales of investments of $39.7 billion and changes in funds receivable from customers of $193 million.

The net cash used in investing activities of $16.2 billion in 2020 was due primarily to purchases of investments of $41.5 billion, acquisitions (net of cash acquired) of $3.6 billion, changes in funds receivable from customers of $1.6 billion, and purchases of property and equipment of $866 million. These cash outflows were partially offset by maturities and sales of investments of $30.9 billion, changes in principal loans receivable, net of $294 million, and proceeds from the sale of property and equipment of $120 million.

Financing activities

Cash flows from financing activities includes proceeds from issuance of common stock, purchases of treasury stock, tax withholdings related to net share settlements of equity awards, borrowings and repayments under financing arrangements, and funds payable and amounts due to customers.

The net cash used in financing activities of $764 million in 2021 was due primarily to the repurchase of $3.4 billion of our common stock under our stock repurchase program, tax withholdings of $1.0 billion related to net share settlement of equity awards, and repayments of borrowings under Paidy credit agreements of $361 million. These cash outflows were partially offset by changes in funds payable and amounts due to customers of $3.6 billion and cash proceeds from borrowings under Paidy credit agreements of $272 million.

We generated cash from financing activities of $12.5 billion in 2020 due primarily to changes in funds payable and amounts due to customers of $10.6 billion and $7.0 billion of cash proceeds from the issuance of long-term debt in the form of fixed rate notes as well as proceeds from borrowings under our Credit Agreement (as defined below under "Available credit and debt"). These cash inflows were partially offset by repayment of outstanding borrowings under our Credit Agreement of $3.0 billion, the repurchase of $1.6 billion of our common stock under our stock repurchase programs, and tax withholdings related to net share settlement of equity awards of $521 million.

Effect of exchange rates on cash, cash equivalents, and restricted cash

Foreign currency exchange rates had a negative impact of $102 million and a positive impact of $169 million on cash, cash equivalents, and restricted cash during 2021 and 2020, respectively. The negative and positive impacts in 2021 and 2020, respectively, resulted primarily from fluctuations in the exchange rate of the U.S. dollar to the Australian dollar. The negative impact in 2021 included, to a lesser extent, the unfavorable impact of fluctuations in the exchange rate of the U.S. dollar to the Euro and Swedish krona.

Available credit and debt

In September 2019, we entered into a credit agreement (the "Credit Agreement") that provides for an unsecured $5.0 billion, five-year revolving credit facility that includes a $150 million letter of credit sub-facility and a $500 million swingline sub-facility, with available borrowings under the revolving credit facility reduced by the amount of any letters of credit and swingline borrowings outstanding from time to time. As of December 31, 2021, no borrowings were outstanding under the Credit Agreement and as such, $5.0 billion of borrowing capacity was available for the purposes permitted by the Credit Agreement, subject to customary conditions to borrowing.

In October 2021, we assumed a credit agreement through our acquisition of Paidy (the "Paidy Credit Agreement"). The Paidy Credit Agreement provides for a secured revolving credit facility of approximately $198 million. Borrowings under the Paidy Credit Agreement must be used to fund the origination of loan receivables. As of December 31, 2021, approximately $98 million was outstanding under the Paidy Credit Agreement. Accordingly, at December 31, 2021, approximately $100 million of borrowing capacity was available for the purposes permitted by the Paidy Credit Agreement, subject to customary conditions to borrowing.

We maintain uncommitted credit facilities in various regions throughout the world with a borrowing capacity of approximately $90 million in the aggregate, where we can withdraw and utilize the funds at our discretion for general corporate purposes. As of December 31, 2021, the majority of the borrowing capacity under these credit facilities was available, subject to customary conditions to borrowing.

In May 2020 and September 2019, we issued fixed rate notes with varying maturity dates for an aggregate principal amount of $9.0 billion (collectively referred to as the "Notes"). Proceeds from the issuance of these Notes may be used for general corporate purposes, which may include funding the repayment or redemption of outstanding debt, share repurchases, ongoing operations, capital expenditures, and possible acquisitions of businesses, assets, or strategic investments. As of December 31, 2021, we had $9.0 billion in fixed rate debt outstanding with varying maturity dates.

For additional information, see "Note 12—Debt" to our consolidated financial statements included in this Form 10-K.

Depending on market conditions, we may from time to time issue debt, including in private or public offerings, to fund our operating activities, finance acquisitions, make strategic investments, repurchase shares under our stock repurchase program, or reduce our cost of capital.

We have a cash pooling arrangement with a financial institution for cash management purposes. The arrangement allows for cash withdrawals from the financial institution based upon our aggregate operating cash balances held within the financial institution ("Aggregate Cash Deposits"). The arrangement also allows us to withdraw amounts exceeding the Aggregate Cash Deposits up to an agreed-upon limit. The net balance of the withdrawals and the Aggregate Cash Deposits are used by the financial institution as a basis for calculating our net interest expense or income under the arrangement. As of December 31, 2021, we had a total of $3.5 billion in cash withdrawals offsetting our $3.5 billion in Aggregate Cash Deposits held within the financial institution under the cash pooling arrangement.

Credit ratings

As of December 31, 2021, we continue to be rated investment grade by Standard and Poor's Financial Services, LLC, Fitch Ratings, Inc., and Moody's Investors Services Inc. We expect that these credit rating agencies will continue to monitor our performance, including our capital structure and results of operations. Our goal is to be rated investment grade, but as circumstances change, there are factors that could result in our credit ratings being downgraded or put on a watch list for possible downgrading. If that were to occur, it could increase our borrowing rates, including the interest rate on borrowings under our Credit Agreement.

CURRENT AND FUTURE CASH REQUIREMENTS

Our material cash requirements include funds to support current and potential: operating activities, credit products, customer protection programs, stock repurchases, strategic investments, acquisitions, other commitments, and capital expenditures and other future obligations.

Credit products

Growth in our portfolio of loan receivables increases our liquidity needs, and any inability to meet those liquidity needs could adversely affect our business. We continue to evaluate partnerships and third party sources of funding for our loans receivable portfolio.

In June 2018, the Luxembourg Commission de Surveillance du Secteur Financier (the "CSSF") agreed that PayPal's management may designate up to 35% of European customer balances held in our Luxembourg banking subsidiary to be used for European and U.S. credit activities. During the first quarter of 2021, an additional $700 million was approved to fund such credit activities. As of December 31, 2021, the cumulative amount approved by management to be designated for credit activities aggregated to $2.7 billion and represented approximately 27% of European customer balances that have been made available for our corporate use at that date as determined by applying financial regulations maintained by the CSSF. We may periodically seek to designate additional amounts of customer balances, if necessary, based on utilization of the approved funds and anticipated credit funding requirements. While our objective is to expand the availability of our credit products with capital from external sources, there can be no assurance that we will be successful in achieving that goal. Under certain exceptional circumstances, corporate liquidity could be called upon to meet our obligations related to our European customer balances.

In April 2020, PayPal was approved to participate in the PPP administered by the SBA. The program was designed to provide a direct incentive for small businesses to keep their workers on payroll during the COVID-19 pandemic and includes initial loan repayment deferrals and debt forgiveness provisions for eligible borrowers. Loans made under this program are funded by an independent chartered financial institution that we partner with, and the related receivables are not purchased by PayPal. We receive a fee for providing origination services and loan servicing for the loans and retain operational risk related to those activities.

Customer protection programs

The risk of losses from our buyer and seller protection programs are specific to individual customers, merchants, and transactions, and may also be impacted by regional variations in, and changes or modifications to, the programs, including as a result of changes in regulatory requirements. For the periods presented in these consolidated financial statements included in this report, our transaction loss rates have ranged between 0.09% and 0.15% of TPV. Historical loss rates may not be indicative of future results. The duration and severity of the impacts of the COVID-19 pandemic and related global economic conditions remain unknown. The negative impacts on macroeconomic conditions could increase the risk of merchant bankruptcy, insolvency, business failure, or other business interruption, which may result in an adverse impact on our transaction losses, particularly for merchants that sell goods or services in advance of the date of their delivery or use.

Stock repurchases

During the year ended December 31, 2021, we repurchased approximately $3.4 billion of our common stock in the open market under our stock repurchase program authorized in July 2018. As of December 31, 2021, a total of approximately $5.1 billion remained available for future repurchases of our common stock under our July 2018 stock repurchase program. For additional information, see "Note 14—Stock Repurchase Programs" to our consolidated financial statements included in this Form 10-K.

Acquisitions

In October 2021, we completed the acquisition of Paidy, Inc. ("Paidy") for approximately $2.7 billion, consisting of approximately $2.6 billion in cash, and approximately $161 million in assumed restricted stock and restricted stock units, subject to vesting conditions. Paidy is a two-sided payments platform that primarily provides buy now, pay later solutions (installment credit offerings) in Japan. With the acquisition of Paidy, we intend to expand our capabilities and relevance in Japan. In 2021, we completed four other acquisitions for an aggregate purchase price of $542 million, consisting primarily of cash consideration. For additional information, see "Note 4—Business Combinations" in the notes to the consolidated financial statements included in this Form 10-K.

Other commitments

In 2020, we announced our commitment to invest $535 million to support racial equality. As of December 31, 2021, we have deployed substantially all the commitment through charitable contributions, grants to small businesses, internal investments to support and strengthen diversity and inclusion initiatives, and an economic opportunity fund focused on bolstering our relationships with community banks and credit unions serving underrepresented minority communities, as well as investing directly into black- and minority-led startups and minority-focused investment funds, among other initiatives.

Future obligations

As of December 31, 2021, approximately $4.1 billion of unused credit was available to PayPal Credit account holders compared to $3.0 billion of unused credit as of December 31, 2020. Substantially all of the PayPal Credit account holders with unused credit are in the U.K. While this amount represents the total unused credit available, we have not experienced, and do not anticipate, that all of our PayPal Credit account holders will access their entire available credit at any given point in time. In addition, the individual lines of credit that make up this unused credit are subject to periodic review and termination based on, among other things, account usage and customer creditworthiness.

We have certain fixed contractual obligations and commitments that include future estimated payments for general operating purposes. Changes in our business needs, contractual cancellation provisions, fluctuating interest rates, and other factors may result in actual payments differing from our estimates. We cannot provide certainty regarding the timing and amounts of these payments. The following table summarizes our obligations as of December 31, 2021 that are expected to impact liquidity and cash flow in future periods. We believe we will be able to fund these obligations through our existing cash and investment portfolio and cash expected to be generated from operations.

Payments Due During the Year Ending December 31,	Purchase Obligations	Operating Leases	Transition Tax	Long-term Debt	Total
			(In millions)		
2022	$ 562	$ 162	$ 114	$ 1,213	$ 2,051
2023	269	157	212	1,185	1,823
2024	327	139	284	1,428	2,178
2025	64	108	354	1,140	1,666
2026	52	91	—	1,381	1,524
Thereafter	—	192	—	4,473	4,665
	$ 1,274	$ 849	$ 964	$ 10,820	$ 13,907

The significant assumptions used in our determination of amounts presented in the above table are as follows:

- Purchase obligation amounts include minimum purchase commitments for advertising, capital expenditures (computer equipment, software applications, engineering development services, and construction contracts), data center and cloud computing services, and other goods and services entered into in the ordinary course of business.

- Operating lease amounts include minimum rental payments under our non-cancelable operating leases (including leases not yet commenced) primarily for office and data center facilities. The amounts presented are consistent with contractual terms and are not expected to differ significantly from actual results under our existing leases, unless a substantial change in our headcount needs requires us to expand our occupied space or exit an office facility early.

- Transition tax represents the one-time mandatory tax on previously deferred foreign earnings under the Tax Act.

- Long-term debt amounts represent the future principal and interest payments (based on contractual interest rates) on our fixed-rate debt. For more information, see "Note 12—Debt" to our consolidated financial statements included in this Form 10-K.

As we are unable to reasonably predict the timing of settlement of liabilities related to unrecognized tax benefits, net, the table above does not include $1.6 billion of such non-current liabilities included in deferred and other tax liabilities recorded on our consolidated balance sheet as of December 31, 2021.

Other considerations

Our liquidity, access to capital, and borrowing costs could be adversely impacted by declines in our credit rating, our financial performance, and global credit market conditions, as well as a broad range of other factors, including those related to the COVID-19 pandemic discussed in this Form 10-K. In addition, our liquidity, access to capital, and borrowing costs could also be negatively impacted by the outcome of any of the legal or regulatory proceedings to which we are a party. See "Item 1A. Risk Factors" and "Note 13—Commitments and Contingencies" to our consolidated financial statements included in this Form 10-K for additional discussion of these and other risks that our business faces.

CRITICAL ACCOUNTING POLICES AND ESTIMATES

The application of U.S. generally accepted accounting principles ("GAAP") requires us to make estimates and assumptions about certain items and future events that directly affect our reported financial condition. We have established detailed policies and control procedures to provide reasonable assurance that the methods used to make estimates and assumptions are well controlled and are applied consistently from period to period. The accounting estimates and assumptions discussed in this section are those that we consider to be the most critical to our financial statements. An accounting estimate or assumption is considered critical if both (a) the nature of the estimate or assumption is material due to the levels of subjectivity and judgment involved, and (b) the impact within a reasonable range of outcomes of the estimate and assumption is material to our financial condition. Management has discussed the development, selection, and disclosure of these estimates with the Audit, Risk, and Compliance Committee of our Board of Directors. Our significant accounting policies, including recent accounting pronouncements, are described in "Note 1—Overview and Summary of Significant Accounting Policies" to the consolidated financial statements included in this Form 10-K.

A quantitative sensitivity analysis is provided where information is available to reasonably estimate the impact, and provides material information to investors. The amounts used to assess sensitivity are included to allow users of this report to understand a general directional cause and effect of changes in the estimates and do not represent management's predictions of variability. For all these estimates, it should be noted that future events rarely develop exactly as forecasted, and such estimates require regular review and adjustment.

ALLOWANCE FOR TRANSACTION AND CREDIT LOSSES

Transaction and credit losses include the expense associated with our customer protection programs, fraud, chargebacks, and credit losses associated with our loans receivable balances. Our transaction and credit losses fluctuate depending on many factors, including: total TPV, product mix, current and projected macroeconomic conditions including unemployment rates, merchant insolvency events, changes to and usage of our customer protection programs, the impact of regulatory changes, and the credit quality of loans receivable arising from transactions funded with our credit products, which include revolving and installment credit products offered to consumers at checkout and merchant loans and advances arising from the PayPal Working Capital ("PPWC") and PayPal Business Loan ("PPBL") products.

We establish allowances for negative customer balances and estimated transaction losses arising from processing customer transactions, such as chargebacks for unauthorized credit card use and merchant-related chargebacks due to non-delivery or unsatisfactory delivery of purchased items, buyer protection program claims, account takeovers, and Automated Clearing House returns. Additions to the allowance, in the form of provisions, are reflected in transaction and credit losses on our consolidated statements of income. The allowances are based on known facts and circumstances, internal factors including experience with similar cases, historical trends involving collection and write-off patterns, and the mix of transaction and loss types, as well as current and projected macroeconomic factors, as appropriate.

We also establish an allowance for loans and interest receivable, which represents our estimate of current expected credit losses inherent in our portfolio of loans and interest receivable. This evaluation process is subject to numerous estimates and judgments. The allowance is primarily based on expectations of credit losses based on historical lifetime loss data as well as macroeconomic forecasts applied to the portfolio, which is segmented by factors such as geographic region, delinquency, and vintage. Loss curves are generated using historical loss data for each loan portfolio and are applied to segments of each portfolio, categorized by factors such as geographic region, first borrowing versus repeat borrowing, delinquency, credit rating and vintage, which vary by portfolio. We then apply macroeconomic factors such as forecasted trends in unemployment and benchmark credit card charge-off rates, which are sourced externally, using a single scenario that we believe is most appropriate to the economic conditions applicable to a particular period. We utilize externally sourced macroeconomic scenario data to supplement our historical information due to the limited period in which our credit product offerings have been in existence. Projected loss rates, inclusive of historical loss data and macroeconomic factors, are applied to the principal amount of our consumer and merchant receivables. We also include qualitative adjustments that incorporate incremental information not captured in the quantitative estimates of our current expected credit losses. Our consumer receivables consist of revolving products, which do not have a contractual term, and installment products. The reasonable and supportable forecast period for revolving products, installment products, and merchant products that we have included in our projected loss rates, which approximates the estimated life of the loans, is approximately 2 years, approximately 7 months to 2.5 years, and approximately 2.5 to 3.5 years, respectively. In 2020, the reasonable and supportable forecast period for revolving consumer products was based only on externally sourced data due to the lack of availability of historical data, and in 2021, it was updated to reflect historical loss experience with the portfolio. The allowance for current expected credit losses on interest and fees receivable is determined primarily by applying loss curves to each portfolio by geography, delinquency, and period of origination, among other factors.

Determining appropriate current expected credit loss allowances for loans and interest receivable is an inherently uncertain process and ultimate losses may vary from the current estimates. We regularly update our allowance estimates as new facts become known and events occur that may impact the settlement or recovery of losses. The allowances are maintained at a level we deem appropriate to adequately provide for current expected credit losses at the balance sheet date after incorporating the impact of externally sourced macroeconomic forecasts. These forecasts project scenarios such as future unemployment and benchmark credit card charge-off rates. As of December 31, 2021, we utilized externally published projections of the U.S. and U.K. forecasted unemployment rates over the reasonable and supportable forecast period. As of December 31, 2020, we utilized externally published projections of the U.S. forecasted credit card charge-off rates and U.K forecasted unemployment rates over the reasonable and supportable forecast period. The overall principal and interest coverage ratio as of December 31, 2021 and 2020 was approximately 9% and 23%, respectively. A significant change in the forecasted macroeconomic factors could result in a material change in our allowances. Our allowance as of December 31, 2021 took into account continued volatility with respect to macroeconomic conditions and uncertainty around the financial health of our merchant borrowers, including uncertainty around the effectiveness of loan modification programs made available to merchants. Our allowance as of December 31, 2020 took into account for the proactive and reactive measures that we took to help reduce financial difficulties experienced by our customers, limitations in our expected credit loss models that arose due to the extreme fluctuations in both the actual and forecasted macroeconomic conditions in the period, varying degrees of merchant performance in the current environment as well as expected future performance, and to account for payment holidays granted. We are unable to predict the ultimate impact of these actions which may result in adjustments to our allowance for loans and interest receivable in future periods. An increase of 1% in the principal and interest coverage ratio would increase our allowances by approximately $53 million based on the loans and interest receivable balance outstanding as of December 31, 2021.

ACCOUNTING FOR INCOME TAXES

Our annual tax rate is based on our income, statutory tax rates, and tax planning opportunities available to us in the various jurisdictions in which we operate. Tax laws are complex and subject to different interpretations by the taxpayer and respective government taxing authorities. Significant judgment is required in determining our tax expense and in evaluating our tax positions, including evaluating uncertainties. We review our tax positions quarterly and adjust the balances as new information becomes available. Our income tax rate is significantly affected by the tax rates that apply to our foreign earnings. In addition to local country tax laws and regulations, our income tax rate depends on the extent that our foreign earnings are taxed by the U.S. through provisions such as the GILTI tax and base erosion anti-abuse tax or as a result of our indefinite reinvestment assertion. Indefinite reinvestment is determined by management’s judgment about, and intentions concerning, our future operations.

Deferred tax assets represent amounts available to reduce income taxes payable on taxable income in future years. Such assets arise because of temporary differences between the financial reporting and tax bases of assets and liabilities, as well as from net operating loss and tax credit carryforwards. We evaluate the recoverability of these future tax deductions and credits by assessing the adequacy of future expected taxable income from all sources, including reversal of taxable temporary differences, forecasted operating earnings, and available tax planning strategies. These sources of income rely heavily on estimates that are based on a number of factors, including our historical experience and short-range and long-range business forecasts. To the extent deferred tax assets are not expected to be realized, we record a valuation allowance.

We recognize and measure uncertain tax positions in accordance with U.S. GAAP, pursuant to which we only recognize the tax benefit from an uncertain tax position if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such positions are then measured based on the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement. We report a liability for unrecognized tax benefits resulting from uncertain tax positions taken or expected to be taken in a tax return. U.S. GAAP further requires that a change in judgment related to the expected ultimate resolution of uncertain tax positions be recognized in earnings in the quarter in which such change occurs. We recognize interest and penalties, if any, related to unrecognized tax benefits in income tax expense.

We file annual income tax returns in multiple taxing jurisdictions around the world. A number of years may elapse before an uncertain tax position is audited by the relevant tax authorities and finally resolved. While it is often difficult to predict the final outcome or the timing of resolution of any particular uncertain tax position, we believe that our reserves for income taxes are adequate such that we reflect the benefits more likely than not to be sustained in an examination. We adjust these reserves, as well as the related interest and penalties, where appropriate in light of changing facts and circumstances. Settlement of any particular position could require the use of cash.

Based on our results for the year ended December 31, 2021, a one-percentage point increase in our effective tax rate would have resulted in an increase in our income tax expense of approximately $41 million.

LOSS CONTINGENCIES

We are currently involved in various claims, regulatory and legal proceedings, and investigations of potential operating violations by regulatory oversight authorities. We regularly review the status of each significant matter and assess our potential financial exposure. If the potential loss from any claim, legal proceeding, or potential regulatory violation is considered probable and the amount can be reasonably estimated, we accrue a liability for the estimated loss. Significant judgment is required in both the determination of probability and whether an exposure is reasonably estimable. Our judgments are subjective and are based on the status of the legal or regulatory proceedings, the merits of our defenses, and consultation with in-house and outside legal counsel. Because of uncertainties related to these matters, accruals are based on the best information available at the time. As additional information becomes available, we reassess the potential liability related to pending claims, litigation, or other violations and may revise our estimates. Due to the inherent uncertainties of the legal and regulatory process in the multiple jurisdictions in which we operate, our judgments may differ materially from the actual outcomes.

REVENUE RECOGNITION

Application of the accounting principles in U.S. GAAP related to the measurement and recognition of revenue requires us to make judgments and estimates. Complex arrangements with nonstandard terms and conditions may require significant contract interpretation to determine the appropriate accounting. Specifically, the determination of whether we are a principal to a transaction (gross revenue) or an agent (net revenue) can require considerable judgment. Further, we provide incentive payments to consumers and merchants. Evaluating whether these incentives are a payment to a customer, or consideration payable on behalf of a customer, requires judgment. Incentives determined to be made to a customer, or payable on behalf of a customer, are recorded as a reduction to gross revenue. Changes in judgments with respect to these assumptions and estimates could impact the amount of revenue recognized.

VALUATION OF GOODWILL AND INTANGIBLES

The valuation of assets acquired in a business combination require the use of significant estimates and assumptions. The acquisition method of accounting for business combinations requires us to estimate the fair value of assets acquired, liabilities assumed, and any noncontrolling interest in an acquired business to properly allocate purchase price consideration between assets that are depreciated or amortized and goodwill. Our estimates are based upon assumptions that we believe to be reasonable, but which are inherently uncertain and unpredictable. These valuations require the use of management's assumptions, which do not reflect unanticipated events and circumstances that may occur.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market risk is the potential for economic losses to be incurred on market risk sensitive instruments arising from adverse changes in market factors such as interest rates, foreign currency exchange rates, and equity investment risk. Management establishes and oversees the implementation of policies governing our investing, funding, and foreign currency derivative activities intended to mitigate market risks. We monitor risk exposures on an ongoing basis.

INTEREST RATE RISK

We are exposed to interest rate risk relating to our investment portfolio and from interest-rate sensitive assets underlying the customer balances we hold on our consolidated balance sheets as customer accounts.

As of December 31, 2021 and 2020, approximately 40% and 30%, respectively, of our total cash, cash equivalents, and investment portfolio (excluding restricted cash and strategic investments) was held in cash and cash equivalents. The assets underlying the customer balances that we hold on our consolidated balance sheets as customer accounts are maintained in interest and non-interest bearing bank deposits, time deposits, and available-for-sale debt securities. We seek to preserve principal while holding eligible liquid assets, as defined by applicable regulatory requirements and commercial law in certain jurisdictions where we operate, equal to at least 100% of the aggregate amount of all customer balances. We do not pay interest on amounts due to customers.

If interest rates increased by 100 basis points, the fair value of our available-for-sale debt securities investment portfolio would have decreased by approximately $272 million and $173 million at December 31, 2021 and 2020, respectively.

As of December 31, 2021, we had $9.0 billion in fixed rate debt with varying maturity dates. Since these notes bear interest at fixed rates, they do not result in any financial statement risk associated with changes in interest rates. However, the fair value of these notes fluctuates when interest rates change. As of December 31, 2021, we also had revolving credit facilities of approximately $5.2 billion available to us. We are obligated to pay interest on borrowings under these facilities as well as other customary fees, including an upfront fee and an unused commitment fee based on our debt rating. Borrowings under these facilities, if any, bear interest at floating rates. As a result, we are exposed to the risk related to fluctuations in interest rate to the extent of our borrowings. As of December 31, 2021, we had approximately $98 million outstanding under these credit facilities. No amounts were outstanding as of December 31, 2020. For additional information, see “Note 12—Debt” in the notes to the consolidated financial statements included in this Form 10-K.

Interest rates may also adversely impact our customers’ spending levels and ability and willingness to pay outstanding amounts owed to us. Higher interest rates often lead to larger payment obligations by customers of our credit products to us, or to lenders under mortgage, credit card, and other consumer and merchant loans, which may reduce our customers’ ability to remain current on their obligations to us and therefore lead to increased delinquencies, charge-offs, and allowances for loans and interest receivable, which could have an adverse effect on our net income.

FOREIGN CURRENCY EXCHANGE RATE RISK

We have significant operations internationally that are denominated in foreign currencies, primarily the British Pound, Euro, Australian Dollar, and Canadian Dollar, subjecting us to foreign currency exchange rate risk, which may adversely impact our financial results. We transact business in various foreign currencies and have significant international revenues and costs. In addition, we charge our international subsidiaries for their use of intellectual property and technology and for certain corporate services. Our cash flows, results of operations, and certain of our intercompany balances that are exposed to foreign currency exchange rate fluctuations may differ materially from expectations, and we may record significant gains or losses due to foreign currency fluctuations and related hedging activities. We are generally a net receiver of foreign currencies and therefore benefit from a weakening of the United States (“U.S.”) dollar, and are adversely affected by a strengthening of the U.S. dollar, relative to foreign currencies.

We have a foreign currency exchange exposure management program designed to identify material foreign currency exposures, manage these exposures, and reduce the potential effects of currency fluctuations on our consolidated cash flows and results of operations through the execution of foreign currency exchange contracts. These foreign currency exchange contracts are accounted for as derivative instruments; for additional details related to our foreign currency exchange contracts, please see “Note 10—Derivative Instruments” to the consolidated financial statements included in this Form 10-K.

We use foreign currency exchange forward contracts to protect our forecasted U.S. dollar-equivalent earnings and our investment in a foreign subsidiary from adverse changes in foreign currency exchange rates. These hedging contracts reduce, but do not entirely eliminate, the impact of adverse foreign currency exchange rate movements. We designate these contracts as cash flow and net investment hedges for accounting purposes. The derivative's gain or loss is initially reported as a component of accumulated other comprehensive income ("AOCI"). Cash flow hedges are subsequently reclassified into the financial statement line item in which the hedged item is recorded in the same period the forecasted transaction affects earnings. The accumulated gains and losses associated with the net investment hedge will remain in AOCI until the foreign subsidiary is sold or substantially liquidated, at which point they will be reclassified into earnings.

We considered the historical trends in foreign currency exchange rates and determined that it was reasonably possible that changes in exchange rates of 20% for all currencies could be experienced in the near term. If the U.S. dollar weakened by 20% at December 31, 2021 and 2020, the amount recorded in AOCI related to our foreign currency exchange forward contracts, before taxes, would have been approximately $1.0 billion and $1.1 billion lower, respectively. If the U.S. dollar strengthened by 20% at December 31, 2021 and 2020, the amount recorded in AOCI related to our foreign currency exchange forward contracts, before taxes, would have been approximately $1.0 billion and $1.1 billion higher, respectively.

We have an additional foreign currency exchange management program in which we use foreign currency exchange contracts to offset the foreign currency exchange risk on our assets and liabilities denominated in currencies other than the functional currency of our subsidiaries. These contracts are not designated as hedging instruments and reduce, but do not entirely eliminate, the impact of currency exchange rate movements on our assets and liabilities. The foreign currency exchange gains and losses on our assets and liabilities are recorded in other income (expense), net, and are offset by the gains and losses on the foreign currency exchange contracts.

Adverse changes in exchange rates of 20% for all currencies would have resulted in an adverse impact on income before income taxes of approximately $386 million and $353 million at December 31, 2021 and 2020, respectively, without considering the offsetting effect of foreign currency exchange contracts. Foreign currency exchange contracts in place as of December 31, 2021 would have positively impacted income before income taxes by approximately $400 million, resulting in a net positive impact of approximately $14 million. Foreign currency exchange contracts in place as of December 31, 2020 would have positively impacted income before income taxes by approximately $369 million, resulting in a net positive impact of approximately $16 million. These reasonably possible adverse changes in exchange rates of 20% were applied to total monetary assets and liabilities denominated in currencies other than the functional currencies of our subsidiaries at the balance sheet dates to compute the adverse impact these changes would have had on our income before income taxes in the near term.

EQUITY INVESTMENT RISK

Our strategic investments are subject to a variety of market-related risks that could substantially reduce or increase the carrying value of the portfolio. As of both December 31, 2021 and 2020, our strategic investments totaled $3.2 billion which represented approximately 20% and 17% of our total cash, cash equivalents, and short-term and long-term investment portfolio at each of those respective dates. Our strategic investments include marketable equity securities, which are publicly traded, and non-marketable equity securities, which are primarily investments in privately held companies. We are required to record all adjustments to the value of these strategic investments through our consolidated statements of income. As such, we anticipate volatility to our net income in future periods due to changes in fair value related to our investments in marketable equity securities and changes in observable prices related to our non-marketable equity securities accounted for under the Measurement Alternative. These changes could be material based on market conditions. A hypothetical adverse change of 10% in the carrying value of our strategic investments, which could be experienced in the near term, would have resulted in a decrease of approximately $321 million to the carrying value of the portfolio as of December 31, 2021. We review our non-marketable equity investments accounted for under the Measurement Alternative for impairment when events and circumstances indicate a decline in fair value of such assets below carrying value. Our analysis includes a review of recent operating results and trends, recent purchases and sales of securities, and other publicly available data.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The audited consolidated financial statements covering the years ended December 31, 2021, 2020, and 2019 and accompanying notes listed in Part IV, Item 15(a)(1) of this Form 10-K are included in this report.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of disclosure controls and procedures. Based on the evaluation of our disclosure controls and procedures (as defined in the Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended, or the Exchange Act), our principal executive officer and our principal financial officer have concluded that as of December 31, 2021, the end of the period covered by this report, our disclosure controls and procedures were effective.

Management's report on internal control over financial reporting. Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Our management, including our principal executive officer and principal financial officer, conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on its evaluation under the framework in *Internal Control - Integrated Framework*, our management concluded that our internal control over financial reporting was effective as of December 31, 2021.

In October 2021, we completed our acquisition of Paidy, Inc. ("Paidy"). Based upon Securities and Exchange Commission staff guidance, companies are permitted to exclude acquisitions from their assessment of internal control over financial reporting for the first year of acquisition. We have excluded Paidy from our assessment of internal control over financial reporting as of December 31, 2021. Paidy is a wholly-owned subsidiary whose total revenue and assets, excluding goodwill and intangibles, represented less than 1% of our total consolidated revenue and consolidated assets for the year ended and as of December 31, 2021.

The effectiveness of our internal control over financial reporting as of December 31, 2021 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report which appears in Item 15(a) of this Form 10-K.

Changes in internal controls over financial reporting. There were no changes in our internal controls over financial reporting as defined in Exchange Act Rule 13a-15(f) that occurred during our most recently completed fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

None.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Incorporated by reference from our Proxy Statement for our 2022 Annual Meeting of Stockholders to be filed with the SEC within 120 days after December 31, 2021.

ITEM 11. EXECUTIVE COMPENSATION

Incorporated by reference from our Proxy Statement for our 2022 Annual Meeting of Stockholders to be filed with the SEC within 120 days after December 31, 2021.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Incorporated by reference from our Proxy Statement for our 2022 Annual Meeting of Stockholders to be filed with the SEC within 120 days after December 31, 2021.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Incorporated by reference from our Proxy Statement for our 2022 Annual Meeting of Stockholders to be filed with the SEC within 120 days after December 31, 2021.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

Incorporated by reference from our Proxy Statement for our 2022 Annual Meeting of Stockholders to be filed with the SEC within 120 days after December 31, 2021.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(a) The following documents are filed as part of this report:

	Page Number
1. Consolidated Financial Statements	
Report of Independent Registered Public Accounting Firm (PCAOB ID 238)	59
Consolidated Balance Sheets	61
Consolidated Statements of Income	62
Consolidated Statements of Comprehensive Income	63
Consolidated Statements of Stockholders' Equity	64
Consolidated Statements of Cash Flows	65
Notes to Consolidated Financial Statements	67
2. Financial Statement Schedule	
Schedule II—Valuation and Qualifying Accounts	117
All other schedules have been omitted because the information required to be set forth therein is not applicable or is shown in the financial statements or notes thereto.	
3. Exhibits Required by Item 601 of Regulation S-K	118
The information required by this Item is set forth in the Index of Exhibits that precedes the signature page of this Annual Report.	

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of PayPal Holdings, Inc.

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of PayPal Holdings, Inc. and its subsidiaries (the "Company") as of December 31, 2021 and 2020, and the related consolidated statements of income, of comprehensive income, of stockholders' equity and of cash flows for each of the three years in the period ended December 31, 2021, including the related notes and schedule of valuation and qualifying accounts for each of the three years in the period ended December 31, 2021 listed in the index appearing under Item 15(a)(2) (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2021, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2021 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2021, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO.

Changes in Accounting Principles

As discussed in Note 1 to the consolidated financial statements, the Company changed the manner in which it accounts for credit losses on financial instruments in 2020 and the manner in which it accounts for leases in 2019.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management's report on internal control over financial reporting appearing under Item 9A. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

As described in Management's report on internal control over financial reporting, management has excluded Paidy, Inc. from its assessment of internal control over financial reporting as of December 31, 2021 because it was acquired by the Company in a purchase business combination during 2021. We have also excluded Paidy, Inc. from our audit of internal control over financial reporting. Paidy, Inc. is a wholly-owned subsidiary whose total assets and total revenues excluded from management's assessment and our audit of internal control over financial reporting represent less than 1% of the related consolidated financial statement amounts as of and for the year ended December 31, 2021.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Allowance for Loans Receivable

As described in Notes 1 and 11 to the consolidated financial statements, as of December 31, 2021, the Company recorded total loans and interest receivable of $4,846 million, net of an allowance of $491 million. The allowance for loans receivable is primarily based on expectations of credit losses based on historical lifetime loss data as well as macroeconomic forecasts applied to the portfolio, which is segmented by factors such as geographic region, delinquency and vintage. Management applies macroeconomic factors such as forecasted trends in unemployment rates, which are sourced externally, using a single scenario to reflect the economic conditions applicable to a particular period. Management also includes qualitative adjustments that incorporate incremental information not captured in the expected credit loss models.

The principal considerations for our determination that performing procedures relating to the allowance for loans receivable is a critical audit matter are (i) the high degree of auditor subjectivity and effort in performing procedures and evaluating audit evidence relating to certain models which apply macroeconomic forecasts to estimate expected credit losses; and (ii) the audit effort involved the use of professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to the allowance for loans receivable, including controls over certain models which apply macroeconomic forecasts to estimate expected credit losses. These procedures also included, among others, the involvement of professionals with specialized skill and knowledge to assist in testing management's process for estimating the allowance for loans receivable. Testing management's process included (i) evaluating the appropriateness of the methodology and certain models; (ii) testing the completeness and accuracy of certain data used in the estimate; and (iii) evaluating the reasonableness of management's application of macroeconomic forecasts to estimate expected credit losses.

/s/ PricewaterhouseCoopers LLP
San Jose, California
February 3, 2022

We have served as the Company's auditor since 2000.

PayPal Holdings, Inc.
CONSOLIDATED BALANCE SHEETS

	As of December 31,	
	2021	2020
	(In millions, except par value)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 5,197	$ 4,794
Short-term investments	4,303	8,289
Accounts receivable, net	800	577
Loans and interest receivable, net of allowances of $491 and $838 as of December 31, 2021 and 2020, respectively	4,846	2,769
Funds receivable and customer accounts	36,141	33,418
Prepaid expenses and other current assets	1,287	1,148
Total current assets	52,574	50,995
Long-term investments	6,797	6,089
Property and equipment, net	1,909	1,807
Goodwill	11,454	9,135
Intangible assets, net	1,332	1,048
Other assets	1,737	1,305
Total assets	$ 75,803	$ 70,379
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	$ 197	$ 252
Funds payable and amounts due to customers	38,841	35,418
Accrued expenses and other current liabilities	3,755	2,648
Income taxes payable	236	129
Total current liabilities	43,029	38,447
Deferred tax liability and other long-term liabilities	2,998	2,930
Long-term debt	8,049	8,939
Total liabilities	54,076	50,316
Commitments and contingencies (Note 13)		
Equity:		
Common stock, $0.0001 par value; 4,000 shares authorized; 1,168 and 1,172 shares outstanding as of December 31, 2021 and 2020, respectively	—	—
Preferred stock, $0.0001 par value; 100 shares authorized, unissued	—	—
Treasury stock at cost, 132 and 117 shares as of December 31, 2021 and 2020, respectively	(11,880)	(8,507)
Additional paid-in-capital	17,208	16,644
Retained earnings	16,535	12,366
Accumulated other comprehensive income (loss)	(136)	(484)
Total PayPal stockholders' equity	21,727	20,019
Noncontrolling interest	—	44
Total equity	21,727	20,063
Total liabilities and equity	$ 75,803	$ 70,379

The accompanying notes are an integral part of these consolidated financial statements.

PayPal Holdings, Inc.
CONSOLIDATED STATEMENTS OF INCOME

	Year Ended December 31,		
	2021	2020	2019
	(In millions, except for per share amounts)		
Net revenues	$ 25,371	$ 21,454	$ 17,772
Operating expenses:			
Transaction expense	10,315	7,934	6,790
Transaction and credit losses	1,060	1,741	1,380
Customer support and operations	2,075	1,778	1,615
Sales and marketing	2,445	1,861	1,401
Technology and development	3,038	2,642	2,085
General and administrative	2,114	2,070	1,711
Restructuring and other charges	62	139	71
Total operating expenses	21,109	18,165	15,053
Operating income	4,262	3,289	2,719
Other income (expense), net	(163)	1,776	279
Income before income taxes	4,099	5,065	2,998
Income tax (benefit) expense	(70)	863	539
Net income	$ 4,169	$ 4,202	$ 2,459
Net income per share:			
Basic	$ 3.55	$ 3.58	$ 2.09
Diluted	$ 3.52	$ 3.54	$ 2.07
Weighted average shares:			
Basic	1,174	1,173	1,174
Diluted	1,186	1,187	1,188

The accompanying notes are an integral part of these consolidated financial statements.

PayPal Holdings, Inc.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year Ended December 31,		
	2021	2020	2019
	(In millions)		
Net income	$ 4,169	$ 4,202	$ 2,459
Other comprehensive income (loss), net of reclassification adjustments:			
Foreign currency translation adjustments ("CTA")	(72)	(48)	(57)
Net investment hedge CTA gain (loss)	—	55	(31)
Unrealized gains (losses) on cash flow hedges, net	522	(329)	(176)
Tax (expense) benefit on unrealized gains (losses) on cash flow hedges, net	(26)	4	3
Unrealized (losses) gains on investments, net	(98)	9	15
Tax benefit (expense) on unrealized (losses) gains on investments, net	22	(2)	(5)
Other comprehensive income (loss), net of tax	348	(311)	(251)
Comprehensive income	$ 4,517	$ 3,891	$ 2,208

The accompanying notes are an integral part of these consolidated financial statements.

PayPal Holdings, Inc.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

	Common Stock Shares	Treasury Stock	Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Noncontrolling Interest	Total Equity
				(In millions)			
Balances at December 31, 2018	1,174	$ (5,511)	$ 14,939	$ 78	$ 5,880	$ —	$ 15,386
Adoption of lease accounting standard	—	—	—	—	3	—	3
Net income	—	—	—	—	2,459	—	2,459
Foreign CTA	—	—	—	(57)	—	—	(57)
Net investment hedge CTA loss	—	—	—	(31)	—	—	(31)
Unrealized losses on cash flow hedges, net	—	—	—	(176)	—	—	(176)
Tax benefit on unrealized losses on cash flow hedges, net	—	—	—	3	—	—	3
Unrealized gains on investments, net	—	—	—	15	—	—	15
Tax expense on unrealized gains on investments, net	—	—	—	(5)	—	—	(5)
Common stock and stock-based awards issued and assumed, net of shares withheld for employee taxes	13	—	(365)	—	—	—	(365)
Common stock repurchased	(14)	(1,361)	(45)	—	—	—	(1,406)
Stock-based compensation	—	—	1,059	—	—	—	1,059
Purchase of noncontrolling interest	—	—	—	—	—	44	44
Balances at December 31, 2019	1,173	$ (6,872)	$ 15,588	$ (173)	$ 8,342	$ 44	$ 16,929
Adoption of current expected credit loss standard	—	—	—	—	(178)	—	(178)
Net income	—	—	—	—	4,202	—	4,202
Foreign CTA	—	—	—	(48)	—	—	(48)
Net investment hedge CTA gain				55			55
Unrealized losses on cash flow hedges, net	—	—	—	(329)	—	—	(329)
Tax benefit on unrealized losses on cash flow hedges, net	—	—	—	4	—	—	4
Unrealized gains on investments, net	—	—	—	9	—	—	9
Tax expense on unrealized gains on investments, net	—	—	—	(2)	—	—	(2)
Common stock and stock-based awards issued and assumed, net of shares withheld for employee taxes	11	—	(365)	—	—	—	(365)
Common stock repurchased	(12)	(1,635)	—	—	—	—	(1,635)
Stock-based compensation	—	—	1,421	—	—	—	1,421
Balances at December 31, 2020	1,172	$ (8,507)	$ 16,644	$ (484)	$ 12,366	$ 44	$ 20,063
Net income	—	—	—	—	4,169	—	4,169
Foreign CTA	—	—	—	(72)	—	—	(72)
Unrealized gains on cash flow hedges, net	—	—	—	522	—	—	522
Tax expense on unrealized gains on cash flow hedges, net	—	—	—	(26)	—	—	(26)
Unrealized losses on investments, net	—	—	—	(98)	—	—	(98)
Tax benefit on unrealized losses on investments, net	—	—	—	22	—	—	22
Common stock and stock-based awards issued and assumed, net of shares withheld for employee taxes	11	—	(881)	—	—	—	(881)
Common stock repurchased	(15)	(3,373)	—	—	—	—	(3,373)
Stock-based compensation	—	—	1,445	—	—	—	1,445
Change in noncontrolling interest	—	—	—	—	—	(44)	(44)
Balances at December 31, 2021	1,168	$ (11,880)	$ 17,208	$ (136)	$ 16,535	$ —	$ 21,727

The accompanying notes are an integral part of these consolidated financial statements.

PayPal Holdings, Inc.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended December 31,		
	2021	2020	2019
	(In millions)		
Cash flows from operating activities:			
Net income	$ 4,169	$ 4,202	$ 2,459
Adjustments to reconcile net income to net cash provided by operating activities:			
Transaction and credit losses	1,060	1,741	1,380
Depreciation and amortization	1,265	1,189	912
Stock-based compensation	1,376	1,376	1,021
Deferred income taxes	(482)	165	(269)
Net gains on strategic investments	(46)	(1,914)	(208)
Other	100	47	(149)
Changes in assets and liabilities:			
Accounts receivable	(222)	(100)	(120)
Changes in loans and interest receivable held for sale, net	—	—	4
Transaction loss allowance for cash losses, net	(1,178)	(1,120)	(1,079)
Other current assets and non-current assets	(150)	(498)	(566)
Accounts payable	(31)	(4)	4
Income taxes payable	73	(230)	(40)
Other current liabilities and non-current liabilities	406	1,000	722
Net cash provided by operating activities	6,340	5,854	4,071
Cash flows from investing activities:			
Purchases of property and equipment	(908)	(866)	(704)
Proceeds from sales of property and equipment	5	120	17
Changes in principal loans receivable, net	(1,594)	294	(1,631)
Purchases of investments	(40,116)	(41,513)	(27,881)
Maturities and sales of investments	39,698	30,908	24,878
Acquisitions, net of cash and restricted cash acquired	(2,763)	(3,609)	(70)
Funds receivable	193	(1,552)	(351)
Net cash used in investing activities	(5,485)	(16,218)	(5,742)
Cash flows from financing activities:			
Proceeds from issuance of common stock	162	137	138
Purchases of treasury stock	(3,373)	(1,635)	(1,411)
Tax withholdings related to net share settlements of equity awards	(1,036)	(521)	(504)
Borrowings under financing arrangements	272	6,966	5,471
Repayments under financing arrangements	(361)	(3,000)	(2,516)
Funds payable and amounts due to customers	3,572	10,597	3,009
Other financing activities	—	(52)	—
Net cash (used in) provided by financing activities	(764)	12,492	4,187
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	(102)	169	(6)
Net change in cash, cash equivalents, and restricted cash	(11)	2,297	2,510
Cash, cash equivalents, and restricted cash at beginning of period	18,040	15,743	13,233
Cash, cash equivalents, and restricted cash at end of period	$ 18,029	$ 18,040	$ 15,743

PayPal Holdings, Inc.

CONSOLIDATED STATEMENTS OF CASH FLOWS—(Continued)

	Year Ended December 31,		
	2021	2020	2019
	(In millions)		
Supplemental cash flow disclosures:			
Cash paid for interest	$ 231	$ 190	$ 78
Cash paid for income taxes, net	$ 474	$ 565	$ 665
The table below reconciles cash, cash equivalents, and restricted cash as reported in the consolidated balance sheets to the total of the same amounts shown in the consolidated statements of cash flows:			
Cash and cash equivalents	$ 5,197	$ 4,794	$ 7,349
Short-term and long-term investments	109	24	7
Funds receivable and customer accounts	12,723	13,222	8,387
Total cash, cash equivalents, and restricted cash shown in the consolidated statements of cash flows	$ 18,029	$ 18,040	$ 15,743

The accompanying notes are an integral part of these consolidated financial statements.

PayPal Holdings, Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1—OVERVIEW AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

OVERVIEW AND ORGANIZATION

PayPal Holdings, Inc. ("PayPal," the "Company," "we," "us," or "our") was incorporated in Delaware in January 2015 and is a leading technology platform that enables digital payments and simplifies commerce experiences on behalf of merchants and consumers worldwide. PayPal is committed to democratizing financial services to help improve the financial health of individuals and to increase economic opportunity for entrepreneurs and businesses of all sizes around the world. Our goal is to enable our merchants and consumers to manage and move their money anywhere in the world in the markets we serve, anytime, on any platform, and using any device when sending payments or getting paid, including person-to-person ("P2P") payments.

We operate globally and in a rapidly evolving regulatory environment characterized by a heightened focus by regulators globally on all aspects of the payments industry, including countering terrorist financing, anti-money laundering, privacy, cybersecurity, and consumer protection. The laws and regulations applicable to us, including those enacted prior to the advent of digital payments, are continuing to evolve through legislative and regulatory action and judicial interpretation. New or changing laws and regulations, including the changes to their interpretation and implementation, as well as increased penalties and enforcement actions related to non-compliance, could have a material adverse impact on our business, results of operations, and financial condition. We monitor these areas closely and are focused on designing compliant solutions for our customers.

SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation and principles of consolidation

The accompanying consolidated financial statements include the financial statements of PayPal and our wholly- and majority-owned subsidiaries. All intercompany balances and transactions have been eliminated in consolidation. The noncontrolling interest reported in the prior period was a component of equity on our consolidated balance sheets and represented the equity interests not owned by PayPal, and was recorded for consolidated entities we controlled and of which we owned less than 100%. Noncontrolling interest was not presented separately on our consolidated statements of income as the amount was de minimis.

Investments in entities where we have the ability to exercise significant influence, but not control, over the investee are accounted for using the equity method of accounting. For such investments, our share of the investee's results of operations is included in other income (expense), net on our consolidated statements of income. Investments in entities where we do not have the ability to exercise significant influence over the investee are accounted for at fair value or cost minus impairment, if any, adjusted for changes resulting from observable price changes, which are included in other income (expense), net on our consolidated statements of income. Our investment balance is included in long-term investments on our consolidated balance sheets.

We determine at the inception of each investment, and re-evaluate if certain events occur, whether an entity in which we have made an investment is considered a variable interest entity ("VIE"). If we determine an investment is in a VIE, we then assess if we are the primary beneficiary, which would require consolidation.

We have consolidated two VIEs that provide financing for and hold loans receivable of Paidy, Inc. ("Paidy"). We are the primary beneficiary of the VIEs as we perform the servicing and collection for the loans receivable which are the activities that most significantly impact the VIE's economic performance and we have the obligation to absorb the losses and/or the right to receive the benefits of the VIE that could potentially be significant to these entities. The financial results of our consolidated VIEs are included in the consolidated financial statements. The carrying value of the assets and liabilities of our consolidated VIEs is included as short-term investments of $87 million, loans and interest receivable, net of $21 million, and long-term debt of $98 million as of December 31, 2021. Cash of $87 million, included in short-term investments, is restricted to settle the debt obligations.

The carrying value of our investments that are in nonconsolidated VIEs is included as non-marketable equity securities applying the equity method of accounting in long-term investments on our consolidated balance sheets. Our maximum exposure to loss related to our nonconsolidated VIEs, which represents funded commitments and any future funding commitments, was $205 million and $105 million as of December 31, 2021 and 2020, respectively.

In the opinion of management, these consolidated financial statements reflect all adjustments, consisting only of normal recurring adjustments, which are necessary for a fair statement of the consolidated financial statements for all periods presented. Certain amounts for prior years have been reclassified to conform to the financial statement presentation as of and for the year ended December 31, 2021.

Use of estimates

The preparation of consolidated financial statements in conformity with United States ("U.S.") generally accepted accounting principles ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. On an ongoing basis, we evaluate our estimates, including those related to provisions for transaction and credit losses, income taxes, loss contingencies, revenue recognition, and the valuation of goodwill and intangible assets. We base our estimates on historical experience and various other assumptions which we believe to be reasonable under the circumstances. These estimates may change as new events occur, and as additional information surrounding the continued impact of the novel coronavirus ("COVID-19") pandemic becomes available. Actual results could differ from these estimates and any such differences may be material to our financial statements.

Cash and cash equivalents

Cash and cash equivalents are short-term, highly liquid investments with original maturities of three months or less when purchased and are composed of primarily bank deposits, government and agency securities, and commercial paper.

Investments

Short-term investments include time deposits and available-for-sale debt securities with original maturities of greater than three months but less than one year when purchased or maturities of one year or less on the reporting date. Long-term investments include time deposits and available-for-sale debt securities with maturities exceeding one year on the reporting date, as well as our strategic investments. Our available-for-sale debt securities are reported at fair value using the specific identification method. Unrealized gains and losses are reported as a component of other comprehensive income (loss), net of related estimated tax provisions or benefits.

We elect to account for available-for-sale debt securities denominated in currencies other than the functional currency of our subsidiaries, underlying funds receivable and customer accounts, short-term investments, and long-term investments, under the fair value option as further discussed in "Note 9—Fair Value Measurement of Assets and Liabilities." The changes in fair value related to initial measurement and subsequent changes in fair value are included in earnings as a component of other income (expense), net.

Our strategic investments consist of marketable equity securities, which are publicly traded, and non-marketable equity securities, which are primarily investments in privately held companies. Marketable equity securities have readily determinable fair values with changes in fair value recorded in other income (expense), net. Non-marketable equity securities include investments that do not have a readily determinable fair value, as well as equity method investments. The investments that do not have readily determinable fair value are measured at cost minus impairment, if any, and are adjusted for changes resulting from observable price changes in orderly transactions for an identical or similar investment in the same issuer (the "Measurement Alternative"). Non-marketable equity securities also include our investments where we have the ability to exercise significant influence, but not control, over the investee and account for these securities using the equity method of accounting. All gains and losses on these investments, realized and unrealized, and our share of earnings or losses from investments accounted for using the equity method are recognized in other income (expense), net on our consolidated statements of income.

We assess whether an impairment loss on our non-marketable equity securities and an other-than-temporary impairment loss on our equity method investments (and prior to January 1, 2020, available-for-sale debt securities) has occurred due to declines in fair value or other market conditions. If any impairment is identified for non-marketable equity securities or impairment is considered other-than-temporary for our equity method investments (and prior to January 1, 2020, available-for-sale debt securities), we write down the investment to its fair value and record the corresponding charge through other income (expense), net in our consolidated statements of income. Prior to January 1, 2020, this assessment with respect to our available-for-sale debt securities took into account the severity and duration of the decline in value, our intent to sell the security, whether it was more likely than not we would be required to sell the security before recovery of its amortized cost basis, and whether we expected to recover the entire amortized cost basis of the security (that is, whether a credit loss existed). Beginning January 1, 2020, our available-for-sale debt securities in an unrealized loss position are written down to fair value through a charge to other income (expense), net in our consolidated statements of income if we intend to sell the security or it is more likely than not we will be required to sell the security before recovery of its amortized cost basis. For the remaining available-for-sale debt securities in an unrealized loss position, if we identify that the decline in fair value has resulted from credit losses, taking into consideration changes to the rating of the security by rating agencies, implied yields versus benchmark yields, and the extent to which fair value is less than amortized cost, among other factors, we estimate the present value of cash flows expected to be collected. If the present value of cash flows expected to be collected is less than the amortized cost basis, a credit loss exists and an allowance for credit losses is recorded, limited by the amount that the fair value is less than the amortized cost basis. Any portion of impairment not related to credit losses is recognized in other comprehensive income.

Loans and interest receivable, net

Loans and interest receivable, net represents merchant receivables originated under our PayPal Working Capital ("PPWC") product and PayPal Business Loan ("PPBL") product and consumer loans originated under our PayPal Credit and installment credit products. PayPal Credit consists of revolving credit products.

In the U.S., PPWC and PPBL products are provided under a program agreement we have with WebBank, an independent chartered financial institution. WebBank extends credit to merchants for the PPWC and PPBL products and we are able to purchase the related receivables originated by WebBank. For our merchant finance products outside the U.S., we extend working capital advances and loans in Europe through our Luxembourg banking subsidiary, and working capital loans in Australia through an Australian subsidiary. In the U.S., we extend installment loans to consumers through a U.S. subsidiary. For our international consumer credit products, we extend credit in Europe through our Luxembourg banking subsidiary, and in Australia and Japan, through local subsidiaries.

As part of our arrangement with WebBank in the U.S., we sell back a participation interest in the pool of merchant receivables for the PPWC and PPBL products. WebBank has no recourse against us related to their participation interests for failure of debtors to pay when due. The participation interests held by WebBank have the same priority to the interests held by us and are subject to the same credit, prepayment, and interest rate risk associated with this pool of merchant receivables. All risks of loss are shared pro rata based on participation interests held among all participating stakeholders. We account for the asset transfer as a sale and derecognize the portion of the participation interests for which control has been surrendered. For this arrangement, gains or losses on the sale of the participation interests are not material as the carrying amount of the participation interest sold approximates the fair value at time of transfer.

In instances where a merchant is able to demonstrate that it is experiencing financial difficulty, there may be a modification of the loans or advances and the related interest receivable for which it is probable that, without modification, we will be unable to collect all amounts due, therefore resulting in a troubled debt restructuring ("TDR"). Refer to "Note 11—Loans and Interest Receivable" for further information related to TDRs.

Loans, advances, and interest and fees receivable are reported at their outstanding balances, net of any participation interests sold and pro rata current expected credit losses, including unamortized deferred origination costs. We maintain the servicing rights for the entire pool of consumer and merchant receivables outstanding and receive a market-based service fee for servicing the assets underlying the participation interest sold.

We offer both revolving and installment credit products to our consumers. The terms of our consumer relationships require us to submit monthly bills to the consumer detailing loan repayment requirements. The terms also allow us to charge the consumer interest and fees in certain circumstances. Due to the relatively small dollar amount of individual loans and interest receivable, we do not require collateral on these balances.

Synchrony Bank is the exclusive issuer of the PayPal Credit consumer financing program in the U.S. We do not hold an ownership interest in the receivables generated through the program and therefore, do not record these receivables on our consolidated financial statements. PayPal earns a revenue share on the portfolio of consumer receivables owned by Synchrony, which is recorded in revenues from other value added services on our consolidated statements of income.

Allowance for loans and interest receivable

The allowance for loans and interest receivable represents our estimate of current expected credit losses inherent in our portfolio of loans and interest receivables. Increases to the allowance for loans receivable are reflected as a component of transaction and credit losses on our consolidated statements of income. Increases to the allowance for interest and fees receivable are reflected as a reduction of net revenues on our consolidated statements of income, or as a reduction of deferred revenue when interest and fees are billed at the inception of a loan or advance. The evaluation process to assess the adequacy of allowances is subject to numerous estimates and judgments.

The Company adopted Accounting Standards Update ("ASU") 2016-13, *Financial Instruments - Credit Losses* (Topic 326): *Measurement of Credit Losses on Financial Instruments* ("CECL") effective January 1, 2020. The allowance for loans and interest receivable is primarily based on expectations of credit losses based on historical lifetime loss data as well as macroeconomic forecasts applied to the portfolio, which is segmented by factors such as geographic region, delinquency, and vintage. Loss curves are generated using historical loss data for each loan portfolio and are applied to segments of each portfolio, categorized by factors such as geographic region, first borrowing versus repeat borrowing, delinquency, credit rating, and vintage, which vary by portfolio. We then apply macroeconomic factors such as forecasted trends in unemployment and benchmark credit card charge-off rates, which are sourced externally, using a single scenario that we believe is most appropriate to the economic conditions applicable to a particular period. We utilize externally sourced macroeconomic scenario data to supplement our historical information due to the limited period in which our credit product offerings have been in existence. Projected loss rates, inclusive of historical loss data and macroeconomic factors, are applied to the principal amount of our consumer and merchant receivables. We also include qualitative adjustments that incorporate incremental information not captured in the quantitative estimates of our current expected credit losses. Our consumer receivables consist of revolving products, which do not have a contractual term, and installment products. The reasonable and supportable forecast period for revolving products, installment products, and merchant products that we have included in our projected loss rates, which approximates the estimated life of the loans, is approximately 2 years, approximately 7 months to 2.5 years, and approximately 2.5 to 3.5 years, respectively. In 2020, the reasonable and supportable forecast period for revolving consumer products was based only on externally sourced data due to the lack of availability of historical data, and in 2021, it was updated to reflect historical loss experience with the portfolio. This change did not result in a material impact to the reserve. The allowance for current expected credit losses on interest and fees receivable is determined primarily by applying loss curves to each portfolio by geography, delinquency, and period of origination, among other factors.

Prior to January 1, 2020, the allowance for our consumer loans receivable was primarily based on forecasted principal balance delinquency rates ("roll rates"). Roll rates are the percentage of balances which we estimate would migrate from one stage of delinquency to the next based on our historical experience, as well as external factors such as estimated bankruptcies and levels of unemployment. Roll rates were applied to the principal amount of our consumer receivables for each stage of delinquency, from current to 179 days past the payment due date, to estimate the principal loans which had incurred losses and were probable to be charged off. For merchant loans and advances receivable, the allowance was primarily based on principal balances, forecasted delinquency rates, and recoveries through the use of a vintage-based loss forecasting model. The determination of delinquency, from current to 179 days past due, for principal balances related to merchant receivables outstanding was based on the current expected or contractual repayment period of the loan or advance and interest or fixed fee as compared to the original expected or contractual repayment period. The allowance for loss against interest receivable was primarily determined by applying historical average customer account roll rates to the interest receivable balance in each stage of delinquency to project the value of accounts that had incurred losses and were probable to be charged off. The allowance for fees receivable was primarily based on fee balances, forecasted delinquency rates, and recoveries through the use of a vintage-based loss forecasting model.

Customer accounts

We hold all customer balances, both in the U.S. and internationally, as direct claims against us which are reflected on our consolidated balance sheets as a liability classified as amounts due to customers. Certain jurisdictions where PayPal operates require us to hold eligible liquid assets, as defined by applicable regulatory requirements and commercial law in these jurisdictions, equal to at least 100% of the aggregate amount of all customer balances. Therefore, we restrict the use of the assets underlying the customer balances to meet these regulatory requirements and separately classify the assets as customer accounts in our consolidated balance sheets. We classify the assets underlying the customer balances as current based on their purpose and availability to fulfill our direct obligation under amounts due to customers. Customer funds for which PayPal is an agent and custodian on behalf of our customers are not reflected on our consolidated balance sheets. These funds include U.S. dollar funds which are deposited at one or more third-party financial institutions insured by the Federal Deposit Insurance Corporation ("FDIC") and are eligible for FDIC pass-through insurance (subject to applicable limits). We act as an agent in facilitating cryptocurrency transactions on behalf of our customers. Cryptocurrencies held on behalf of our customers are not PayPal's assets and therefore are not reflected on our consolidated balance sheets.

In June 2018, the Luxembourg Commission de Surveillance du Secteur Financier (the "CSSF") agreed that PayPal's management may designate up to 35% of European customer balances held in our Luxembourg banking subsidiary to be used for European and U.S. credit activities. During the year ended December 31, 2021, an additional $700 million was approved to fund such credit activities. As of December 31, 2021, the cumulative amount approved by management to be designated for credit activities aggregated to $2.7 billion and represented approximately 27% of European customer balances that have been made available for our corporate use at that date as determined by applying financial regulations maintained by the CSSF. At the time PayPal's management designates the European customer balances held in our Luxembourg banking subsidiary to be used to extend credit, the balances are classified as cash and cash equivalents and no longer classified as customer accounts on our consolidated balance sheets. The remaining assets underlying the customer balances remain separately classified as customer accounts on our consolidated balance sheets. We identify these customer accounts separately from corporate funds and maintain them in interest and non-interest bearing bank deposits, time deposits, and available-for-sale debt securities. Customer balances deposited with our partners on a short-term basis in advance of customer transactions and used to fulfill our direct obligation under amounts due to customers are classified as cash and cash equivalents within our customer accounts classification on our consolidated balance sheets. See "Note 8—Funds Receivable and Customer Accounts and Investments" for additional information related to customer accounts.

We present changes in funds receivable and customer accounts as cash flows from investing activities in our consolidated statements of cash flows based on the nature of the activity underlying our customer accounts.

Funds receivable and funds payable

Funds receivable and funds payable arise due to the time required to initiate collection from and clear transactions through external payment networks. When customers fund their PayPal account using their bank account, credit card, debit card, or withdraw funds from their PayPal account to their bank account or through a debit card transaction, there is a clearing period before the cash is received or settled, usually one to three business days for U.S. transactions and generally up to five business days for international transactions. In addition, a portion of our customers' funds are settled directly to their bank account. These funds are also classified as funds receivable and funds payable and arise due to the time required to initiate collection from and clear transactions through external payment networks.

Property and equipment

Property and equipment consists primarily of computer equipment, software and website development costs, land and buildings, leasehold improvements, and furniture and fixtures. Property and equipment are stated at historical cost less accumulated depreciation and amortization. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets; generally, one to four years for computer equipment and software, including capitalized software and website development costs, three years for furniture and fixtures, up to 30 years for buildings and building improvements, and the shorter of five years or the non-cancelable term of the lease for leasehold improvements.

Direct costs incurred to develop software for internal use and website development costs, including those costs incurred in expanding and enhancing our payments platform, are capitalized and amortized generally over an estimated useful life of three years and are recorded as amortization within the financial statement captions aligned with the internal organizations that are the primary beneficiaries of such assets. We capitalized $462 million and $347 million of internally developed software and website development costs for the years ended December 31, 2021 and 2020, respectively. Amortization expense for these capitalized costs was $366 million, $322 million, and $298 million for the years ended December 31, 2021, 2020, and 2019, respectively. Costs related to the maintenance of internal use software and website development costs are expensed as incurred

Leases

We determine whether an arrangement is a lease for accounting purposes at contract inception. Operating leases are recorded as right-of-use ("ROU") assets, which are included in other assets, and lease liabilities, which are included in accrued expenses and other current liabilities and deferred tax liability and other long-term liabilities on our consolidated balance sheets. For sale-leaseback transactions, we evaluate the sale and the lease arrangement based on our conclusion as to whether control of the underlying asset has been transferred, and recognize the sale-leaseback as either a sale transaction or under the financing method. The financing method requires the asset to remain on our consolidated balance sheets throughout the term of the lease and the proceeds to be recognized as a financing obligation.

ROU assets represent our right to use an underlying asset for the lease term and lease liabilities represent our obligation to make lease payments arising from the lease. ROU assets and lease liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. Our leases do not provide an implicit rate and therefore we use an incremental borrowing rate for specific terms on a collateralized basis using information available on the commencement date in determining the present value of lease payments. The ROU asset calculation includes lease payments to be made and excludes lease incentives. The ROU asset and lease liability may include amounts attributed to options to extend or terminate the lease when it is reasonably certain we will exercise that option. When we reach a decision to exercise a lease renewal or termination option, we recognize the associated impact to the ROU asset and lease liability. Lease expense for operating leases is recognized on a straight-line basis over the lease term.

We evaluate ROU assets related to leases for indicators of impairment whenever events or changes in circumstances indicate that the carrying amount of an ROU asset may not be recoverable. When a decision has been made to exit a lease prior to the contractual term or to sublease that space, we evaluate the asset for impairment and recognize the associated impact to the ROU asset and related expense, if applicable. The evaluation is performed at the asset group level initially and when appropriate, at the lowest level of identifiable cash flows, which is at the individual lease level. Undiscounted cash flows expected to be generated by the related ROU assets are estimated over the ROU assets' useful lives. If the evaluation indicates that the carrying amount of the ROU assets may not be recoverable, any potential impairment is measured based upon the fair value of the related ROU asset or asset group as determined by appropriate valuation techniques.

We have lease agreements with lease and non-lease components. We have elected to apply the practical expedient and account for the lease and non-lease components as a single lease component for all leases, where applicable. In addition, we have elected to apply the practical expedients related to lease classification, hindsight, and land easement. We apply a single portfolio approach to account for the ROU assets and lease liabilities.

The Company adopted ASU 2016-02, *Leases* (Topic 842) effective January 1, 2019, using a modified retrospective basis and applied the optional practical expedients related to the transition.

Goodwill and intangible assets

Goodwill is tested for impairment, at a minimum, on an annual basis at the reporting unit level by first performing a qualitative assessment to determine whether it is more likely than not that the fair value of the reporting unit is less than its carrying value. If the reporting unit does not pass the qualitative assessment, then the reporting unit's carrying value is compared to its fair value. Goodwill is considered impaired if the carrying value of the reporting unit exceeds its fair value. The fair value of the reporting unit may be estimated using income and market approaches. The discounted cash flow method, a form of the income approach, uses expected future operating results and a market participant discount rate. The market approach uses comparable company prices and other relevant information generated by market transactions (either publicly traded entities or mergers and acquisitions) to develop pricing metrics to be applied to historical and expected future operating results of the reporting unit. Failure to achieve these expected results, changes in the discount rate, or market pricing metrics may cause a future impairment of goodwill at the reporting unit level. We conducted our annual impairment test of goodwill as of August 31, 2021 and 2020. We determined that no adjustment to the carrying value of goodwill of our reporting unit was required. As of December 31, 2021, we determined that no events occurred, or circumstances changed from August 31, 2021 through December 31, 2021 that would more likely than not reduce the fair value of the reporting unit below its carrying amount.

Intangible assets consist of acquired customer list and user base intangible assets, marketing related intangibles, developed technology, and other intangible assets. Intangible assets are amortized over the period of estimated benefit using the straight-line method and estimated useful lives ranging from one to seven years. No significant residual value is estimated for intangible assets.

Impairment of long-lived assets

We evaluate long-lived assets (including intangible assets) for impairment whenever events or changes in circumstances indicate that the carrying amount of a long-lived asset may not be recoverable. An asset is considered impaired if its carrying amount exceeds the future undiscounted cash flow the asset is expected to generate.

Allowance for transaction losses

We are exposed to transaction losses due to credit card and other payment misuse as well as nonperformance from sellers who accept payments through PayPal. We establish an allowance for estimated losses arising from completing customer transactions, such as chargebacks for unauthorized credit card use and merchant-related chargebacks due to non-delivery or unsatisfactory delivery of purchased items, buyer protection program claims, and account takeovers. This allowance represents an accumulation of the estimated amounts of probable transaction losses as of the reporting date, including those which we have not yet identified. The allowance is monitored regularly and is updated based on actual loss data. The allowance is based on known facts and circumstances, internal factors including experience with similar cases, historical trends involving loss payment patterns, and the mix of transaction and loss types, as applicable. Additions to the allowance are reflected as a component of transaction and credit losses on our consolidated statements of income. The allowance for transaction losses is included in accrued expenses and other current liabilities on our consolidated balance sheets.

Allowance for negative customer balances

Negative customer balances occur primarily when there are insufficient funds in a customer's PayPal account to cover charges applied for Automated Clearing House returns, debit card transactions, and merchant-related chargebacks due to non-delivery or unsatisfactory delivery of purchased items, which are generally within the scope of our protection programs. Negative customer balances can be cured by the customer by adding funds to their account, receiving payments, or through back-up funding sources. We also utilize third-party collection agencies. For negative customer balances that are not expected to be cured or otherwise collected, we provide an allowance for expected losses. The allowance represents expected losses based on historical trends involving collection and write-off patterns, internal factors including our experience with similar cases, other known facts and circumstances, and reasonable and supportable macroeconomic forecasts, as applicable. Loss rates are derived using historical loss data for each delinquency bucket using a roll rate model that captures the losses and the likelihood that a negative customer balance will be written off as the delinquency age of such balance increases. The loss rates are then applied to the outstanding negative customer balances. Once the quantitative calculation is performed, we review the adequacy of the allowance and determine if qualitative adjustments need to be considered. We write-off negative customer balances in the month in which the balance becomes outstanding for 120 days. Write-offs that are recovered are recorded as a reduction to our allowance for negative customer balances. Negative customer balances are included in other current assets, net of the allowance on our consolidated balance sheets. Adjustments to the allowance for negative customer balances are recorded as a component of transaction and credit losses on our consolidated statements of income.

Derivative instruments

See "Note 10—Derivative Instruments" for information related to the derivative instruments.

Fair value of financial instruments

Our financial assets and liabilities are valued using market prices on both active markets (Level 1) and less active markets (Level 2). Level 1 instrument valuations are obtained from real-time quotes for transactions in active exchange markets involving identical assets. Level 2 instrument valuations are obtained from quoted prices for identical instruments in less active markets, readily available pricing sources for comparable instruments, or models using market observable inputs.

Concentrations of risk

Our cash, cash equivalents, short-term investments, accounts receivable, loans and interest receivable, net, funds receivable and customer accounts, long-term investments, and long-term notes receivable, are potentially subject to concentration of credit risk. Cash, cash equivalents, and customer accounts are placed with financial institutions that management believes are of high credit quality. In addition, funds receivable are generated primarily with financial institutions which management believes are of high credit quality. We invest our cash, cash equivalents, and customer accounts primarily in highly liquid, highly rated instruments which are uninsured. We have corporate deposit balances with financial services institutions which exceed the FDIC insurance limit of $250,000. As part of our cash management process, we perform periodic evaluations of the relative credit standing of these financial institutions. Our accounts receivable are derived from revenue earned from customers located in the U.S. and internationally. Our loans and interest receivable are derived from merchant and consumer financing activities for customers located in the U.S. and internationally. Our long-term notes receivable is derived from deferred proceeds associated with the sale of our U.S. consumer credit receivables portfolio to Synchrony Bank in 2018. As of December 31, 2021 and 2020, one customer accounted for 25% and 26% of net accounts receivables, respectively. No customer accounted for more than 10% of net loans receivable as of December 31, 2021 and 2020. At December 31, 2021 and 2020, one partner accounted for our long-term notes receivable balance, which represented 22% and 28% of other assets, respectively. During the years ended December 31, 2021, 2020, and 2019, no customer accounted for more than 10% of net revenues. During the years ended December 31, 2021, 2020, and 2019, we earned approximately 6%, 13%, and 14% of revenue, respectively, from customers on eBay's Marketplaces platform. No other source of revenue represented more than 10% of our revenue.

Revenue recognition

See "Note 2—Revenue" for information related to our revenue recognition.

Advertising expense

We expense the cost of producing advertisements at the time production occurs and expense the cost of communicating advertisements in the period during which the advertising space or airtime is used as sales and marketing expense. Online advertising expenses are recognized based on the terms of the individual agreements, which are generally over the greater of the ratio of the number of impressions delivered over the total number of contracted impressions, on a pay-per-click basis, or on a straight-line basis over the term of the contract. Advertising expense totaled $740 million, $654 million, and $399 million for the years ended December 31, 2021, 2020, and 2019, respectively.

Defined contribution savings plans

We have a defined contribution savings plan in the U.S. which qualifies under Section 401(k) of the Internal Revenue Code ("Code"). Our non-U.S. employees are covered by other savings plans. Expenses related to our defined contribution savings plans are recorded when services are rendered by our employees.

Stock-based compensation

We determine compensation expense associated with restricted stock units, performance based restricted stock units, and restricted stock awards based on the fair value of our common stock on the date of grant. We determine compensation expense associated with stock options based on the estimated grant date fair value method using the Black-Scholes valuation model. We generally recognize compensation expense using a straight-line amortization method over the respective vesting period for awards that are ultimately expected to vest. Accordingly, stock-based compensation expense for the years ended December 31, 2021, 2020, and 2019 has been reduced for estimated forfeitures. When estimating forfeitures, we consider voluntary termination behavior of our employees as well as trends of actual forfeitures.

Foreign currency

Many of our foreign subsidiaries have designated the local currency of their respective countries as their functional currency. Assets and liabilities of our non-U.S. dollar functional currency subsidiaries are translated into U.S. dollars at exchange rates prevailing at the balance sheet dates. Revenues and expenses of our non-U.S. dollar functional currency subsidiaries are translated into U.S. dollars using daily exchange rates. Gains and losses resulting from these translations are recorded as a component of accumulated other comprehensive income (loss) ("AOCI"). Gains and losses from the remeasurement of foreign currency transactions into the functional currency are recognized as other income (expense), net in our consolidated statements of income.

Income taxes

We account for income taxes using an asset and liability approach which requires the recognition of taxes payable or refundable for the current year and deferred tax liabilities and assets for the future tax consequences of events that have been recognized in the financial statements or tax returns. The measurement of current and deferred tax assets and liabilities is based on provisions of enacted tax laws; the effects of future changes in tax laws or rates are not anticipated. If necessary, the measurement of deferred tax assets is reduced by the amount of any tax benefits that are not expected to be realized based on available evidence. We report a liability for unrecognized tax benefits resulting from uncertain tax positions taken or expected to be taken in a tax return. We recognize interest and penalties, if any, related to unrecognized tax benefits in income tax expense. We account for Global Intangible Low-Taxed Income as a current-period expense when incurred.

Other income (expense), net

Other income (expense), net includes: (i) interest income, which consists of interest earned on corporate cash and cash equivalents and short-term and long-term investments, (ii) interest expense, which consists of interest expense, fees, and amortization of debt discount on our long-term debt (including current portion) and credit facilities, (iii) realized and unrealized gains (losses) on strategic investments, which includes changes in fair value related to our marketable equity securities and observable price changes on our non-marketable equity securities, and (iv) other, which primarily includes foreign currency exchange gains and losses due to remeasurement of certain foreign currency denominated monetary assets and liabilities, and fair value changes on the derivative contracts not designated as hedging instruments.

Recent accounting guidance

In 2020, the Financial Accounting Standards Board ("FASB") issued ASU 2020-04, *Reference Rate Reform* (Topic 848): *Facilitation of the Effects of Reference Rate Reform on Financial Reporting*. This amended guidance provides transition relief for the accounting impact of reference rate reform. For a limited period, this guidance provides optional expedients and exceptions for applying GAAP to certain contract modifications, hedging relationships, and other transactions affected by a reference rate expected to be discontinued due to reference rate reform. The amended guidance is effective through December 31, 2022. Our exposure to London Interbank Offered Rate ("LIBOR") is primarily limited to an insignificant portion of our available-for-sale debt securities and, accordingly, we do not expect reference rate reform to have a material impact on our consolidated financial statements.

There are other new accounting pronouncements issued by the FASB that we have adopted or will adopt, as applicable. We do not believe any of these accounting pronouncements have had, or will have, a material impact on our consolidated financial statements or disclosures.

NOTE 2—REVENUE

We enable our customers to send and receive payments. We earn revenue primarily by completing payment transactions for our customers on our payments platform and from other value added services. Our revenues are classified into two categories: transaction revenues and revenues from other value added services.

TRANSACTION REVENUES

We earn transaction revenues primarily from fees paid by our customers to receive payments on our platform. These fees may have a fixed and variable component. The variable component is generally a percentage of the value of the payment amount and is known at the time the transaction is processed. For a portion of our transactions, the variable component of the fee is eligible for reimbursement when the underlying transaction is approved for a refund. We estimate the amount of fee refunds that will be processed each quarter and record a provision against our transaction revenues. The volume of activity processed on our payments platform, which results in transaction revenue, is referred to as Total Payment Volume ("TPV"). We earn additional fees on transactions where we perform currency conversion, when we enable cross-border transactions (i.e., transactions where the merchant and consumer are in different countries), to facilitate the instant transfer of funds for our customers from their PayPal or Venmo account to their debit card or bank account, to facilitate the purchase and sale of cryptocurrencies, and other miscellaneous fees. Our transaction revenues are also reduced by certain incentives provided to our customers.

Our contracts with our customers are usually open-ended and can be terminated by either party without a termination penalty after the notice period has lapsed. Therefore, our contracts are defined at the transaction level and do not extend beyond the service already provided. Our contracts generally renew automatically without any significant material rights. Some of our contracts include tiered pricing, which are based primarily on volume. The fee charged per transaction is adjusted up or down if the volume processed for a specified period is different from prior period defined volumes. We have concluded that this volume-based pricing approach does not constitute a future material right since the discount is within a range typically offered to a class of customers with similar volume. We do not have any capitalized contract costs and we do not carry any material contract balances.

Our primary service comprises a single performance obligation to complete payments on our payments platform for our customers. Using our risk assessment tools, we perform a transaction risk assessment on individual transactions to determine whether a transaction should be authorized for completion on our payments platform. When we authorize a transaction, we become obligated to our customer to complete the payment transaction.

We recognize fees charged to our customers primarily on a gross basis as transaction revenue when we are the principal in respect of completing a payment transaction. As a principal to the transaction, we control the service of completing payments on our payments platform. We bear primary responsibility for the fulfillment of the payment service, contract directly with our customers, control the product specifications, and define the value proposal from our services. Further, we have full discretion in determining the fee charged to our customers, which is independent of the costs we incur in instances where we may utilize payment processors or other financial institutions to perform services on our behalf. We therefore bear full margin risk when completing a payment transaction. These fees paid to payment processors and other financial institutions are recognized as transaction expense. We are also responsible for providing customer support.

To promote engagement and acquire new users on our platform, we may provide incentives to merchants and consumers in various forms including discounts on fees, rebates, rewards, and coupons. Evaluating whether an incentive is a payment to a customer requires judgment. Incentives that are determined to be consideration payable to a customer or paid on behalf of a customer are recognized as a reduction of revenue. Certain incentives paid to users that are not customers are classified as sales and marketing expense.

We provide merchants and consumers with protection programs for certain transactions completed on our payments platform. These programs are intended to protect both merchants and consumers from loss primarily due to fraud and counterparty performance. Our buyer protection program provides protection to consumers for qualifying purchases by reimbursing the consumer for the full amount of the purchase if the purchased item is not received or does not match the seller's description. Our seller protection programs provide protection to merchants against claims that a transaction was not authorized by the buyer or claims that a purchased item was not received by covering the seller for the full amount of the payment on eligible sales. These protection programs do not provide a separate service to our customers and we estimate and record associated costs in transaction and credit losses during the period the payment transaction is completed.

REVENUES FROM OTHER VALUE ADDED SERVICES

We earn revenues from other value added services, which are comprised primarily of revenue earned through partnerships, referral fees, subscription fees, gateway fees, and other services that we provide to our merchants and consumers. These contracts typically have one performance obligation which is provided and recognized over the term of the contract. The transaction price is generally fixed and known at the end of each reporting period; however, for some agreements, it may be necessary to estimate the transaction price using the expected value method. In our partnership agreement with Synchrony, in addition to the revenue share we earn, we also recognized revenue for transition servicing activities which we performed on their behalf through the second quarter of 2019 using a relative selling price determined through the adjusted market assessment approach. We record revenue earned in revenues from other value added services on a net basis when we are considered the agent with respect to processing transactions.

We also earn revenues from interest and fees earned primarily on our portfolio of loans receivable, and interest earned on certain assets underlying customer balances. Interest and fees earned on the portfolio of loans receivable are computed and recognized based on the effective interest method and are presented net of any required reserves and amortization of deferred origination costs.

DISAGGREGATION OF REVENUE

We determine operating segments based on how our chief operating decision maker ("CODM") manages the business, makes operating decisions around the allocation of resources, and evaluates operating performance. Our CODM is our Chief Executive Officer, who reviews our operating results on a consolidated basis. We operate as one segment and have one reportable segment. Based on the information provided to and reviewed by our CODM, we believe that the nature, amount, timing, and uncertainty of our revenue and cash flows and how they are affected by economic factors are most appropriately depicted through our primary geographical markets and type of revenue categories (transaction revenues and revenues from other value added services). Revenues recorded within these categories are earned from similar products and services for which the nature of associated fees and the related revenue recognition models are substantially the same.

The following table presents our revenue disaggregated by primary geographical market and category:

	Year Ended December 31,		
	2021	2020	2019
	(In millions)		
Primary geographical markets			
U.S.	$ 13,712	$ 11,013	$ 9,417
United Kingdom ("U.K.")	2,340	2,340	1,872
Other countries[1]	9,319	8,101	6,483
Total net revenues[2]	$ 25,371	$ 21,454	$ 17,772
Revenue category			
Transaction revenues	$ 23,402	$ 19,918	$ 16,099
Revenues from other value added services	1,969	1,536	1,673
Total net revenues[2]	$ 25,371	$ 21,454	$ 17,772

[1] No single country included in the other countries category generated more than 10% of total revenue.
[2] Total net revenues include $425 million, $597 million, and $1.1 billion for the years ended December 31, 2021, 2020, and 2019, respectively, which do not represent revenues recognized in the scope of Accounting Standards Codification Topic 606, *Revenue from contracts with customers.* Such revenues relate to interest, fees, and gains earned on loans and interest receivable, as well as hedging gains or losses, and interest earned on certain assets underlying customer balances.

Net revenues are attributed to the country in which the merchant is located, or in the case of a cross-border transaction, may be attributed to the country in which the consumer and the merchant respectively reside. Revenues earned from other value added services are typically attributed to the country in which either the customer or partner reside.

NOTE 3—NET INCOME PER SHARE

Basic net income per share is computed by dividing net income for the period by the weighted average number of common shares outstanding during the period. Diluted net income per share is computed by dividing net income for the period by the weighted average number of shares of common stock and potentially dilutive common stock outstanding for the period. The dilutive effect of outstanding equity incentive awards is reflected in diluted net income per share by application of the treasury stock method. The calculation of diluted net income per share excludes all anti-dilutive common shares.

The following table sets forth the computation of basic and diluted net income per share for the periods indicated:

	Year Ended December 31,		
	2021	2020	2019
	(In millions, except per share amounts)		
Numerator:			
Net income	$ 4,169	$ 4,202	$ 2,459
Denominator:			
Weighted average shares of common stock—basic	1,174	1,173	1,174
Dilutive effect of equity incentive awards	12	14	14
Weighted average shares of common stock—diluted	1,186	1,187	1,188
Net income per share:			
Basic	$ 3.55	$ 3.58	$ 2.09
Diluted	$ 3.52	$ 3.54	$ 2.07
Common stock equivalents excluded from income per diluted share because their effect would have been anti-dilutive	2	1	2

NOTE 4—BUSINESS COMBINATIONS

ACQUISITIONS COMPLETED IN 2021

During the year ended December 31, 2021, we completed five acquisitions reflecting 100% of the equity interests of the acquired companies, for an aggregate purchase price of $3.1 billion.

Paidy

We completed the acquisition of Paidy in October 2021 by acquiring all outstanding shares for total consideration of approximately $2.7 billion, consisting of approximately $2.6 billion in cash, and approximately $161 million in assumed restricted stock and restricted stock units, subject to vesting conditions. Paidy is a two-sided payments platform that primarily provides buy now, pay later solutions (installment credit offerings) in Japan. With the acquisition of Paidy, we intend to expand our capabilities and relevance in Japan.

The following table summarizes the preliminary allocation of the purchase consideration to the fair value of the assets acquired and liabilities assumed:

	(In millions)
Goodwill	$ 1,918
Customer lists and user base	512
Marketing related	83
Developed technology	47
Total intangibles	$ 642
Loans and interest receivable, net	197
Cash and cash equivalents	101
Other net assets	87
Short-term and long-term debt	(188)
Deferred tax liabilities, net	(186)
Total purchase price	$ 2,571

The intangible assets acquired consist primarily of merchant contracts, trade name/trademarks, and developed technology with estimated useful lives of three to seven years. Contractual gross loans and interest receivables acquired were $216 million. We expect to collect substantially all of these receivables. The excess of the purchase consideration, including the fair value of our initial equity investment, over the fair value of net tangible and identifiable intangible assets acquired was recorded as goodwill and is attributable to the workforce of Paidy and the synergies expected to arise from the acquisition, including continued customer acquisition. We do not expect goodwill to be deductible for income tax purposes. The allocation of the purchase price for this acquisition has been prepared on a preliminary basis and changes to the allocation to certain assets, liabilities, and tax estimates may occur as additional information becomes available.

In connection with the acquisition, we issued restricted stock and restricted stock units with an approximate grant date fair value of $161 million, which represents post-business combination expense. The equity granted is a combination of shares issued to certain former Paidy employees subject to a holdback arrangement and assumed Paidy employee grants, which vest over a period of up to approximately four years and are subject to continued employment.

Other Acquisitions

In 2021, we completed four other acquisitions accounted for as business combinations. The total purchase price for these acquisitions was $542 million, consisting primarily of cash consideration. The allocation of purchase consideration resulted in approximately $90 million of technology, customer, and marketing related intangible assets with estimated useful lives ranging from approximately one to seven years, net assets of $15 million, and initial goodwill of approximately $437 million attributable to the workforce of the acquired companies and the synergies expected to arise from these acquisitions, including the integration of the acquired technology with our existing product offerings. We do not expect goodwill to be deductible for income tax purposes. The allocation of the purchase price for these acquisitions has been prepared on a preliminary basis and changes to the allocation to certain assets, liabilities, and tax estimates may occur as additional information becomes available.

ACQUISITIONS COMPLETED IN 2020

During the year ended December 31, 2020, we completed one acquisition reflecting 100% of the equity interests of the acquired company, for a purchase price of $3.6 billion.

Honey Science Corporation

We completed our acquisition of Honey Science Corporation ("Honey") in January 2020 by acquiring all outstanding shares for total consideration of approximately $4.0 billion, consisting of approximately $3.6 billion in cash and approximately $400 million in assumed restricted stock, restricted stock units, and stock options, subject to vesting conditions. We believe our acquisition of Honey will enhance our value proposition by allowing us to further simplify and personalize shopping experiences for consumers while driving conversion and increasing consumer engagement and sales for merchants.

The following table summarizes the final allocation of the purchase consideration to the fair value of the assets acquired and liabilities assumed:

	(In millions)
Goodwill	$ 2,962
Customer lists and user base	115
Marketing related	30
Developed technology	572
Total intangibles	$ 717
Accounts receivable, net	50
Deferred tax liabilities, net	(58)
Other net liabilities	(36)
Total purchase price	$ 3,635

The intangible assets acquired consist primarily of customer contracts, trade name/trademarks, and developed technology with estimated useful lives of three years. The excess of the purchase consideration over the fair value of net tangible and identifiable intangible assets acquired was recorded as goodwill and is attributable to the workforce of Honey and the synergies expected to arise from the acquisition through continued customer acquisition, cross selling initiatives, and product enhancements. Goodwill was not deductible for income tax purposes.

In connection with the acquisition, we assumed restricted stock, restricted stock units, and options with an approximate grant date fair value of $400 million, which represents post-business combination expense. The equity granted is a combination of shares issued to certain former Honey employees subject to a holdback arrangement and assumed Honey employee grants, which vest over a period of up to four years and are subject to continued employment.

ACQUISITIONS COMPLETED IN 2019

There were no acquisitions accounted for as business combinations or divestitures completed in 2019.

OTHER INFORMATION

Prior to acquisition, we held minority interests in certain of the companies we acquired in 2021. We remeasured these investments immediately before the completion of the respective acquisitions at an acquisition-date fair value of $64 million, which resulted in a gain of $36 million recognized as other income (expense), net in our consolidated statements of income. The acquisition-date fair value was derived using the value paid less a control premium based on market analysis performed by a third party.

We included the financial results of the acquired businesses in our consolidated financial statements from the date of acquisition. Revenues and expenses related to the acquisition and pro forma results of operations were not presented for the years ended December 31, 2021, 2020, and 2019 because the effects of these acquisitions were not material to our overall operations.

NOTE 5—GOODWILL AND INTANGIBLE ASSETS

GOODWILL

The following table presents goodwill balances and adjustments to those balances for the years ended December 31, 2021 and 2020:

	December 31, 2019	Goodwill Acquired	Adjustments	December 31, 2020	Goodwill Acquired	Adjustments	December 31, 2021
				(In millions)			
Total goodwill	$ 6,212	$ 2,962	$ (39)	$ 9,135	$ 2,355	$ (36)	$ 11,454

The goodwill acquired during 2021 and 2020 was attributable to the five acquisitions completed within 2021 and our acquisition of Honey in 2020, respectively, as described further in “Note 4—Business Combinations.” The adjustments to goodwill during 2021 and 2020 pertained to foreign currency translation adjustments.

INTANGIBLE ASSETS

The components of identifiable intangible assets were as follows:

	December 31, 2021				December 31, 2020			
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Weighted Average Useful Life (Years)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Weighted Average Useful Life (Years)
				(In millions, except years)				
Intangible assets:								
Customer lists and user base	$ 1,726	$ (919)	$ 807	7	$ 1,206	$ (797)	$ 409	6
Marketing related	405	(315)	90	5	321	(278)	43	3
Developed technology	1,109	(822)	287	3	999	(577)	422	3
All other	454	(306)	148	7	449	(275)	174	7
Intangible assets, net	$ 3,694	$ (2,362)	$ 1,332		$ 2,975	$ (1,927)	$ 1,048	

Amortization expense for intangible assets was $443 million, $451 million, and $211 million for the years ended December 31, 2021, 2020, and 2019, respectively.

Expected future intangible asset amortization as of December 31, 2021 was as follows:

Fiscal years:	(In millions)
2022	$ 469
2023	232
2024	211
2025	173
2026	116
Thereafter	131
	$ 1,332

NOTE 6—LEASES

PayPal enters into various leases, which are primarily real estate operating leases. We use these properties for executive and administrative offices, data centers, product development offices, customer services and operations centers, and warehouses.

While a majority of our lease agreements do not contain an explicit interest rate, we have certain lease agreements that are subject to changes based on the Consumer Price Index or another referenced index. In the event of changes to the relevant index, lease liabilities are not remeasured and instead are treated as variable lease payments and recognized in the period in which the obligation for those payments is incurred.

The short-term lease exemption has been adopted for all leases with a duration of less than 12 months.

PayPal's lease portfolio contains a small number of subleases. A sublease situation can arise when currently leased real estate space is available and is surplus to operational requirements.

As of December 31, 2021, we had no finance leases.

The components of lease expense were as follows:

	Year Ended December 31,		
	2021	2020	2019
	(In millions)		
Lease expense			
Operating lease expense	$ 170	$ 166	$ 136
Sublease income	(8)	(6)	(6)
Lease expense, net	$ 162	$ 160	$ 130

Supplemental cash flow information related to leases was as follows:

	Year Ended December 31,		
	2021	2020	2019
	(In millions)		
Cash paid for amounts included in the measurement of lease liabilities			
Operating cash flows from operating leases	$ 167	$ 159	$ 131
ROU lease assets obtained in exchange for operating lease liabilities[1]	$ 103	$ 345	$ 598

[1] Includes opening balance additions of $498 million for operating leases as a result of the adoption of the new lease accounting guidance effective January 1, 2019.

Supplemental balance sheet information related to leases was as follows:

	As of December 31,	
	2021	2020
	(In millions, except weighted-average figures)	
Operating ROU lease assets	$ 659	$ 707
Other current operating lease liabilities	142	144
Operating lease liabilities	620	642
Total operating lease liabilities	$ 762	$ 786
Weighted-average remaining lease term—operating leases	6.1 years	6.9 years
Weighted-average discount rate—operating leases	3 %	3 %

Future minimum lease payments for our operating leases as of December 31, 2021 were as follows:

	Operating Leases
Fiscal years:	(In millions)
2022	$ 160
2023	154
2024	136
2025	105
2026	89
Thereafter	190
Total	$ 834
Less: present value discount	(72)
Lease liability	$ 762

Operating lease amounts include minimum lease payments under our non-cancelable operating leases primarily for office and data center facilities. The amounts presented are consistent with contractual terms and are not expected to differ significantly from actual results under our existing leases. We recognize rent expense under such agreements on a straight-line basis. Rent expense for the years ended December 31, 2021, 2020, and 2019 totaled $192 million, $172 million, and $130 million, respectively.

In the first quarter of 2020, we entered into a sale-leaseback arrangement as the seller-lessee for a data center as the buyer-lessor obtained control of the facility. We sold the data center and simultaneously entered into an operating lease agreement with the purchaser for the right to use the facility for eight years. The Company received proceeds of approximately $119 million, net of selling costs, which resulted in a de minimis net gain on the sale transaction.

In the years ended December 31, 2021 and 2020, we incurred asset impairment charges of $26 million and $30 million, respectively, within restructuring and other charges on our consolidated statements of income. The impairments included a reduction to our ROU lease assets in the amount of $21 million and $23 million, respectively, which were attributed to certain leased space we are no longer utilizing for our core business operations, a portion of which is being subleased.

As of December 31, 2021, we have additional operating leases, primarily for real estate and data centers, which will commence in 2022 with minimum lease payments aggregating to $15 million and lease terms ranging from three to nine years.

NOTE 7—OTHER FINANCIAL STATEMENT DETAILS

PROPERTY AND EQUIPMENT, NET

	As of December 31,	
	2021	2020
	(In millions)	
Property and equipment, net:		
Computer equipment and software	$ 3,298	$ 3,239
Internal use software and website development costs	3,301	2,831
Land and buildings	380	340
Leasehold improvements	379	377
Furniture and fixtures	146	139
Development in progress and other	86	83
Total property and equipment, gross	7,590	7,009
Accumulated depreciation and amortization	(5,681)	(5,202)
Total property and equipment, net	$ 1,909	$ 1,807

Depreciation and amortization expense was $822 million, $738 million, and $701 million for the years ended December 31, 2021, 2020, and 2019, respectively.

Non-cash investing activities involving property and equipment included in net changes to accounts payable as reflected in the consolidated statements of cash flows was a decrease of $27 million in 2021, an increase of $17 million in 2020, and a decrease of $42 million in 2019.

Geographical information

The following table summarizes long-lived assets based on geography, which consist of property and equipment, net and operating lease ROU assets:

	As of December 31,	
	2021	2020
	(In millions)	
Long-lived assets:		
U.S.	$ 2,050	$ 2,096
Other countries	518	418
Total long-lived assets	$ 2,568	$ 2,514

Long-lived assets attributed to the U.S. and other countries are based upon the country in which the asset is located or owned.

ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

The following table summarizes the changes in accumulated balances of other comprehensive income (loss) for the year ended December 31, 2021:

	Unrealized Gains (Losses) on Cash Flow Hedges	Unrealized Gains (Losses) on Investments	Foreign Currency Translation Adjustment ("CTA")	Net Investment Hedge CTA Gain	Estimated Tax (Expense) Benefit	Total
	(In millions)					
Beginning balance	$ (323)	$ 11	$ (198)	$ 24	$ 2	$ (484)
Other comprehensive income (loss) before reclassifications	332	(98)	(72)	—	(4)	158
Less: Amount of loss reclassified from AOCI	(190)	—	—	—	—	(190)
Net current period other comprehensive income (loss)	522	(98)	(72)	—	(4)	348
Ending balance	$ 199	$ (87)	$ (270)	$ 24	$ (2)	$ (136)

The following table summarizes the changes in accumulated balances of other comprehensive income (loss) for the year ended December 31, 2020:

	Unrealized Gains (Losses) on Cash Flow Hedges	Unrealized Gains on Investments	Foreign CTA	Net Investment Hedge CTA Gain (Loss)	Estimated Tax Benefit	Total
	(In millions)					
Beginning balance	$ 6	$ 2	$ (150)	$ (31)	$ —	$ (173)
Other comprehensive income (loss) before reclassifications	(309)	9	(48)	55	2	(291)
Less: Amount of gain reclassified from AOCI	20	—	—	—	—	20
Net current period other comprehensive income (loss)	(329)	9	(48)	55	2	(311)
Ending balance	$ (323)	$ 11	$ (198)	$ 24	$ 2	$ (484)

The following table summarizes the changes in accumulated balances of other comprehensive income (loss) for the year ended December 31, 2019:

	Unrealized Gains (Losses) on Cash Flow Hedges	Unrealized Gains (Losses) on Investments	Foreign CTA	Net Investment Hedge CTA Loss	Estimated Tax (Expense) Benefit	Total
	(In millions)					
Beginning balance	$ 182	$ (13)	$ (93)	$ —	$ 2	$ 78
Other comprehensive income (loss) before reclassifications	62	14	(57)	(31)	(2)	(14)
Less: Amount of gain (loss) reclassified from AOCI	238	(1)	—	—	—	237
Net current period other comprehensive income (loss)	(176)	15	(57)	(31)	(2)	(251)
Ending balance	$ 6	$ 2	$ (150)	$ (31)	$ —	$ (173)

The following table provides details about reclassifications out of AOCI for the periods presented below:

Details about AOCI Components	Amount of (Losses) Gains Reclassified from AOCI			Affected Line Item in the Statements of Income
	Year Ended December 31,			
	2021	2020	2019	
	(In millions)			
(Losses) gains on cash flow hedges—foreign exchange contracts	$ (190)	$ 20	$ 238	Net revenues
Unrealized losses on investments	—	—	(1)	Other income (expense), net
	(190)	20	237	Income before income taxes
	—	—	—	Income tax expense
Total reclassifications for the period	$ (190)	$ 20	$ 237	Net income

OTHER INCOME (EXPENSE), NET

The following table reconciles the components of other income (expense), net for the periods presented below:

	Year Ended December 31,		
	2021	2020	2019
	(In millions)		
Interest income	$ 57	$ 88	$ 197
Interest expense	(232)	(209)	(115)
Net gains on strategic investments	46	1,914	208
Other	(34)	(17)	(11)
Other income (expense), net	$ (163)	$ 1,776	$ 279

Refer to “Note 1—Overview and Summary of Significant Accounting Policies” for details on the composition of these balances.

NOTE 8—FUNDS RECEIVABLE AND CUSTOMER ACCOUNTS AND INVESTMENTS

The following table summarizes the assets underlying our funds receivable and customer accounts, short-term investments, and long-term investments as of December 31, 2021 and 2020:

	December 31, 2021	December 31, 2020
	(In millions)	
Funds receivable and customer accounts:		
Cash and cash equivalents	$ 12,723	$ 13,222
Time deposits	334	233
Available-for-sale debt securities	18,336	15,001
Funds receivable	4,748	4,962
Total funds receivable and customer accounts	$ 36,141	$ 33,418
Short-term investments:		
Time deposits	$ 590	$ 1,519
Available-for-sale debt securities	3,604	6,689
Restricted cash	109	81
Total short-term investments	$ 4,303	$ 8,289
Long-term investments:		
Time deposits	$ 45	$ 31
Available-for-sale debt securities	3,545	2,819
Restricted cash	—	7
Strategic investments	3,207	3,232
Total long-term investments	$ 6,797	$ 6,089

As of December 31, 2021 and 2020, the estimated fair value of our available-for-sale debt securities included within funds receivable and customer accounts, short-term investments, and long-term investments was as follows:

	December 31, 2021[1]			
	Gross Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
	(In millions)			
Funds receivable and customer accounts:				
U.S. government and agency securities	$ 8,655	$ —	$ (31)	$ 8,624
Foreign government and agency securities	1,923	—	(9)	1,914
Corporate debt securities	3,402	—	(15)	3,387
Asset-backed securities	1,552	—	(3)	1,549
Municipal securities	535	—	—	535
Short-term investments:				
U.S. government and agency securities	537	—	—	537
Foreign government and agency securities	505	—	(1)	504
Corporate debt securities	2,273	—	—	2,273
Asset-backed securities	278	—	(1)	277
Long-term investments:				
U.S. government and agency securities	568	—	(6)	562
Foreign government and agency securities	752	—	(6)	746
Corporate debt securities	1,435	—	(11)	1,424
Asset-backed securities	817	—	(4)	813
Total available-for-sale debt securities[2]	$ 23,232	$ —	$ (87)	$ 23,145

[1] "—" Denotes gross unrealized gain or unrealized loss of less than $1 million in a given position.

[2] Excludes foreign currency denominated available-for-sale debt securities accounted for under the fair value option. Refer to "Note 9—Fair Value Measurement of Assets and Liabilities."

	December 31, 2020[1]			
	Gross Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
	(In millions)			
Funds receivable and customer accounts:				
U.S. government and agency securities	$ 7,929	$ 4	$ —	$ 7,933
Foreign government and agency securities	1,504	2	—	1,506
Corporate debt securities	2,011	—	—	2,011
Municipal securities	637	—	—	637
Short-term investments:				
U.S. government and agency securities	1,510	—	—	1,510
Foreign government and agency securities	277	—	—	277
Corporate debt securities	4,900	2	—	4,902
Long-term investments:				
U.S. government and agency securities	28	—	—	28
Foreign government and agency securities	1,305	—	(1)	1,304
Corporate debt securities	1,255	4	—	1,259
Asset-backed securities	228	—	—	228
Total available-for-sale debt securities[2]	$ 21,584	$ 12	$ (1)	$ 21,595

[1] "—" Denotes gross unrealized gain or unrealized loss of less than $1 million in a given position.

[2] Excludes foreign currency denominated available-for-sale debt securities accounted for under the fair value option. Refer to "Note 9—Fair Value Measurement of Assets and Liabilities."

Gross amortized cost and estimated fair value balances exclude accrued interest receivable on available-for-sale debt securities, which totaled $36 million and $42 million at December 31, 2021 and 2020, respectively, and were included in other current assets on our consolidated balance sheets.

As of December 31, 2021 and 2020, the gross unrealized losses and estimated fair value of our available-for-sale debt securities included within funds receivable and customer accounts, short-term investments, and long-term investments for which an allowance for credit losses has not been deemed necessary in the current period, aggregated by length of time those individual securities have been in a continuous loss position, was as follows:

	December 31, 2021[1]					
	Less than 12 months		12 months or longer		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
	(In millions)					
Funds receivable and customer accounts:						
U.S. government and agency securities	$ 8,124	$ (31)	$ —	$ —	$ 8,124	$ (31)
Foreign government and agency securities	1,778	(9)	20	—	1,798	(9)
Corporate debt securities	1,841	(15)	—	—	1,841	(15)
Asset-backed securities	1,302	(3)	—	—	1,302	(3)
Municipal securities	50	—	—	—	50	—
Short-term investments:						
U.S. government and agency securities	440	—	—	—	440	—
Foreign government and agency securities	498	(1)	—	—	498	(1)
Corporate debt securities	323	—	—	—	323	—
Asset-backed securities	273	(1)	—	—	273	(1)
Long-term investments:						
U.S. government and agency securities	562	(6)	—	—	562	(6)
Foreign government and agency securities	746	(6)	—	—	746	(6)
Corporate debt securities	1,345	(11)	—	—	1,345	(11)
Asset-backed securities	707	(4)	—	—	707	(4)
Total available-for-sale debt securities	$ 17,989	$ (87)	$ 20	$ —	$ 18,009	$ (87)

[1] "—" Denotes gross unrealized loss or fair value of less than $1 million in a given position.

	December 31, 2020[1]					
	Less than 12 months		12 months or longer		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
	(In millions)					
Funds receivable and customer accounts:						
U.S. government and agency securities	$ 262	$ —	$ —	$ —	$ 262	$ —
Foreign government and agency securities	353	—	—	—	353	—
Corporate debt securities	641	—	—	—	641	—
Municipal securities	50	—	—	—	50	—
Short-term investments:						
U.S. government and agency securities	270	—	—	—	270	—
Foreign government and agency securities	72	—	—	—	72	—
Corporate debt securities	392	—	—	—	392	—
Long-term investments:						
U.S. government and agency securities	28	—	—	—	28	—
Foreign government and agency securities	405	(1)	—	—	405	(1)
Corporate debt securities	97	—	—	—	97	—
Asset-backed securities	15	—	—	—	15	—
Total available-for-sale debt securities	$ 2,585	$ (1)	$ —	$ —	$ 2,585	$ (1)

[1] "—" Denotes gross unrealized loss or fair value of less than $1 million in a given position.

Unrealized losses have not been recognized into income as we neither intend to sell nor anticipate that it is more likely than not that we will be required to sell, the securities before recovery of their amortized cost basis. The decline in fair value is due primarily to changes in market conditions, rather than credit losses. We will continue to monitor the performance of the investment portfolio and assess whether impairment due to expected credit losses has occurred. Amounts reclassified to earnings from unrealized gains and losses were not material for the years ended December 31, 2021 and 2020.

Our available-for-sale debt securities included within funds receivable and customer accounts, short-term investments, and long-term investments classified by date of contractual maturity were as follows:

	December 31, 2021	
	Amortized Cost	Fair Value
	(In millions)	
One year or less	$ 10,496	$ 10,491
After one year through five years	11,139	11,060
After five years through ten years	1,500	1,498
After ten years	97	96
Total	$ 23,232	$ 23,145

STRATEGIC INVESTMENTS

Our strategic investments include marketable equity securities, which are publicly traded, and non-marketable equity securities, which are primarily investments in privately held companies. Our marketable equity securities have readily determinable fair values and are recorded as long-term investments on our consolidated balance sheets at fair value with changes in fair value recorded in other income (expense), net on our consolidated statements of income. Marketable equity securities totaled $1.9 billion and $2.4 billion as of December 31, 2021 and 2020, respectively.

Our non-marketable equity securities are recorded in long-term investments on our consolidated balance sheets. As of December 31, 2021 and 2020, we had non-marketable equity securities of $79 million and $10 million, respectively, where we have the ability to exercise significant influence, but not control, over the investee. We account for these equity securities using the equity method of accounting. The remaining non-marketable equity securities do not have a readily determinable fair value and we measure these equity investments at cost minus impairment, if any, and adjust for changes resulting from observable price changes in orderly transactions for an identical or similar investment in the same issuer. All gains and losses on these investments, realized and unrealized, and our share of earnings or losses from investments accounted for using the equity method are recognized in other income (expense), net on our consolidated statements of income. The carrying value of our non-marketable equity securities totaled $1.3 billion and $789 million as of December 31, 2021 and 2020, respectively.

Measurement Alternative adjustments

The adjustments to the carrying value of our non-marketable equity securities accounted for under the Measurement Alternative in the years ended December 31, 2021 and 2020 were as follows:

	Year Ended December 31,	
	2021	2020
	(In millions)	
Carrying amount, beginning of period	$ 779	$ 497
Adjustments related to non-marketable equity securities:		
Net additions[(1)]	133	143
Gross unrealized gains	356	161
Gross unrealized losses and impairments	—	(22)
Carrying amount, end of period	$ 1,268	$ 779

[(1)] Net additions include purchases, reductions due to sales of securities, and reclassifications when Measurement Alternative is subsequently elected or no longer applies.

The following table summarizes the cumulative gross unrealized gains and cumulative gross unrealized losses and impairment related to non-marketable equity securities accounted for under the Measurement Alternative for investments held at December 31, 2021 and 2020:

	December 31, 2021	December 31, 2020
	(In millions)	
Cumulative gross unrealized gains	$ 733	$ 378
Cumulative gross unrealized losses and impairment	$ (27)	$ (27)

Unrealized gains (losses) on strategic investments, excluding those accounted for using the equity method

The following table summarizes the net unrealized gains (losses) on marketable and non-marketable equity securities, excluding those accounted for using the equity method, held at December 31, 2021 and 2020:

	Year Ended December 31,	
	2021	2020
	(In millions)	
Net unrealized gains (losses)	$ (46)	$ 1,610

NOTE 9—FAIR VALUE MEASUREMENT OF ASSETS AND LIABILITIES

FINANCIAL ASSETS AND LIABILITIES MEASURED AND RECORDED AT FAIR VALUE ON A RECURRING BASIS

The following tables summarize our financial assets and liabilities measured at fair value on a recurring basis as of December 31, 2021 and 2020:

	December 31, 2021	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
		(In millions)	
Assets:			
Cash and cash equivalents[1]	$ 400	$ —	$ 400
Short-term investments[2]:			
U.S. government and agency securities	537	—	537
Foreign government and agency securities	517	—	517
Corporate debt securities	2,273	—	2,273
Asset-backed securities	277	—	277
Total short-term investments	3,604	—	3,604
Funds receivable and customer accounts[3]:			
Cash and cash equivalents	622	—	622
U.S. government and agency securities	8,624	—	8,624
Foreign government and agency securities	4,083	—	4,083
Corporate debt securities	3,545	—	3,545
Asset-backed securities	1,549	—	1,549
Municipal securities	535	—	535
Total funds receivable and customer accounts	18,958	—	18,958
Derivatives	304	—	304
Long-term investments[2], [4]:			
U.S. government and agency securities	562	—	562
Foreign government and agency securities	746	—	746
Corporate debt securities	1,424	—	1,424
Asset-backed securities	813	—	813
Marketable equity securities	1,860	1,860	—
Total long-term investments	5,405	1,860	3,545
Total financial assets	$ 28,671	$ 1,860	$ 26,811
Liabilities:			
Derivatives	$ 130	$ —	$ 130

[1] Excludes cash of $4.8 billion not measured and recorded at fair value.
[2] Excludes restricted cash of $109 million and time deposits of $635 million not measured and recorded at fair value.
[3] Excludes cash, time deposits, and funds receivable of $17.2 billion underlying funds receivable and customer accounts not measured and recorded at fair value.
[4] Excludes non-marketable equity securities of $1.3 billion measured using the Measurement Alternative or equity method accounting.

	December 31, 2020	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
		(In millions)	
Assets:			
Cash and cash equivalents[1]	$ 867	$ —	$ 867
Short-term investments[2]:			
U.S. government and agency securities	1,510	—	1,510
Foreign government and agency securities	277	—	277
Corporate debt securities	4,902	—	4,902
Total short-term investments	6,689	—	6,689
Funds receivable and customer accounts[3]:		—	
Cash and cash equivalents	1,770	—	1,770
U.S. government and agency securities	7,933	—	7,933
Foreign government and agency securities	4,296	—	4,296
Corporate debt securities	2,135	—	2,135
Municipal securities	637	—	637
Total funds receivable and customer accounts	16,771	—	16,771
Derivatives	42	—	42
Long-term investments[2], [4]:			
U.S. government and agency securities	28	—	28
Foreign government and agency securities	1,304	—	1,304
Corporate debt securities	1,259	—	1,259
Asset-backed securities	228	—	228
Marketable equity securities	2,443	2,443	—
Total long-term investments	5,262	2,443	2,819
Total financial assets	$ 29,631	$ 2,443	$ 27,188
Liabilities:			
Derivatives	$ 410	$ —	$ 410

[1] Excludes cash of $3.9 billion not measured and recorded at fair value.
[2] Excludes restricted cash of $88 million and time deposits of $1.6 billion not measured and recorded at fair value.
[3] Excludes cash, time deposits, and funds receivable of $16.6 billion underlying funds receivable and customer accounts not measured and recorded at fair value.
[4] Excludes non-marketable equity securities of $789 million measured using the Measurement Alternative or equity method accounting.

Our marketable equity securities are valued using quoted prices for identical assets in active markets (Level 1). All other financial assets and liabilities are valued using quoted prices for identical instruments in less active markets, readily available pricing sources for comparable instruments, or models using market observable inputs (Level 2).

A majority of our derivative instruments are valued using pricing models that take into account the contract terms as well as multiple inputs where applicable, such as currency rates, interest rate yield curves, option volatility, and equity prices. Our derivative instruments are primarily short-term in nature, generally one month to one year in duration. Certain foreign currency contracts designated as cash flow hedges may have a duration of up to 18 months.

As of December 31, 2021 and 2020, we did not have any assets or liabilities requiring measurement at fair value without observable market values that would require a high level of judgment to determine fair value (Level 3).

We elect to account for available-for-sale debt securities denominated in currencies other than the functional currency of our subsidiaries under the fair value option. Election of the fair value option allows us to recognize any gains and losses from fair value changes on such investments in other income (expense), net on the consolidated statements of income to significantly reduce the accounting asymmetry that would otherwise arise when recognizing the corresponding foreign exchange gains and losses relating to customer liabilities. The following table summarizes the estimated fair value of our available-for-sale debt securities under the fair value option as of December 31, 2021 and 2020:

	December 31, 2021	December 31, 2020
	(In millions)	
Funds receivable and customer accounts	$ 2,327	$ 2,914
Short-term investments	$ 13	$ —

The following table summarizes the gains (losses) from fair value changes recognized in other income (expense), net related to the available-for-sale debt securities under the fair value option for the years ended December 31, 2021 and 2020:

	Year Ended December 31,	
	2021	2020
	(In millions)	
Funds receivable and customer accounts	$ (101)	$ 190
Short-term investments	$ (30)	$ (24)

FINANCIAL ASSETS MEASURED AND RECORDED AT FAIR VALUE ON A NON-RECURRING BASIS

The following tables summarize our financial assets held as of December 31, 2021 and 2020 for which a non-recurring fair value measurement was recorded during the years ended December 31, 2021 and 2020, respectively:

	December 31, 2021	Significant Other Observable Inputs (Level 2)
	(In millions)	
Non-marketable equity investments measured using the Measurement Alternative[1]	$ 611	$ 611
Other assets[2]	86	86
Total	$ 697	$ 697

[1] Excludes non-marketable equity investments of $657 million accounted for under the Measurement Alternative for which no observable price changes occurred during the year ended December 31, 2021.
[2] Consists of ROU lease assets recorded at fair value pursuant to impairment charges that occurred in 2021. See "Note 6—Leases" for additional information.

	December 31, 2020	Significant Other Observable Inputs (Level 2)
	(In millions)	
Non-marketable equity investments measured using the Measurement Alternative[1]	$ 335	$ 335
Other assets[2]	44	44
	$ 379	$ 379

[1] Excludes non-marketable equity investments of $444 million accounted for under the Measurement Alternative for which no observable price changes occurred during the year ended December 31, 2020.
[2] Consists of ROU lease assets recorded at fair value pursuant to impairment charges that occurred in 2020. See "Note 6—Leases" for additional information.

We measure the non-marketable equity investments accounted for under the Measurement Alternative at cost minus impairment, if any, adjusted for observable price changes in orderly transactions for an identical or similar investment in the same issuer. Impairment losses on ROU lease assets related to office operating leases are calculated initially using estimated rental income per square foot derived from observable market data.

FINANCIAL ASSETS AND LIABILITIES NOT MEASURED AND RECORDED AT FAIR VALUE

Our financial instruments, including cash, restricted cash, time deposits, loans and interest receivable, net, certain customer accounts, notes receivable, and long-term debt related to borrowings on our credit facilities are carried at amortized cost, which approximates their fair value. Our long-term debt (including current portion) in the form of fixed rate notes had a carrying value of approximately $9.0 billion and fair value of approximately $9.3 billion as of December 31, 2021. Our fixed rate notes had a carrying value of approximately $8.9 billion and fair value of approximately $9.7 billion as of December 31, 2020. If these financial instruments were measured at fair value in the financial statements, cash would be classified as Level 1; restricted cash, time deposits, certain customer accounts, and long-term debt (including current portion) would be classified as Level 2; and the remaining financial instruments would be classified as Level 3 in the fair value hierarchy.

NOTE 10—DERIVATIVE INSTRUMENTS

SUMMARY OF DERIVATIVE INSTRUMENTS

Our primary objective in holding derivatives is to reduce the volatility of earnings and cash flows associated with changes in foreign currency exchange rates. Our derivatives expose us to credit risk to the extent that our counterparties may be unable to meet the terms of the arrangement. We seek to mitigate such risk by limiting our counterparties to, and by spreading the risk across, major financial institutions and by entering into collateral security arrangements. In addition, the potential risk of loss with any one counterparty resulting from this type of credit risk is monitored on an ongoing basis. We do not use any derivative instruments for trading or speculative purposes.

Cash flow hedges

We have significant international revenues and costs denominated in foreign currencies, which subjects us to foreign currency risk. We have a foreign currency exposure management program in which we designate certain foreign currency exchange contracts, generally with maturities of 18 months or less, to reduce the volatility of cash flows primarily related to forecasted revenues denominated in foreign currencies. The objective of the foreign currency exchange contracts is to help mitigate the risk that the U.S. dollar-equivalent cash flows are adversely affected by changes in the applicable U.S. dollar/foreign currency exchange rate. These derivative instruments are designated as cash flow hedges and accordingly, the derivative's gain or loss is initially reported as a component of AOCI and subsequently reclassified into revenue in the same period the forecasted transaction affects earnings. We evaluate the effectiveness of our foreign currency exchange contracts on a quarterly basis by comparing the critical terms of the derivative instruments with the critical terms of the forecasted cash flows of the hedged item; if the critical terms are the same, we conclude the hedge will be perfectly effective. We do not exclude any component of the changes in fair value of the derivative instruments from the assessment of hedge effectiveness. We report cash flows arising from derivative instruments consistent with the classification of cash flows from the underlying hedged items that these derivatives are hedging. Accordingly, the cash flows associated with derivatives designated as cash flow hedges are classified in cash flows from operating activities on our consolidated statements of cash flows.

As of December 31, 2021, we estimated that $177 million of net derivative gains related to our cash flow hedges included in AOCI are expected to be reclassified into earnings within the next 12 months. During the years ended December 31, 2021, 2020, and 2019, we did not discontinue any cash flow hedges because it was probable that the original forecasted transaction would not occur and as such, did not reclassify any gains or losses to earnings prior to the occurrence of the hedged transaction. If we elect to discontinue our cash flow hedges and it is probable that the original forecasted transaction will occur, we continue to report the derivative's gain or loss in AOCI until the forecasted transaction affects earnings, at which point we also reclassify it into earnings. Gains and losses on derivatives held after we discontinue our cash flow hedges and on derivative instruments that are not designated as cash flow hedges are recorded in the same financial statement line item to which the derivative relates.

Net investment hedge

We used a forward foreign currency exchange contract, which matured in 2020, to reduce the foreign currency exchange risk related to our investment in a foreign subsidiary. This derivative was designated as a net investment hedge and accordingly, the derivative's gains and losses were recorded in AOCI as part of foreign currency translation. The accumulated gains and losses associated with this instrument will remain in AOCI until the foreign subsidiary is sold or substantially liquidated, at which point they will be reclassified into earnings. The cash flow associated with the derivative designated as a net investment hedge is classified in cash flows from investing activities on our consolidated statements of cash flows.

During the years ended December 31, 2020 and 2019, we recognized $55 million in unrealized gains and $31 million in unrealized losses, respectively, on the foreign currency exchange contract designated as a net investment hedge. As of December 31, 2021, we did not have a net investment hedge. We have not reclassified any gains or losses related to the net investment hedge from AOCI into earnings during any of the periods presented.

Foreign currency exchange contracts not designated as hedging instruments

We have a foreign currency exposure management program in which we use foreign currency exchange contracts to offset the foreign currency exchange risk of our assets and liabilities denominated in currencies other than the functional currency of our subsidiaries. These contracts are not designated as hedging instruments and reduce, but do not entirely eliminate, the impact of foreign currency exchange rate movements on our assets and liabilities. The gains and losses due to remeasurement of certain foreign currency denominated monetary assets and liabilities are recorded in other income (expense), net, which are offset by the gains and losses on these foreign currency exchange contracts. The cash flows associated with our non-designated derivatives used to hedge foreign currency denominated monetary assets and liabilities are classified in cash flows from operating activities on our consolidated statements of cash flows.

FAIR VALUE OF DERIVATIVE CONTRACTS

The fair value of our outstanding derivative instruments as of December 31, 2021 and 2020 was as follows:

	Balance Sheet Location	As of December 31,	
		2021	2020
		(In millions)	
Derivative Assets:			
Foreign currency exchange contracts designated as hedging instruments	Other current assets	$ 205	$ —
Foreign currency exchange contracts designated as hedging instruments	Other assets (non-current)	21	—
Foreign currency exchange contracts not designated as hedging instruments	Other current assets	78	42
Total derivative assets		$ 304	$ 42
Derivative Liabilities:			
Foreign currency exchange contracts designated as hedging instruments	Other current liabilities	$ 27	$ 287
Foreign currency exchange contracts designated as hedging instruments	Other long-term liabilities	—	35
Foreign currency exchange contracts not designated as hedging instruments	Other current liabilities	103	88
Total derivative liabilities		$ 130	$ 410

MASTER NETTING AGREEMENTS - RIGHTS OF SET-OFF

Under master netting agreements with respective counterparties to our foreign currency exchange contracts, subject to applicable requirements, we are allowed to net settle transactions of the same type with a single net amount payable by one party to the other. However, we have elected to present the derivative assets and derivative liabilities on a gross basis on our consolidated balance sheets. Rights of set-off associated with our foreign currency exchange contracts represented a potential offset to both assets and liabilities of $102 million as of December 31, 2021 and $34 million as of December 31, 2020. We have entered into collateral security arrangements that provide for collateral to be received or posted when the net fair value of certain financial instruments fluctuates from contractually established thresholds. The following table provides the collateral exchanged:

	December 31, 2021	December 31, 2020
	(In millions)	
Cash collateral posted[1]	$ 5	$ 340
Cash collateral received[2]	$ 209	$ 1

[1] Right to reclaim cash collateral related to our derivative liabilities recognized in other current assets on our consolidated balance sheets.
[2] Obligation to return counterparty cash collateral related to our derivative assets recognized in other current liabilities on our consolidated balance sheets.

EFFECT OF DERIVATIVE CONTRACTS ON CONSOLIDATED STATEMENTS OF INCOME

The following table provides the location in the consolidated statements of income and amount of recognized gains or losses related to our derivative instruments designated as hedging instruments:

	Year Ended December 31,		
	2021	2020	2019
	(In millions)		
	Net revenues		
Total amounts presented in the consolidated statements of income in which the effects of cash flow hedges are recorded	$ 25,371	$ 21,454	$ 17,772
(Losses) gains on foreign exchange contracts designated as cash flow hedges reclassified from AOCI	$ (190)	$ 20	$ 238

The following table provides the location in the consolidated statements of income and amount of recognized gains or losses related to our derivative instruments not designated as hedging instruments:

	Year Ended December 31,		
	2021	2020	2019
	(In millions)		
Gains (losses) on foreign exchange contracts recognized in other income (expense), net	$ 144	$ (110)	$ 24
Losses on equity derivative contracts recognized in other income (expense), net[1]	—	(64)	—
Total gains (losses) recognized from contracts not designated as hedging instruments	$ 144	$ (174)	$ 24

[1] During the year ended December 31, 2020, equity derivative contracts were entered into and matured which related to the sale of a portion of a strategic investment. The cash flows associated with the equity derivative contracts were classified in cash flows from investing activities on our consolidated statements of cash flows.

NOTIONAL AMOUNTS OF DERIVATIVE CONTRACTS

Derivative transactions are measured in terms of the notional amount; however, this amount is not recorded on the balance sheet and is not, when viewed in isolation, a meaningful measure of the risk profile of the derivative instruments. The notional amount is generally not exchanged, but is used only as the underlying basis on which the value of foreign currency exchange payments under these contracts is determined. The following table provides the notional amounts of our outstanding derivatives:

	Year Ended December 31,	
	2021	2020
	(In millions)	
Foreign exchange contracts designated as hedging instruments	$ 5,349	$ 5,335
Foreign exchange contracts not designated as hedging instruments	20,414	16,098
Total	$ 25,763	$ 21,433

NOTE 11—LOANS AND INTEREST RECEIVABLE

CONSUMER RECEIVABLES

We offer revolving and installment credit products as a funding option for consumers in certain checkout transactions on our payments platform. Our revolving credit product consists of PayPal Credit in the U.K. Once a consumer is approved for credit, it is made available to them as a funding source. Additionally, we offer installment credit products (known as buy now, pay later) at the time of checkout in various locations including the U.S., Europe, Australia, and Japan. The majority of the installment loans allow consumers to pay for a product over periods of 12 months or less. As of December 31, 2021 and 2020, the outstanding balance of consumer receivables, which consisted of revolving and installment loans and interest receivable, was $3.8 billion and $2.2 billion, respectively.

We closely monitor the credit quality of our consumer receivables to evaluate and manage our related exposure to credit risk. Credit risk management begins with initial underwriting and continues through to full repayment of a loan. To assess a consumer who requests a loan, we use, among other indicators, internally developed risk models using detailed information from external sources, such as credit bureaus where available, and internal historical experience, including the consumer's prior repayment history with our credit products where available. We use delinquency status and trends to assist in making new and ongoing credit decisions, to adjust our models, to plan our collection practices and strategies, and in determining our allowance for consumer loans and interest receivable.

The following tables present the delinquency status of consumer loans and interest receivable by year of origination. The amounts are based on the number of days past the billing date for revolving loans or contractual repayment date for installment loans. The "current" category represents balances that are within 29 days of the billing date or contractual repayment date, as applicable.

	December 31, 2021 (In millions, except percentages)							
		Installment Loans Amortized Cost Basis						
	Revolving Loans Amortized Cost Basis	2021	2020	2019	2018	2017	Total	Percent
Current	$ 1,790	$ 1,939	$ 3	$ —	$ —	$ —	$ 3,732	97.0%
30 - 59 Days	18	16	—	—	—	—	34	0.9%
60 - 89 Days	12	13	—	—	—	—	25	0.6%
90 - 179 Days	27	28	1	—	—	—	56	1.5%
Total[1]	$ 1,847	$ 1,996	$ 4	$ —	$ —	$ —	$ 3,847	100%

[1] Excludes receivables from other consumer credit products of $44 million at December 31, 2021.

	December 31, 2020 (In millions, except percentages)							
		Installment Loans Amortized Cost Basis						
	Revolving Loans Amortized Cost Basis	2020	2019	2018	2017	2016	Total	Percent
Current	$ 1,573	$ 542	$ 9	$ —	$ —	$ —	$ 2,124	97.9%
30 - 59 Days	12	3	—	—	—	—	15	0.7%
60 - 89 Days	10	1	—	—	—	—	11	0.5%
90 - 179 Days	18	1	—	—	—	—	19	0.9%
Total[1], [2]	$ 1,613	$ 547	$ 9	$ —	$ —	$ —	$ 2,169	100%

[1] Excludes receivables from other consumer credit products of $56 million at December 31, 2020.
[2] Balances at December 31, 2020 include the impact of payment holidays provided primarily in the second quarter of 2020 by the Company to certain consumers as a part of our COVID-19 payment relief initiatives.

The following table summarizes the activity in the allowance for consumer loans and interest receivable for the years ended December 31, 2021 and 2020:

	December 31, 2021			December 31, 2020		
	Consumer Loans Receivable	Interest Receivable	Total Allowance[1]	Consumer Loans Receivable	Interest Receivable	Total Allowance[1]
	(In millions)					
Beginning balance	$ 299	$ 53	$ 352	$ 49	$ 8	$ 57
Adjustment for adoption of CECL	—	—	—	24	4	28
Provisions	20	10	30	245	50	295
Charge-offs	(116)	(20)	(136)	(69)	(12)	(81)
Recoveries[2]	28	—	28	27	—	27
Other[3]	12	—	12	23	3	26
Ending balance	$ 243	$ 43	$ 286	$ 299	$ 53	$ 352

[1] Excludes allowances from other consumer credit products of $4 million and $3 million at December 31, 2021 and 2020, respectively.
[2] The recoveries for the year ended December 31, 2020 were primarily related to fully charged-off U.S. consumer credit receivables not subject to the sale to Synchrony Bank.
[3] Includes amounts related to foreign currency remeasurement and, for the year ended December 31, 2021, initial allowance for purchased credit deteriorated ("PCD") loans acquired during the period. A portion of the Paidy loan portfolio acquired was determined to be purchase credit deteriorated as the loans were 30 days or more past due. As such, we recorded current expected credit losses on the PCD loans.

The provision for the year ended December 31, 2021 was primarily attributable to originations in the consumer portfolio, partially offset by improvements in the credit quality of the consumer portfolio and current and projected macroeconomic conditions. Qualitative adjustments were made to account for limitations in our current expected credit loss models due to continued volatility with respect to macroeconomic conditions and uncertainty around the impact the continuation of COVID-19 may have on consumers ability to make payments on amounts outstanding.

The increase in charge-offs for the year ended December 31, 2021 compared to 2020 was due to growth in the consumer portfolio driven by the expansion of our installment products.

The provision for current expected credit losses relating to our consumer loans receivable portfolio is recognized in transaction and credit losses on our consolidated statements of income. The provision for interest receivable for interest earned on our consumer loans receivable portfolio is recognized in revenues from other value added services as a reduction to revenue. Loans receivable continue to accrue interest until they are charged off.

We charge off consumer receivable balances in the month in which a customer's balance becomes 180 days past the billing date or contractual repayment date. Bankrupt accounts are charged off within 60 days after receipt of notification of bankruptcy. Charge-offs that are recovered are recorded as a reduction to our allowance for loans and interest receivable.

MERCHANT RECEIVABLES

We offer access to merchant finance products for certain small and medium-sized businesses through the PPWC and PPBL products, which we collectively refer to as the merchant finance offerings. We purchase receivables related to credit extended to U.S. merchants by WebBank and are responsible for servicing functions related to that portfolio. We purchased approximately $1.8 billion in credit receivables in both the years ended December 31, 2021 and 2020. The total outstanding balance in our pool of merchant loans, advances, and interest and fees receivable was $1.4 billion for both December 31, 2021 and 2020, net of the participation interest sold to WebBank of $63 million and $59 million, respectively. See “Note 1—Overview and Summary of Significant Accounting Policies” for additional information on this participation arrangement.

Through our PPWC product, merchants can borrow a certain percentage of their annual payment volume processed by PayPal and are charged a fixed fee for the loan or advance based on the overall credit assessment of the merchant. Loans and advances are repaid through a fixed percentage of the merchant’s future payment volume that PayPal processes. Through our PPBL product, we provide merchants access to short-term business financing for a fixed fee based on an evaluation of the applying business as well as the business owner. PPBL repayments are collected through periodic payments until the balance has been satisfied.

The interest or fee is fixed at the time the loan or advance is extended and is recognized as deferred revenue in accrued expenses and other current liabilities on our consolidated balance sheets. The fixed interest or fee is amortized into revenues from other value added services based on the amount repaid over the repayment period. We estimate the repayment period for PPWC based on the merchant’s payment processing history with PayPal, where available. For PPWC, there is a general requirement that at least 10% of the original amount of the loan or advance plus the fixed fee must be repaid every 90 days. We calculate the repayment rate of the merchant’s future payment volume so that repayment of the loan or advance and fixed fee is expected to generally occur within 9 to 12 months from the date of the loan or advance. On a monthly basis, we recalculate the repayment period based on the repayment activity on the receivable. As such, actual repayment periods are dependent on actual merchant payment processing volumes. For PPBL, we receive fixed periodic payments over the contractual term of the loan, which generally ranges from 3 to 12 months.

We actively monitor receivables with repayment periods greater than the original expected or contractual repayment period, as well as the credit quality of our merchant loans and advances that we extend or purchase so that we can evaluate, quantify, and manage our credit risk exposure. To assess a merchant seeking a loan or advance, we use, among other indicators, risk models developed internally which utilize information obtained from multiple internal and external data sources to predict the likelihood of timely and satisfactory repayment by the merchant of the loan or advance amount and the related interest or fee. Primary drivers of the models include the merchant’s annual payment volume, payment processing history with PayPal, prior repayment history with PayPal’s credit products where available, information sourced from consumer and business credit bureau reports, and other information obtained during the application process. We use delinquency status and trends to assist in making (or, in the U.S., to assist WebBank in making) ongoing credit decisions, to adjust our internal models, to plan our collection strategies, and in determining our allowance for these loans and advances.

Merchant receivables delinquency and allowance

The following tables present the delinquency status of the merchant loans, advances, and interest and fees receivable by year of origination. The amounts are based on the number of days past the expected or contractual repayment date for amounts outstanding. The "current" category represents balances that are within 29 days of the expected repayment date or contractual repayment date, as applicable.

	December 31, 2021 (In millions, except percentages)						
	2021	2020	2019	2018	2017	Total	Percent
Current	$ 1,100	$ 129	$ 95	$ 3	$ —	$ 1,327	91.8%
30 - 59 Days	24	12	12	1	—	49	3.4%
60 - 89 Days	10	8	7	—	—	25	1.7%
90 - 179 Days	10	11	11	1	—	33	2.3%
180+ Days	—	4	7	1	—	12	0.8%
Total[1]	$ 1,144	$ 164	$ 132	$ 6	$ —	$ 1,446	100%

[1] Balances include the impact of modification programs offered by the Company as a part of our COVID-19 payment relief initiatives (as discussed further below).

	December 31, 2020 (In millions, except percentages)						
	2020	2019	2018	2017	2016	Total	Percent
Current	$ 786	$ 250	$ 6	$ —	$ —	$ 1,042	75.4%
30 - 59 Days	55	47	3	—	—	105	7.6%
60 - 89 Days	27	32	3	—	—	62	4.5%
90 - 179 Days	57	78	7	—	—	142	10.3%
180+ Days	6	20	5	—	—	31	2.2%
Total[1]	$ 931	$ 427	$ 24	$ —	$ —	$ 1,382	100%

[1] Balances include the impact of payment holidays provided primarily during the second quarter of 2020 and modification programs offered by the Company as a part of our COVID-19 payment relief initiatives (as discussed further below).

The following table summarizes the activity in the allowance for merchant loans, advances, and interest and fees receivable, for the years ended December 31, 2021 and 2020:

	December 31, 2021			December 31, 2020		
	Merchant Loans and Advances	Interest and Fees Receivable	Total Allowance	Merchant Loans and Advances	Interest and Fees Receivable	Total Allowance
	(In millions)					
Beginning balance	$ 440	$ 43	$ 483	$ 171	$ 20	$ 191
Adjustment for adoption of CECL	—	—	—	165	17	182
Provisions	(116)	(22)	(138)	358	33	391
Charge-offs	(173)	(12)	(185)	(274)	(27)	(301)
Recoveries	41	—	41	20	—	20
Ending balance	$ 192	$ 9	$ 201	$ 440	$ 43	$ 483

The benefit for the year ended December 31, 2021 was primarily attributable to improvements in current and projected macroeconomic conditions, and to a lesser extent, improvements in the credit quality of our merchant portfolio. This was partially offset by provisions for originations during the period and the impact of qualitative adjustments to account for varying degrees of expected merchant performance in the current environment and in future periods due to macroeconomic conditions and uncertainty around the impact the continuation of COVID-19 may have on merchants ability to make payments on amounts outstanding and uncertainty around the effectiveness of loan modification programs made available to merchants, as described further below.

The decrease in the charge-offs for the year ended December 31, 2021 compared to 2020 was due to improved portfolio performance. Additionally, charge offs increased in the year ended December 31, 2020 due to accounts that experienced financial difficulties as a result of the COVID-19 pandemic.

For merchant loans and advances, the determination of delinquency is based on the current expected or contractual repayment period of the loan or advance and fixed interest or fee payment as compared to the original expected or contractual repayment period. We charge off the receivables outstanding under our PPBL product when the repayments are 180 days past the contractual repayment date. We charge off the receivables outstanding under our PPWC product when the repayments are 180 days past our expectation of repayments and the merchant has not made a payment in the last 60 days, or when the repayments are 360 days past due regardless of whether the merchant has made a payment within the last 60 days. Bankrupt accounts are charged off within 60 days of receiving notification of bankruptcy. The provision for credit losses on merchant loans and advances is recognized in transaction and credit losses, and the provision for interest and fees receivable is recognized as a reduction of deferred revenue in accrued expenses and other current liabilities on our consolidated balance sheets. Charge-offs that are recovered are recorded as a reduction to our allowance for loans and interest receivable.

Troubled debt restructurings

In instances where a merchant is able to demonstrate that it is experiencing financial difficulty, there may be a modification of the loan or advance and the related interest or fee receivable for which it is probable that, without modification, we will be unable to collect all amounts due. These modifications are intended to provide merchants with financial relief, and help enable us to mitigate losses.

These modifications include an increase in term by approximately 1 to 5.5 years while moving the delinquency status to current. The fee on certain of these loans or advances remains unchanged over the extended term. Alternatively, certain loans and advances have been modified to replace the initial fixed fee structure at the time the loan or advance was extended with a fixed annual percentage rate applied over the amended remaining term, which will continue to accrue interest at the fixed rate until the earlier of maturity or charge-off. These modifications had a de minimis impact on our consolidated statements of income in the years ended December 31, 2021 and 2020.

Allowances for TDRs are assessed separately from other loans and advances within our portfolio and are determined by estimating current expected credit losses utilizing the modified term and interest rate assumptions. Historical loss estimates are utilized in addition to macroeconomic assumptions to determine expected credit loss rates. Further, we may include qualitative adjustments that incorporate incremental information not captured in the quantitative estimates of our current expected credit losses.

The following tables show the merchant loans and interest receivables which have been modified as TDRs in the years ended December 31, 2021 and 2020:

	Year Ended December 31, 2021		
	Number of Accounts (in thousands)	Outstanding Balances[1] (in millions)	Weighted Average Payment Term Extensions (in months)
Loans and interest receivable	3	$ 45	36

	Year Ended December 31, 2020		
	Number of Accounts (in thousands)	Outstanding Balances[1] (in millions)	Weighted Average Payment Term Extensions (in months)
Loans and interest receivable	13	$ 354	37

[1] Balances are as of modification date.

A merchant is considered in payment default after a modification when the merchant's payment is 60 days past their expected or contractual repayment date. For loans that have defaulted after being modified, the increased estimate of current expected credit loss is factored into overall expected credit losses. In the years ended December 31, 2021 and 2020, the amount of merchant loans and interest receivables classified as TDRs that have subsequently defaulted on payments was de minimis.

NOTE 12—DEBT

FIXED RATE NOTES

On May 18, 2020, we issued fixed rate notes with varying maturity dates for an aggregate principal amount of $4.0 billion. Interest on these notes is payable on June 1 and December 1 of each year, beginning on December 1, 2020.

On September 26, 2019, we issued fixed rate notes with varying maturity dates for an aggregate principal amount of $5.0 billion. Interest on these notes is payable in arrears semiannually (payable March 26 and September 26 for the notes due in 2022 and payable April 1 and October 1 for the remaining notes).

The notes issued from the May 2020 and September 2019 debt issuances are senior unsecured obligations and are collectively referred to as the "Notes." We may redeem these Notes in whole, at any time, or in part, from time to time, prior to maturity, at their redemption prices. Upon the occurrence of both a change of control of the Company and a downgrade of the Notes below an investment grade rating, we will be required to offer to repurchase each series of Notes at a price equal to 101% of the then outstanding principal amounts, plus accrued and unpaid interest. The Notes are subject to covenants, including limitations on our ability to create liens on our assets, enter into sale and leaseback transactions, and merge or consolidate with another entity, in each case subject to certain exceptions, limitations, and qualifications. Proceeds from the issuance of these Notes may be used for general corporate purposes, which may include funding the repayment or redemption of outstanding debt, share repurchases, ongoing operations, capital expenditures, and possible acquisitions of businesses, assets, or strategic investments.

As of both December 31, 2021 and 2020, we had an outstanding aggregate principal amount of $9.0 billion related to the Notes. The following table summarizes the Notes:

	Maturities	Effective Interest Rate	As of December 31, 2021	As of December 31, 2020
			(in millions)	
September 2019 debt issuance of $5.0 billion:				
Fixed-rate 2.200% notes	9/26/2022	2.39%	$ 1,000	$ 1,000
Fixed-rate 2.400% notes	10/1/2024	2.52%	1,250	1,250
Fixed-rate 2.650% notes	10/1/2026	2.78%	1,250	1,250
Fixed-rate 2.850% notes	10/1/2029	2.96%	1,500	1,500
May 2020 debt issuance of $4.0 billion:				
Fixed-rate 1.350% notes	6/1/2023	1.55%	1,000	1,000
Fixed-rate 1.650% notes	6/1/2025	1.78%	1,000	1,000
Fixed-rate 2.300% notes	6/1/2030	2.39%	1,000	1,000
Fixed-rate 3.250% notes	6/1/2050	3.33%	1,000	1,000
Total term debt			$ 9,000	$ 9,000
Unamortized premium (discount) and issuance costs, net			(50)	(61)
Less: current portion of long-term debt[1]			(999)	—
Total carrying amount of long-term debt			$ 7,951	$ 8,939

[1] The current portion of long-term debt is included within accrued expenses and other current liabilities on our consolidated balance sheets.

The effective interest rates for the Notes include interest on the Notes, amortization of debt issuance costs, and amortization of the debt discount. The interest expense recorded for the Notes, including amortization of the debt discount and debt issuance costs, was $224 million, $190 million, and $35 million for the years ended December 31, 2021, 2020, and 2019, respectively.

CREDIT FACILITIES

Five-year revolving credit facility

In September 2019, we entered into a credit agreement (the "Credit Agreement") that provides for an unsecured $5.0 billion, five-year revolving credit facility that includes a $150 million letter of credit sub-facility and a $500 million swingline sub-facility, with available borrowings under the revolving credit facility reduced by the amount of any letters of credit and swingline borrowings outstanding from time to time. Loans borrowed under the Credit Agreement are available in U.S. dollar, Euro, British Pound, Canadian dollar, and Australian dollar, and in each case subject to the sub-limits and other limitations provided in the Credit Agreement. We may also, subject to the agreement of the applicable lenders and satisfaction of specified conditions, increase the commitments under the revolving credit facility by up to $2.0 billion. Subject to specific conditions, we may designate one or more of our subsidiaries as additional borrowers under the Credit Agreement, provided PayPal Holdings, Inc. guarantees the portion of borrowings made available and other obligations of any such subsidiaries under the Credit Agreement. As of December 31, 2021, certain subsidiaries were designated as additional borrowers. Funds borrowed under the Credit Agreement may be used for working capital, capital expenditures, acquisitions, and other purposes not in contravention with the Credit Agreement.

We are obligated to pay interest on loans under the Credit Agreement and other customary fees for a credit facility of this size and type, including an upfront fee and an unused commitment fee based on our debt rating. Loans under the Credit Agreement bear interest at either (i) the applicable eurocurrency rate plus a margin (based on our public debt ratings) ranging from 0.875 percent to 1.375 percent, (ii) the applicable overnight rate plus a margin (based on our public debt ratings) ranging from 0.875 percent to 1.375 percent, (iii) a formula based on the prime rate, the federal funds effective rate, or LIBOR plus a margin (based on our public debt ratings) ranging from zero to 0.375 percent, or (iv) a formula based on the Euro Short-Term Rate ("ESTR") or the Sterling Overnight Index Average ("SONIA") rate plus a margin (based on our public debt ratings) ranging from 0.875 to 1.375 percent. In January 2022, an amendment to the agreement was signed which provides for the additional borrowing rate option of utilizing SONIA or ESTR rates. The Credit Agreement will terminate and all amounts owed thereunder will be due and payable in September 2024, unless the commitments are terminated earlier. The Credit Agreement contains customary representations, warranties, affirmative and negative covenants, including a financial covenant, events of default, and indemnification provisions in favor of the lenders. The negative covenants include restrictions regarding the incurrence of liens and the incurrence of subsidiary indebtedness, in each case subject to certain exceptions. The financial covenant requires us to meet a quarterly financial test with respect to a maximum consolidated leverage ratio.

In March 2020, we drew down $3.0 billion under the Credit Agreement. In May 2020, we repaid the $3.0 billion using proceeds from the May 2020 debt issuance. As of December 31, 2021, no borrowings or letters of credit were outstanding under the Credit Agreement. Accordingly, at December 31, 2021, $5.0 billion of borrowing capacity was available for the purposes permitted by the Credit Agreement, subject to customary conditions to borrowing. The total interest expense and fees we recorded related to the Credit Agreement was approximately $16 million for the year ended December 31, 2020.

364-day revolving credit facility

In September 2019, we entered into a 364-Day credit agreement that provided for an unsecured $1.0 billion 364-Day revolving credit facility, which terminated in September 2020.

Amended credit agreement

In the fourth quarter of 2018, we entered into an amended credit agreement ("Amended Credit Agreement"), which amended and restated in its entirety the previous agreement entered into in 2017. The Amended Credit Agreement provided for an unsecured $5.0 billion, 364-day delayed-draw term loan credit facility, which was available in up to four separate borrowings until April 6, 2019. As of December 31, 2018, $2.0 billion was outstanding under the Amended Credit Agreement. On April 5, 2019, the Company drew down an additional $500 million under the Amended Credit Agreement. On September 26, 2019, the Amended Credit Agreement was terminated and we repaid $2.5 billion of borrowings outstanding under that agreement. The total interest expense and fees we recorded related to the Amended Credit Agreement was $69 million for the year ended December 31, 2019.

Paidy revolving credit facility

In October 2021, we assumed a credit agreement through our acquisition of Paidy (the "Paidy Credit Agreement"). The Paidy Credit Agreement provides for a secured revolving credit facility of approximately $198 million. Borrowings under the Paidy Credit Agreement must be used to fund the origination of loan receivables. We are obligated to pay interest on loans under the Paidy Credit Agreement. Loans under the Paidy Credit Agreement bear interest at JPY LIBOR plus a margin of either 2.00 percent or 4.25 percent (based on the loan receivable). The Paidy Credit Agreement will terminate and all amounts owed thereunder will be due and payable in October 2024, unless the commitments are terminated earlier. The Paidy Credit Agreement contains representations, warranties, affirmative and negative covenants, which require us to meet a quarterly financial test with respect to certain liquidity measures and a maximum leverage ratio. As of December 31, 2021, approximately $98 million was outstanding under the Paidy Credit Agreement, which was recorded in long-term debt on our consolidated balance sheet. Accordingly, at December 31, 2021, approximately $100 million of borrowing capacity was available for the purposes permitted by the Paidy Credit Agreement, subject to customary conditions to borrowing. The total interest expense and fees we recorded related to the Paidy Credit Agreement were de minimis for the year ended December 31, 2021.

Other available facilities

We also maintain uncommitted credit facilities in various regions throughout the world, which had a borrowing capacity of approximately $90 million and $30 million in the aggregate, as of December 31, 2021 and 2020, respectively. This available credit includes facilities where we can withdraw and utilize the funds at our discretion for general corporate purposes. Interest rate terms for these facilities vary by region and reflect prevailing market rates for companies with strong credit ratings. As of December 31, 2021, the majority of the borrowing capacity under these credit facilities was available, subject to customary conditions to borrowing.

FUTURE PRINCIPAL PAYMENTS

As of December 31, 2021, the future principal payments associated with our term debt were as follows (in millions):

2022	$	1,000
2023		1,000
2024		1,250
2025		1,000
2026		1,250
Thereafter		3,500
Total	$	9,000

NOTE 13—COMMITMENTS AND CONTINGENCIES

COMMITMENTS

As of December 31, 2021 and 2020, approximately $4.1 billion and $3.0 billion, respectively, of unused credit was available to PayPal Credit account holders. Substantially all of our PayPal Credit account holders with unused credit are in the U.K. While this amount represents the total unused credit available, we have not experienced, and do not anticipate, that all of our PayPal Credit account holders will access their entire available credit at any given point in time. In addition, the individual lines of credit that make up this unused credit are subject to periodic review and termination based on, among other things, account usage and customer creditworthiness.

LITIGATION AND REGULATORY MATTERS

Overview

We are involved in legal and regulatory proceedings on an ongoing basis. Many of these proceedings are in early stages and may seek an indeterminate amount of damages or penalties or may require us to change or adopt certain business practices. If we believe that a loss arising from such matters is probable and can be reasonably estimated, we accrue the estimated liability in our financial statements at that time. If only a range of estimated losses can be determined, we accrue an amount within the range that, in our judgment, reflects the most likely outcome; if none of the estimates within that range is a better estimate than any other amount, we accrue the low end of the range. For those proceedings in which an unfavorable outcome is reasonably possible but not probable, we have disclosed an estimate of the reasonably possible loss or range of losses or we have concluded that an estimate of the reasonably possible loss or range of losses arising directly from the proceeding (i.e., monetary damages or amounts paid in judgment or settlement) are not material. If we cannot estimate the probable or reasonably possible loss or range of losses arising from a legal proceeding, we have disclosed that fact. In assessing the materiality of a legal proceeding, we evaluate, among other factors, the amount of monetary damages claimed, as well as the potential impact of non-monetary remedies sought by plaintiffs (e.g., injunctive relief) that may require us to change our business practices in a manner that could have a material adverse impact on our business. With respect to the matters disclosed in this Note 13, we are unable to estimate the possible loss or range of losses that could potentially result from the application of such non-monetary remedies.

Amounts accrued for legal and regulatory proceedings for which we believe a loss is probable and reasonably estimable were not material for the year ended December 31, 2021. Except as otherwise noted for the proceedings described in this Note 13, we have concluded, based on currently available information, that reasonably possible losses arising directly from the proceedings (i.e., monetary damages or amounts paid in judgment or settlement) in excess of our recorded accruals are also not material. Determining legal reserves or possible losses from such matters involves judgment and may not reflect the full range of uncertainties and unpredictable outcomes. We may be exposed to losses in excess of the amount recorded, and such amounts could be material. If any of our estimates and assumptions change or prove to have been incorrect, it could have a material adverse effect on our business, financial position, results of operations, or cash flows.

Regulatory proceedings

We are required to comply with U.S. economic and trade sanctions administered by the U.S. Department of the Treasury's Office of Foreign Assets Control ("OFAC"). In March 2015, we reached a settlement with OFAC regarding possible violations arising from our sanctions compliance practices between 2009 and 2013, prior to the implementation of our real-time transaction scanning program. Subsequently, we have self-reported additional transactions that were inadvertently processed but subsequently identified as possible violations, and we have received new subpoenas from OFAC seeking additional information about certain of these transactions. Such self-reported transactions could result in claims or actions against us, including litigation, injunctions, damage awards, fines or penalties, or require us to change our business practices in a manner that could result in a material loss, require significant management time, result in the diversion of significant operational resources, or otherwise harm our business.

PayPal Australia Pty Limited ("PPAU") self-reported a potential violation to the Australian Transaction Reports and Analysis Centre ("AUSTRAC") on May 22, 2019. This self-reported matter relates to PPAU incorrectly filing required international funds transfer instructions ("IFTIs") over a period of time under the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 ("AML/CTF Act"). On September 23, 2019, PPAU received a notice from AUSTRAC requiring that PPAU appoint an external auditor (a partner of a firm which is not our independent auditor) to review certain aspects of PPAU's compliance with its obligations under the AML/CTF Act. The external auditor was appointed on November 1, 2019. As required under the terms of AUSTRAC's notice, as amended, PPAU issued to AUSTRAC the external auditor's interim reports on December 31, 2019, March 13, 2020, May 6, 2020 and July 7, 2020 and a final report on August 31, 2020.

AUSTRAC has notified PPAU that its enforcement team is investigating the matters reported upon by the external auditor in its August 31, 2020 final report. AUSTRAC continues to engage with PPAU regarding the transaction categories it considers reportable under the AML/CTF Act as IFTIs. PPAU is continuing to cooperate with AUSTRAC in all respects, including remediation activities, ongoing regular engagement with AUSTRAC, and responding to notices and requests for information and documents.

We cannot estimate the potential impact, if any, on our business or financial statements at this time. In the event an adverse outcome arises from any associated enforcement, proceeding, or other further matter initiated by AUSTRAC, including in relation to AUSTRAC's determination of reportable IFTIs, then this could result in enforceable undertakings, injunctions, damage awards, fines or penalties, or require us to change our business practices in a manner that could result in a material loss, require significant management time, result in the diversion of significant operational resources, or otherwise harm our business.

We have received Civil Investigative Demands ("CIDs") from the Consumer Financial Protection Bureau ("CFPB") related to Venmo's unauthorized funds transfers and collections processes, and related matters. The CIDs request the production of documents and answers to written questions. We are cooperating with the CFPB in connection with these CIDs.

We have received a CID from the CFPB related to the marketing and use of PayPal Credit in connection with certain merchants that provide educational services (the "CFPB PayPal Credit Matter"). The CID requests the production of documents, written reports, and answers to written questions. We are cooperating with the CFPB in connection with this CID.

We are responding to subpoenas and requests for information received from the U.S. Securities and Exchange Commission ("SEC") Enforcement Division relating to whether the interchange rates paid to the bank that issues debit cards bearing our licensed brands were consistent with Regulation II of the Board of Governors of the Federal Reserve System, and to the reporting of marketing fees earned from the PayPal-branded card programs (the "SEC Debit Card Program Matter"). We are cooperating with the SEC Enforcement Division in connection with this investigation.

Legal proceedings

On August 20, 2021, a putative securities class action captioned Kang v. PayPal Holdings, Inc., et al., Case No. 21-cv-06468, was filed in the U.S. District Court for the Northern District of California (the "Securities Action"). The Securities Action asserts claims relating to our disclosure of the CFPB PayPal Credit Matter and the SEC Debit Card Program Matter in our Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2021. The Securities Action purports to be brought on behalf of purchasers of the Company's stock between February 9, 2017 and July 28, 2021 (the "Class Period"), and asserts claims for violations of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 against the Company, its Chief Executive Officer, and Chief Financial Officer. The complaint alleges that certain public statements made by the Company during the Class Period were rendered materially false and misleading (which, allegedly, caused the Company's stock to trade at artificially inflated prices) by the defendants' failure to disclose that, among other things, PayPal's business practices with respect to PayPal Credit and regarding interchange rates paid to its bank partner related to its bank-issued co-branded debit cards were non-compliant with applicable laws and/or regulations. The Securities Action seeks unspecified compensatory damages on behalf of the putative class members. On November 2, 2021, the court appointed a Lead Plaintiff, and on January 25, 2022, the Lead Plaintiff filed an amended complaint. The amended complaint alleges a class period between April 27, 2016 and July 28, 2021 (the "Amended Class Period"), and in addition to the Company, its Chief Executive Officer, and Chief Financial Officer, also names other Company executives as defendants. The amended complaint alleges that various statements made by the defendants during the Amended Class Period were rendered materially false and misleading, in violation of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934, by PayPal's alleged violations of the 2015 Consent Order with the CFPB, federal consumer financial laws, and Regulation II. Defendants' motion to dismiss the amended complaint is due on March 28, 2022.

On December 16, 2021 and January 19, 2022, two related putative shareholder derivative actions captioned Pang v. Daniel Schulman, et al., Case No. 21-cv-09720, and Lalor v. Daniel Schulman, et al., Case No. 22-cv-00370, respectively, were filed in the U.S. District Court for the Northern District of California (the "Derivative Actions"), purportedly on behalf of the Company. The Derivative Actions are based on the same alleged facts and circumstances as the Securities Action, and name certain of our officers, including our Chief Executive Officer and Chief Financial Officer, and members of our Board of Directors, as defendants. The Derivative Actions allege claims for breach of fiduciary duty, unjust enrichment, abuse of control, gross mismanagement, waste of corporate assets, and violations of the Securities Exchange Act of 1934, and seek to recover damages on behalf of the Company. On February 1, 2022, the court entered an order consolidating the Derivative Actions and staying them until all motions to dismiss in the Securities Action are resolved.

General matters

Other third parties have from time to time claimed, and others may claim in the future, that we have infringed their intellectual property rights. We are subject to patent disputes and expect that we will increasingly be subject to additional patent infringement claims involving various aspects of our business as our products and services continue to expand in scope and complexity. Such claims may be brought directly or indirectly against our companies and/or against our customers (who may be entitled to contractual indemnification under their contracts with us), and we are subject to increased exposure to such claims as a result of our acquisitions, particularly in cases where we are introducing new products or services in connection with such acquisitions. We have in the past been forced to litigate such claims, and we believe that additional lawsuits alleging such claims will be filed against us. Intellectual property claims, whether meritorious or not, are time-consuming and costly to defend and resolve, could require expensive changes in our methods of doing business, or could require us to enter into costly royalty or licensing agreements on unfavorable terms or make substantial payments to settle claims or to satisfy damages awarded by courts.

From time to time, we are involved in other disputes or regulatory inquiries that arise in the ordinary course of business, including suits by our customers (individually or as class actions) alleging, among other things, improper disclosure of our prices, rules, or policies, that our practices, prices, rules, policies, or customer/user agreements violate applicable law, or that we have acted unfairly and/or not acted in conformity with such prices, rules, policies, or agreements. In addition to these types of disputes and regulatory inquiries, our operations are also subject to regulatory and/or legal review and/or challenges that may reflect the increasing global regulatory focus to which the payments industry is subject and, when taken as a whole with other regulatory and legislative action, such actions could result in the imposition of costly new compliance burdens on our business and customers and may lead to increased costs and decreased transaction volume and revenue. Further, the number and significance of these disputes and inquiries are increasing as our business has grown and expanded in scale and scope, including the number of active accounts and payments transactions on our platform, the range and increasing complexity of the products and services that we offer, and our geographical operations. Any claims or regulatory actions against us, whether meritorious or not, could be time consuming, result in costly litigation, settlement payments, damage awards (including statutory damages for certain causes of action in certain jurisdictions), fines, penalties, injunctive relief, or increased costs of doing business through adverse judgment or settlement, require us to change our business practices in expensive ways, require significant amounts of management time, result in the diversion of significant operational resources, or otherwise harm our business.

INDEMNIFICATION PROVISIONS

Our agreements with eBay governing our separation from eBay provide for specific indemnity and liability obligations for both eBay and us. Disputes between eBay and us have arisen and others may arise in the future, and an adverse outcome in such matters could materially and adversely impact our business, results of operations, and financial condition. In addition, the indemnity rights we have against eBay under the agreements may not be sufficient to protect us, and our indemnity obligations to eBay may be significant.

In the ordinary course of business, we include indemnification provisions in certain of our agreements with parties with whom we have commercial relationships. Under these contracts, we generally indemnify, hold harmless, and agree to reimburse the indemnified party for losses suffered or incurred by the indemnified party in connection with claims by any third party with respect to our domain names, trademarks, logos, and other branding elements to the extent that such marks are related to the subject agreement. We have provided an indemnity for other types of third-party claims, which are indemnities related primarily to intellectual property rights, confidentiality, willful misconduct, data privacy obligations, and certain breach of contract claims. We have also provided an indemnity to our payments processors in the event of card association fines against the processor arising out of conduct by us or our customers. It is not possible to determine the maximum potential loss under these indemnification provisions due to our limited history of prior indemnification claims and the unique facts and circumstances involved in each particular situation.

PayPal has participated in the U.S. Government's Paycheck Protection Program administered by the U.S. Small Business Administration. Loans made under this program are funded by an independent chartered financial institution that we partner with. We receive a fee for providing services in connection with these loans and retain operational risk related to those activities. We have agreed, under certain circumstances, to indemnify the chartered financial institution and its assignee of a portion of these loans in connection with the services provided for loans made under this program.

To date, no significant costs have been incurred, either individually or collectively, in connection with our indemnification provisions.

OFF-BALANCE SHEET ARRANGEMENTS

As of December 31, 2021 and 2020, we had no off-balance sheet arrangements that have, or are reasonably likely to have, a current or future material effect on our consolidated financial condition, results of operations, liquidity, capital expenditures, or capital resources.

PROTECTION PROGRAMS

We provide merchants and consumers with protection programs for certain transactions completed on our payments platform. These programs are intended to protect both merchants and consumers from loss primarily due to fraud and counterparty performance. Our buyer protection program provides protection to consumers for qualifying purchases by reimbursing the consumer for the full amount of the purchase if a purchased item does not arrive or does not match the seller's description. Our seller protection programs provide protection to merchants against claims that a transaction was not authorized by the buyer or claims that an item was not received by covering the seller for the full amount of the payment on eligible sales. Additionally, in some instances we provide protection for cryptocurrencies held in PayPal accounts in case of loss directly resulting from service provider insolvency or in the event the service provider's private keys are compromised. These protection programs are considered assurance-type warranties under applicable accounting standards for which we estimate and record associated costs in transaction and credit losses during the period the payment transaction is completed.

At December 31, 2021 and 2020, the allowance for transaction losses was $121 million and $144 million, respectively. The allowance for negative customer balances was $234 million and $270 million at December 31, 2021 and 2020, respectively. The following table shows changes in the allowance for transaction losses and negative customer balances related to our protection programs for the years ended December 31, 2021 and 2020:

	As of December 31,	
	2021	2020
	(In millions)	
Beginning balance	$ 414	$ 399
Provision	1,153	1,135
Realized losses	(1,331)	(1,208)
Recoveries	119	88
Ending balance	$ 355	$ 414

NOTE 14—STOCK REPURCHASE PROGRAMS

In April 2017, our Board of Directors authorized a stock repurchase program that provided for the repurchase of up to $5 billion of our common stock, with no expiration from the date of authorization. In July 2018, our Board of Directors authorized an additional stock repurchase program that provides for the repurchase of up to $10 billion of our common stock, with no expiration from the date of authorization. This program became effective in the first quarter of 2020 upon completion of the April 2017 stock repurchase program. Our stock repurchase programs are intended to offset the impact of dilution from our equity compensation programs and, subject to market conditions and other factors, may also be used to make opportunistic repurchases of our common stock to reduce outstanding share count. Any share repurchases under our stock repurchase programs may be made through open market transactions, block trades, privately negotiated transactions, including accelerated share repurchase agreements, or other means at times and in such amounts as management deems appropriate and will be funded from our working capital or other financing alternatives. Moreover, any stock repurchases are subject to market conditions and other uncertainties, and we cannot predict if or when any stock repurchases will be made. We may terminate our stock repurchase programs at any time without prior notice.

During the year ended December 31, 2021, we repurchased approximately 15 million shares of our common stock for approximately $3.4 billion at an average cost of $219.75. These shares were purchased in the open market under our stock repurchase program authorized in July 2018. As of December 31, 2021, a total of approximately $5.1 billion remained available for future repurchases of our common stock under our July 2018 stock repurchase program.

During the year ended December 31, 2020, we repurchased approximately 12 million shares of our common stock for approximately $1.6 billion at an average cost of $136.19. These shares were purchased in the open market under our stock repurchase programs authorized in April 2017 and July 2018. As of December 31, 2020, a total of approximately $8.4 billion remained available for future repurchases of our common stock under our July 2018 stock repurchase program.

During the year ended December 31, 2019, we repurchased approximately 14 million shares of our common stock for approximately $1.4 billion at an average cost of $101.11, including approximately $656 million in the open market and approximately $750 million pursuant to an accelerated share repurchase agreement under our April 2017 stock repurchase program.

Shares of common stock repurchased for the periods presented were recorded as treasury stock for the purposes of calculating earnings per share and were accounted for under the cost method. No repurchased shares of common stock have been retired.

NOTE 15—STOCK-BASED AND EMPLOYEE SAVINGS PLANS

EQUITY INCENTIVE PLAN

Under the terms of the Amended and Restated PayPal Holdings, Inc. 2015 Equity Incentive Award Plan (the "Plan"), equity awards, including stock options, restricted stock units ("RSUs"), restricted stock awards, performance based restricted stock units ("PBRSUs"), deferred stock units, and stock payments, may be granted to our directors, officers, and employees. At December 31, 2021, 57 million shares were authorized under the Plan and 41 million shares were available for future grant. Shares issued as a result of stock option exercises and the release of stock awards were funded primarily with the issuance of new shares of common stock.

All stock options granted under the Plan generally vest 12.5% six months from the date of grant or 25% one year from the date of grant with the remainder vesting at a rate of 2.08% per month thereafter, and generally expire seven years from the date of grant. The cost of stock options is determined using the Black-Scholes option pricing model on the date of grant. We discontinued granting stock options in January 2016.

RSUs are granted to eligible employees under the Plan. RSUs generally vest in equal annual installments over a period of three years, are subject to an employee's continuing service to us, and do not have an expiration date. The cost of RSUs granted is determined using the fair market value of PayPal's common stock on the date of grant.

Certain of our executives and non-executives are eligible to receive PBRSUs, which are equity awards that may be earned based on an initial target number. The final number of PBRSUs may vest and settle depending on the Company's performance against pre-established performance metrics over a predefined performance period. PBRSUs granted under the Plan generally have one to three-year performance periods with cliff vesting following the completion of the performance period, subject to the Compensation Committee's approval of the level of achievement against the pre-established performance targets. Over the performance period, the number of PBRSUs that may be issued and related stock-based compensation expense that is recognized is adjusted upward or downward based upon the probability of achieving the approved performance targets against the performance metrics. Depending on the probability of achieving the pre-established performance targets, the number of PBRSUs issued could range from 0% to 200% of the target amount.

EMPLOYEE STOCK PURCHASE PLAN

Under the terms of the Employee Stock Purchase Plan ("ESPP"), shares of our common stock may be purchased over an offering period with a maximum duration of two years at 85% of the lower of the fair market value on the first day of the applicable offering period or on the last business day of each six-month purchase period within the offering period. Employees may contribute between 2% and 10% of their gross compensation during an offering period to purchase shares, but not more than the statutory limitation of $25,000 per year. All company stock purchased through the ESPP is considered outstanding and is included in the weighted-average outstanding shares for purposes of computing basic and diluted earnings per share. For the years ended December 31, 2021, 2020, and 2019, our employees purchased 1.4 million, 1.7 million, and 1.8 million shares under the ESPP at an average per share price of $114.36, $80.36, and $66.36, respectively. As of December 31, 2021, approximately 48 million shares were reserved for future issuance under the ESPP.

STOCK OPTION ACTIVITY

The following table summarizes stock option activity of our employees under the Plan for the year ended December 31, 2021:

	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value
	(In thousands, except per share amounts and years)			
Outstanding at January 1, 2021	591	$ 14.37		
Assumed	86	$ 18.70		
Exercised	(329)	$ 12.46		
Forfeited/expired/canceled	(9)	$ 5.65		
Outstanding at December 31, 2021	339	$ 17.55	4.58	$ 58,496
Expected to vest	89	$ 12.76	7.34	$ 15,769
Options exercisable	242	$ 19.31	3.46	$ 41,372

The weighted average grant date fair value of options assumed from acquisitions during the years ended December 31, 2021 and 2020 was $237.26 and $108.61, respectively. No options were granted or assumed in 2019. The aggregate intrinsic value was calculated as the difference between the exercise price of the underlying options and the quoted price of our common stock at December 31, 2021. During the years ended December 31, 2021, 2020, and 2019, the aggregate intrinsic value of options exercised under the Plan was $81 million, $66 million, and $51 million, respectively, determined as of the date of option exercise. At December 31, 2021, all outstanding options were in-the-money.

RSU, PBRSU, AND RESTRICTED STOCK ACTIVITY

The following table summarizes RSU, PBRSU, and restricted stock activity under the Plan as of December 31, 2021 and changes during the year ended December 31, 2021:

	Units	Weighted Average Grant-Date Fair Value (per share)
	(In thousands, except per share amounts)	
Outstanding at January 1, 2021	23,164	$ 107.13
Awarded and assumed[1], [2]	9,266	$ 239.34
Vested[1]	(12,858)	$ 105.32
Forfeited	(2,038)	$ 155.60
Outstanding at December 31, 2021	17,534	$ 172.55
Expected to vest	15,918	

[1] Includes approximately 1.8 million of additional PBRSUs issued during 2021 due to the achievement of company performance metrics on awards granted in previous years.

[2] Includes approximately 0.6 million in RSUs assumed from acquisitions in 2021.

During the years ended December 31, 2021, 2020, and 2019, the aggregate intrinsic value of RSUs and PBRSUs vested under the Plan was $3.4 billion, $1.7 billion, and $1.6 billion, respectively.

In the year ended December 31, 2021, the Company granted 0.7 million PBRSUs with a one-year performance period (fiscal 2021), which will become fully vested following the completion of the performance period in February 2022 (one year from the annual incentive award cycle grant date), and 0.5 million PBRSUs with a three-year performance period.

In the year ended December 31, 2020, the Company granted 1.4 million PBRSUs with a one-year performance period (fiscal 2020), which became fully vested following the completion of the performance period in February 2021 (one year from the annual incentive award cycle grant date), and 0.7 million PBRSUs with a three-year performance period.

STOCK-BASED COMPENSATION EXPENSE

Stock-based compensation expense for the Plan is measured based on estimated fair value at the time of grant, and recognized over the award's vesting period.

The impact on our results of operations of recording stock-based compensation expense under the Plan for the years ended December 31, 2021, 2020, and 2019 was as follows:

	Year Ended December 31,		
	2021	2020	2019
	(In millions)		
Customer support and operations	$ 263	$ 250	$ 198
Sales and marketing	175	172	127
Technology and development	515	529	420
General and administrative	468	460	305
Total stock-based compensation expense	$ 1,421	$ 1,411	$ 1,050
Capitalized as part of internal use software and website development costs	$ 68	$ 48	$ 38
Income tax benefit recognized for stock-based compensation arrangements	$ 221	$ 226	$ 182

As of December 31, 2021, there was approximately $1.7 billion of unearned stock-based compensation estimated to be expensed primarily from 2022 through 2024. If there are any modifications or cancellations of the underlying unvested awards, we may be required to accelerate, increase, or cancel all or a portion of the remaining unearned stock-based compensation expense. Future unearned stock-based compensation will increase to the extent we grant additional equity awards, change the mix of equity awards we grant, or assume unvested equity awards in connection with acquisitions.

EMPLOYEE SAVINGS PLANS

Under the terms of the PayPal Holdings, Inc. Deferred Compensation Plan, which also qualifies under Section 401(k) of the Code, participating U.S. employees may contribute up to 50% of their eligible compensation, but not more than statutory limits. Under the PayPal plan, eligible employees received one dollar for each dollar contributed, up to 4% of each employee's eligible salary, subject to a maximum employer contribution per employee of $11,600 in both 2021 and 2020 and $11,200 in 2019. Our non-U.S. employees are covered by other savings plans. For the years ended December 31, 2021, 2020, and 2019, the matching contribution expense for our U.S. and international savings plans was approximately $81 million, $72 million, and $59 million, respectively.

NOTE 16—INCOME TAXES

The components of income before income taxes are as follows:

	Year Ended December 31,		
	2021	2020	2019
	(In millions)		
United States	$ 290	$ 1,504	$ 8
International	3,809	3,561	2,990
Income before income taxes	$ 4,099	$ 5,065	$ 2,998

The income tax (benefit) expense is composed of the following:

	Year Ended December 31,		
	2021	2020	2019
	(In millions)		
Current:			
Federal	$ 6	$ 310	$ 132
State and local	80	143	47
Foreign	326	245	629
Total current portion of income tax expense	$ 412	$ 698	$ 808
Deferred:			
Federal	$ (401)	$ 259	$ (107)
State and local	(45)	(32)	(39)
Foreign	(36)	(62)	(123)
Total deferred portion of income tax (benefit) expense	(482)	165	(269)
Income tax (benefit) expense	$ (70)	$ 863	$ 539

The following is a reconciliation of the difference between the effective income tax rate and the federal statutory rate:

	Year Ended December 31,		
	2021	2020	2019
Federal statutory rate	21.0 %	21.0 %	21.0 %
Domestic income taxed at different rates	(1.7)%	— %	— %
State taxes, net of federal benefit	0.9 %	2.2 %	0.3 %
Foreign income taxed at different rates	(13.4)%	(7.4)%	(5.0)%
Stock-based compensation expense	(7.3)%	(1.2)%	(3.9)%
Tax credits	(2.4)%	(2.0)%	(2.4)%
Change in valuation allowances	0.5 %	0.1 %	0.1 %
Intra-group transfer of intellectual property	0.7 %	4.1 %	7.6 %
Other	— %	0.2 %	0.3 %
Effective income tax rate	(1.7)%	17.0 %	18.0 %

For the year ended December 31, 2021, the difference between the effective income tax rate and the U.S. federal statutory rate of 21% to income before income taxes was primarily the result of foreign income taxed at different rates and stock-based compensation deductions. For the year ended December 31, 2020, the difference between the effective income tax rate and the U.S. federal statutory rate of 21% to income before income taxes was primarily the result of foreign income taxed at different rates, partially offset by tax expense related to the intra-group transfer of intellectual property. For the year ended December 31, 2019, the difference between the effective income tax rate and the federal statutory rate of 21% to income before income taxes was primarily the result of foreign income taxed at different rates and stock-based compensation deductions, partially offset by tax expense related to the intra-group transfer of intellectual property.

Deferred tax assets and liabilities are recognized for the future tax consequences of differences between the carrying amounts of assets and liabilities and their respective tax basis using enacted tax rates in effect for the year in which the differences are expected to reverse. Significant deferred tax assets and liabilities consist of the following:

	As of December 31,	
	2021	2020
	(In millions)	
Deferred tax assets:		
Net operating loss and credit carryforwards	$ 317	$ 201
Accruals, allowances, and prepaids	622	413
Lease liabilities	176	188
Partnership investment	5	6
Stock-based compensation	188	196
Net unrealized losses	23	4
Fixed assets and other intangibles	84	—
Total deferred tax assets	1,415	1,008
Valuation allowance	(274)	(166)
Net deferred tax assets	$ 1,141	$ 842
Deferred tax liabilities:		
Unremitted foreign earnings	$ (35)	$ (21)
Fixed assets and other intangibles	—	(70)
Acquired intangibles	(240)	(72)
ROU lease assets	(154)	(172)
Net unrealized gains	(351)	(440)
Total deferred tax liabilities	(780)	(775)
Net deferred tax assets	$ 361	$ 67

The following table shows the deferred tax assets and liabilities within our consolidated balance sheets:

		As of December 31,	
		2021	2020
	Balance Sheet Location	(In millions)	
Total deferred tax assets (non-current)	Other assets	$ 547	$ 142
Total deferred tax liabilities (non-current)	Deferred tax liability and other long-term liabilities	(186)	(75)
Total net deferred tax assets		$ 361	$ 67

As of December 31, 2021, our federal, state, and foreign net operating loss carryforwards for income tax purposes were approximately $9 million, $301 million, and $525 million, respectively. The federal and state net operating loss carryforwards are subject to various limitations under Section 382 of the Code. If not utilized, the federal net operating loss carryforwards will begin to expire in 2022, and the state net operating loss carryforwards will begin to expire in 2023. Approximately $119 million of the foreign net operating loss carryforwards will begin to expire in 2022, $136 million will begin to expire in 2024, $57 million will begin to expire in 2034, and $213 million has no expiration date and may be carried forward indefinitely. As of December 31, 2021, our federal and state tax credit carryforwards for income tax purposes were approximately $15 million and $332 million, respectively. If not utilized, the federal tax credits will begin to expire in 2029. Approximately $19 million of the state tax credits will begin to expire in 2022, $26 million will begin to expire in 2028, $8 million will begin to expire in 2037, and $279 million may be carried forward indefinitely.

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that all or some portion of the deferred tax assets will not be realized. We have elected the tax law ordering approach to assess the realizability of our net operating losses. During the years ended December 31, 2021 and 2019, we increased our valuation allowance by $108 million and $52 million, respectively, and during the year ended December 31, 2020, we decreased our valuation allowance by $18 million. At December 31, 2021, 2020, and 2019, we maintained a valuation allowance with respect to our net deferred tax assets in certain states, operating losses in certain state and foreign jurisdictions, and certain federal and state tax credits that we believe are not likely to be realized.

At December 31, 2021, none of our approximately $8.4 billion of unremitted foreign earnings are considered to be indefinitely reinvested. We have accrued $35 million of deferred U.S. state income and foreign withholding taxes on the $8.4 billion of undistributed foreign earnings.

We benefit from agreements concluded in certain jurisdictions, most significantly Singapore and, through 2019, Luxembourg. In December 2019, a new agreement was concluded in Singapore. The new agreement took effect January 1, 2021 and will be in effect from 2021 through 2030. In December 2019, the Luxembourg government passed legislation confirming that tax agreements granted before January 1, 2015 will no longer be binding after December 31, 2019. These agreements result in significantly lower rates of taxation on certain classes of income and require various thresholds of investment and employment in those jurisdictions. We review our compliance on an annual basis to ensure we continue to meet our obligations under these agreements. These agreements resulted in tax savings of approximately $327 million, $596 million, and $472 million in 2021, 2020, and 2019, respectively. The benefit of these agreements on our net income per share (diluted) was approximately $0.28, $0.50, and $0.40 in 2021, 2020, and 2019, respectively.

The following table reflects changes in unrecognized tax benefits for the periods presented below:

	Year Ended December 31,		
	2021	2020	2019
	(In millions)		
Gross amounts of unrecognized tax benefits as of the beginning of the period	$ 1,479	$ 1,141	$ 800
Increases related to prior period tax positions	172	92	97
Decreases related to prior period tax positions	(187)	(78)	(28)
Increases related to current period tax positions	232	360	336
Settlements	(15)	(34)	(63)
Statute of limitation expirations	(3)	(2)	(1)
Gross amounts of unrecognized tax benefits as of the end of the period	$ 1,678	$ 1,479	$ 1,141

If the remaining balance of unrecognized tax benefits were realized in a future period, it would result in a tax benefit of $1.2 billion.

For the years ended December 31, 2021, 2020, and 2019, we recognized net interest and penalties of $6 million, $40 million, and $63 million, respectively, related to uncertain tax positions in income tax expense. The amount of interest and penalties accrued as of December 31, 2021 and 2020 was approximately $212 million and $211 million, respectively.

We are subject to taxation in the U.S. and various state and foreign jurisdictions. We are currently under examination by certain tax authorities for the 2010 to 2020 tax years. The material jurisdictions in which we are subject to examination by tax authorities for tax years after 2009 primarily include the U.S. (Federal and California), Germany, India, Israel, and Singapore. During 2021, we settled income tax audits in various jurisdictions including Germany and India. We believe that adequate amounts have been reserved for any adjustments that may ultimately result from our open examinations.

Although the timing of the resolution of these audits is uncertain, we do not expect the total amount of unrecognized tax benefits as of December 31, 2021 will materially change in the next 12 months. However, given the number of years remaining subject to examination and the number of matters being examined, we are unable to estimate the full range of possible adjustments to the balance of gross unrecognized tax benefits.

In connection with our separation from eBay in 2015, we entered into various agreements that govern the relationship between the parties going forward, including a tax matters agreement. Under the tax matters agreement, eBay is generally responsible for all additional taxes (and will be entitled to all related refunds of taxes) imposed on eBay and its subsidiaries (including subsidiaries that were transferred to PayPal pursuant to the separation) arising after the separation date with respect to the taxable periods (or portions thereof) ended on or prior to July 17, 2015, except for those taxes for which PayPal has reflected an unrecognized tax benefit in its financial statements on the separation date.

NOTE 17—RESTRUCTURING AND OTHER CHARGES

In the first quarter of the year ended December 31, 2020, management approved a strategic reduction of the existing global workforce, which resulted in restructuring charges of $27 million and $109 million in 2021 and 2020, respectively. In the first quarter of the year ended December 31, 2019, management approved strategic reductions of the existing global workforce, which resulted in a restructuring charge of $78 million.

The approved strategic reduction in 2020 was part of a multiphase process to reorganize our workforce concurrently with the redesign of our operating structure, which spanned multiple quarters. We primarily incurred employee severance and benefits costs, as well as other associated consulting costs under the 2020 strategic reduction, substantially all of which have been accrued as of the second quarter of 2021.

The following table summarizes the restructuring reserve activity during the year ended December 31, 2021:

	Employee Severance and Benefits and Other Associated Costs
	(In millions)
Accrued liability as of January 1, 2021	$ 55
Charges	27
Payments	(77)
Accrued liability as of December 31, 2021	$ 5

Additionally, in 2021 and 2020, we incurred asset impairment charges of $26 million and $30 million, respectively, due to the exiting of certain leased properties which resulted in a reduction of certain ROU lease assets and related leasehold improvements. See “Note 6—Leases” for additional information.

The approved strategic reductions for 2019 were intended to better align our teams to support key business priorities and included the transfer of certain operational functions between geographies, as well as the impact of the transition servicing activities provided to Synchrony, which ended in the second quarter of 2019. We primarily incurred employee severance and benefits expenses under the 2019 strategic reductions, which were substantially completed by the end of the first quarter of 2020.

FINANCIAL STATEMENT SCHEDULE

The Financial Statement Schedule II—VALUATION AND QUALIFYING ACCOUNTS is filed as part of this Annual Report on Form 10-K.

	Balance at Beginning of Period	Charged/ (Credited) to Net Income	Charged to Other Accounts[2]	Charges Utilized/ (Write-offs)	Balance at End of Period
			(In millions)		
Allowance for Transaction Losses and Negative Customer Balances					
Year Ended December 31, 2019	$ 344	$ 1,092	$ —	$ (1,037)	$ 399
Year Ended December 31, 2020	$ 399	$ 1,135	$ —	$ (1,120)	$ 414
Year Ended December 31, 2021	$ 414	$ 1,153	$ —	$ (1,212)	$ 355
Allowance for Loans and Interest Receivable					
Year Ended December 31, 2019[1]	$ 172	$ 325	$ —	$ (239)	$ 258
Year Ended December 31, 2020	$ 258	$ 689	$ 210	$ (319)	$ 838
Year Ended December 31, 2021	$ 838	$ (104)	$ —	$ (243)	$ 491

[1] Allowance for loans and interest receivable for the year end December 31, 2019 was based on accounting guidance which was superseded by the adoption of the Accounting Standards Update 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* ("CECL"), effective January 1, 2020.
[2] The amount is related to the impact of the adjustment recorded for adoption of CECL.

Exhibit Index

Exhibit Number	Exhibit Description	Filed with this Form 10-K	Incorporated by Reference	
			Form	Date Filed
2.01	Separation and Distribution Agreement by and between eBay Inc. and PayPal Holdings, Inc.		10-12B/A	6/26/2015
2.02	Purchase and Sale Agreement, dated as of November 10, 2017, by and between Synchrony Bank and Bill Me Later, Inc.		8-K	11/16/2017
2.03	Purchase and Sale Agreement, dated as of November 10, 2017, by and between Synchrony Bank and PayPal (Europe) S.à r.l. et Cie. S.C.A.		8-K	11/16/2017
2.04	Amendment No. 1 to the Purchase and Sale Agreement, dated as of April 12, 2018, by and between Synchrony Bank and Bill Me Later, Inc.		10-Q	7/26/2018
2.05	Amendment No. 1 to the Purchase and Sale Agreement, dated as of April 12, 2018, by and between Synchrony Bank and PayPal (Europe) S.à r.l. et Cie. S.C.A.		10-Q	7/26/2018
3.01	PayPal Holdings, Inc. Restated Certificate of Incorporation		10-Q	7/27/2017
3.02	PayPal Holdings, Inc. Amended and Restated Bylaws effective January 17, 2019		8-K	1/18/2019
4.01	Description of Securities		10-K	2/6/2020
4.02	Indenture, dated as of September 26, 2019, by and between PayPal Holdings, Inc. and Wells Fargo Bank, National Association, as Trustee		8-K	9/26/2019
4.03	Officer's Certificate, dated as of September 26, 2019, pursuant to the Indenture, dated as of September 26, 2019, by and between PayPal Holdings, Inc. and Wells Fargo Bank, National Association, as Trustee		8-K	9/26/2019
4.04	Form of 2022 Note (included in Exhibit 4.03)		8-K	9/26/2019
4.05	Form of 2024 Note (included in Exhibit 4.03)		8-K	9/26/2019
4.06	Form of 2026 Note (included in Exhibit 4.03)		8-K	9/26/2019
4.07	Form of 2029 Note (included in Exhibit 4.03)		8-K	9/26/2019
4.08	Officer's Certificate, dated as of May 18, 2020, pursuant to the Indenture, dated as of September 26, 2019, by and between PayPal Holdings, Inc. and Wells Fargo Bank, National Association, as Trustee		8-K	5/18/2020
4.09	Form of 2023 Note (included in Exhibit 4.08)		8-K	5/18/2020
4.10	Form of 2025 Note (included in Exhibit 4.08)		8-K	5/18/2020
4.11	Form of 2030 Note (included in Exhibit 4.08)		8-K	5/18/2020
4.12	Form of 2050 Note (included in Exhibit 4.08)		8-K	5/18/2020
10.01	Tax Matters Agreement by and between eBay Inc. and PayPal Holdings, Inc. dated July 17, 2015		8-K	7/20/2015
10.02	Credit Agreement, dated as of September 11, 2019, among PayPal Holdings, Inc., the Designated Borrowers party thereto, the Lenders party thereto and JPMorgan Chase Bank, N.A., J.P. Morgan Securities Australia Limited, JPMorgan Chase Bank, N.A., Toronto Branch, and J.P. Morgan Europe Limited, as the Administrative Agents		8-K	9/12/2019
10.03	364-Day Credit Agreement, dated as of September 11, 2019, among PayPal Holdings, Inc., the Lenders party thereto and JPMorgan Chase Bank, N.A., as Administrative Agent		8-K	9/12/2019
10.04+	PayPal Employee Incentive Plan, as amended and restated.		DEF 14A	4/14/2016
10.05+	PayPal Holdings, Inc. Amended and Restated 2015 Equity Incentive Award Plan		8-K	5/25/2018

Exhibit Number	Exhibit Description	Filed with this Form 10-K	Incorporated by Reference	
			Form	Date Filed
10.06+	PayPal Holdings, Inc. Amended and Restated Deferred Compensation Plan effective November 6, 2018		10-K	2/7/2019
10.07+	PayPal Holdings, Inc. Executive Change in Control and Severance Plan, as amended and restated, effective as of September 27, 2021		10-Q	11/9/2021
10.08+	Form of Indemnity Agreement between PayPal Holdings, Inc. and individual directors and officers		10-12B/A	5/14/2015
10.09+	Form of Global Restricted Stock Unit Award Grant Notice and Restricted Stock Unit Award Agreement under the PayPal Holdings, Inc. 2015 Equity Incentive Award Plan		10-12B/A	5/14/2015
10.10+	Form of Global Performance Based Restricted Stock Unit Award Grant Notice and Performance Based Restricted Stock Unit Award Agreement under the PayPal Holdings, Inc. 2015 Equity Incentive Award Plan, as amended and restated		10-Q	4/27/2017
10.11+	Form of Global Notice of Grant of Stock Option and Stock Option Agreement under the PayPal Holdings, Inc. 2015 Equity Incentive Award Plan		10-12B/A	5/14/2015
10.12+	Form of Director Annual Award Agreement under the PayPal Holdings, Inc. 2015 Equity Incentive Award Plan		10-12B/A	5/14/2015
10.13+	Form of Electing Director Quarterly Award Agreement under the PayPal Holdings, Inc. 2015 Equity Incentive Award Plan		10-12B/A	5/14/2015
10.14+	PayPal Holdings, Inc. Amended and Restated Employee Stock Purchase Plan		8-K	5/25/2018
10.15+	Amendment to PayPal Holdings, Inc. Amended and Restated Employee Stock Purchase Plan		10-Q	11/9/2021
10.16+	Offer Letter dated September 29, 2014 between eBay Inc. and Daniel Schulman		10-12B/A	5/14/2015
10.17+	Amendment dated December 31, 2014 to Offer Letter between eBay Inc. and Daniel Schulman		10-12B/A	5/14/2015
10.18+	Letter dated April 7, 2015 from eBay Inc. to Louise Pentland		10-K	2/11/2016
10.19+	Letter dated April 13, 2015 from eBay Inc. to Jonathan Auerbach		10-K	2/11/2016
10.20+	Letter Agreement dated July 29, 2015 between John Rainey and PayPal Holdings, Inc.		10-Q	10/29/2015
10.21+	Letter Agreement, dated April 17, 2016, between Aaron Karczmer and PayPal Holdings, Inc.		10-Q	4/27/2017
10.22+	Letter Agreement effective February 20, 2019 between Mark Britto and PayPal Holdings, Inc.		10-Q	4/25/2019
10.23+	Independent Director Compensation Policy		10-K	2/5/2021
10.24+	PayPal Holdings, Inc. Executive Change in Control and Severance Plan, as amended and restated		10-Q	7/29/2021
10.25	First Amendment, dated as of March 23, 2020, to the Credit Agreement, dated as of September 11, 2019, among PayPal Holdings, Inc., the Designated Borrowers party thereto, the Lenders party thereto and JPMorgan Chase Bank, N.A., J.P. Morgan Securities Australia Limited, JPMorgan Chase Bank, N.A., Toronto Branch, and J.P. Morgan Europe Limited, as the Administrative Agents		10-Q	5/7/2020
10.26	First Amendment, dated as of March 23, 2020, to the 364-Day Credit Agreement, dated as of September 11, 2019, among PayPal Holdings, Inc., the Lenders party thereto and JPMorgan Chase Bank, N.A., as the Administrative Agent		10-Q	5/7/2020

Exhibit Number	Exhibit Description	Filed with this Form 10-K	Incorporated by Reference	
			Form	Date Filed
10.27	Joinder Agreement, dated as of March 25, 2020, among PayPal International Treasury Centre S.à r.l., PayPal Holdings, Inc., and J.P. Morgan Securities Australia Limited, JPMorgan Chase Bank, N.A., J.P. Morgan Europe Limited, and JPMorgan Chase Bank, N.A., Toronto Branch, as the Administrative Agents, to the Credit Agreement, dated as of September 11, 2019, among PayPal Holdings, Inc., the Designated Borrowers party thereto, the Lenders party thereto and the Administrative Agents		10-Q	5/7/2020
10.28	Joinder Agreement, dated as of March 25, 2020, among PayPal (Europe) S.à r.l. et Cie, S.C.A., PayPal Holdings, Inc., and J.P. Morgan Securities Australia Limited, JPMorgan Chase Bank, N.A., J.P. Morgan Europe Limited, and JPMorgan Chase Bank, N.A., Toronto Branch, as the Administrative Agents, to the Credit Agreement, dated as of September 11, 2019, among PayPal Holdings, Inc., the Designated Borrowers party thereto, the Lenders party thereto and the Administrative Agents		10-Q	5/7/2020
10.29	Joinder Agreement, dated as of March 27, 2020, among PayPal Pte. Ltd., PayPal Holdings, Inc., and J.P. Morgan Securities Australia Limited, JPMorgan Chase Bank, N.A., J.P. Morgan Europe Limited, and JPMorgan Chase Bank, N.A., Toronto Branch, as the Administrative Agents, to the Credit Agreement, dated as of September 11, 2019, among PayPal Holdings, Inc., the Designated Borrowers party thereto, the Lenders party thereto and the Administrative Agents		10-Q	5/7/2020
10.30	Joinder Agreement, dated as of March 31, 2020, among PayPal Australia Pty Limited, PayPal Holdings, Inc., and J.P. Morgan Securities Australia Limited, JPMorgan Chase Bank, N.A., J.P. Morgan Europe Limited, and JPMorgan Chase Bank, N.A., Toronto Branch, as the Administrative Agents, to the Credit Agreement, dated as of September 11, 2019, among PayPal Holdings, Inc., the Designated Borrowers party thereto, the Lenders party thereto and the Administrative Agents		10-Q	5/7/2020
10.31	Second Amendment, dated as of January 7, 2022, to the Credit Agreement, dated as of September 11, 2019, among PayPal Holdings, Inc., the Designated Borrowers party thereto, the Lenders party thereto and JPMorgan Chase Bank, N.A., J.P. Morgan Securities Australia Limited, JPMorgan Chase Bank, N.A., Toronto Branch, and J.P. Morgan AG, as the Administrative Agents	X		
21.01	List of Subsidiaries	X		
22.01	PricewaterhouseCoopers LLP consent	X		
23.01	Power of Attorney (see signature page)	X		
31.01	Certification of PayPal Holdings, Inc.'s Chief Executive Officer, as required by Section 302 of the Sarbanes-Oxley Act of 2002	X		
31.02	Certification of PayPal Holdings, Inc.'s Chief Financial Officer, as required by Section 302 of the Sarbanes-Oxley Act of 2002	X		
32.01	Certification of PayPal Holdings, Inc.'s Chief Executive Officer, as required by Section 906 of the Sarbanes-Oxley Act of 2002	X		
32.02	Certification of PayPal Holdings, Inc.'s Chief Financial Officer, as required by Section 906 of the Sarbanes-Oxley Act of 2002	X		

Exhibit Number	Exhibit Description	Filed with this Form 10-K	Incorporated by Reference	
			Form	Date Filed
101	The following financial information related to the Company's Annual Report on Form 10-K for the year ended December 31, 2021, formatted in iXBRL (Inline Extensible Business Reporting Language): (i) the Consolidated Balance Sheets, (ii) the Consolidated Statements of Income, (iii) the Consolidated Statements of Comprehensive Income, (iv) the Consolidated Statements of Stockholders' Equity, (v) the Consolidated Statements of Cash Flows; and (vi) the related Notes to Consolidated Financial Statements	X		
104	Cover Page Interactive Data File, formatted in iXBRL and contained in Exhibit 101	X		

+ Indicates a management contract or compensatory plan or arrangement

ITEM 16. FORM 10-K SUMMARY

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on February 3, 2022.

PayPal Holdings, Inc.

By: */s/ Daniel H. Schulman*

Name: Daniel H. Schulman
Title: President, Chief Executive Officer and Director

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Daniel H. Schulman, John D. Rainey, Bimal Patel, Brian Y. Yamasaki and Jeffrey W. Karbowski, and each or any one of them, each with the power of substitution, his or her attorney-in-fact, to sign any amendments to this report, with exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that each of said attorneys-in-fact, or his substitute or substitutes, may do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this report has been signed below by the following persons on behalf of the Registrant and in the capacities indicated on February 3, 2022.

Principal Executive Officer:

By: */s/ Daniel H. Schulman*
Daniel H. Schulman
President, Chief Executive Officer and Director

Principal Financial Officer:

By: */s/ John D. Rainey*
John D. Rainey
Chief Financial Officer and Executive Vice President, Global Customer Operations

Principal Accounting Officer:

By: */s/ Jeffrey W. Karbowski*
Jeffrey W. Karbowski
Vice President, Chief Accounting Officer

Additional Directors

By: */s/ Rodney C. Adkins*
Rodney C. Adkins
Director

By: */s/ Jonathan Christodoro*
Jonathan Christodoro
Director

By: */s/ John J. Donahoe*
John J. Donahoe
Director

By: */s/ David W. Dorman*
David W. Dorman
Director

By: */s/ Belinda Johnson*
Belinda Johnson
Director

By: */s/ Enrique Lores*
Enrique Lores
Director

By: */s/ Gail J. McGovern*
Gail J. McGovern
Director

By: */s/ Deborah M. Messemer*
Deborah M. Messemer
Director

By: */s/ David M. Moffett*
David M. Moffett
Director

By: */s/ Ann M. Sarnoff*
Ann M. Sarnoff
Director

By: */s/ Frank D. Yeary*
Frank D. Yeary
Director

AMENDMENT NO. 2

THIS AMENDMENT NO. 2 (this "Agreement"), dated as of January 7, 2022, is entered into among PAYPAL HOLDINGS, INC., a Delaware corporation (the "Parent Borrower"), PayPal (Europe) S.à r.l. et Cie, S.C.A., a partnership limited by shares (société en commandite par actions) incorporated under the laws of Luxembourg, having its registered office at 22-24 Boulevard Royal, L-2449 Luxembourg and registered with the Luxembourg trade and companies register under number B118.349 ("Luxembourg Borrower 1"), PayPal International Treasury Centre S.à r.l., a private limited liability company (société à responsabilité limitée) incorporated under the laws of Luxembourg, having its registered office at 22-24 Boulevard Royal, L-2449 Luxembourg and registered with the Luxembourg Companies Register under number B178-173 ("Luxembourg Borrower 2"), PayPal Pte. Ltd. (Company Registration Number 200509725E), a private limited company incorporated under the laws of Singapore ("Singapore Borrower"), PayPal Australia Pty Limited (ACN 111 195 389), a company incorporated under the laws of Australia ("Australian Borrower" and, together with the Parent Borrower, the Luxembourg Borrower 1, the Luxembourg Borrower 2 and the Singapore Borrower, the "Borrowers") and JPMORGAN CHASE BANK, N.A., as the Parent Borrower Administrative Agent, J.P. MORGAN SECURITIES AUSTRALIA LIMITED, as the Australian Borrower Administrative Agent, JPMORGAN CHASE BANK, N.A., TORONTO BRANCH, as the Canadian Borrower Administrative Agent and J.P. MORGAN AG, as the Luxembourg Borrowers and Singapore Borrower Administrative Agent (and together with the Parent Borrower Administrative Agent, the Australian Borrower Administrative Agent, the Canadian Borrower Administrative Agent, and the Luxembourg Borrowers and Singapore Borrower Administrative Agent, in such capacity, the "Administrative Agent") and the Lenders party hereto.

RECITALS

WHEREAS, the Borrowers (including certain Designated Borrowers from time to time party thereto), the lenders from time to time party thereto (the "Lenders"), and the Administrative Agent, are party to the Credit Agreement, dated as of September 11, 2019 (as amended, modified, extended, restated, replaced, or supplemented from time to time prior to the date hereof, the "Credit Agreement"); and

WHEREAS, certain loans, commitments and/or other extensions of credit under the Credit Agreement denominated in Dollars, Sterling and Euros (the "Affected Currencies") incur or are permitted to incur interest, fees or other amounts based on the London Interbank Offered Rate as administered by the ICE Benchmark Administration ("LIBOR") in accordance with the terms of the Credit Agreement;

WHEREAS, pursuant to Section 11.01(e) of the Credit Agreement, the Administrative Agent, the Borrowers and the Lenders party hereto comprising the Tranche 1 Lenders, Tranche 2 Lenders, Tranche 3 Lenders and Tranche 6 Lenders have determined that LIBOR for the Affected Currencies in Tranche 1, Tranche 2, Tranche 3, Tranche 4, Tranche 5 and Tranche 6, respectively, should be replaced with the interest rate benchmarks as set forth in Exhibit A for all purposes under the Credit Agreement and any Loan Document and the parties to this Agreement hereby agree that such changes shall become effective on the Amendment Effective Date (as defined below).

WHEREAS, pursuant to Section 11.01 of the Credit Agreement, the Administrative Agent, the Borrowers and the Lenders party hereto, comprising the Required Lenders, have agreed to amend Section 7.04 of the Credit Agreement to permit the incurrence of certain Subsidiary Indebtedness of Paidy, Inc. and its subsidiaries in an aggregate principal amount not to exceed $750 million at any time outstanding.

NOW, THEREFORE, in consideration of the premises and the mutual covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Defined Terms. Capitalized terms used herein but not otherwise defined herein shall have the meanings provided to such terms in the Credit Agreement, as amended by this Agreement.

2. Agreement. The Credit Agreement is hereby amended to delete the stricken text (indicated textually in the same manner as the following example: ~~stricken text~~) and to add the double-

underlined text (indicated textually in the same manner as the following example: double-underlined text) as set forth in the pages attached as Exhibit A hereto.

3. Payment of Expenses. Subject to the limitations set forth in Section 11.04(a) of the Credit Agreement, the Borrowers agree to reimburse the Administrative Agent for all reasonable fees, charges and disbursements of the Administrative Agent in connection with the preparation, execution and delivery of this Agreement, including all reasonable fees, charges and disbursements of counsel to the Administrative Agent.

4. Conditions Precedent. The effectiveness of this Agreement is subject to the satisfaction of each of the following conditions (the date of the satisfaction of all such conditions, the "Amendment Effective Date"):

(a) The Administrative Agent (or its counsel) shall have received from each Borrower either (x) a counterpart of this Agreement signed on behalf of such party or (y) written evidence reasonably satisfactory to the Administrative Agent (which may include delivery of a signed signature page of this Agreement by facsimile or other means of electronic transmission (e.g., "pdf")) that such party has signed a counterpart of this Agreement.

(b) The Administrative Agent (or its counsel) shall have received from the Required Lenders either (x) a counterpart of this Agreement signed on behalf of such party or (y) written evidence reasonably satisfactory to the Administrative Agent (which may include delivery of a signed signature page of this Agreement by facsimile or other means of electronic transmission (e.g., "pdf")) that such party has signed a counterpart of this Agreement.

(c) The Administrative Agent (or its counsel) shall have received from each of the Tranche 1 Lenders, Tranche 2 Lenders, Tranche 3 Lenders and Tranche 6 Lenders either (x) a counterpart of this Agreement signed on behalf of such party or (y) written evidence reasonably satisfactory to the Administrative Agent (which may include delivery of a signed signature page of this Agreement by facsimile or other means of electronic transmission (e.g., "pdf")) that such party has signed a counterpart of this Agreement.

(d) The representations and warranties of each Loan Party set forth in the Loan Documents shall be true and correct in all material respects, in each case on and as of the Amendment Effective Date (or true and correct in all material respects as of a specified date, if earlier); provided, that such materiality qualifier shall not be applicable to any representation or warranty that already is qualified or modified by materiality in the text thereof.

(e) At the time of and immediately after effectiveness of this Agreement, no Default or Event of Default shall have occurred and be continuing.

5. Representations and Warranties. Each Loan Party represents and warrants to the Administrative Agent that, as of the date hereof:

(a) The execution, delivery and performance by each Borrower of this Amendment, has been duly authorized by all necessary corporate or other organizational action, and does not and will not contravene (i) the terms of any Borrower's Organizational Documents or (ii) any Law or any material contractual restriction binding on or affecting any Borrower, except, in each case referred to in clause (ii), to the extent such contravention could not, in the aggregate, reasonably be expected to have a Material Adverse Effect; and

(b) At the time of and immediately after effectiveness of this Agreement, no Default or Event of Default shall have occurred and be continuing.

6. Reaffirmation; Reference to and Effect on the Loan Documents.

(a) From and after the Amendment Effective Date, each reference in the Credit Agreement to "hereunder," "hereof," "this Agreement" or words of like import and each reference in the

other Loan Documents to "Credit Agreement," "thereunder," "thereof" or words of like import shall, unless the context otherwise requires, mean and be a reference to the Credit Agreement as amended by this Agreement. This Agreement is a Loan Document.

(b) The Loan Documents, and the obligations of the Borrowers and the Guarantor under the Loan Documents, are hereby ratified and confirmed and shall remain in full force and effect according to their terms.

(c) Each Borrower and the Guarantor (i) acknowledges and consents to all of the terms and conditions of this Agreement, (ii) affirms all of its obligations under the Loan Documents and (iii) agrees that this Agreement and all documents executed in connection herewith do not operate to reduce or discharge its obligations under the Loan Documents. The Guarantor hereby reaffirms its obligations under the Guaranty set forth in Article X of the Credit Agreement and agrees that its obligation to guarantee the Obligations is in full force and effect as of the date hereof.

(d) The execution, delivery and effectiveness of this Agreement shall not, except as expressly provided herein, operate as a waiver of any right, power or remedy of any Lender or the Administrative Agent under any of the Loan Documents, nor constitute a waiver of any provision of any of the Loan Documents.

(e) In the event of any conflict between the terms of this Agreement and the terms of the Credit Agreement or the other Loan Documents, the terms hereof shall control.

7. Governing Law; Jurisdiction; Consent to Service of Process; Waiver of Jury Trial, Etc.

(a) This Agreement shall be construed in accordance with and governed by the law of the State of New York.

(b) EACH PARTY HERETO HEREBY AGREES AS SET FORTH IN SECTION 11.14 AND SECTION 11.15 OF THE CREDIT AGREEMENT AS IF SUCH SECTIONS WERE SET FORTH IN FULL HEREIN.

8. Amendments; Headings; Severability. This Agreement may not be amended nor may any provision hereof be waived except pursuant to a writing signed by the Parent Borrower, the Borrowers, the other Lenders party hereto and the Administrative Agent. The Section headings used herein are for convenience of reference only, are not part of this Agreement and are not to affect the construction of, or to be taken into consideration in interpreting this Agreement. Any provision of this Agreement held to be invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the remaining provisions hereof, and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction. The parties shall endeavor in good-faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions, the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

9. Execution in Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Delivery of an executed counterpart of a signature page of this Agreement by telecopy, emailed pdf or any other electronic means that reproduces an image of the actual executed signature page shall be effective as delivery of a manually executed counterpart of this Agreement. The words "execution," "signed," "signature," "delivery," and words of like import in or relating to any document to be signed in connection with this Agreement and the transactions contemplated hereby shall be deemed to include electronic signatures, deliveries or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature, physical delivery thereof or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act; provided that nothing herein shall require the

Administrative Agent to accept electronic signatures in any form or format without its prior written consent.

10. Notices. All notices hereunder shall be given in accordance with the provisions of Section 11.02 of the Credit Agreement.

[remainder of page intentionally left blank]

Each of the parties hereto has caused a counterpart of this Agreement to be duly executed and delivered as of the date first above written.

BORROWERS: PAYPAL HOLDINGS, INC.,

By: /s/ John Rainey
Name: John Rainey
Title: Chief Financial Officer & EVP, Global Customer Operations

PAYPAL (EUROPE) S.à r.l. et Cie, S.C.A.,

By: /s/ Steeves Oster
Name: Steeves Oster
Title: CFO

PAYPAL INTERNATIONAL TREASURY CENTER S.à r.l.,

By: /s/ Steeves Oster
Name: Steeves Oster
Title: CFO

Executed as an agreement.

Signed by **PAYPAL AUSTRALIA PTY LIMITED** as Australian Borrower and a Designated Borrower n accordance with section 127 of the *Corporations Act 2001* (Cth) by:

/s/ Eric Lassen	/s/ Elizabeth Briggs
Signature of Director	Signature of secretary
Eric Lassen	Elizabeth Briggs
Name of director (print)	Name of secretary (print)

PAYPAL PTE. LTD.

By: /s/ Wong Mun Yat
Name: Wong Mun Yat
Title: Director

By: /s/ Cameron Anthony McLean
Name: Cameron Anthony McLean
Title: Director

#95014978v3

ADMINISTRATIVE AGENT: JPMORGAN CHASE BANK, N.A., as
Parent Borrower Administrative Agent, Issuing
Bank, Swingline Lender and Lender

By: /s/ Ryan Zimmerman
Name: Ryan Zimmerman
Title: Vice President

J.P. MORGAN SECURITIES AUSTRALIA LIMITED, as Australian Borrower Administrative Agent

By: /s/ Davika Prasad
Name: Davika Prasad
Title: Associate

J.P. MORGAN AG, as Luxembourg Borrowers and Singapore Borrower Administrative Agent

By: /s/ Karolina Glinka
Name: Karolina Glinka
Title: Vice President

JPMORGAN CHASE BANK, N.A., TORONTO BRANCH, as Canadian Borrower Administrative Agent

By: /s/ Jeffrey Coleman
Name: Jeffrey Coleman
Title: Executive Director

JPMORGAN CHASE BANK, N.A., SINGAPORE BRANCH, as a Lender

By: /s/ Lam Pei Yun
Name: Lam Pei Yun
Title: Executive Director

Bank of America, N.A., as a Lender,

By: /s/ Laura L. Olson
Name: Laura L. Olson
Title: Director

Bank of America Europe Designated Activity Company, as a Lender

By: /s/ Chris Coney
Name: Chris Coney
Title: Vice President

CITIBANK, N.A., as a Lender

By: /s/ Sean Klimchalk
Name: Sean Klimchalk
Title: Vice President

DEUTSCHE BANK AG NEW YORK BRANCH, as a Lender

By: /s/ Ming K. Chu
Name: Ming K. Chu
Title: Director

By: /s/ Marko Lukin
Name: Marko Lukin
Title: Vice President

Wells Fargo Bank, N.A., as a Lender

By: /s/ Caroline Baudinet-Stumpf
Name: Caroline Baudinet-Stumpf
Title: Managing Director & Portfolio Manager

Barclays Bank PLC, as a Lender

By: /s/ David J. Williams
Name: David J. Williams
Title: Director

Executed in New York

[Signature Page to Amendment No. 2]

BNP PARIBAS, as a Lender

By: /s/ Ted Olson
Name: Ted Olson
Title: Managing Director

By: /s/ Michael Kowalczuk
Name: Mike Kowalczuk
Title: Managing Director

GOLDMAN SACHS BANK USA, as a Lender

By: /s/ Mahesh Mohan
Name: Mahesh Mohan
Title: Authorized Signatory

[Signature Page to Amendment No. 2]

HSBC Bank USA, N.A., as a Lender

By: /s/ Sam Stockwin
Name: Sam Stockwin
Title: Director

MUFG Bank, Ltd., as a Lender

By: /s/ Lillian Kim
Name: Lillian Kim
Title: Director

THE BANK OF NOVA SCOTIA, as a Lender

By: /s/ Michelle Phillips
Name: Michelle C. Phillips
Title: Managing Director

The Toronto-Dominion Bank, New York Branch, as a Lender

By: /s/ Brian MacFarlane
Name: Brian MacFarlane
Title: Authorized Signatory

DBS BANK LTD., as a Lender

By: /s/ Terence Yong
Name: Terence Yong
Title: Managing Director

MIZUHO BANK, LTD., as a Lender

By: /s/ Tracy Rahn
Name: Tracy Rahn
Title: Executive Director

[Signature Page to Amendment No. 2]

MORGAN STANLEY BANK, NA, as a Lender

By: /s/ Phillip Magdaleno
Name: Phillip Magdaleno
Title: Authorized Signatory

[Signature Page to Amendment No. 2]

National Australia Bank, as a Lender

By: /s/ Henry Miller
Name: Henry Miller
Title: Director

[Signature Page to Amendment No. 2]

Oversea-Chinese Banking Corporation Limited, as a Lender

By: /s/ Charles Ong
Name: Charles Ong
Title: General Manager

ROYAL BANK OF CANADA, as a Lender

By: /s/ Nicholas Heslip
Name: Nicholas Heslip
Title: Authorized Signatory

Standard Chartered Bank, as a Lender

By: /s/ Kristopher Tracy
Name: Kristopher Tracy
Title: Director, Financing Solutions

STATE STREET BANK AND TRUST COMPANY, as a Lender

By: /s/ Crystal Bremberger
Name: Crystal Bremberger
Title: Vice President

[Signature Page to Amendment No. 2]

Westpac Banking Corporation, as a Lender

By: /s/ Richard Yarnold
Name: Richard Yarnold
Title: Tier Two Attorney

Exhibit A

(*Attached hereto*)

$5,000,000,000

CREDIT AGREEMENT

Dated as of September 11, 2019
as amended by that certain Amendment No. 1, dated as of March 23, 2020 and
as amended by that certain Amendment No. 2, dated as of January 7, 2022

among

PAYPAL HOLDINGS, INC.,
as the Parent Borrower,

The Designated Borrowers from Time to Time Parties Hereto,

JPMORGAN CHASE BANK, N.A.,
as the Parent Borrower Administrative Agent,

J.P. MORGAN SECURITIES AUSTRALIA LIMITED,
as the Australian Borrower Administrative Agent,

JPMORGAN CHASE BANK, N.A., TORONTO BRANCH,
as the Canadian Borrower Administrative Agent,

J.P. MORGAN ~~EUROPE LIMITED~~AG,
as the Luxembourg Borrowers and Singapore Borrower Administrative Agent,

and

The Other Lenders Party Hereto,

DEUTSCHE BANK SECURITIES INC.,
BANK OF AMERICA, N.A.,
WELLS FARGO BANK, NATIONAL ASSOCIATION, and
CITIBANK, N.A.,

as Syndication Agents,

and

BNP PARIBAS
HSBC BANK USA, NATIONAL ASSOCIATION,
MUFG BANK, LTD.,
BARCLAYS BANK PLC,
GOLDMAN SACHS BANK USA,
THE BANK OF NOVA SCOTIA, and
TD SECURITIES (USA) LLC,

as Documentation Agents

JPMORGAN CHASE BANK N.A.,
DEUTSCHE BANK SECURITIES INC.,
BOFA SECURITIES, INC.,
WELLS FARGO SECURITIES, LLC, and
CITIBANK, N.A.,

as Joint Lead Arrangers and Joint Book Managers

TABLE OF CONTENTS

Section	Page
Article I. DEFINITIONS AND ACCOUNTING TERMS	1
1.01 Defined Terms	1
1.02 Other Interpretive Provisions	45
1.03 Luxembourg Terms	46
1.04 Accounting Terms	46
1.05 Rounding	47
1.06 Times of Day	47
1.07 Tranche 2 Letter of Credit Amounts	47
1.08 Interest Rates; LIBOR Notification	47
1.09 Divisions	48
Article II. THE COMMITMENTS AND CREDIT EXTENSIONS	48
2.01 Tranche 1 Committed Loans	48
2.02 Borrowings, Conversions and Continuations of Tranche 1 Committed Loans	49
2.03 Tranche 2 Committed Loans	51
2.04 Borrowings, Conversions and Continuations of Tranche 2 Committed Loans	51
2.05 Tranche 3 Committed Loans	54
2.06 Borrowings, Conversions and Continuations of Tranche 3 Committed Loans	54
2.07 Tranche 4 Committed Loans	57
2.08 Borrowings, Conversions and Continuations of Tranche 4 Committed Loans	57
2.09 Tranche 5 Committed Loans	60
2.10 Borrowings, Conversions and Continuations of Tranche 5 Committed Loans	60
2.11 Tranche 6 Committed Loans	62
2.12 Borrowings, Conversions and Continuations of Tranche 6 Committed Loans	63
2.13 Prepayments	65
2.14 Termination or Reduction of Commitments	68
2.15 Repayment of Loans	68
2.16 Interest	69
2.17 Fees	70
2.18 Computation of Interest and Fees	71
2.19 Evidence of Debt	72
2.20 Payments Generally; Administrative Agent’s Clawback	72
2.21 Sharing of Payments by Lenders	74
2.22 Extension of Maturity Date	75

2.23 Increase in Commitments 79
2.24 Tranche 2 Swingline Loans 80
2.25 Tranche 2 Letters of Credit 82
2.26 Defaulting Lenders 88
2.27 Determination of U.S. Dollar Amounts 89
2.28 Judgment Currency 90
Article III. TAXES, YIELD PROTECTION AND ILLEGALITY 90
3.01 Taxes 90
3.02 Illegality 94
3.03 Inability to Determine Rates 94
3.04 Increased Costs; Reserves on Eurocurrency Rate Loans 98
3.05 Compensation for Losses 100
3.06 Mitigation Obligations; Replacement of Lenders 100
3.07 Survival 101
3.08 Tranche 2 Issuing Bank 101
Article IV. CONDITIONS PRECEDENT 101
4.01 Conditions of Closing 101
4.02 Conditions to all Borrowings 102
4.03 Conditions to Initial Borrowings by each Designated Borrower 103
Article V. REPRESENTATIONS AND WARRANTIES 105
5.01 Existence, Qualification and Power 105
5.02 Authorization; No Contravention 105
5.03 Governmental Authorization; Other Consents 105
5.04 Binding Effect 106
5.05 Financial Statements; No Material Adverse Effect 106
5.06 Litigation 106
5.07 Ownership of Property 106
5.08 Taxes 107
5.09 No Withholding Tax 107
5.10 No Stamp Duty 107
5.11 ERISA Compliance; Foreign Plans 107
5.12 Margin Regulations; Investment Company Act 107
5.13 Disclosure 107
5.14 Intellectual Property; Cybersecurity 108
5.15 Anti-Corruption Laws and Sanctions 108
5.16 Domiciliation 108
5.17 Centre of main interests and establishments 109
5.18 Patriot Act 109
Article VI. AFFIRMATIVE COVENANTS 109
6.01 Financial Statements 109
6.02 Certificates; Other Information 110

6.03 Notices 110
6.04 Payment of Taxes 111
6.05 Preservation of Existence, Etc 111
6.06 Maintenance of Properties 111
6.07 Maintenance of Insurance 111
6.08 Compliance with Laws 111
6.09 Books and Records 112
6.10 Use of Proceeds 112
6.11 Ownership of Designated Borrowers 112
Article VII. NEGATIVE COVENANTS 112
7.01 Liens 112
7.02 Fundamental Changes 115
7.03 Use of Proceeds 115
7.04 Subsidiary Indebtedness 116
7.05 Financial Covenant 117
7.06 Canadian Defined Benefit Plans 118
Article VIII. EVENTS OF DEFAULT AND REMEDIES 118
8.01 Events of Default 118
8.02 Remedies Upon Event of Default 120
8.03 Application of Funds 121
Article IX. ADMINISTRATIVE AGENT 121
9.01 Appointment and Authority 121
9.02 Rights as a Lender 121
9.03 Exculpatory Provisions 122
9.04 Reliance by Administrative Agent 122
9.05 Delegation of Duties 123
9.06 Resignation of Administrative Agent 123
9.07 Non-Reliance on Administrative Agent, the Arrangers and Other Lenders 124
9.08 No Other Duties, Etc 124
9.09 Posting of Communications 124
9.10 ERISA Matters 125
Article X. GUARANTY 127
10.01 Guarantee 127
10.02 No Subrogation 128
10.03 Amendments, etc. with respect to the Obligations 128
10.04 Guarantee Absolute and Unconditional 128
10.05 Reinstatement 129
10.06 Payments 129
10.07 Independent Obligations 130
Article XI. MISCELLANEOUS 130

11.01 Amendments, Etc. 130
11.02 Notices; Effectiveness; Electronic Communication 132
11.03 No Waiver; Cumulative Remedies 133
11.04 Expenses; Indemnity; Damage Waiver 133
11.05 Payments Set Aside 136
11.06 Successors and Assigns 136
11.07 Treatment of Certain Information; Confidentiality 139
11.08 Right of Setoff 141
11.09 Interest Rate Limitation 142
11.10 Counterparts; Integration; Effectiveness 142
11.11 Survival 142
11.12 Severability 142
11.13 Replacement of Lenders 143
11.14 Governing Law; Jurisdiction; Etc 143
11.15 Waiver of Jury Trial 144
11.16 No Advisory or Fiduciary Responsibility 145
11.17 USA PATRIOT Act Notice 145
11.18 Termination of Joinder Agreements 146
11.19 Acknowledgement and Consent to Bail-In of EEA Financial Institutions 146
11.20 Acknowledgement Regarding Any Supported QFCs 146
11.21 Australian Code of Banking Practice 147
11.22 Canada 147
11.23 Luxembourg Requirement 148

SCHEDULES

2.01 Tranche 1 Commitments and Tranche 1 Applicable Percentages
2.03 Tranche 2 Commitments and Tranche 2 Applicable Percentages
2.05 Tranche 3 Commitments and Tranche 3 Applicable Percentages
2.07 Tranche 4 Commitments and Tranche 4 Applicable Percentages
2.09 Tranche 5 Commitments and Tranche 5 Applicable Percentages
2.11 Tranche 6 Commitments and Tranche 6 Applicable Percentages
7.01 Existing Liens
7.04 Existing Subsidiary Indebtedness
11.02 Administrative Agent's Office; Certain Addresses for Notices

EXHIBITS

Form of

A Committed Loan Notice
B Note
C Compliance Certificate
D Assignment and Assumption
E-1 U.S. Tax Compliance Certificate (For Foreign Lenders That Are Not Partnerships for U.S. Federal Income Tax Purposes)
E-2 U.S. Tax Compliance Certificate (For Foreign Participants That Are Not Partnerships for U.S. Federal Income Tax Purposes)
E-3 U.S. Tax Compliance Certificate (For Foreign Participants That Are Partnerships for U.S. Federal Income Tax Purposes)
E-4 U.S. Tax Compliance Certificate (For Foreign Lenders That Are Partnerships for U.S. Federal Income Tax Purposes)
F Joinder Agreement

CREDIT AGREEMENT

This CREDIT AGREEMENT ("Agreement") is entered into as of September 11, 2019, among PAYPAL HOLDINGS, INC., a Delaware corporation (the "Parent Borrower"), certain Subsidiaries of the Parent Borrower from time to time party hereto pursuant to Section 4.03 (together with the Foreign Borrowers (as defined herein), the "Designated Borrowers", the Designated Borrowers together with the Parent Borrower, the "Borrowers"), each lender from time to time party hereto (the "Lenders"), and JPMORGAN CHASE BANK, N.A., as the Parent Borrower Administrative Agent, J.P. MORGAN SECURITIES AUSTRALIA LIMITED, as the Australian Borrower Administrative Agent, JPMORGAN CHASE BANK, N.A., TORONTO BRANCH, as the Canadian Borrower Administrative Agent and J.P. MORGAN ~~EUROPE LIMITED~~AG, as the Luxembourg Borrowers and Singapore Borrower Administrative Agent.

The Borrowers have requested that the Lenders provide a revolving credit facility, and the Lenders are willing to do so on the terms and conditions set forth herein.

In consideration of the mutual covenants and agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I.
DEFINITIONS AND ACCOUNTING TERMS

1.01 Defined Terms. As used in this Agreement, the following terms shall have the meanings set forth below:

"364-Day Credit Agreement" means the 364-Day Credit Agreement, dated as of the date hereof, among the Parent Borrower, the lenders from time to time parties thereto and JPMorgan Chase, Bank, N.A., as administrative agent.

"ABR" means, for any day, a rate per annum equal to the greatest of (a) the Prime Rate in effect on such day, (b) the NYFRB Rate in effect on such day plus 0.5% and (c) the Eurocurrency Rate for a one-month Interest Period on such day (or, if such day is not a Business Day, the immediately preceding Business Day) plus 1%, provided that for purpose of this definition, the Eurocurrency Rate for any day shall be based on the Eurocurrency Screen Rate (or if the Eurocurrency Screen Rate is not available for such one-month Interest Period, the Interpolated Rate) at approximately 11:00 a.m. London time on such day. Any change in the ABR due to a change in the Prime Rate, the NYFRB Rate or the Eurocurrency Rate shall be effective from and including the effective date of such change in the Prime Rate, the NYFRB Rate or the Eurocurrency Rate, respectively. If the ABR is being used as an alternate rate of interest pursuant to Section 3.03 hereof, then the ABR shall be the greater of clause (a) and (b) above and shall be determined without reference to clause (c) above. For the avoidance of doubt, if the ABR shall be less than 1.00%, such rate shall be deemed to be 1.00% for purposes of this Agreement.

"ABR Loan" means a Loan that bears interest at a rate based on the ABR. Each Tranche 2 Swingline Loan shall be an ABR Loan.

"Acquisition" means any transaction or series of related transactions for the purpose of or resulting, directly or indirectly, in (a) the acquisition of all or substantially all of the assets of a Person, or of any business or division of a Person, (b) the acquisition of in excess of 50% of the capital stock, partnership interests, membership interests or equity of any Person, or otherwise causing any Person to become a Subsidiary, or (c) a merger or consolidation or any other combination with another Person (other than a Person that is a Subsidiary of the Parent Borrower).

"Actual Knowledge" means, with respect to any information or event, that a Responsible Officer of the Parent Borrower has actual knowledge of such information or event.

"Additional Commitment Lender" has the meaning specified in Section 2.22(d).

"Adjusted Daily Simple RFR" means, (a) with respect to any RFR Borrowing denominated in Pounds Sterling, an interest rate per annum equal to (x) the Daily Simple RFR for Pounds Sterling, plus (y) 0.0326% and (b) with respect to any RFR Borrowing denominated in Euros, an interest rate per annum equal to (x) the Daily Simple RFR for Euros, plus (y) 0.0456%; *provided* that if the Adjusted Daily Simple RFR Rate as so determined would be less than the Floor, such rate shall be deemed to be equal to the Floor for the purposes of this Agreement.

"Administrative Agent" means the Parent Borrower Administrative Agent, the Australian Borrower Administrative Agent, the Canadian Borrower Administrative Agent and the Luxembourg Borrowers and Singapore Borrower Administrative Agent, each individually or collectively as the context requires. It is understood that, without limiting the other provisions of this Agreement, each Administrative Agent may utilize the services of its respective Affiliates and foreign branches in connection with administrative matters related to Foreign Currencies. Without limiting the other provisions of this Agreement, references to the Administrative Agent in this Agreement shall, unless otherwise specified, be references to JPMorgan Chase Bank, N.A. (other than notices of Borrowings, payments of principal, fees and interest on Loans made to the applicable Administrative Agent and other matters pertaining to such Loans, in which case such references shall be to the applicable Administrative Agent for such Loans).

"Administrative Agent's Office" means the Administrative Agent's address and, as appropriate, account as set forth on Schedule 11.02, or such other address or account as the Administrative Agent may from time to time notify to the Parent Borrower and the Lenders.

"Administrative Questionnaire" means an Administrative Questionnaire in a form supplied by the Administrative Agent.

"Affiliate" means, with respect to any Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified.

"Aggregate Commitments" means the Tranche 1 Commitments, the Tranche 2 Commitments, the Tranche 3 Commitments, the Tranche 4 Commitments, the Tranche 5 Commitments and the Tranche 6 Commitments, individually or in the aggregate as the context requires.

"Aggregate Facilities Percentage" means, with respect to any Lender at any time, the percentage of the Aggregate Commitments of all Tranches represented by such Lender's Commitments in the aggregate across all Tranches at such time; provided that in the case of Section 2.26 when a Defaulting Lender shall exist, "Aggregate Facilities Percentage" shall mean the percentage of the Aggregate Commitments (disregarding any Defaulting Lender's Aggregate Commitments) represented by such Lender's Commitment in the aggregate across all Tranches. If the Commitment of each Lender to make Loans has been terminated pursuant to Section 8.02 or if the Commitments have expired, then the Aggregate Facilities Percentage of each Lender shall be determined based on the Aggregate Facilities Percentage of such Lender most recently in effect, giving effect to any subsequent assignments and to any such Lender's status as a Defaulting Lender.

"Aggregate Tranche 1 Commitments" means the Tranche 1 Commitments of all the Lenders then in effect. The original amount of the Aggregate Tranche 1 Commitments as of the Closing Date is $3,000,000,000.

"Aggregate Tranche 2 Commitments" means the Tranche 2 Commitments of all the Lenders then in effect. The original amount of the Aggregate Tranche 2 Commitments as of the Closing Date is $750,000,000.

"Aggregate Tranche 3 Commitments" means the Tranche 3 Commitments of all the Lenders then in effect. The original amount of the Aggregate Tranche 3 Commitments as of the Closing Date is $250,000,000.

"Aggregate Tranche 4 Commitments" means the Tranche 4 Commitments of all the Lenders then in effect. The original amount of the Aggregate Tranche 4 Commitments as of the Closing Date is $200,000,000.

"Aggregate Tranche 5 Commitments" means the Tranche 5 Commitments of all the Lenders then in effect. The original amount of the Aggregate Tranche 5 Commitments as of the Closing Date is $50,000,000.

"Aggregate Tranche 6 Commitments" means the Tranche 6 Commitments of all the Lenders then in effect. The original amount of the Aggregate Tranche 6 Commitments as of the Closing Date is $750,000,000.

"Agreement" has the meaning specified in the introductory paragraph hereto.

"Alternate Rate" means, for any day and for ~~any~~(a) RFR Loans denominated in Pounds Sterling, the sum of (i) the Central Bank Rate for Pounds Sterling, plus (ii) the CBR Spread; provided, that, if the Administrative Agent determines (which determination shall be conclusive and binding absent manifest error) that the Central Bank Rate for Pounds Sterling cannot be determined, any outstanding affected RFR Loans denominated in Pounds Sterling, at the Parent Borrower's election, shall either (A) be converted into ABR Loans denominated in U.S. Dollars (in an amount equal to the U.S. Dollar Amount of Pounds Sterling) immediately or (B) be prepaid in full immediately, (b) Eurocurrency Rate Loans and RFR Loans denominated in Euros, the sum of (i) the Central Bank Rate for Euros, plus (ii) the CBR Spread; provided, that, if the Administrative Agent determines (which determination shall be conclusive and binding absent manifest error) that the Central Bank Rate for Euros cannot be determined, any outstanding affected RFR Loans or Eurocurrency Rate Loans denominated in Euros, at the Parent Borrower's election, shall either (A) be converted into ABR Loans denominated in U.S. Dollars (in an amount equal to the U.S. Dollar Amount of Euros) immediately or (B) be prepaid in full immediately and (c) any other currency, the sum of (~~a~~i) a rate per annum selected by the Administrative Agent in consultation with the Parent Borrower, in its reasonable discretion based on market conditions, reflecting the cost to the Lenders of obtaining funds, plus (~~b~~ii) the Applicable Rate for Eurocurrency Rate Loans. When used in reference to any Loan or borrowing, "Alternate Rate" refers to whether such Loan, or the Loans comprising such borrowing are bearing interest at a rate determined by reference to the Alternate Rate.

"Anti-Corruption Laws" means all laws, rules, and regulations of any jurisdiction applicable to the Parent Borrower or any of its Subsidiaries from time to time concerning or relating to bribery, money laundering or corruption.

"Applicable Jurisdiction" has the meaning specified in Section 11.04(a).

"Applicable Percentage" means, with respect to any Lender at any time, the Tranche 1 Applicable Percentage, Tranche 2 Applicable Percentage, Tranche 3 Applicable Percentage, Tranche 4 Applicable Percentage, Tranche 5 Applicable Percentage and Tranche 6 Applicable Percentage of such Lender at such time as the context requires.

"Applicable Rate" means, for any day, with respect to any ABR Loan, Overnight Rate Loan, RFR Loan or Eurocurrency Rate Loan denominated in any currency, or with respect to the Commitment Fees payable hereunder, as the case may be, the applicable rate per annum set forth below under the caption "Eurocurrency Rate", "ABR Rate", "Overnight Rate", ~~or~~ "Commitment Fee"~~,~~ or "RFR Rate" as the case may be, based upon the Index Debt Rating by Moody's, S&P and/or Fitch, respectively, applicable on such date; provided that the Applicable Rate for Overnight Rate Loans in U.S. Dollars that are based on ABR shall be the applicable rate per annum set forth below under the caption "ABR Rate":

Applicable Rate

Level	Index Debt Rating	Eurocurrency Rate	ABR Rate	Overnight Rate	Commitment Fee	RFR Rate
I	Index Debt Ratings of at least A by S&P/A by Fitch/A2 by Moody's	0.875%	0.00%	0.875%	0.07%	0.875%
II	Index Debt Ratings of at least A- by S&P/ A- by Fitch/A3 by Moody's and not Level I	1.00%	0.00%	1.00%	0.09%	1.00%
III	Index Debt Ratings of at least BBB+ by S&P/ BBB+ by Fitch/Baa1 by Moody's and not Level I or II	1.125%	0.125%	1.125%	0.11%	1.125%
IV	Index Debt Ratings of at least BBB by S&P/ BBB by Fitch/Baa2 by Moody's and not Level I, II or III	1.25%	0.25%	1.25%	0.15%	1.25%
V	Index Debt Ratings below Level IV	1.375%	0.375%	1.375%	0.20%	1.375%

For purposes of the foregoing pricing grid, (i) in the event that Index Debt Ratings are provided by all of Moody's, Fitch and S&P, and such ratings shall fall within different Levels (A) if any two ratings are at the same Level, the Applicable Rate shall be based upon such Level and (B) if no two ratings are at the same Level, the Applicable Rate shall be based upon the Level which is in the middle of the distribution of the three ratings; (ii) in the event that Index Debt Ratings are provided by any two of Moody's, Fitch and S&P, (A) if such ratings shall fall within the same Level, the Applicable Rate shall be based upon such Level, and (B) if such ratings shall fall within different Levels, the Applicable Rate shall be based on the higher of the two Levels unless one of the two ratings is two or more Levels lower than the other, in which case the Applicable

Rate shall be determined by reference to the Level immediately below the Level of the higher of the two ratings; (iii) in the event that an Index Debt Rating is provided only by one of Moody's, Fitch and S&P, the Applicable Rate shall be based on such Level; (iv) if at any time the Parent Borrower does not have an Index Debt Rating from any of S&P, Moody's and Fitch, the Applicable Rate shall be based on Level V status; and (v) if the Index Debt Rating established by a rating agency shall be changed (other than as a result of a change in the rating system of such rating agency), such change shall be effective as of the date on which it is first announced by the applicable rating agency. Each change in the Applicable Rate shall apply during the period commencing on the effective date of such change and ending on the date immediately preceding the effective date of the next such change. If the rating system of any of the rating agencies shall change, or if any such rating agency shall cease to be in the business of rating corporate debt obligations, the Parent Borrower and the Lenders shall negotiate in good faith to amend this definition to reflect such changed rating system or the unavailability of ratings from such rating agency and, pending the effectiveness of any such amendment, the Applicable Rate shall be determined by reference to the rating most recently in effect prior to such change or cessation.

"Approved Electronic Platform" has the meaning specified in Section 9.09.

"Approved Fund" means any Fund that is administered or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or an Affiliate of an entity that administers or manages a Lender.

"Arrangers" means JPMorgan Chase Bank, N.A., Deutsche Bank Securities, Inc., BofA Securities, Inc., Wells Fargo Securities, LLC and Citi.

"Assignee Group" means two or more Eligible Assignees that are Affiliates of one another or two or more Approved Funds managed by the same investment advisor.

"Assignment and Assumption" means an assignment and assumption entered into by a Lender and an assignee (with the consent of any party whose consent is required by Section 11.06(b)), and accepted by the Administrative Agent (and the Parent Borrower, in the case that the Parent Borrower's consent is required hereunder), in substantially the form of Exhibit D or any other form approved by the Administrative Agent and the Parent Borrower.

"AUD Screen Rate" means, in relation to a Loan denominated in Australian Dollars for an Interest Period:

(a) the Australian Bank Bill Swap Reference Rate (Bid) administered by ASX Benchmarks Pty Limited (or any other Person which takes over the administration of that rate) for the relevant period displayed on page BBSY of the Thomson Reuters Screen (or any replacement Thomson Reuters page which displays that rate) or on the appropriate page of such other information service which publishes that rate from time to time in place of Thomson Reuters at or about 11:00 a.m. Sydney time on the day of commencement of such Interest Period. If such page or service ceases to be available, the Administrative Agent may specify another page or service displaying the relevant rate after consultation with the Parent Borrower; and

(i) if the rate described in paragraph (a) is not available, the sum of:

(A) the Australian Bank Bill Swap Reference Rate administered by ASX Benchmarks Pty Limited (or any other person which takes over the administration of that rate) for the relevant period and displayed on page BBSW of the Thomson Reuters Screen (or any replacement Thomson Reuters page which displays that rate) or on the appropriate page of such other information service which

publishes that rate from time to time in place of Thomson Reuters. If such page or service ceases to be available, the Administrative Agent may specify another page or service displaying the relevant rate after consultation with the Borrower; and

(B) 0.05% per annum,

for the purposes of determining the rate as at a time, any subsequent correction, recalculation or republication by the administrator after that time shall be included; and

(b) as otherwise determined pursuant to Section 3.03,

and if, in either case, that rate is less than zero, the AUD Screen Rate shall be deemed to be zero for the purposes of this Agreement.

"Audited Financial Statements" means the audited consolidated balance sheet of the Parent Borrower and its Subsidiaries for the fiscal year ended December 31, 2018, and the related audited consolidated statements of income or operations, Stockholders' Equity and cash flows for such fiscal year of the Parent Borrower and its Subsidiaries, including the notes thereto.

"Australia" means the Commonwealth of Australia.

"Australian Borrower" means PayPal Australia Pty Limited (ACN 111 195 389), a company incorporated under the laws of Australia.

"Australian Borrower Administrative Agent" means, with respect to Loans made to the Australian Borrower, J.P. Morgan Securities Australia Limited, in its capacity as administrative agent under any of the Loan Documents, or any successor administrative agent with respect to Loans made to the Australian Borrower.

"Australian Controller" shall have the meaning provided to the term "Controller" in section 9 of the Australian Corporations Act.

"Australian Corporations Act" means the *Corporations Act 2001* (Cth) of Australia.

"Australian Dollar" and "AUD$" means the lawful currency of Australia.

"Australian Loan Party" means the Australian Borrower or any other Loan Party incorporated in Australia.

"Australian PPS Act" means the Personal Property Securities Act 2009 (Cth) of Australia.

"Availability Period" means (i) with respect to the Tranche 1 Commitments, the period from and including the Closing Date to, but not including, the earliest of (a) the Maturity Date, (b) the date of termination of the Aggregate Tranche 1 Commitments pursuant to Section 2.14 and (c) the date of termination of the commitment of each Lender to make Loans pursuant to Section 8.02, (ii) with respect to the Tranche 2 Commitments, the period from and including the Closing Date to, but not including, the earliest of (a) the Maturity Date, (b) the date of termination of the Aggregate Tranche 2 Commitments pursuant to Section 2.14 and (c) the date of termination of the commitment of each Lender to make Loans pursuant to Section 8.02, (iii) with respect to the Tranche 3 Commitments, the period from and including the Closing Date to, but not including, the earliest of (a) the Maturity Date, (b) the date of termination of the Aggregate Tranche 3 Commitments pursuant to Section 2.14 and (c) the date of termination of

the commitment of each Lender to make Loans pursuant to Section 8.02, (iv) with respect to the Tranche 4 Commitments, the period from and including the Closing Date to, but not including, the earliest of (a) the Maturity Date, (b) the date of termination of the Aggregate Tranche 4 Commitments pursuant to Section 2.14 and (c) the date of termination of the commitment of each Lender to make Loans pursuant to Section 8.02, (v) with respect to the Tranche 5 Commitments, the period from and including the Closing Date to, but not including, the earliest of (a) the Maturity Date, (b) the date of termination of the Aggregate Tranche 5 Commitments pursuant to Section 2.14 and (c) the date of termination of the commitment of each Lender to make Loans pursuant to Section 8.02 and (vi) with respect to the Tranche 6 Commitments, the period from and including the Closing Date to, but not including, the earliest of (a) the Maturity Date, (b) the date of termination of the Aggregate Tranche 6 Commitments pursuant to Section 2.14 and (c) the date of termination of the commitment of each Lender to make Loans pursuant to Section 8.02, as the context requires.

"Bail-In Action" means the exercise of any Write-Down and Conversion Powers by the applicable EEA Resolution Authority in respect of any liability of an EEA Financial Institution.

"Bail-In Legislation" means, with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule.

"Banking Act 1993" means the Luxembourg act dated 5 April 1993 relating to the financial sector, as amended.

"Beneficial Ownership Certification" means a certification regarding beneficial ownership or control as required by the Beneficial Ownership Regulation.

"Beneficial Ownership Regulation" means 31 C.F.R. § 1010.230.

"Benefit Plan" means any of (a) an "employee benefit plan" (as defined in ERISA) that is subject to Title I of ERISA, (b) a "plan" as defined in and subject to Section 4975 of the Code, or (c) any Person whose assets include (for purposes of ERISA Section 3(42) or otherwise for purposes of Title I of ERISA or Section 4975 of the Code) the assets of any such "employee benefit plan" or "plan."

"Borrowers" has the meaning set forth in the introductory paragraph hereto and shall include the Tranche 1 Borrowers, the Tranche 2 Borrowers, the Tranche 3 Borrowers, the Tranche 4 Borrowers, the Tranche 5 Borrowers, the Tranche 6 Borrowers and Designated Borrowers, individually or collectively as the context requires.

"Borrowing" means a borrowing consisting of (a) simultaneous Committed Loans of the same Type and, in the case of Eurocurrency Rate Loans, having the same Interest Period, made by each of the applicable Lenders pursuant to Section 2.01, Section 2.03, Section 2.05, Section 2.07, Section 2.09, or Section 2.11 or (b) Tranche 2 Swingline Loans.

"BRR Act 2015" means the Luxembourg act dated 18 December 2015 concerning, among others, the recovery, resolution and liquidation of credit institutions and certain investment firms, as amended.

"Business Day" means any day other than a Saturday, Sunday or other day on which commercial banks are authorized to close under the Laws of, or are in fact closed in, New York City, New York; provided that (a) when used in connection with a Tranche 2 Loan, Tranche 2 Letter of Credit or Tranche 2 Swingline Loan, the term "Business Day" shall also exclude any

day on which banks are not open for dealings in dollar deposits in the London interbank market, (b) when used in connection with a Tranche 3 Loan, the term "Business Day" shall also exclude any day on which banks are not open for dealings in dollar deposits in the London interbank market, (c) when used in connection with a Tranche 4 Loan, the term "Business Day" shall also exclude any day on which banks are not open for dealings in dollar deposits in the Sydney interbank market, (d) when used in connection with a Tranche 5 Loan, the term "Business Day" shall also exclude any day on which banks are not open for dealings in dollar deposits in the Toronto interbank market, (e) when used in connection with a Tranche 6 Loan, the term "Business Day" shall also exclude any day on which banks are not open for dealings in dollar deposits in the London interbank market, ~~and~~ (f) when used in connection with a Eurocurrency Rate Loan denominated in Euro, the term "Business Day" shall also exclude any day on which the TARGET2 payment system is not open for the settlement of payments in Euro~~.~~, (g) when used in connection with any RFR Loans denominated in Pounds Sterling and any interest rate settings, fundings, disbursements, settlements or payments of any such RFR Loan, or any other dealings in the Pounds Sterling, the term "Business Day" shall include any such day that is only an RFR Business Day and (h) in relation to RFR Loans denominated in Euros and in relation to the calculation or computation of ESTR, the term "Business Day" shall include any day which is a TARGET Day.

"Canadian Borrower" means PayPal Canada Co., an unlimited company organized under the laws of the Province of Nova Scotia.

"Canadian Borrower Administrative Agent" means, with respect to Loans made to the Canadian Borrower, JPMorgan Chase Bank, N.A., Toronto Branch, in its capacity as administrative agent under any of the Loan Documents, or any successor administrative agent with respect to Loans made to the Canadian Borrower.

"Canadian Defined Benefit Plan" means each Canadian Pension Plan which contains a "defined benefit provision" as defined in subsection 147.1(1) of the *Income Tax Act* (Canada).

"Canadian Dollar" and "CAD$" means the lawful currency of Canada.

"Canadian Pension Plan" means each Foreign Plan that is a "registered pension plan" as defined in subsection 248(1) of the Income Tax Act (Canada).

"Canadian Prime Rate" means, on any day, the rate determined by the Administrative Agent to be the higher of (i) the rate equal to the PRIMCAN Index rate that appears on the Bloomberg screen at 10:30 a.m. Toronto time on such day (or, in the event that the PRIMCAN Index is not published by Bloomberg, any other information services that publishes such index from time to time, as selected by the Administrative Agent in its reasonable discretion) and (ii) the average rate for thirty (30) day Canadian Dollar bankers' acceptances that appears on the Reuters Screen CDOR Page (or, in the event such rate does not appear on such page or screen, on any successor or substitute page or screen that displays such rate, or on the appropriate page of such other information service that publishes such rate from time to time, as selected by the Administrative Agent in its reasonable discretion after consultation with the Parent Borrower) at 10:30 a.m. Toronto time on such day, plus 1% per annum; provided, that if any the above rates shall be less than zero, such rate shall be deemed to be zero for purposes of this Agreement. Any change in the Canadian Prime Rate due to a change in the PRIMCAN Index or the CDOR shall be effective from and including the effective date of such change in the PRIMCAN Index or CDOR, respectively.

"CBR Loan" means a Loan that bears interest at a rate determined by reference to the Central Bank Rate.

"CBR Spread" means the Applicable Rate, applicable to such Loan that is replaced by a CBR Loan.

"CDOR Screen Rate" means on any day for the relevant Interest Period, the annual rate of interest equal to the average rate applicable to Canadian dollar Canadian bankers' acceptances for the applicable period that appears on the "Reuters Screen CDOR Page" as defined in the International Swap Dealer Association, Inc. definitions, as modified and amended from time to time (or, in the event such rate does not appear on such page or screen, on any successor or substitute page or screen that displays such rate or, if such page or service shall cease to be available, on the appropriate page of such other information service that publishes such rate from time to time, as selected by the Administrative Agent in its reasonable discretion), rounded to the nearest 1/100th of 1% (with .005% being rounded up), as of 10:30 a.m. Toronto, Canada on the first day of such Interest Period and, if such day is not a Business Day, then on the immediately preceding Business Day (as adjusted by the Administrative Agent after 10:30 a.m. Toronto, Canada to reflect any error in the posted rate of interest or in the posted average annual rate of interest). If the CDOR Screen Rate shall be less than zero, the CDOR Screen Rate shall be deemed to be zero for purposes of this Agreement.

"Central Bank Rate" means, (A) the greater of (i) for any Loan denominated in (a) Pounds Sterling, the Bank of England (or any successor thereto)'s "Bank Rate" as published by the Bank of England (or any successor thereto) from time to time, (b) Euro, one of the following three rates as may be selected by the Administrative Agent in its reasonable discretion: (1) the fixed rate for the main refinancing operations of the European Central Bank (or any successor thereto), or, if that rate is not published, the minimum bid rate for the main refinancing operations of the European Central Bank (or any successor thereto), each as published by the European Central Bank (or any successor thereto) from time to time, (2) the rate for the marginal lending facility of the European Central Bank (or any successor thereto), as published by the European Central Bank (or any successor thereto) from time to time or (3) the rate for the deposit facility of the central banking system of the Participating Member States, as published by the European Central Bank (or any successor thereto) from time to time and (ii) the Floor; plus (B) the applicable Central Bank Rate Adjustment.

"Central Bank Rate Adjustment" means, for any day, for any Loan denominated in (a) Pounds Sterling, a rate equal to the difference (which may be a positive or negative value or zero) of (i) the average of Adjusted Daily Simple RFR for Pounds Sterling Borrowings for the five most recent RFR Business Days preceding such day for which SONIA was available (excluding, from such averaging, the highest and the lowest such Adjusted Daily Simple RFR applicable during such period of five RFR Business Days) minus (ii) the Central Bank Rate in respect of Pounds Sterling in effect on the last RFR Business Day in such period and (b) Euro, a rate equal to the difference (which may be a positive or negative value or zero) of (i) the average of the EURIBOR Screen Rate for the five most recent Business Days preceding such day for which the EURIBOR Screen Rate was available (excluding, from such averaging, the highest and the lowest EURIBOR Screen Rate applicable during such period of five Business Days) minus (ii) the Central Bank Rate in respect of Euro in effect on the last Business Day in such period. For purposes of this definition, the term Central Bank Rate shall be determined disregarding clause (B) of the definition of such term.

"Change in Law" means the occurrence, after the date of this Agreement or, with respect to any Lender or any Tranche 2 Issuing Bank, such later date on which any such Lender or such Tranche 2 Issuing Bank becomes a party to this Agreement, of any of the following: (a) the adoption or taking effect of any law, rule, regulation or treaty, (b) any change in any law, rule, regulation or treaty or in the administration, interpretation or application thereof by any Governmental Authority or (c) the making or issuance of any request, guideline or directive (whether or not having the force of law) by any Governmental Authority; provided that, notwithstanding anything herein to the contrary, (x) the Dodd-Frank Wall Street Reform and

Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith and (y) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III, shall be deemed to be a "Change in Law", regardless of the date enacted, adopted, issued or implemented.

"Change of Control" means an event or series of events by which: any "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act, but excluding any employee benefit plan of such person or its subsidiaries, and any person or entity acting in its capacity as trustee, agent or other fiduciary or administrator of any such plan) becomes the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Exchange Act), directly or indirectly, of 50% or more of the equity securities of the Parent Borrower entitled to vote for members of the board of directors or equivalent governing body of the Parent Borrower on a fully-diluted basis.

"Charges" has the meaning assigned to it in Section 11.09.

"Citi" means Citigroup Global Markets, Inc., Citibank, N.A., Citicorp North America, Inc., and/or any of their affiliates.

"Closing Date" means September 11, 2019.

"Code" means the U.S. Internal Revenue Code of 1986, as amended.

"Commitment Fees" has the meaning specified in Section 2.17(a).

"Commitment" means, the Tranche 1 Commitments, the Tranche 2 Commitments, the Tranche 3 Commitments, the Tranche 4 Commitments, the Tranche 5 Commitments, the Tranche 6 Commitments individually or collectively as the context requires.

"Committed Loan" means a Tranche 1 Committed Loan, a Tranche 2 Committed Loan, a Tranche 3 Committed Loan, a Tranche 4 Committed Loan, a Tranche 5 Committed Loan and a Tranche 6 Committed Loan, individually or collectively as the context requires.

"Committed Loan Notice" means a notice of (a) a Borrowing, (b) a conversion of Committed Loans from one Type to the other, or (c) a continuation of Eurocurrency Rate Loans, pursuant to Section 2.02(a), Section 2.04(a), Section 2.06(a), Section 2.08(a), Section 2.10(a) or Section 2.12(a) which, if in writing, shall be substantially in the form of Exhibit A or, with respect to a Tranche 2 Swingline Loan, in such other form as the Administrative Agent shall approve.

"Commodity Exchange Act" means the Commodity Exchange Act (7 U.S.C. § 1 et seq.) and any successor statute.

"Compliance Certificate" means a certificate substantially in the form of Exhibit C.

"Computation Date" has the meaning specified in Section 2.27.

"Consolidated EBITDA" means, for any period, for the Parent Borrower and its Subsidiaries on a consolidated basis, an amount equal to Consolidated Net Income for such period plus the following to the extent deducted in calculating such Consolidated Net Income: (a) interest expense for such period, (b) depreciation and amortization expense (including amortization or impairment of Intangible Assets for Acquisitions or Dispositions), for such

period, (c) income tax expense for such period, (d) non-cash charges or expenses related to equity plans or equity awards in such period, (e) payroll taxes on exercise of stock options or vesting of restricted stock units or other equity awards in such period, (f) impairment of goodwill in such period, (g) at the option of the Parent Borrower, any transaction expenses from Acquisitions, Dispositions, issuances of Indebtedness or equity interests or repayment of Indebtedness or any refinancing, amendment or other modification of any Indebtedness (in each case, including any such transaction undertaken but not completed or consummated), ~~and~~ (h) non-cash restructuring charges and other non-cash exit and disposal costs during such period (provided that cash payments in respect of such restructuring charges and exit and disposal costs shall be deducted from Consolidated EBITDA when such payments are made) and (i) any loss (realized or unrealized) on Strategic Investments, and minus the following to the extent included in calculating such Consolidated Net Income: (x)any reversals of non-cash restructuring charges or other non-cash exit and disposal costs during such period and (y) any gain (realized or unrealized) on Strategic Investments; provided, however, that solely for the purpose of the computations of the Consolidated Leverage Ratio, if an Acquisition or a Disposition shall have occurred during the relevant period, Consolidated EBITDA shall be calculated, at the option of the Parent Borrower, on a pro forma basis in accordance with the SEC pro forma reporting rules under the Exchange Act, as if such Acquisition or Disposition, as applicable, occurred on the first day of the applicable period.

"Consolidated Leverage Ratio" means, as of any date of determination, the ratio of (a) Consolidated Total Debt as of such date to (b) Consolidated EBITDA for the period of four fiscal quarters ended on such date.

"Consolidated Net Income" means, for any period, for the Parent Borrower and its Subsidiaries on a consolidated basis, the net income of the Parent Borrower and its Subsidiaries (excluding extraordinary gains and extraordinary losses) for that period and computed in accordance with GAAP.

"Consolidated Net Tangible Assets" means, as of any date on which the Parent Borrower or any of its Subsidiaries effects a transaction requiring such Consolidated Net Tangible Assets to be measured under this Agreement, the aggregate amount of assets (less applicable reserves) after deducting therefrom (a) all current liabilities, except for current maturities of long-term debt and obligations under finance leases, and (b) all Intangible Assets, to the extent included in said aggregate amount of assets, all as set forth in the most recent consolidated balance sheet of the Parent Borrower and its consolidated Subsidiaries prepared in accordance with GAAP and delivered pursuant to Section 6.01 (or, prior to the first delivery of financial statements under Section 6.01 after the Closing Date, in the consolidated balance sheet of the Parent Borrower and its consolidated Subsidiaries as of June 30, 2019).

"Consolidated Total Debt" means, at any date, the aggregate principal amount of all Indebtedness for borrowed money of the Parent Borrower and its Subsidiaries at such date, determined on a consolidated basis in accordance with GAAP.

"Control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. "Controlling" and "Controlled" have meanings correlative thereto.

"Covered Entity" means any of the following:

(a) a "covered entity" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 252.82(b);

(b) a "covered bank" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 47.3(b); or

(c) a "covered FSI" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 382.2(b).

"Credit Party" means the Administrative Agent, each Tranche 2 Issuing Bank and each Tranche 2 Swingline Lender (and, for purposes of Section 2.26 and Section 11.22, each Lender).

"CSSF" means the *Commission de surveillance du secteur financier*, the Luxembourg competent authority of the financial sector.

"Daily Simple RFR" means, for any day (an "RFR Interest Day"), an interest rate per annum equal to, for any RFR Loan denominated in (i) Pounds Sterling, SONIA for the day that is 5 RFR Business Days prior to (A) if such RFR Interest Day is an RFR Business Day, such RFR Interest Day or (B) if such RFR Interest Day is not an RFR Business Day, the RFR Business Day immediately preceding such RFR Interest Day and (ii) Euros, ESTR based on the published rate of ESTR for the day that is 5 RFR Business Days prior to such request.

"Debtor Relief Laws" means the Bankruptcy Code of the United States, the Australian Corporations Act (including Chapter 5 and Part 5C.9 of the Australian Corporations Act), the *Bankruptcy and Insolvency Act* (Canada), the *Companies' Creditors Arrangement Act* (Canada) and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, judicial management, insolvency, reorganization, or similar debtor relief Laws of the United States or other applicable jurisdictions from time to time in effect and affecting the rights of creditors generally.

"Default" means any event or condition that constitutes an Event of Default or that, with the giving of any notice, the passage of time, or both, would be an Event of Default.

"Default Rate" means, with respect to the Obligations, an interest rate equal to (i) the ABR plus (ii) the Applicable Rate, if any, applicable to ABR Loans plus (iii) 2% per annum; provided, however, that with respect to any Loan other than an ABR Loan, the Default Rate shall be an interest rate equal to the interest rate (including any Applicable Rate) otherwise applicable to such Loan plus 2% per annum.

"Default Right" has the meaning assigned to that term in, and shall be interpreted in accordance with, 12 C.F.R. §§ 252.81, 47.2 or 382.1, as applicable.

"Defaulting Lender" means any Lender that (a) has failed, within two Business Days of the date required to be funded or paid, to (i) fund any portion of its Loans, (ii) fund any portion of its participations in Letters of Credit or Swingline Loans or (iii) pay over to any Credit Party any other amount required to be paid by it hereunder, unless, in the case of clause (i) above, such Lender notifies the Administrative Agent in writing that such failure is the result of such Lender's good faith determination that a condition precedent to funding (specifically identified and including the particular default, if any) has not been satisfied, (b) has notified the Parent Borrower or any Credit Party in writing, or has made a public statement to the effect, that it does not intend or expect to comply with any of its funding obligations under this Agreement (unless such writing or public statement indicates that such position is based on such Lender's good faith determination that a condition precedent (specifically identified and including the particular default, if any) to funding a loan under this Agreement cannot be satisfied), (c) has failed, within three Business Days after written request by a Credit Party or the Parent Borrower, to provide a certification in writing from an authorized officer of such Lender that it will comply with its obligations to fund prospective Loans and participations in then outstanding Letters of Credit and

Swingline Loans under this Agreement, provided that such Lender shall cease to be a Defaulting Lender pursuant to this clause (c) upon such Credit Party's or the Parent Borrower's receipt of such certification in form and substance reasonably satisfactory to such Credit Party or the Parent Borrower, as applicable, and the Administrative Agent or (d) has, or has a direct or indirect parent company that has, (i) become the subject of a proceeding under any Debtor Relief Law, (ii) had appointed for it a receiver, custodian, conservator, trustee, administrator, assignee for the benefit of creditors or similar Person charged with reorganization or liquidation of its business or assets, including the Federal Deposit Insurance Corporation or any other state or federal regulatory authority acting in such a capacity, or (iii) become the subject of a Bail-In Action; provided that a Lender shall not be a Defaulting Lender solely by virtue of the ownership or acquisition of any equity interest in that Lender or any direct or indirect parent company thereof by a Governmental Authority so long as such ownership interest does not result in or provide such Lender with immunity from the jurisdiction of courts within the United States or any other applicable jurisdiction or from the enforcement of judgments or writs of attachment on its assets or permit such Lender (or such Governmental Authority) to reject, repudiate, disavow or disaffirm any contracts or agreements made with such Lender.

"Designated Borrower" means each Foreign Borrower and each other Subsidiary of the Parent Borrower that becomes a party hereto pursuant to Section 4.03 until such time as the Parent Borrower notifies the Administrative Agent in writing that it wishes to terminate such Subsidiary's designation as a Designated Borrower, so long as, on the effective date of such termination, all Obligations of such Designated Borrower hereunder shall have been paid in full.

"Designated Borrower Closing Date" means, with respect to each Designated Borrower, the date on which the conditions precedent set forth in Section 4.03 shall have been satisfied in respect of such Designated Borrower.

"Directive 2001/24/EC" means the directive 2001/24/EC of the European Parliament and of the Council of 4 April 2001 on the reorganisation and winding-up of credit institutions.

"Disposition" or "Dispose" means the sale, transfer, license, lease or other disposition (in one transaction or in a series of transactions and whether effected pursuant to a division or otherwise) of any property by any Person (including any sale and leaseback transaction), including any sale, assignment, transfer or other disposal, with or without recourse, of any notes or accounts receivable or any rights and claims associated therewith.

"Documentation Agents" means Barclays Bank PLC, Goldman Sachs Bank USA, HSBC Bank USA, National Association, MUFG Bank, Ltd., The Bank of Nova Scotia, and TD Securities (USA) LLC.

"Early Opt-in Election" means, with respect to any Eurocurrency Rate Loan denominated in U.S. Dollars, if the then-current rate is the Eurocurrency Rate, the occurrence of:

(1) a notification by the Administrative Agent to (or the request by the Parent Borrower to the Administrative Agent to notify) each of the other parties hereto that at least five currently outstanding U.S. Dollar denominated syndicated credit facilities at such time contain (as a result of amendment or as originally executed) a SOFR-based rate (including SOFR, a term SOFR or any other rate based upon SOFR) as a benchmark rate (and such syndicated credit facilities are identified in such notice and are publicly available for review), and

(2) the joint election by the Administrative Agent and the Parent Borrower to trigger a fallback to the Eurocurrency Rate and the provision, as applicable, by the

Administrative Agent of written notice of such election to the Parent Borrower and the Lenders.

"EEA Financial Institution" means (a) any institution established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority, (b) any entity established in an EEA Member Country which is a parent of an institution described in clause (a) of this definition, or (c) any institution established in an EEA Member Country which is a subsidiary of an institution described in clauses (a) or (b) of this definition and is subject to consolidated supervision with its parent.

"EEA Member Country" means any of the member states of the European Union, Iceland, Liechtenstein, and Norway.

"EEA Resolution Authority" means any public administrative authority or any Person entrusted with public administrative authority of any EEA Member Country (including any delegee) having responsibility for the resolution of any EEA Financial Institution.

"Electronic Signature" means an electronic sound, symbol, or process attached to, or associated with, a contract or other record and adopted by a Person with the intent to sign, authenticate or accept such contract or record.

"Eligible Assignee" means any Person that meets the requirements to be an assignee under Section 11.06(b) (subject to such consents, if any, as may be required under Section 11.06(b)(iii)).

"Equivalent Amount" of any currency (other than U.S. Dollars) with respect to any amount of U.S. Dollars at any date means the equivalent in such currency of such amount of U.S. Dollars, calculated on the basis of the Exchange Rate for such other currency at 11:00 a.m. London time on the date on or as of which such amount is to be determined.

"ERISA" means the Employee Retirement Income Security Act of 1974.

"ERISA Affiliate" means any trade or business (whether or not incorporated) under common control with the Parent Borrower within the meaning of Section 414(b) or (c) of the Code or Section 4001(a)(14) of ERISA (and Sections 414(m) and (o) of the Code for purposes of provisions relating to Section 412 of the Code).

"ERISA Event" means (a) a Reportable Event with respect to a Pension Plan; (b) a withdrawal by the Parent Borrower or any ERISA Affiliate from a Pension Plan subject to Section 4063 of ERISA during a plan year in which it was a substantial employer (as defined in Section 4001(a)(2) of ERISA) or a cessation of operations that is treated as such a withdrawal under Section 4062(e) of ERISA; (c) a complete or partial withdrawal (as such terms are used in Sections 4203 and 4205, respectively, of ERISA) by the Parent Borrower or any ERISA Affiliate from a Multiemployer Plan; (d) the failure of the Parent Borrower or ERISA Affiliate to make by its due date a required installment under Section 430(j) of the Code with respect to any Pension Plan or any failure by any Pension Plan to satisfy the minimum funding standards (within the meaning of Section 412 of the Code or Section 302 of ERISA) applicable to such Pension Plan, whether or not waived in accordance with Section 412(c) of the Code or Section 302(c) of ERISA; (e) the filing pursuant to Section 412 of the Code or Section 302 of ERISA of an application for a waiver of the minimum funding standard with respect to any Pension Plan; (f) the failure by the Parent Borrower or any of its ERISA Affiliates to pay when due (after expiration of any applicable grace period) any installment payment with respect to Withdrawal Liability under Section 4201 of ERISA; (g) the filing of a notice of intent to terminate, the treatment of a plan amendment as a termination under Section 4041 or 4041A of ERISA, the commencement of proceedings by the PBGC to terminate pursuant to Section 4042 of ERISA, or

the appointment of a trustee to administer pursuant to Section 4042 of ERISA, any Pension Plan or Multiemployer Plan; or (h) the imposition of any liability under Title IV of ERISA, other than for PBGC premiums due but not delinquent under Section 4007 of ERISA, upon the Parent Borrower or any ERISA Affiliate.

"ESTR" means, with respect to any Business Day, a rate per annum equal to the Euro Short Term Rate for such Business Day published by the ESTR Administrator on the ESTR Administrator's Website.

"ESTR Administrator" means the European Central Bank (or any successor administrator of the Euro Short Term Rate).

"ESTR Administrator's Website" means the European Central Bank's website, currently at http://www.ecb.europa.eu, or any successor source for the Euro Short Term Rate identified as such by the ESTR Administrator from time to time.

"EU Bail-In Legislation Schedule" means the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor Person), as in effect from time to time.

"Euro" and "€" means the single currency of the participating member states of the European Union.

"EURIBOR Screen Rate" means, with respect to any Interest Period, the euro interbank offered rate administered by the European Money Markets Institute (or any other Person which takes over the administration of that rate) for the relevant period displayed (before any correction, recalculation or republication by the administrator) on page EURIBOR01 of the Thomson Reuters screen (or any replacement Thomson Reuters page which displays that rate) or on the appropriate page of such other information service which publishes that rate from time to time in place of Thomson Reuters as of 11:00 a.m. Brussels, Belgium time two Business Days prior to the commencement of the applicable Interest Period. If such page or service ceases to be available, the Administrative Agent may specify another page or service displaying the relevant rate after consultation with the Parent Borrower. If the EURIBOR Screen Rate shall be less than zero, the EURIBOR Screen Rate shall be deemed to be zero for purposes of this Agreement.

"Eurocurrency Rate" means, (a) with respect to any Eurocurrency Rate Loan denominated in ~~Pounds Sterling and for any Interest Period, the Eurocurrency Screen Rate at approximately 11:00 a.m. Local Time, on the day of commencement of such Interest Period, (b) with respect to any Eurocurrency Rate Loan denominated in~~ U.S. Dollars and for any Interest Period, the Eurocurrency Screen Rate at approximately 11:00 a.m. Local Time, two Business Days prior to the commencement of such Interest Period, (~~e~~b) with respect to any Eurocurrency Rate Loan denominated in Euros, the EURIBOR Screen Rate for such Interest Period, (~~d~~c) with respect to any Eurocurrency Rate Loan denominated in Australian Dollars, the AUD Screen Rate for such Interest Period, and (~~e~~d) with respect to any Eurocurrency Rate Loan denominated in Canadian Dollars, the CDOR Screen Rate for such Interest Period; provided, that, other than in the case of the AUD Screen Rate, if any of the foregoing rates shall not be available at such time for such Interest Period (an "Impacted Interest Period") with respect to the applicable currency, then such rate shall be the Interpolated Rate.

"Eurocurrency Rate Loan" means a Loan that bears interest at a rate based on the Eurocurrency Rate.

"Eurocurrency Screen Rate" means, for any day and time, with respect to any Eurocurrency Rate Loan denominated in U.S. Dollars ~~or Pounds Sterling~~ and for any Interest Period, the London interbank offered rate as administered by ICE Benchmark Administration or

any other Person that takes over the administration of such rate for U.S. Dollars ~~or Pounds Sterling~~ for a period equal in length to such Interest Period as displayed on such day and time on pages LIBOR01 or LIBOR02 of the Reuters screen that displays such rate (or, in the event such rate does not appear on a Reuters page or screen, on any successor or substitute page on such screen that displays such rate, or on the appropriate page of such other information service that publishes such rate from time to time as selected by the Administrative Agent in its reasonable discretion after consultation with the Parent Borrower); provided that if the Eurocurrency Screen Rate as so determined would be less than zero, such rate shall be deemed to be zero for the purposes of this Agreement.

"Event of Default" has the meaning specified in Section 8.01.

"Exchange Act" means the Securities Exchange Act of 1934.

"Exchange Rate" means, for any amount, at the time of determination thereof, (a) if such amount is expressed in U.S. Dollars, such amount, (b) if such amount is expressed in a Foreign Currency, the equivalent of such amount in U.S. Dollars determined by using the rate of exchange for the purchase of U.S. Dollars with the Foreign Currency last provided (either by publication or otherwise provided to the Administrative Agent) by the applicable Thomson Reuters Corp., Refinitiv, or any successor thereto ("Reuters") source on the Business Day (New York City time) immediately preceding the date of determination or if such service ceases to be available or ceases to provide a rate of exchange for the purchase of U.S. Dollars with the Foreign Currency, as provided by such other publicly available information service which provides that rate of exchange at such time in place of Reuters reasonably selected by the Administrative Agent (or if such service ceases to be available or ceases to provide such rate of exchange, the equivalent of such amount in U.S. Dollars as determined by the Administrative Agent, after consultation with the Parent Borrower, using any reasonable method of determination it deems appropriate) and (c) if such amount is denominated in any other currency, the equivalent of such amount in dollars as determined by the Administrative Agent, after consultation with the Parent Borrower, using any reasonable method of determination it deems appropriate.

"Excluded Earnout" means any obligations of the Parent Borrower or any Subsidiary to pay additional consideration in connection with any Acquisition, if such additional consideration is payable (i) in capital stock or other equity interests or (ii) in cash or in capital stock or other equity interests (at the option of the Parent Borrower or such Subsidiary).

"Excluded Taxes" means, with respect to the Administrative Agent, any Lender or any other recipient of any payment to be made by or on account of any obligation of any Loan Party hereunder: (a) Taxes imposed on or measured by its overall net income (however denominated), and franchise Taxes imposed on it (in lieu of net income Taxes), by the jurisdiction (or any political subdivision thereof) under the laws of which such recipient is organized, in which its principal office is located or, in the case of any Lender, in which its applicable Lending Office is located, or Taxes imposed as a result of a present or former connection with such jurisdiction (other than a connection arising solely from such recipient having executed, delivered, enforced, become a party to, performed its obligations, received payments, received or perfected a security interest under, or engaged in any other transaction in accordance with the terms of this Agreement); (b) any branch profits Taxes imposed by the United States or any similar Tax imposed by any other jurisdiction in which any Loan Party is located; (c) in the case of a Foreign Lender (other than an assignee pursuant to a request by any Loan Party under Section 11.13), any U.S. federal withholding Tax that is imposed on amounts payable to such Foreign Lender at the time such Foreign Lender becomes a party hereto (or designates a new Lending Office), except to the extent that such Foreign Lender (or its assignor, if any) was entitled, at the time of designation of a new Lending Office (or assignment), to receive additional amounts from any

Loan Party with respect to such withholding Tax pursuant to Section 3.01(a); (d) in the case of a Lender who is an assignee (other than an assignee pursuant to a request by any Loan Party under Section 11.13) of a Loan made to a Loan Party, any withholding Tax that is imposed on amounts payable to such Lender by such Loan Party at the time such Lender becomes a party hereto, except to the extent that such Lender's assignor was entitled at such time to receive additional amounts from such Loan Party with respect to such withholding Tax pursuant to Section 3.01(a); (e) any withholding Tax attributable to a Lender's failure or inability (other than as a result of a Change in Law) to comply with Section 3.01(e); (f) U.S. federal withholding Taxes imposed pursuant to FATCA; and (g) any withholding tax imposed under Part XIII of the *Income Tax Act* (Canada) arising as a result of such recipient either (i) not dealing at arm's length with a Borrower (for purposes of the *Income Tax Act* (Canada)), or (ii) being, or not dealing at arm's length with (for purposes of the *Income Tax Act* (Canada)), a "specified shareholder" of a Borrower (for purposes of the *Income Tax Act* (Canada)), but excluding in each case any such non-arm's length or "specified shareholder" relationship that arises solely from such recipient having executed, delivered, become a party to, performed its obligations under, received payments under, or engaged in any other transaction pursuant to or enforced any Loan Document.

"Existing Credit and Guarantee Agreement" means the Credit and Guarantee Agreement, dated as of July 17, 2015, among the Parent Borrower, PayPal, Inc. as subsidiary guarantor, the lenders party thereto, JPMorgan Chase Bank, N.A., as administrative agent, and the other parties thereto.

"Existing Maturity Date" has the meaning specified in Section 2.22(a).

"FATCA" means sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof, any agreement entered into pursuant to Section 1471(b)(1) of the Code and any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement, treaty or convention among Governmental Authorities and implementing such Sections of the Code.

"Federal Funds Effective Rate" means, for any day, the rate calculated by the NYFRB based on such day's federal funds transactions by depositary institutions, as determined in such manner as the NYFRB shall set forth on its public website from time to time, and published on the next succeeding Business Day by the NYFRB as the effective federal funds rate; provided that if the Federal Funds Effective Rate as so determined would be less than zero, such rate shall be deemed to be zero for the purposes of this Agreement.

"Fitch" means Fitch, Inc. and any affiliate thereof and any successor thereto that is a nationally-recognized rating agency.

"Floor" means the benchmark rate floor, if any, provided in this Agreement initially (as of the execution of this Agreement, the modification, amendment or renewal of this Agreement or otherwise) with respect to each Adjusted Daily Simple RFR the Central Bank Rate, as applicable. For the avoidance of doubt the initial Floor for each of Adjusted Daily Simple RFR or the Central Bank Rate shall be zero.

"Foreign Benefit Arrangement" means any employee benefit arrangement mandated by non-US law that is maintained or contributed to by the Parent Borrower or any Subsidiary.

"Foreign Borrower" means, to the extent that the conditions in Section 4.03 are satisfied as to such Foreign Borrower, Luxembourg Borrower 1, Luxembourg Borrower 2, the Singapore Borrower, the Australian Borrower and the Canadian Borrower.

"Foreign Currencies" means Euros, Pounds Sterling, Australian Dollars, Canadian Dollars and each other currency (other than U.S. Dollars) that is approved in accordance with the terms of this Agreement.

"Foreign Currency Payment Office" of the Administrative Agent means, for each Foreign Currency, the office, branch, affiliate or correspondent bank of the Administrative Agent for such currency as specified from time to time by it, in the case of the Administrative Agent by notice to the Parent Borrower and each Lender.

"Foreign Lender" means any Lender that is not a U.S. Person as defined in Section 7701(a)(30) of the Code.

"Foreign Plan" means each employee benefit plan (within the meaning of Section 3(3) of ERISA, whether or not subject to ERISA) that is not subject to US law and is maintained or contributed to by the Parent Borrower or any Subsidiary.

"Foreign Plan Event" means, with respect to any Foreign Benefit Arrangement or Foreign Plan, (a) the failure to make or, if applicable, accrue in accordance with normal accounting practices, any employer or employee contributions required by applicable law or by the terms of such Foreign Benefit Arrangement or Foreign Plan; (b) the failure to register or loss of good standing with applicable regulatory authorities of any such Foreign Benefit Arrangement or Foreign Plan required to be registered; (c) the failure of any Foreign Benefit Arrangement or Foreign Plan to comply with any material provisions of applicable law and regulations or with the material terms of such Foreign Benefit Arrangement or Foreign Plan; or (d) with respect to any Canadian Pension Plan, (i) any statutory deemed trust or Lien arises, (ii) any Loan Party initiates any action or filing to voluntarily terminate or wind up in whole or in part any Canadian Defined Benefit Plan, (iii) the institution of proceedings by any Governmental Authority to terminate in whole or in part any Canadian Defined Benefit Plan, (iv) the wind-up or termination in whole or in part of any Canadian Defined Benefit Plan, or (v) the withdrawal of any Loan Party from a "multi-employer pension plan" (as defined under the Pension Benefits Act (Ontario), or any similar plan under any applicable federal or provincial pension standards legislation in Canada) where any additional funding obligation of the Loan Party is triggered by such withdrawal.

"FRB" means the Board of Governors of the Federal Reserve System of the United States.

"Fund" means any Person (other than a natural person) that is (or will be) engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the ordinary course of its business.

"GAAP" means generally accepted accounting principles in the United States set forth in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board, that are applicable to the circumstances as of the date of determination, consistently applied.

"Governmental Authority" means the government of the United States or any other nation, or of any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive,

legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any supra-national bodies such as the European Union or the European Central Bank).

"Guarantee" means, as to any Person, any obligation, contingent or otherwise, of such Person guaranteeing or having the economic effect of guaranteeing any Indebtedness of another Person (the "primary obligor") in any manner, whether directly or indirectly, and including any obligation of such Person, direct or indirect, (i) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness, (ii) to purchase or lease property, securities or services for the purpose of assuring the obligee in respect of such Indebtedness of the payment of such Indebtedness, (iii) to maintain working capital, equity capital or any other financial statement condition or liquidity or level of income or cash flow of the primary obligor so as to enable the primary obligor to pay such Indebtedness, or (iv) entered into for the purpose of assuring in any other manner the obligee in respect of such Indebtedness of the payment or performance thereof or to protect such obligee against loss in respect thereof (in whole or in part); provided that the term "Guarantee" shall not include endorsements for collection or deposit, in either case in the ordinary course of business, or contingent or inchoate indemnity obligations in effect on the Closing Date or entered into in connection with any Acquisition or Disposition (other than such obligations with respect to Indebtedness). The amount of any Guarantee shall be deemed to be an amount equal to the stated or determinable amount of the related primary obligation, or portion thereof, in respect of which such Guarantee is made or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof as determined by the guaranteeing Person in good faith. The term "Guarantee" as a verb has a corresponding meaning.

"Guarantor" means the Parent Borrower (but only with respect to any Obligations of any Designated Borrower).

"Impacted Interest Period" has the meaning specified in the definition of "Eurocurrency Rate".

"Increase Effective Date" has the meaning specified in Section 2.23(d).

"Indebtedness" means, as to any Person at a particular time, without duplication, all of the following, whether or not included as indebtedness or liabilities in accordance with GAAP: (a) all obligations of such Person for borrowed money and all obligations of such Person for borrowed money evidenced by bonds, debentures, notes, loan agreements or other similar instruments; (b) all direct or contingent obligations of such Person arising under letters of credit, bankers' acceptances, bank guaranties, surety bonds and similar instruments; (c) net obligations of such Person under any Swap Contract; (d) all obligations of such Person to pay the deferred purchase price of property or services (other than (i) trade accounts payable in the ordinary course of business and (ii) any earnout obligation until such obligation becomes a liability on the balance sheet of such Person in accordance with GAAP, but in any event "Indebtedness" shall exclude any Excluded Earnout); (e) Indebtedness of another Person referred to in clauses (a) through (d) above or clauses (f) or (g) below secured by a Lien on property owned by such Person, whether or not such Indebtedness shall have been assumed by such Person or is limited in recourse (it being understood that obligations secured by Liens of the type described in Section 7.01(f) shall not constitute Indebtedness under this clause (e)); (f) Indebtedness in respect of finance leases (but excluding any operating leases required to be classified as debt under GAAP); and (g) all Guarantees of such Person in respect of any of the foregoing of another Person. The amount of any net obligation under any Swap Contract on any date shall be deemed to be the Swap Termination Value thereof as of such date. Notwithstanding anything to the contrary contained herein, cash pooling and notional pooling arrangements among the Parent

Borrower and its Subsidiaries and among Subsidiaries of the Parent Borrower, and obligations thereunder, shall not constitute "Indebtedness".

"Indemnified Taxes" means Taxes other than Excluded Taxes.

"Indemnitees" has the meaning specified in Section 11.04(b).

"Index Debt Rating" means, for Moody's, S&P or Fitch, its rating for senior, unsecured, long-term indebtedness for borrowed money of the Parent Borrower that is not guaranteed by any other Person or subject to any other credit enhancement or, if no such rating is available, (x) its public corporate family rating of the Parent Borrower (in the case of Moody's), (y) its public corporate rating of the Parent Borrower (in the case of S&P) or (z) its corporate or other equivalent rating of the Parent Borrower (in the case of Fitch).

"Information" has the meaning specified in Section 11.07.

"Indirect Tax" means any Non-U.S. Non-U.S. goods and services tax, Non-U.S. consumption tax, Non-U.S. value added tax or any tax of a similar nature.

"Intangible Assets" means assets that are considered to be intangible assets under GAAP, including customer lists, goodwill, computer software, copyrights, trade names, trademarks, patents, franchises, licenses, unamortized deferred charges, unamortized debt discount and capitalized research and development costs.

"Interest Payment Date" means, (a) as to any ~~Loan other than an ABR Loan or Overnight~~Eurocurrency Rate Loan, the last day of each Interest Period applicable to such Loan, and the Maturity Date; provided, however, that if any Interest Period for a Eurocurrency Rate Loan exceeds three months, the respective dates that fall every three months after the beginning of such Interest Period shall also be Interest Payment Dates; (b) as to any ABR Loan (other than a Tranche 2 Swingline Loan) or Overnight Rate Loan, the last Business Day of each March, June, September and December and the Maturity Date; ~~and~~ (c) as to any Tranche 2 Swingline Loan, the day that such Loan is required to be repaid~~.~~ and (d) as to any RFR Loan, each date that is on the numerically corresponding day in each calendar month that is one month after the Borrowing of such Loan (or, if there is no such numerically corresponding day in such month, then the last day of such month) and the Maturity Date.

"Interest Period" means, as to each Eurocurrency Rate Loan, the period commencing on the date such Eurocurrency Rate Loan is disbursed or converted to or continued as a Eurocurrency Rate Loan and ending on the date (a) with respect to any Eurocurrency Rate Loan denominated in U.S. Dollars, Euros or Australian Dollars, one, ~~two,~~ three or six months thereafter and (b) with respect to any Eurocurrency Rate Loan denominated in Canadian Dollars, one, two or three months thereafter, as selected by a Borrower in its Committed Loan Notice, or such other period that is twelve months or less requested by such Borrower and available from all Lenders; provided that: (a) any Interest Period that would otherwise end on a day that is not a Business Day shall be extended to the next succeeding Business Day unless such Business Day falls in another calendar month, in which case such Interest Period shall end on the immediately preceding Business Day; (b) any Interest Period that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Business Day of the calendar month at the end of such Interest Period; and (c) no Interest Period shall extend beyond the Maturity Date.

"Interpolated Rate" means, at 11:00 a.m. Local Time (and 10:30 a.m. Local Time for Loans denominated in Canadian Dollars), for any Interest Period, the rate *per annum* (rounded to

the same number of decimal places as the Eurocurrency Screen Rate) determined by the Administrative Agent (which determination shall be conclusive and binding absent manifest error) to be equal to the rate that results from interpolating on a linear basis between: (a) the Eurocurrency Screen Rate in the case of Eurocurrency Rate Loans denominated in U.S. Dollars ~~or Pounds Sterling~~, the EURIBOR Screen Rate in the case of Eurocurrency Rate Loans denominated in Euros, the AUD Screen Rate in the case of Eurocurrency Rate Loans denominated in Australian Dollars, or the CDOR Screen Rate in the case of Eurocurrency Rate Loans denominated in Canadian Dollars, each as the case may be, for the longest period (for which the Eurocurrency Screen Rate, EURIBOR Screen Rate, the AUD Screen Rate, or CDOR Screen Rate, as the case may be, is available for the applicable currency) that is shorter than the Impacted Interest Period; and (b) the Eurocurrency Screen Rate, EURIBOR Screen Rate, the AUD Screen Rate, or CDOR Screen Rate, as the case may be, for the shortest period (for which that Eurocurrency Screen Rate, EURIBOR Screen Rate, the AUD Screen Rate, or CDOR Screen Rate, as the case may be, is available for the applicable currency) that exceeds the Impacted Interest Period, in each case, at such time.

"IP Rights" has the meaning specified in Section 5.14.

"Ipso Facto Event" has the meaning specified in Section 10.01.

"IRS" means the United States Internal Revenue Service.

"Joinder Agreement" means a joinder agreement entered into by a Designated Borrower in substantially the form of Exhibit F or any other form approved by the Administrative Agent and the Parent Borrower.

"Laws" means, collectively, all international, foreign, Federal, state and local statutes, treaties, rules, guidelines, regulations, ordinances, codes and administrative or judicial precedents or authorities, including the interpretation or administration thereof by any Governmental Authority charged with the enforcement, interpretation or administration thereof, and all applicable administrative orders, directed duties, requests, licenses, authorizations and permits of, and agreements with, any Governmental Authority, in each case whether or not having the force of law.

"Lender" has the meaning specified in the introductory paragraph hereto and shall include, individually and collectively as the context requires, the Tranche 1 Lenders, the Tranche 2 Lenders, the Tranche 3 Lenders, the Tranche 4 Lenders, the Tranche 5 Lenders and the Tranche 6 Lenders. Unless the context otherwise requires, the term "Lender" includes the Tranche 2 Issuing Banks and the Tranche 2 Swingline Lenders (it being understood that the Tranche 2 Issuing Banks and the Tranche 2 Swingline Lenders shall not be included in the determination of Required Lenders in their capacities as such).

"Lending Office" means, as to any Lender, the office or offices of such Lender described as such in such Lender's Administrative Questionnaire, or such other office or offices as a Lender may from time to time notify the Borrowers and the Administrative Agent.

"Lien" means any mortgage, pledge, hypothecation, encumbrance in the nature of a security interest, lien or other security interest (including a "security interest" as defined in the Australian PPS Act, but excluding in any case any security interest defined in section 12(3) of the Australian PPS Act if that security interest does not in substance secure the payment or performance of an obligation).

"Loan" means an extension of credit by a Lender pursuant to this Agreement. For the avoidance of doubt, the Loans shall include the Committed Loans and the Tranche 2 Swingline Loans.

"Loan Documents" means this Agreement, any Notes and any Joinder Agreements that have not been terminated pursuant to Section 11.18.

"Loan Parties" means the Borrowers (including the Guarantor).

"Local Time" means (a) local time in New York, New York, United States with respect to (i) any Borrowing denominated in U.S. Dollars that is an ABR Loan, (ii) any Borrowing denominated in U.S. Dollars that is a Eurocurrency Rate Loan made to the Parent Borrower, (iii) any Borrowing denominated in Euros ~~or Pounds Sterling~~ that is a Eurocurrency Rate Loan and made to the Parent Borrower, (iv) any Borrowing denominated in Pounds Sterling that is an RFR Loan and made to the Parent Borrower, (v) any Tranche 2 LC Disbursement denominated in Euros or Pounds Sterling made to the Parent Borrower or (~~v~~vi) any Tranche 2 LC Disbursement in U.S. Dollars made to the Parent Borrower, (b) local time in London, England with respect to (i) any Borrowing denominated in Euros ~~or Pounds Sterling~~ that is a Eurocurrency Rate Loan and made to a Foreign Borrower, (ii) any Borrowing denominated in U.S. Dollars that is a Eurocurrency Rate Loan made to any Foreign Borrower, (iii) any Borrowing denominated in Euros or Pounds Sterling that is an Overnight Rate Loan and made to a Foreign Borrower, (iv) any Borrowing denominated in U.S. Dollars that is an Overnight Rate Loan made to the Singapore Borrower ~~or~~, (v) any Borrowing denominated in Pounds Sterling that is an RFR Loan made to a Foreign Borrower, or (vi) any Tranche 2 LC Disbursement denominated in Euros or Pounds Sterling made to a Foreign Borrower, (c) local time in Sydney, Australia with respect to any Borrowing denominated in Australian Dollars and (d) local time in Toronto, Canada with respect to any Borrowing denominated in Canadian Dollars.

"Luxembourg" means the Grand Duchy of Luxembourg.

"Luxembourg Borrowers" means Luxembourg Borrower 1 and Luxembourg Borrower 2.

"Luxembourg Borrowers and Singapore Borrower Administrative Agent" means, with respect to Loans made to Luxembourg Borrower 1, Luxembourg Borrower 2 or the Singapore Borrower, J.P. Morgan ~~Europe Limited~~AG, in its capacity as administrative agent under any of the Loan Documents, or any successor administrative agent with respect to Loans made to Luxembourg Borrower 1, Luxembourg Borrower 2 or the Singapore Borrower.

"Luxembourg Borrower 1" means PayPal (Europe) S.à r.l. et Cie, S.C.A., a partnership limited by shares (*société en commandite par actions*) incorporated under the laws of Luxembourg, having its registered office at 22-24 Boulevard Royal, L-2449 Luxembourg and registered with the Luxembourg trade and companies register under number B118.349 acting through and represented by its managing general partner PayPal (Europe) S.À R.L, a private limited liability company (*société à responsabilité limitée*) incorporated under the laws of Luxembourg, having its registered office at 22-24 Boulevard Royal, L-2449 Luxembourg and registered with the Luxembourg Companies Register under number B127-485.

"Luxembourg Borrower 2" means PayPal International Treasury Centre S.à r.l., a private limited liability company (*société à responsabilité limitée*) incorporated under the laws of Luxembourg, having its registered office at 22-24 Boulevard Royal, L-2449 Luxembourg and registered with the Luxembourg Companies Register under number B178-173.

"Luxembourg Companies Register" means the Luxembourg Register of Commerce and Companies (*R.C.S. Luxembourg*).

"Material Adverse Effect" means (a) a material adverse change in, or a material adverse effect upon, the results of operations, business, properties, or financial condition of the Parent Borrower and its Subsidiaries taken as a whole; (b) a material impairment of the ability of the Loan Parties to perform their obligations under this Agreement; or (c) a material adverse effect upon the legality, validity, binding effect or enforceability against the Loan Parties of this Agreement.

"Maturity Date" means the later of (a) September 11, 2024 and (b) if the maturity of any Tranche is extended pursuant to Section 2.22, each such extended maturity date with respect to each such Tranche as determined pursuant to such Section; provided, however, that, in each case, if such date is not a Business Day, the Maturity Date shall be the immediately preceding Business Day.

"Maximum Rate" has the meaning specified in Section 11.09.

"Moody's" means Moody's Investors Service, Inc. and any affiliate thereof and any successor thereto that is a nationally-recognized rating agency.

"Multiemployer Plan" means any employee benefit plan of the type described in Section 4001(a)(3) of ERISA, to which the Parent Borrower or any ERISA Affiliate makes or is obligated to make contributions, or during the preceding five plan years, has made or been obligated to make contributions.

"Non-Extending Lender" has the meaning specified in Section 2.22(b).

"Note" means a promissory note made by a Borrower in favor of a Lender requesting such a promissory note evidencing Loans made by such Lender, substantially in the form of Exhibit B.

"Notice Date" has the meaning specified in Section 2.22(b).

"NYFRB" means the Federal Reserve Bank of New York.

"NYFRB Rate" means, for any day, the greater of (a) the Federal Funds Effective Rate in effect on such day and (b) the Overnight Bank Funding Rate in effect on such day (or for any day that is not a Business Day, for the immediately preceding Business Day); provided that if none of such rates are published for any day that is a Business Day, the term "NYFRB Rate" means the rate for a federal funds transaction quoted at 11:00 a.m. New York time on such day received by the Administrative Agent from a federal funds broker of recognized standing selected by it; provided, further, that if any of the aforesaid rates as so determined be less than zero, such rate shall be deemed to be zero for purposes of this Agreement.

"Obligations" means all advances to, and debts, liabilities, obligations, covenants and duties of, the Borrowers arising under any Loan Document or otherwise with respect to any Loan or reimbursement obligation of the Borrowers in respect of a Tranche 2 Letter of Credit, whether direct or indirect (including those acquired by assumption), absolute or contingent, due or to become due, now existing or hereafter arising (including, in the case of the Guarantor, its obligations pursuant to the guarantee contained in Article IX).

"Organization Documents" means, (a) with respect to any corporation, the certificate or articles of incorporation and the bylaws (or constitution or other equivalent or comparable constitutive documents with respect to any non-U.S. jurisdiction); (b) with respect to any limited liability company, the certificate or articles of formation or organization and operating agreement (or constitution or other equivalent comparable constitutive documents with respect to any non-

U.S. jurisdiction); and (c) with respect to any partnership, joint venture, trust or other form of business entity, the partnership, joint venture or other applicable agreement of formation or organization and any agreement, instrument, filing or notice with respect thereto filed in connection with its formation or organization with the applicable Governmental Authority in the jurisdiction of its formation or organization and, if applicable, any certificate or articles of formation or organization of such entity.

1. "Other Taxes" means all present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies arising from any payment made hereunder or under any other Loan Document or from the execution, delivery or enforcement of, or otherwise with respect to, this Agreement or any other Loan Document.

"Outstanding Amount" means the Tranche 1 Outstanding Amount, Tranche 2 Outstanding Amount, Tranche 3 Outstanding Amount, Tranche 4 Outstanding Amount, Tranche 5 Outstanding Amount and Tranche 6 Outstanding Amount, individually or collectively as the context requires.

"Overnight AUD Rate" means, with respect to any Overnight Rate Loan denominated in AUD, on any day, a rate per annum equal to the official rate published by the Reserve Bank of Australia for overnight deposits of Australian Dollars (the rate displayed on Reuters monitor page "RBA30" (or equivalent successor thereof)) (or, in the event that such rate does not appear on a page of the Reuters screen, on the appropriate page of such other information service that publishes such rate as shall be selected by the Administrative Agent from time to time in its reasonable discretion), at approximately 11:00 a.m., Sydney time, on such day; provided that if the Overnight AUD Rate shall be less than zero, such rate shall be deemed to be zero for all purposes of this Agreement.

"Overnight Bank Funding Rate" means, for any day, the rate comprised of both overnight federal funds and overnight Eurocurrency Rate Loans by U.S.-managed banking offices of depository institutions, as such composite rate shall be determined by the NYFRB as set forth on its public website from time to time, and published on the next succeeding Business Day by the NYFRB as an overnight bank funding rate.

~~"Overnight LIBO Rate" means, (i) with respect to any Overnight Rate Loan denominated in U.S. Dollars, on any day, a rate per annum equal to the London interbank offered rate as administered by the ICE Benchmark Administration Limited (or any other Person that takes over the administration of such rate) for overnight deposits of U.S. Dollars as displayed on the applicable Thomson Reuters screen page (currently page LIBOR01 or LIBOR02 (as applicable)) (or, in the event such rate does not appear on a page of the Thomson Reuters screen, on the appropriate page of such other information service that publishes such rate as shall be selected by the Administrative Agent from time to time in its reasonable discretion) at approximately 11:00 a.m., London time, on such day or (ii) with respect to any Overnight Rate Loan denominated in Euros or Pounds Sterling, on any day, a rate per annum equal to the London interbank offered rate as administered by the ICE Benchmark Administration Limited (or any other Person that takes over the administration of such rate) for one-month deposits of Euros and Pounds Sterling as applicable as displayed on the applicable Thomson Reuters screen page (currently page LIBOR01 or LIBOR02 (as applicable)) (or, in the event such rate does not appear on a page of the Thomson Reuters screen, on the appropriate page of such other information service that publishes such rate as shall be selected by the Administrative Agent from time to time in its reasonable discretion) at approximately 11:00 a.m., London time, on such day; provided that if the Overnight LIBO Rate shall be less than zero, such rate shall be deemed to be zero for all purposes of this Agreement.~~

"Overnight Rate" means, (a) with respect to any Overnight Rate Loan denominated in U.S. Dollars~~, Euros or~~ on any day, a rate per annum equal to ABR, (b) with respect to any Overnight Rate Loan denominated in Pounds Sterling on any day, a rate per annum equal to the ~~Overnight LIBO Rate, (b~~Adjusted Daily Simple RFR, (c) with respect to any Overnight Rate Loan denominated in Euros on any day, a rate per annum equal to the Adjusted Daily Simple RFR for Euros, (d) with respect to any Overnight Rate Loan denominated in Australian Dollars the Overnight AUD Rate and (~~e~~e) with respect to any Overnight Rate Loan denominated in Canadian Dollars the Canadian Prime Rate.

"Overnight Rate Loan" means a Loan that bears interest at a rate based upon the Overnight Rate.

"Parent Borrower" has the meaning specified in the introductory paragraph hereto.

"Parent Borrower Administrative Agent" means, with respect to Loans made to the Parent Borrower, JPMorgan Chase Bank, N.A., in its capacity as administrative agent under any of the Loan Documents, or any successor administrative agent with respect to Loans or Tranche 2 Letters of Credit denominated in U.S. Dollars and made to the Parent Borrower.

"Participant" has the meaning specified in Section 11.06(d).

"Participant Register" has the meaning specified in Section 11.06(d).

"Participating Member State" means any member state of the European Union that has the euro as its lawful currency in accordance with legislation of the European Union relating to Economic and Monetary Union.

"Patriot Act" has the meaning specified in Section 11.17.

"PBGC" means the Pension Benefit Guaranty Corporation.

"Pension Plan" means any "employee pension benefit plan" (as such term is defined in Section 3(2) of ERISA), other than a Multiemployer Plan, that is subject to Title IV of ERISA and is sponsored or maintained by the Parent Borrower or any ERISA Affiliate or to which the Parent Borrower or any ERISA Affiliate contributes or has an obligation to contribute, or in the case of a multiple employer or other plan described in Section 4064(a) of ERISA, has made contributions at any time during the immediately preceding five plan years.

"Person" means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

"Plan" means any "employee benefit plan" (as such term is defined in Section 3(3) of ERISA) established by the Parent Borrower or, with respect to any such plan that is subject to Section 412 of the Code or Title IV of ERISA, any ERISA Affiliate.

"Pounds Sterling" and "£" means the lawful currency of the United Kingdom.

"Prime Bank" means a bank determined by the Australian Financial Markets Association (or any other Person which takes over the administration of the AUD Screen Rate) as being a Prime Bank or an acceptor or issuer of bills of exchange or negotiable certificates of deposit for the purposes of calculating the AUD Screen Rate. If the Australian Financial Markets Association or such other person ceases to make such determination, the Prime Bank shall be the Prime Bank last so appointed.

"Prime Rate" means the rate of interest last quoted by The Wall Street Journal as the "Prime Rate" in the U.S. or, if The Wall Street Journal ceases to quote such rate, the highest per annum interest rate published by the ~~Federal Reserve Board~~FRB in Federal Reserve Statistical Release H.15 (519) (Selected Interest Rates) as the "bank prime loan" rate or, if such rate is no longer quoted therein, any similar rate quoted therein (as reasonably determined by the Administrative Agent) or any similar release by the ~~Federal Reserve Board~~FRB (as reasonably determined by the Administrative Agent). Each change in the Prime Rate shall be effective from and including the date such change is publicly announced or quoted as being effective.

"PTE" means a prohibited transaction class exemption issued by the U.S. Department of Labor, as any such exemption may be amended from time to time.

"QFC" has the meaning assigned to the term "qualified financial contract" in, and shall be interpreted in accordance with, 12 U.S.C. 5390(c)(8)(D).

"QFC Credit Support" has the meaning specified in Section 11.20.

"Qualified Acquisition" means any Acquisition by the Parent Borrower or any of its Subsidiaries, if the aggregate purchase price of, or other consideration for, such Acquisition is at least $750,000,000 or the Equivalent Amount thereto in a foreign currency.

"Qualified Acquisition Election" has the meaning specified in Section 7.05.

"Ratable Currencies" means (a) U.S. Dollars, (b) Euro and (c) Pounds Sterling.

"Reference Bank Rate" means in relation to the AUD Screen Rate, the sum of:

(a) the following rates:

(i) the arithmetic mean of the rates (rounded upwards to four decimal places) as supplied to the Administrative Agent at its request by the Reference Banks as the mid discount rate (expressed as a yield percent to maturity) observed by the relevant Reference Bank for marketable parcels of Australian dollar denominated bank accepted bills and negotiable certificates of deposit accepted or issued by Prime Banks, and which mature on the last day of the relevant period; or

(ii) (if there is no observable market rate for marketable parcels of Prime Bank Australian dollar securities referred to in paragraph (i) above), the arithmetic mean of the rates (rounded upwards to four decimal places) as supplied to the Administrative Agent at its request by the Reference Banks as the rate at which the relevant Reference Bank could borrow funds in Australian dollars in the Australian interbank market for the relevant period were it to do so by asking for and then accepting interbank offers for deposits in reasonable market sizes and for that period; and

(b) 0.05% per annum.

"Reference Banks" means the Commonwealth Bank of Australia, Westpac Banking Corporation, National Australia Bank Limited and Australia and New Zealand Banking Group Limited or any other banks or financial institutions determined from time to time as agreed between the Parent Borrower and the Administrative Agent.

"Register" has the meaning specified in Section 11.06(c).

"Related Parties" means, with respect to any Person, such Person's Affiliates and the partners, directors, officers, employees agents and advisors of such Person and of such Person's Affiliates.

"Relevant Anniversary Date" has the meaning specified in Section 2.22(a).

"Reportable Event" means any of the events set forth in Section 4043(c) of ERISA, other than events for which the 30-day notice period has been waived.

"Required Lenders" means, as of any date of determination, Lenders holding more than 50% of the aggregate of the Aggregate Tranche 1 Commitments, the Aggregate Tranche 2 Commitments, the Aggregate Tranche 3 Commitments, the Aggregate Tranche 4 Commitments, the Aggregate Tranche 5 Commitments and the Aggregate Tranche 6 Commitments or, if the commitment of each Lender to make Loans has been terminated pursuant to Section 8.02, Lenders holding in the aggregate more than 50% of the Total Outstandings; provided that the Commitment of, and the portion of the Total Outstandings held or deemed to be held by, any Defaulting Lender shall be excluded for purposes of making a determination of Required Lenders. For the purpose of such determination, the Administrative Agent shall use the U.S. Dollar Amount of the Loans as of such date of determination.

"Responsible Officer" means the chief executive officer, chief financial officer, treasurer, chief accounting officer or controller of any applicable Loan Party (or, in the case of an Australian Loan Party and/or the Singapore Borrower, a director and, in the case of the Luxembourg Borrowers, a manager or authorized signatory, as applicable) and, solely for purposes of notices given pursuant to Article II, any other officer or employee of the Parent Borrower (or, with respect to a Designated Borrower, of such Designated Borrower) so designated by any of the foregoing officers to the Administrative Agent from time to time. Any document delivered hereunder that is signed by a Responsible Officer of a Loan Party shall be conclusively presumed to have been authorized by all necessary corporate, partnership and/or other action on the part of such Loan Party and such Responsible Officer shall be conclusively presumed to have acted on behalf of such Loan Party.

"RFR" means, for (a) any RFR Loan denominated in Pounds Sterling, SONIA and (b) any RFR Loan denominated in Euros, ESTR.

"RFR Borrowing" means, as to any Borrowing, the RFR Loans comprising such Borrowing.

"RFR Business Day" means, (a) for any Loan denominated in Pounds Sterling, any day except for (i) a Saturday, (ii) a Sunday or (iii) a day on which banks are closed for general business in London and (b) for any RFR Loan denominated in Euros and in relation to the calculation or computation of ESTR, any day which is a TARGET Day.

"RFR Interest Day" has the meaning specified in the definition of "Daily Simple RFR".

"RFR Loan" means a Loan that bears interest at a rate based on the Adjusted Daily Simple RFR.

"S&P" means Standard & Poor's Financial Services LLC and any affiliate thereof and any successor thereto that is a nationally-recognized rating agency.

"Sale Lease-Back Transaction" means any arrangement with any Person providing for the leasing by the Parent Borrower or any Subsidiary of the Parent Borrower of any property which

has been or is to be sold or transferred by the Parent Borrower or such Subsidiary to such Person with the intention of taking back a lease of such property.

"Sanctioned Country" means, at any time, a country, region or territory which is itself the subject or target of any comprehensive Sanctions (at the time of this Agreement, limited to Crimea, Cuba, Iran, North Korea and Syria).

"Sanctioned Person" means, at any time, (a) any Person listed in any Sanctions-related list of designated Persons maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury, the U.S. Department of State, Global Affairs Canada, Australian Department of Foreign Affairs and Trade or by the United Nations Security Council, the European Union, any European Union member state or Her Majesty's Treasury of the United Kingdom, (b) any Person operating, organized or resident in a Sanctioned Country or (c) any Person owned or controlled by any such Person or Persons described in the foregoing clauses (a) or (b).

"Sanctions" means all economic or financial sanctions or trade embargoes imposed, administered or enforced from time to time by (a) the U.S. government, including those administered by the Office of Foreign Assets Control of the U.S. Department of the Treasury or the U.S. Department of State, (b) the United Nations Security Council, the European Union, any European Union member state or Her Majesty's Treasury of the United Kingdom, (c) Australia, including the Australian Department of Foreign Affairs and Trade, (d) Global Affairs Canada or (e) the Government of Singapore, including those administered by the Monetary Authority of Singapore.

"SEC" means the Securities and Exchange Commission, or any Governmental Authority succeeding to any of its principal functions.

"SEC Reports" means all reports, schedules, forms, statements and other documents filed by the Parent Borrower with the SEC pursuant to the reporting requirements of the Exchange Act prior to the date of this Agreement, including all exhibits included therein and financial statements, notes and schedules thereto and documents incorporated by reference therein.

"Securities Act" means the Securities Act of 1933, as amended.

"Securitization" means the securitization by the Parent Borrower or any Subsidiary of accounts receivable or other assets.

"Securitization Subsidiary" means a Wholly-Owned Subsidiary of the Parent Borrower created solely for purposes of effectuating a Securitization, the activities and assets of which are limited solely to such purpose and assets, and the Organization Documents of which contain customary bankruptcy-remote provisions.

"Significant Subsidiary" means, at any time, any Designated Borrower or any other Subsidiary that satisfies the criteria for a "significant subsidiary" as defined in Article 1, Rule 1-02 of Regulation S-X, promulgated pursuant to the Securities Act, as such Regulation is in effect on the date hereof. Such determination shall be made in relationship to the Parent Borrower and its Subsidiaries on a consolidated basis as of the end of the most recently completed fiscal year on an annual basis at the time that the annual financial statements for the Parent Borrower and its Subsidiaries are delivered pursuant to Section 6.01(a) (or, prior to the first delivery of annual financial statements pursuant to Section 6.01(a), as of December 31, 2018).

"Singapore Borrower" means PayPal Pte. Ltd. (Company Registration Number 200509725E), a private limited company incorporated under the laws of Singapore.

"SOFR" means, with respect to any Business Day, a rate per annum equal to the secured overnight financing rate for such Business Day published by the SOFR Administrator on the SOFR Administrator's Website on the immediately succeeding Business Day.

"SOFR Administrator" means the NYFRB (or a successor administrator of the secured overnight financing rate).

"SOFR Administrator's Website" means the NYFRB's website, currently at http://www.newyorkfed.org, or any successor source for the secured overnight financing rate identified as such by the SOFR Administrator from time to time.

"SONIA" means, with respect to any Business Day, a rate per annum equal to the Sterling Overnight Index Average for such Business Day published by the SONIA Administrator on the SONIA Administrator's Website on the immediately succeeding Business Day.

"SONIA Administrator" means the Bank of England (or any successor administrator of the Sterling Overnight Index Average).

"SONIA Administrator's Website" means the Bank of England's website, currently at http://www.bankofengland.co.uk, or any successor source for the Sterling Overnight Index Average identified as such by the SONIA Administrator from time to time.

"Specified Indebtedness" has the meaning specified in Section 8.01(e).

"Stockholders' Equity" means, as of any date of determination, consolidated stockholders' equity of the Parent Borrower and its Subsidiaries as of that date determined in accordance with GAAP.

"Strategic Investment" means any investment by the Parent Borrower or any of its Subsidiaries in marketable equity securities (which are publicly traded) and/or non-marketable equity securities (which are investments in privately held companies); provided that no investment in the Parent Borrower or any of its Subsidiaries shall be a "Strategic Investment".

"Subsidiary" of a Person means a corporation, partnership, joint venture, limited liability company or other business entity of which a majority of the shares of securities or other interests having ordinary voting power for the election of directors or other governing body (other than securities or interests having such power only by reason of the happening of a contingency) are at the time beneficially owned, directly, or indirectly through one or more intermediaries, or both, by such Person. Unless otherwise specified, all references herein to a "Subsidiary" or to "Subsidiaries" shall refer to a Subsidiary or Subsidiaries of the Parent Borrower.

"Supported QFC" has the meaning assigned to it in Section 11.20.

"Swap Contract" means (a) any and all rate swap transactions, basis swaps, credit derivative transactions, forward rate transactions, commodity swaps, commodity options, forward commodity contracts, equity or equity index swaps or options, bond or bond price or bond index swaps or options or forward bond or forward bond price or forward bond index transactions, interest rate options, forward foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap transactions, cross-currency rate swap transactions, currency options, spot contracts, or any other similar transactions or any combination of any of the foregoing (including any options to enter into any of the foregoing), whether or not any such transaction is governed by or subject to any master agreement, and (b)

any and all transactions of any kind, and the related confirmations, which are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc., any International Foreign Exchange Master Agreement, or any similar master agreement (any such master agreement, together with any related schedules, a "Master Agreement"), including any such obligations or liabilities under any Master Agreement.

"Swap Termination Value" means, in respect of any one or more Swap Contracts, after taking into account the effect of any legally enforceable netting agreement relating to such Swap Contracts, (a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) determined in accordance therewith, such termination value(s), and (b) for any date prior to the date referenced in clause (a), the amount(s) determined as the mark-to-market value(s) for such Swap Contracts, as determined based upon one or more mid-market or other readily available quotations provided by any recognized dealer in such Swap Contracts (which may include a Lender or any Affiliate of a Lender).

"Syndication Agents" means Deutsche Bank Securities Inc., Bank of America, N.A. and Wells Fargo Bank, National Association.

"TARGET2" means the Trans-European Automated Real-time Gross Settlement Express Transfer payment system which utilizes a single shared platform and which was launched on November 19, 2007 (or, if such payment system ceases to be operative, such other payment system (if any) reasonably determined by the Administrative Agent to be a suitable replacement) for the settlement of payments in Euro.

"TARGET Day" means any day on which TARGET2 (or, if such payment system ceases to be operative, such other payment system, if any, determined by the Administrative Agent to be a suitable replacement) is open for the settlement of payments in Euro.

"Taxes" means all present or future taxes, levies, imposts, duties, deductions, withholdings, assessments, fees or other charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

"Threshold Amount" means $250,000,000.

"Total Outstandings" means, at any time, the sum of the (i) Tranche 1 Outstanding Amount of the Tranche 1 Lenders at such time, (ii) Tranche 2 Outstanding Amount of the Tranche 2 Lenders at such time, (iii) Tranche 3 Outstanding Amount of the Tranche 3 Lenders at such time, (iv) Tranche 4 Outstanding Amount of the Tranche 4 Lenders at such time, (v) Tranche 5 Outstanding Amount of the Tranche 5 Lenders at such time and (vi) Tranche 6 Outstanding Amount of the Tranche 6 Lenders at such time.

"Tranche" means the Tranche 1 Facility, Tranche 2 Facility, Tranche 3 Facility, Tranche 4 Facility, Tranche 5 Facility and Tranche 6 Facility, individually or collectively as the context requires.

"Tranche 1" means the Tranche 1 Commitments and the provisions herein related to the extensions of credit made thereunder.

"Tranche 1 Applicable Percentage" means with respect to any Tranche 1 Lender at any time, the percentage of the Aggregate Tranche 1 Commitments represented by such Lender's Tranche 1 Commitment; provided that in the case of Section 2.26 when a Defaulting Lender shall exist, "Tranche 1 Applicable Percentage" shall mean the percentage of the Aggregate

Tranche 1 Commitments (disregarding any Defaulting Lender's Tranche 1 Commitment) represented by such Lender's Tranche 1 Commitment. If the Tranche 1 Commitment of each Tranche 1 Lender to make Tranche 1 Loans has been terminated pursuant to Section 8.02 or if the Tranche 1 Commitments have expired, then the Tranche 1 Applicable Percentage of each Tranche 1 Lender shall be determined based on the Tranche 1 Applicable Percentage of such Lender most recently in effect, giving effect to any subsequent assignments and to any such Lender's status as a Defaulting Lender. The initial Tranche 1 Applicable Percentage of each Lender is set forth opposite the name of such Lender on Schedule 2.01 or in the Assignment and Assumption pursuant to which such Lender becomes a party hereto, as applicable.

"Tranche 1 Borrower" means the Parent Borrower and any Designated Borrower organized under the laws of the United States.

"Tranche 1 Commitment" means, as to any Tranche 1 Lender, the obligation of such Lender, if any, to make Tranche 1 Loans in an aggregate principal amount not to exceed the amount set forth under the heading "Tranche 1 Commitment" opposite such Lender's name on Schedule 2.01 or in the Assignment and Assumption pursuant to which such Lender became a party hereto, as the same may be changed from time to time pursuant to the terms and conditions hereof.

"Tranche 1 Commitment Fee" has the meaning specified in Section 2.17(a).

"Tranche 1 Committed Loan" has the meaning specified in Section 2.01.

"Tranche 1 Committed Loan Borrowing" means a borrowing of Tranche 1 Committed Loans.

"Tranche 1 Extending Lender" has the meaning specified in Section 2.22(e).

"Tranche 1 Facility" means the Tranche 1 Commitments and the extensions of credit made thereunder.

"Tranche 1 Lender" means each Lender that has a Tranche 1 Commitment or that holds Tranche 1 Loans or other Loans made under the Tranche 1 Facility.

"Tranche 1 Outstanding Amount" means, with respect to any Tranche 1 Lender at any time, the sum of the U.S. Dollar Amount of the aggregate outstanding principal amount of Tranche 1 Committed Loans at such time after giving effect to any borrowings and prepayments or repayments of Tranche 1 Committed Loans at such time.

"Tranche 1 Required Lenders" means, as of any date of determination, Tranche 1 Lenders holding more than 50% of the Aggregate Tranche 1 Commitments or, if the Commitment of each Tranche 1 Lender to make Tranche 1 Loans has been terminated pursuant to Section 8.02, Tranche 1 Lenders holding in the aggregate more than 50% of the Tranche 1 Total Outstandings; provided that the Tranche 1 Commitment of, and the portion of the Tranche 1 Total Outstandings held or deemed to be held by, any Defaulting Lender that is a Tranche 1 Lender shall be excluded for purposes of making a determination of Tranche 1 Required Lenders. For the purpose of such determination, the Administrative Agent shall use the U.S. Dollar Amount of the Tranche 1 Loans as of such date of determination.

"Tranche 1 Total Outstandings" means the aggregate Tranche 1 Outstanding Amount of each Tranche 1 Lender.

"Tranche 2" means the Tranche 2 Commitments and the provisions herein related to the extensions of credit made thereunder.

"Tranche 2 Applicable Percentage" means with respect to any Tranche 2 Lender at any time, the percentage of the Aggregate Tranche 2 Commitments represented by such Lender's Tranche 2 Commitment; provided that in the case of Section 2.26 when a Defaulting Lender shall exist, "Tranche 2 Applicable Percentage" shall mean the percentage of the Aggregate Tranche 2 Commitments (disregarding any Defaulting Lender's Tranche 2 Commitment) represented by such Lender's Tranche 2 Commitment. If the Tranche 2 Commitment of each Tranche 2 Lender to make Tranche 2 Loans has been terminated pursuant to Section 8.02 or if the Tranche 2 Commitments have expired, then the Tranche 2 Applicable Percentage of each Tranche 2 Lender shall be determined based on the Tranche 2 Applicable Percentage of such Lender most recently in effect, giving effect to any subsequent assignments and to any such Lender's status as a Defaulting Lender. The initial Tranche 2 Applicable Percentage of each Lender is set forth opposite the name of such Lender on Schedule 2.03 or in the Assignment and Assumption pursuant to which such Lender becomes a party hereto, as applicable.

"Tranche 2 Borrower" means the Parent Borrower and the Tranche 2 Foreign Borrower.

"Tranche 2 Commitment" means, as to any Tranche 2 Lender, the obligation of such Lender, if any, to make Tranche 2 Loans and participate in Tranche 2 Swingline Loans and Tranche 2 Letters of Credit in an aggregate principal amount and/or face amount not to exceed the amount set forth under the heading "Tranche 2 Commitment" opposite such Lender's name on Schedule 2.03 or in the Assignment and Assumption pursuant to which such Lender became a party hereto, as the same may be changed from time to time pursuant to the terms and conditions hereof.

"Tranche 2 Commitment Fee" has the meaning specified in Section 2.17(a).

"Tranche 2 Committed Loan" has the meaning specified in Section 2.03.

"Tranche 2 Committed Loan Borrowing" means a borrowing of Tranche 2 Committed Loans.

"Tranche 2 Currencies" means Tranche 2 Ratable Currencies together with Tranche 2 Foreign Borrower Currencies.

"Tranche 2 Extending Lender" has the meaning specified in Section 2.22(f).

"Tranche 2 Facility" means the Tranche 2 Commitments and the extensions of credit made thereunder.

"Tranche 2 Foreign Borrower" means, subject to the satisfaction of the conditions set forth in Section 4.03, Luxembourg Borrower 1.

"Tranche 2 Foreign Borrower Currencies" means U.S. Dollars, Euros and Pounds Sterling.

"Tranche 2 Issuing Bank" means each of JPMorgan Chase Bank, N.A., Deutsche Bank AG New York Branch, Bank of America, N.A., Wells Fargo Bank, National Association, Citi. and any other Tranche 2 Lender to be selected with such Tranche 2 Lender's consent from time to time by a Tranche 2 Borrower in consultation with the Administrative Agent, each in its capacity as an issuer of Tranche 2 Letters of Credit hereunder, and its successors in such capacity as provided in Section 2.25(i). A Tranche 2 Issuing Bank may arrange for one or more Tranche

2 Letters of Credit to be issued by Affiliates of such Tranche 2 Issuing Bank acceptable to such Tranche 2 Borrower, in which case the term "Tranche 2 Issuing Bank" shall include any such Affiliate with respect to Tranche 2 Letters of Credit issued by such Affiliate.

"Tranche 2 LC Commitment" means, as to any Tranche 2 Issuing Bank, the obligation of such Tranche 2 Issuing Bank to issue Tranche 2 Letters of Credit in an aggregate principal amount not to exceed (a) with respect to JPMorgan Chase Bank, N.A., $30,000,000, (b) with respect to Deutsche Bank AG New York Branch, $30,000,000, (c) with respect to Bank of America, N.A., $30,000,000, (d) with respect to Wells Fargo Bank, National Association, $30,000,000 and (e) with respect to Citi, $30,000,000. The Tranche 2 LC Commitment of any Tranche 2 Issuing Bank may be modified by written agreement between the Tranche 2 Borrowers and such Tranche 2 Issuing Bank without consent of any other party thereto.

"Tranche 2 LC Disbursement" means a payment made by a Tranche 2 Issuing Bank pursuant to a Tranche 2 Letter of Credit.

"Tranche 2 LC Exposure" means, at any time, the sum of (a) the aggregate undrawn amount of all outstanding Tranche 2 Letters of Credit at such time plus (b) the aggregate amount of all Tranche 2 LC Disbursements that have not yet been reimbursed by or on behalf of the applicable Tranche 2 Borrowers at such time. The Tranche 2 LC Exposure of any Tranche 2 Lender at any time shall be its Tranche 2 Applicable Percentage of the total Tranche 2 LC Exposure at such time. For purposes of computing the amount available to be drawn under any Tranche 2 Letter of Credit, the amount of such Tranche 2 Letter of Credit shall be determined in accordance with Section 1.07.

"Tranche 2 Lender" means each Lender that has a Tranche 2 Commitment or that holds Tranche 2 Loans or other Loans made under the Tranche 2 Facility.

"Tranche 2 Letter of Credit" has the meaning specified in Section 2.25.

"Tranche 2 Outstanding Amount" means, with respect to any Tranche 2 Lender at any time, the sum of (a) the U.S. Dollar Amount of the aggregate outstanding principal amount of Tranche 2 Committed Loans at such time after giving effect to any borrowings and prepayments or repayments of Tranche 2 Committed Loans plus (b) its Tranche 2 LC Exposure at such time plus (c) its Tranche 2 Swingline Exposure at such time.

"Tranche 2 Ratable Currencies" means U.S. Dollars, Euros and Pounds Sterling.

"Tranche 2 Required Lenders" means, as of any date of determination, Tranche 2 Lenders holding more than 50% of the Aggregate Tranche 2 Commitments or, if the Commitment of each Tranche 2 Lender to make Tranche 2 Loans has been terminated pursuant to Section 8.02, Tranche 2 Lenders holding in the aggregate more than 50% of the Tranche 2 Total Outstandings; provided that the Tranche 2 Commitment of, and the portion of the Tranche 2 Total Outstandings held or deemed to be held by, any Defaulting Lender that is a Tranche 2 Lender shall be excluded for purposes of making a determination of Tranche 2 Required Lenders. For the purpose of such determination, the Administrative Agent shall use the U.S. Dollar Amount of the Tranche 2 Loans as of such date of determination.

"Tranche 2 Swingline Commitment" means, as to any Tranche 2 Swingline Lender, the obligation of such Swingline Lender to make Swingline Loans in an aggregate principal amount not to exceed (a) with respect to JPMorgan Chase Bank, N.A., $100,000,000, (b) with respect to Bank of America, N.A., $100,000,000, (c) with respect to Citibank, N.A., $100,000,000, (d) with respect to Deutsche Bank AG New York Branch, $100,000,000, (e) with respect to Wells Fargo

Bank, National Association, $100,000,000 and (f) with respect to any additional Tranche 2 Swingline Lender, such amounts specified at the time of appointment of such Swingline Lender.

"Tranche 2 Swingline Exposure" means, at any time, the aggregate principal amount of all Tranche 2 Swingline Loans outstanding at such time. The Tranche 2 Swingline Exposure of any Tranche 2 Lender at any time shall be the sum of (a) its Tranche 2 Applicable Percentage of the total Tranche 2 Swingline Exposure at such time related to Tranche 2 Swingline Loans other than any Tranche 2 Swingline Loans made by such Tranche 2 Lender in its capacity as a Tranche 2 Swingline Lender and (b) if such Lender shall be a Tranche 2 Swingline Lender, the principal amount of all Tranche 2 Swingline Loans made by such Lender outstanding at such time (to the extent that the other Tranche 2 Lenders shall not have funded their participations in such Tranche 2 Swingline Loans).

"Tranche 2 Swingline Lender" means each Lead Arranger, and any other Lender to be selected with such Lender's consent from time to time by the Parent Borrower in consultation with the Administrative Agent, each in its capacity as a lender of Tranche 2 Swingline Loans hereunder, and its successors in such capacity as provided in Section 2.24. Each reference herein to the Tranche 2 Swingline Lender shall be deemed to be a reference to each of the Tranche 2 Swingline Lenders individually and/or the applicable Tranche 2 Swingline Lenders collectively, as the context may require.

"Tranche 2 Swingline Loans" means a Loan made pursuant to Section 2.24.

"Tranche 2 Total Outstandings" means the aggregate Tranche 2 Outstanding Amount of each Tranche 2 Lender.

"Tranche 3" means the Tranche 3 Commitments and the provisions herein related to the extensions of credit made thereunder.

"Tranche 3 Applicable Percentage" means with respect to any Tranche 3 Lender at any time, the percentage of the Aggregate Tranche 3 Commitments represented by such Lender's Tranche 3 Commitment; provided that in the case of Section 2.26 when a Defaulting Lender shall exist, "Tranche 3 Applicable Percentage" shall mean the percentage of the Aggregate Tranche 3 Commitments (disregarding any Defaulting Lender's Tranche 3 Commitment) represented by such Lender's Tranche 3 Commitment. If the Tranche 3 Commitment of each Tranche 3 Lender to make Tranche 3 Loans has been terminated pursuant to Section 8.02 or if the Tranche 3 Commitments have expired, then the Tranche 3 Applicable Percentage of each Tranche 3 Lender shall be determined based on the Tranche 3 Applicable Percentage of such Lender most recently in effect, giving effect to any subsequent assignments and to any such Lender's status as a Defaulting Lender. The initial Tranche 3 Applicable Percentage of each Lender is set forth opposite the name of such Lender on Schedule 2.05 or in the Assignment and Assumption pursuant to which such Lender becomes a party hereto, as applicable.

"Tranche 3 Borrower" means the Parent Borrower and the Tranche 3 Foreign Borrower.

"Tranche 3 Commitment" means, as to any Tranche 3 Lender, the obligation of such Lender, if any, to make Tranche 3 Loans in an aggregate principal amount not to exceed the amount set forth under the heading "Tranche 3 Commitment" opposite such Lender's name on Schedule 2.05 or in the Assignment and Assumption pursuant to which such Lender became a party hereto, as the same may be changed from time to time pursuant to the terms and conditions hereof.

"Tranche 3 Commitment Fee" has the meaning specified in Section 2.17(a).

"Tranche 3 Committed Loan" has the meaning specified in Section 2.05.

"Tranche 3 Committed Loan Borrowing" means a borrowing of Tranche 3 Committed Loans.

"Tranche 3 Currencies" means Tranche 3 Ratable Currencies together with Tranche 3 Foreign Borrower Currencies.

"Tranche 3 Extending Lender" has the meaning specified in Section 2.22(g).

"Tranche 3 Facility" means the Tranche 3 Commitments and the extensions of credit made thereunder.

"Tranche 3 Foreign Borrower" means, subject to the satisfaction of the conditions set forth in Section 4.03, Luxembourg Borrower 2.

"Tranche 3 Foreign Borrower Currencies" means U.S. Dollars, Euros and Pounds Sterling.

"Tranche 3 Lender" means each Lender that has a Tranche 3 Commitment or that holds Tranche 3 Loans or other Loans made under the Tranche 3 Facility.

"Tranche 3 Outstanding Amount" means, with respect to any Tranche 3 Lender at any time, the sum of the U.S. Dollar Amount of the aggregate outstanding principal amount of Tranche 3 Committed Loans at such time after giving effect to any borrowings and prepayments or repayments of Tranche 3 Committed Loans.

"Tranche 3 Ratable Currencies" means U.S. Dollars, Euros and Pounds Sterling.

"Tranche 3 Required Lenders" means, as of any date of determination, Tranche 3 Lenders holding more than 50% of the Aggregate Tranche 3 Commitments or, if the Commitment of each Tranche 3 Lender to make Tranche 3 Loans has been terminated pursuant to Section 8.02, Tranche 3 Lenders holding in the aggregate more than 50% of the Tranche 3 Total Outstandings; provided that the Tranche 3 Commitment of, and the portion of the Tranche 3 Total Outstandings held or deemed to be held by, any Defaulting Lender that is a Tranche 3 Lender shall be excluded for purposes of making a determination of Tranche 3 Required Lenders. For the purpose of such determination, the Administrative Agent shall use the U.S. Dollar Amount of the Tranche 3 Loans as of such date of determination.

"Tranche 3 Total Outstandings" means the aggregate Tranche 3 Outstanding Amount of each Tranche 3 Lender.

"Tranche 4" means the Tranche 4 Commitments and the provisions herein related to the extensions of credit made thereunder.

"Tranche 4 Applicable Percentage" means with respect to any Tranche 4 Lender at any time, the percentage of the Aggregate Tranche 4 Commitments represented by such Lender's Tranche 4 Commitment; provided that in the case of Section 2.26 when a Defaulting Lender shall exist, "Tranche 4 Applicable Percentage" shall mean the percentage of the Aggregate Tranche 4 Commitments (disregarding any Defaulting Lender's Tranche 4 Commitment) represented by such Lender's Tranche 4 Commitment. If the Tranche 4 Commitment of each Tranche 4 Lender to make Tranche 4 Loans has been terminated pursuant to Section 8.02 or if the Tranche 4 Commitments have expired, then the Tranche 4 Applicable Percentage of each Tranche 4 Lender shall be determined based on the Tranche 4 Applicable Percentage of such

Lender most recently in effect, giving effect to any subsequent assignments and to any such Lender's status as a Defaulting Lender. The initial Tranche 4 Applicable Percentage of each Lender is set forth opposite the name of such Lender on Schedule 2.07 or in the Assignment and Assumption pursuant to which such Lender becomes a party hereto, as applicable.

"Tranche 4 Borrower" means the Parent Borrower and the Tranche 4 Foreign Borrower.

"Tranche 4 Commitment" means, as to any Tranche 4 Lender, the obligation of such Lender, if any, to make Tranche 4 Loans in an aggregate principal amount not to exceed the amount set forth under the heading "Tranche 4 Commitment" opposite such Lender's name on Schedule 2.07 or in the Assignment and Assumption pursuant to which such Lender became a party hereto, as the same may be changed from time to time pursuant to the terms and conditions hereof.

"Tranche 4 Commitment Fee" has the meaning specified in Section 2.17(a).

"Tranche 4 Committed Loan" has the meaning specified in Section 2.07.

"Tranche 4 Committed Loan Borrowing" means a borrowing of Tranche 4 Committed Loans.

"Tranche 4 Currencies" means Tranche 4 Ratable Currencies together with Tranche 4 Foreign Borrower Currency.

"Tranche 4 Extending Lender" has the meaning specified in Section 2.22(h).

"Tranche 4 Facility" means the Tranche 4 Commitments and the extensions of credit made thereunder.

"Tranche 4 Foreign Borrower" means, subject to the satisfaction of the conditions set forth in Section 4.03, the Australian Borrower.

"Tranche 4 Foreign Borrower Currency" means Australian Dollars.

"Tranche 4 Lender" means each Lender that has a Tranche 4 Commitment or that holds Tranche 4 Loans or other Loans made under the Tranche 4 Facility.

"Tranche 4 Outstanding Amount" means, with respect to any Tranche 4 Lender at any time, the sum of the U.S. Dollar Amount of the aggregate outstanding principal amount of Tranche 4 Committed Loans at such time after giving effect to any borrowings and prepayments or repayments of Tranche 4 Committed Loans.

"Tranche 4 Ratable Currencies" means U.S. Dollars, Euros and Pounds Sterling.

"Tranche 4 Required Lenders" means, as of any date of determination, Tranche 4 Lenders holding more than 50% of the Aggregate Tranche 4 Commitments or, if the Commitment of each Tranche 4 Lender to make Tranche 4 Loans has been terminated pursuant to Section 8.02, Tranche 4 Lenders holding in the aggregate more than 50% of the Tranche 4 Total Outstandings; provided that the Tranche 4 Commitment of, and the portion of the Tranche 4 Total Outstandings held or deemed to be held by, any Defaulting Lender that is a Tranche 4 Lender shall be excluded for purposes of making a determination of Tranche 4 Required Lenders. For the purpose of such determination, the Administrative Agent shall use the U.S. Dollar Amount of the Tranche 4 Loans as of such date of determination.

"Tranche 4 Total Outstandings" means the aggregate Tranche 4 Outstanding Amount of each Tranche 4 Lender.

"Tranche 5" means the Tranche 5 Commitments and the provisions herein related to the extensions of credit made thereunder.

"Tranche 5 Applicable Percentage" means with respect to any Tranche 5 Lender at any time, the percentage of the Aggregate Tranche 5 Commitments represented by such Lender's Tranche 5 Commitment; provided that in the case of Section 2.26 when a Defaulting Lender shall exist, "Tranche 5 Applicable Percentage" shall mean the percentage of the Aggregate Tranche 5 Commitments (disregarding any Defaulting Lender's Tranche 5 Commitment) represented by such Lender's Tranche 5 Commitment. If the Tranche 5 Commitment of each Tranche 5 Lender to make Tranche 5 Loans has been terminated pursuant to Section 8.02 or if the Tranche 5 Commitments have expired, then the Tranche 5 Applicable Percentage of each Tranche 5 Lender shall be determined based on the Tranche 5 Applicable Percentage of such Lender most recently in effect, giving effect to any subsequent assignments and to any such Lender's status as a Defaulting Lender. The initial Tranche 5 Applicable Percentage of each Lender is set forth opposite the name of such Lender on Schedule 2.09 or in the Assignment and Assumption pursuant to which such Lender becomes a party hereto, as applicable.

"Tranche 5 Borrower" means the Parent Borrower and the Tranche 5 Foreign Borrower.

"Tranche 5 Commitment" means, as to any Tranche 5 Lender, the obligation of such Lender, if any, to make Tranche 5 Loans in an aggregate principal amount not to exceed the amount set forth under the heading "Tranche 5 Commitment" opposite such Lender's name on Schedule 2.09 or in the Assignment and Assumption pursuant to which such Lender became a party hereto, as the same may be changed from time to time pursuant to the terms and conditions hereof.

"Tranche 5 Commitment Fee" has the meaning specified in Section 2.17(a).

"Tranche 5 Committed Loan" has the meaning specified in 2.09.

"Tranche 5 Committed Loan Borrowing" means a borrowing of Tranche 5 Committed Loans.

"Tranche 5 Currencies" means the Tranche 5 Ratable Currencies together with the Tranche 5 Foreign Borrower Currency.

"Tranche 5 Extending Lender" has the meaning specified in Section 2.22(i).

"Tranche 5 Facility" means the Tranche 5 Commitments and the extensions of credit made thereunder.

"Tranche 5 Foreign Borrower" means, subject to the satisfaction of the conditions set forth in Section 4.03, the Canadian Borrower.

"Tranche 5 Foreign Borrower Currency" means Canadian Dollars.

"Tranche 5 Lender" means each Lender that has a Tranche 5 Commitment or that holds Tranche 5 Loans or other Loans made under the Tranche 5 Facility.

"Tranche 5 Outstanding Amount" means, with respect to any Tranche 5 Lender at any time, the sum of the U.S. Dollar Amount of the aggregate outstanding principal amount of

Tranche 5 Committed Loans at such time after giving effect to any borrowings and prepayments or repayments of Tranche 5 Committed Loans.

"Tranche 5 Ratable Currencies" means U.S. Dollars, Euros and Pounds Sterling.

"Tranche 5 Required Lenders" means, as of any date of determination, Tranche 5 Lenders holding more than 50% of the Aggregate Tranche 5 Commitments or, if the Commitment of each Tranche 5 Lender to make Tranche 5 Loans has been terminated pursuant to Section 8.02, Tranche 5 Lenders holding in the aggregate more than 50% of the Tranche 5 Total Outstandings; provided that the Tranche 5 Commitment of, and the portion of the Tranche 5 Total Outstandings held or deemed to be held by, any Defaulting Lender that is a Tranche 5 Lender shall be excluded for purposes of making a determination of Tranche 5 Required Lenders. For the purpose of such determination, the Administrative Agent shall use the U.S. Dollar Amount of the Tranche 5 Loans as of such date of determination.

"Tranche 5 Total Outstandings" means the aggregate Tranche 5 Outstanding Amount of each Tranche 5 Lender.

"Tranche 6" means the Tranche 6 Commitments and the provisions herein related to the extensions of credit made thereunder.

"Tranche 6 Applicable Percentage" means with respect to any Tranche 6 Lender at any time, the percentage of the Aggregate Tranche 6 Commitments represented by such Lender's Tranche 6 Commitment; provided that in the case of Section 2.26 when a Defaulting Lender shall exist, "Tranche 6 Applicable Percentage" shall mean the percentage of the Aggregate Tranche 6 Commitments (disregarding any Defaulting Lender's Tranche 6 Commitment) represented by such Lender's Tranche 6 Commitment. If the Tranche 6 Commitment of each Tranche 6 Lender to make Tranche 6 Loans has been terminated pursuant to Section 8.02 or if the Tranche 6 Commitments have expired, then the Tranche 6 Applicable Percentage of each Tranche 6 Lender shall be determined based on the Tranche 6 Applicable Percentage of such Lender most recently in effect, giving effect to any subsequent assignments and to any such Lender's status as a Defaulting Lender. The initial Tranche 6 Applicable Percentage of each Lender is set forth opposite the name of such Lender on Schedule 2.11 or in the Assignment and Assumption pursuant to which such Lender becomes a party hereto, as applicable.

"Tranche 6 Borrower" means the Parent Borrower and the Tranche 6 Foreign Borrower.

"Tranche 6 Commitment" means, as to any Tranche 6 Lender, the obligation of such Lender, if any, to make Tranche 6 Loans in an aggregate principal amount not to exceed the amount set forth under the heading "Tranche 6 Commitment" opposite such Lender's name on Schedule 2.11 or in the Assignment and Assumption pursuant to which such Lender became a party hereto, as the same may be changed from time to time pursuant to the terms and conditions hereof.

"Tranche 6 Commitment Fee" has the meaning specified in Section 2.17(a).

"Tranche 6 Committed Loan" has the meaning specified in Section 2.11.

"Tranche 6 Committed Loan Borrowing" means a borrowing of Tranche 5 Committed Loans.

"Tranche 6 Currencies" means the Tranche 6 Ratable Currencies together with the Tranche 6 Foreign Borrower Currencies.

"Tranche 6 Extending Lender" has the meaning specified in Section 2.22(j).

"Tranche 6 Facility" means the Tranche 6 Commitments and the extensions of credit made thereunder.

"Tranche 6 Foreign Borrower" means, subject to the satisfaction of the conditions set forth in Section 4.03, the Singapore Borrower.

"Tranche 6 Foreign Borrower Currencies" means U.S. Dollars, Euros and Pounds Sterling.

"Tranche 6 Lender" means each Lender that has a Tranche 6 Commitment or that holds Tranche 6 Loans or other Loans made under the Tranche 6 Facility.

"Tranche 6 Outstanding Amount" means, with respect to any Tranche 6 Lender at any time, the sum of the U.S. Dollar Amount of the aggregate outstanding principal amount of Tranche 6 Committed Loans at such time after giving effect to any borrowings and prepayments or repayments of Tranche 6 Committed Loans.

"Tranche 6 Ratable Currencies" means U.S. Dollars, Euros and Pounds Sterling.

"Tranche 6 Required Lenders" means, as of any date of determination, Tranche 6 Lenders holding more than 50% of the Aggregate Tranche 6 Commitments or, if the Commitment of each Tranche 6 Lender to make Tranche 6 Loans has been terminated pursuant to Section 8.02, Tranche 6 Lenders holding in the aggregate more than 50% of the Tranche 6 Total Outstandings; provided that the Tranche 6 Commitment of, and the portion of the Tranche 6 Total Outstandings held or deemed to be held by, any Defaulting Lender that is a Tranche 6 Lender shall be excluded for purposes of making a determination of Tranche 6 Required Lenders. For the purpose of such determination, the Administrative Agent shall use the U.S. Dollar Amount of the Tranche 6 Loans as of such date of determination.

"Tranche 6 Total Outstandings" means the aggregate Tranche 6 Outstanding Amount of each Tranche 6 Lender.

"Type" means, with respect to a Committed Loan, its character as an ABR Loan, an Overnight Rate Loan, an RFR Loan or a Eurocurrency Rate Loan.

"United States" and "U.S." mean the United States of America.

"U.S. Borrower" means the Parent Borrower and any Designated Borrower that is organized under the Laws of the United States, any state thereof or the District of Columbia.

"U.S. Dollar" and "$" mean lawful currency of the United States.

"U.S. Dollar Amount" of any currency at any date means (a) if such currency is U.S. Dollars, the amount of such currency, or (b) if such currency is a Foreign Currency, the equivalent in such currency of U.S. Dollars, calculated on the basis of the Exchange Rate for such currency on or as of the most recent Computation Date provided for in Section 2.24.

"U.S. Tax Compliance Certificate" has the meaning specified in Section 3.01(e).

"Wholly-Owned Subsidiary" means, with respect to any Person at any date, a subsidiary of such Person of which securities or other ownership interests representing 100% of the equity interests (other than (a) directors' qualifying shares and (b) nominal shares issued to foreign

nationals to the extent required by applicable Requirements of Law) are, as of such date, owned, controlled or held by such Person or one or more Wholly-Owned Subsidiaries of such Person.

"Withdrawal Liability" means any liability to a Multiemployer Plan as a result of a complete or partial withdrawal from such Multiemployer Plan, as such terms are used in sections 4203 and 4205, respectively, of ERISA.

"Withholding Agent" means the Borrowers and the Administrative Agent.

"Write-Down and Conversion Powers" means, with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule.

1.02 Other Interpretive Provisions. With reference to this Agreement and each other Loan Document, unless otherwise specified herein or in such other Loan Document:

(a) The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include," "includes" and "including" shall be deemed to be followed by the phrase "without limitation." The word "will" shall be construed to have the same meaning and effect as the word "shall." The word "or" shall not be exclusive. Unless the context requires otherwise, (i) any definition of or reference to any agreement, instrument or other document (including any Organization Document) shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein or in any other Loan Document), (ii) any reference herein to any Person shall be construed to include such Person's successors and assigns, and the definitions of "Affiliate" and "Subsidiary" shall include Persons who shall meet the terms of such definitions, at any time, on and after the date hereof, (iii) the words "herein," "hereof" and "hereunder," and words of similar import when used in any Loan Document, shall be construed to refer to such Loan Document in its entirety and not to any particular provision thereof, (iv) all references in a Loan Document to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, the Loan Document in which such references appear, (v) any reference to any law shall include all statutory and regulatory provisions consolidating, amending, replacing or interpreting such law and any reference to any law or regulation shall, unless otherwise specified, refer to such law or regulation as amended, modified or supplemented from time to time, and (vi) the words "asset" and "property" shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights.

(b) In the computation of periods of time from a specified date to a later specified date, the word "from" means "from and including;" the words "to" and "until" each mean "to but excluding;" and the word "through" means "to and including."

(c) Section headings herein and in the other Loan Documents are included for convenience of reference only and shall not affect the interpretation of this Agreement or any other Loan Document.

1.03 Luxembourg Terms. In this Agreement, where it relates to a Luxembourg Borrower, a reference to:

(a) a bankruptcy, insolvency, arrangement, moratorium, resolutions, recovery or early intervention includes, without limitation, (i) bankruptcy (*faillite*), insolvency, voluntary or

judicial liquidation (*liquidation volontaire ou judiciaire*), composition with creditors (*concordat préventif de la faillite*), reprieve from payment (*sursis de paiement*), controlled management (*gestion contrôlée*), general settlement with creditors, reorganisation or similar laws affecting the rights of creditors generally, and (ii) in addition, where it relates to Luxembourg Borrower 1 (but only to the extent that the substantive obligations under this Agreement, including payment and delivery obligations and (to the extent applicable) the provision of collateral, cease to be performed) one or more resolution measures (as organized by the BRR Act 2015) or recovery, intra-group financial support and early intervention measures (as organized by the Banking Act 1993);

(b) a receiver, administrative receiver, administrator or the like includes, without limitation, a *juge délégué, expert-vérificateur, commissaire, juge-commissaire, mandataire ad hoc, administrateur provisoire, liquidateur* or *curateur*;

(c) a lien or security interest includes any *hypothèque, nantissement, gage, privilège, sûreté réelle, droit de retention* and any type of real security *in rem* (*sûreté réelle*) or agreement or arrangement having a similar effect and any transfer of title by way of security;

(d) bylaws or organization documents includes its up-to-date (restated) articles of association (*statuts coordonnés*);

(e) a Person being unable to pay its debts includes that person being in a state of cessation of payments (*cessation de paiements*); and

(f) a director or a manager includes a *gérant* or an *administrateur*.

1.04 Accounting Terms.

(a) Generally. All accounting terms not specifically or completely defined herein shall be construed in conformity with, and all financial data (including financial ratios and other financial calculations) required to be submitted pursuant to this Agreement shall be prepared in conformity with, GAAP applied on a consistent basis, as in effect from time to time, applied in a manner consistent with that used in preparing the Audited Financial Statements, except as otherwise specifically prescribed herein (provided, that all terms of an accounting or financial nature used herein shall be construed, and all computations of amounts and ratios referred to herein shall be made without giving effect to (i) any election under Accounting Standards Codification 825-10-25 (previously referred to as Statement of Financial Accounting Standards 159) (or any other Accounting Standards Codification or Financial Accounting Standard having a similar result or effect) to value any Indebtedness or other liabilities of the Parent Borrower or any Subsidiary at "fair value," as defined therein and (ii) any treatment of Indebtedness under Accounting Standards Codification 470-20 or 2015-03 (or any other Accounting Standards Codification or Financial Accounting Standard having a similar result or effect) to value any such Indebtedness in a reduced or bifurcated manner as described therein, and such Indebtedness shall at all times be valued at the full stated principal amount thereof).

(b) Changes in GAAP. If at any time any change in GAAP would affect the computation of any financial ratio or requirement set forth in any Loan Document in any material respect, and either the Parent Borrower or the Required Lenders shall so request, the Administrative Agent, the Lenders and the Parent Borrower shall negotiate in good faith to amend such ratio or requirement to preserve the original intent thereof in light of such change in GAAP (subject to the approval of the Required Lenders); provided, that (i) following such request, until so amended, such ratio or requirement shall continue to be computed in accordance with GAAP prior to such change therein and (ii) following such request, until so amended, the Parent Borrower shall provide to the Administrative Agent (for distribution to the Lenders) financial statements and other documents required under this Agreement or as reasonably

requested hereunder setting forth a reconciliation between calculations of such ratio or requirement made before and after giving effect to such change in GAAP.

(c) Consolidation of Variable Interest Entities. All references herein to consolidated financial statements of the Parent Borrower and its Subsidiaries or to the determination of any amount for the Parent Borrower and its Subsidiaries on a consolidated basis or any similar reference shall, in each case, be deemed to include each variable interest entity that the Parent Borrower is required to consolidate pursuant to FASB ASC 810 as if such variable interest entity were a Subsidiary as defined herein.

1.05 Rounding. Any financial ratios required to be maintained by the Parent Borrower pursuant to this Agreement shall be calculated by dividing the appropriate component by the other component, carrying the result to one place more than the number of places by which such ratio is expressed herein and rounding the result up or down to the nearest number (with a rounding-up if there is no nearest number).

1.06 Times of Day. Unless otherwise specified, all references herein to times of day shall be references to Pacific time (daylight or standard, as applicable).

1.07 Tranche 2 Letter of Credit Amounts. Unless otherwise specified herein, the amount of a Letter of Credit at any time shall be deemed to be the stated amount of such Tranche 2 Letter of Credit in effect at such time.

1.08 Interest Rates; LIBOR Notification. The interest rate on ~~Eurocurrency Rate Loans and Overnight Rate Loans is determined by reference to the Eurocurrency Rate, the EURIBOR Screen Rate, the CDOR Screen Rate, the AUD Screen Rate, the Overnight AUD Rate, the Canadian Prime Rate or the Overnight LIBO Rate, as applicable, some or all of which are derived from the London interbank offered rate. The London interbank offered rate is intended to represent the rate at which contributing banks may obtain short-term borrowings from each other in the London interbank market. In July 2017, the U.K. Financial Conduct Authority announced that, after the end of 2021, it would no longer persuade or compel contributing banks to make rate submissions to the ICE Benchmark Administration (together with any successor to the ICE Benchmark Administrator, the "IBA") for purposes of the IBA setting the London interbank offered rate. As a result, it is possible that commencing in 2022, the London interbank offered rate may no longer be available or may no longer be deemed an appropriate reference rate upon which to determine the interest rate on Eurocurrency Rate Loans. In light of this eventuality, public and private sector industry initiatives are currently underway to identify new or alternative reference rates to be used in place of the London interbank offered rate~~a Loan denominated in dollars or a Foreign Currency may be derived from an interest rate benchmark that may be discontinued or is, or may in the future become, the subject of regulatory reform. In the event that the ~~London interbank offered~~applicable interest rate is no longer available or in certain other circumstances as set forth in Section 3.03(b) of this Agreement, such Section 3.03(b) provides a mechanism for determining an alternative rate of interest. The Administrative Agent ~~will notify the Parent Borrower, pursuant to Section 3.03(b), in advance of any change to the reference rate upon which the interest rate on Eurocurrency Rate Loans is based. However, the Administrative Agent~~ does not warrant or accept any responsibility for, and shall not have any liability with respect to, the administration, submission, performance or any other matter related to ~~the London interbank offered rate or other rates in the definition of "Eurocurrency Rate", "EURIBOR Screen Rate", "CDOR Screen Rate", "AUD Screen Rate", "Overnight AUD Rate", "Canadian Prime Rate" or "Overnight LIBO Rate"~~any interest rate used in this Agreement, or with respect to any alternative or successor rate thereto, or replacement rate thereof, including without limitation, whether the composition or characteristics of any such alternative, successor or replacement reference rate~~, as it may or may not be adjusted pursuant to Section 3.03,~~ will be similar to, or produce the same value or economic equivalence of, the

~~Eurocurrency Rate, the EURIBOR Screen Rate, the CDOR Screen Rate, the AUD Screen Rate, the Overnight AUD Rate, Canadian Prime Rate or the Overnight LIBO Rate~~existing interest rate being replaced or have the same volume or liquidity as did ~~the London interbank offered~~any existing interest rate prior to its discontinuance or unavailability. The Administrative Agent and its affiliates and/or other related entities may engage in transactions that affect the calculation of any interest rate used in this Agreement or any alternative, successor or alternative rate and/or any relevant adjustments thereto, in each case, in a manner adverse to the Borrowers. The Administrative Agent may select information sources or services in its reasonable discretion to ascertain any interest rate used in this Agreement, any component thereof, or rates referenced in the definition thereof, in each case pursuant to the terms of this Agreement, and shall have no liability to the Borrowers, any Lender or any other person or entity for damages of any kind, including direct or indirect, special, punitive, incidental or consequential damages, costs, losses or expenses (whether in tort, contract or otherwise and whether at law or in equity), for any error or calculation of any such rate (or component thereof) provided by any such information source or service.

1.09 Divisions. For all purposes under the Loan Documents, in connection with any division or plan of division under Delaware law (or any comparable event under a different jurisdiction's laws): (a) if any asset, right, obligation or liability of any Person becomes the asset, right, obligation or liability of a different Person, then it shall be deemed to have been transferred from the original Person to the subsequent Person; and (b) if any new Person comes into existence, such new Person shall be deemed to have been organized and acquired on the first date of its existence by the holders of its equity interests at such time.

ARTICLE II.
THE COMMITMENTS AND CREDIT EXTENSIONS

2.01 Tranche 1 Committed Loans. Subject to the terms and conditions set forth herein, each Tranche 1 Lender severally agrees to make loans (each such loan, a "Tranche 1 Committed Loan") in Ratable Currencies to each Tranche 1 Borrower from time to time, on any Business Day during the Availability Period, in an aggregate amount not to exceed at any time outstanding the amount of such Tranche 1 Lender's Tranche 1 Commitment; provided, however, that after giving effect to such Borrowing, (x) the Tranche 1 Total Outstandings of the Tranche 1 Lenders shall not exceed the Aggregate Tranche 1 Commitments, and (y) the Tranche 1 Outstanding Amount of any Tranche 1 Lender shall not exceed such Tranche 1 Lender's Commitment. Within the limits of each Tranche 1 Lender's Commitment, and subject to the other terms and conditions hereof, the Tranche 1 Borrowers may borrow under this Section 2.01, prepay under Section 2.13, and reborrow under this Section 2.01. Tranche 1 Committed Loans may be ABR Loans ~~or~~, Eurocurrency Rate Loans or RFR Loans, as further provided herein; provided, that ABR Loans shall only be made with respect to Borrowings in U.S. Dollars. Each Tranche 1 Lender may, at its option, make any Tranche 1 Committed Loan available to the Tranche 1 Borrowers by causing any foreign or domestic branch or Affiliate of such Tranche 1 Lender to make such Tranche 1 Committed Loan; provided, that, any exercise of such option shall not affect the obligation of such Tranche 1 Borrower to repay such Tranche 1 Committed Loan in accordance with the terms and subject to the conditions of this Agreement, and such Affiliate shall be treated as a Tranche 1 Lender for purposes of this Agreement.

2.02 Borrowings, Conversions and Continuations of Tranche 1 Committed Loans.

(a) Each Tranche 1 Committed Loan Borrowing, each conversion of Tranche 1 Committed Loans from one Type to the other, and each continuation of Eurocurrency Rate Loans shall be made upon a Tranche 1 Borrower's notice to the Administrative Agent, which may be given by telephone in the case of Loans denominated in U.S. Dollars. Each such notice must be received by the Administrative Agent not later than 12:00 noon Local Time (i) three Business

Days prior to the requested date of any Tranche 1 Committed Loan Borrowing of, conversion to or continuation of Eurocurrency Rate Loans denominated in U.S. Dollars; (ii) three Business Days prior to the requested date of any Tranche 1 Committed Loan Borrowing or continuation of Eurocurrency Rate Loans denominated in a Ratable Currency other than U.S. Dollars; ~~and~~ (iii) five RFR Business Days prior to the requested date of any Tranche 1 Committed Loan Borrowing of RFR Loans denominated in Pounds Sterling and (iv) on the requested date of any Tranche 1 Committed Loan Borrowing of ABR Loans or of any conversion of Eurocurrency Rate Loans denominated in U.S. Dollars to ABR Loans; provided, however, that if a Tranche 1 Borrower wishes to request Eurocurrency Rate Loans having an Interest Period other than one, two, three or six months in duration as provided in the definition of "Interest Period", the applicable notice must be received by the Administrative Agent not later than 12:00 noon Local Time four Business Days prior to the requested date of such Tranche 1 Committed Loan Borrowing, conversion or continuation, whereupon the Administrative Agent shall give prompt notice to the Tranche 1 Lenders of such request and determine whether the requested Interest Period is available to all of them. Not later than 12:00 noon Local Time, three Business Days before the requested date of such Tranche 1 Committed Loan Borrowing, conversion or continuation in Eurocurrency Rate, the Administrative Agent shall notify the applicable Tranche 1 Borrower (which notice may be by telephone) whether or not the requested Interest Period has been consented to by all the Tranche 1 Lenders. Each telephonic notice by a Tranche 1 Borrower pursuant to this Section 2.02(a) must be confirmed promptly by delivery to the Administrative Agent of a written Committed Loan Notice, appropriately completed and signed by a Responsible Officer of such Tranche 1 Borrower. Each Tranche 1 Committed Loan Borrowing of, conversion to or continuation of Eurocurrency Rate Loans denominated in U.S. Dollars shall be in a principal amount of $5,000,000 or a whole multiple of $1,000,000 in excess thereof, or if the remaining amount available under the Tranche 1 Commitments is less than $5,000,000, in multiples of $1,000,000. Each Tranche 1 Committed Loan Borrowing or continuation of Eurocurrency Rate Loans or RFR Loans denominated in a Ratable Currency other than U.S. Dollars shall be in a principal amount of the smallest amount of such Ratable Currency (rounded to a whole number in a manner reasonably acceptable to the Administrative Agent) that has a U.S. Dollar Amount in excess of $5,000,000 or a whole multiple of the smallest amount of such Ratable Currency (rounded to a whole number in a manner reasonably acceptable to the Administrative Agent) that has a U.S. Dollar Amount in excess of $1,000,000 or, if the remaining amount available under the Tranche 1 Commitments is less than such minimum amount, in a whole multiple of the smallest amount of such Ratable Currency (rounded to a whole number in a manner reasonably acceptable to the Administrative Agent) that has a U.S. Dollar Amount in excess of $1,000,000. Each Tranche 1 Committed Loan Borrowing of or conversion to ABR Loans shall be in a principal amount of $5,000,000 or a whole multiple of $1,000,000 in excess thereof, or if the remaining amount available under the Tranche 1 Commitments is less than $5,000,000, in multiples of $1,000,000. Each Committed Loan Notice with respect to a Tranche 1 Committed Loan (whether telephonic or written) shall specify (i) whether the applicable Tranche 1 Borrower is requesting a Tranche 1 Committed Loan Borrowing, a conversion of Tranche 1 Committed Loans from one Type to the other, or a continuation of Eurocurrency Rate Loans, (ii) the requested date of the Tranche 1 Committed Loan Borrowing, conversion or continuation, as the case may be (which shall be a Business Day), (iii) the principal amount of Tranche 1 Committed Loans to be borrowed, converted or continued, (iv) the Type of Tranche 1 Committed Loans to be borrowed or to which existing Tranche 1 Committed Loans are to be converted and (v) if applicable, the duration of the Interest Period and the Ratable Currency with respect thereto. If the applicable Tranche 1 Borrower fails to specify a Type of Tranche 1 Committed Loan in a Committed Loan Notice or if such Tranche 1 Borrower fails to give a timely notice requesting a conversion or continuation, then the applicable Tranche 1 Committed Loans shall be made as, or converted to a Eurocurrency Rate Loan in the same Ratable Currency with an Interest Period of one month. Any such automatic conversion to Eurocurrency Rate Loans with an Interest Period of one month shall be effective as of the last day of the Interest Period then in effect with respect to the applicable Eurocurrency

Rate Loans. If a Tranche 1 Borrower requests a Tranche 1 Committed Loan Borrowing of, conversion to, or continuation of Eurocurrency Rate Loans in any such Committed Loan Notice, but fails to specify an Interest Period, it will be deemed to have specified an Interest Period of one month.

(b) Following receipt of a Committed Loan Notice with respect to a Tranche 1 Committed Loan, the Administrative Agent shall promptly notify each Tranche 1 Lender of the amount of its Tranche 1 Applicable Percentage of the applicable Tranche 1 Committed Loans, and if no timely notice of a conversion or continuation is provided by the applicable Tranche 1 Borrower, the Administrative Agent shall notify each Tranche 1 Lender of the details of any automatic conversion to Eurocurrency Rate Loans with an Interest Period of one month described in the preceding subsection. In the case of a Tranche 1 Committed Loan Borrowing, each Tranche 1 Lender shall make the amount of its Tranche 1 Committed Loan available to the Administrative Agent in immediately available funds at the Administrative Agent's Office not later than 2:00 p.m. Local Time on the Business Day specified in the applicable Committed Loan Notice. Upon satisfaction of the applicable conditions set forth in Section 4.02 (and, if such Tranche 1 Committed Loan Borrowing is on the Closing Date, Section 4.01), the Administrative Agent shall make all funds so received available to the applicable Tranche 1 Borrower in like funds as received by the Administrative Agent either by (i) crediting the account of such Tranche 1 Borrower on the books of the Administrative Agent with the amount of such funds or (ii) wire transfer of such funds, in each case in accordance with instructions provided to (and reasonably acceptable to) the Administrative Agent by such Tranche 1 Borrower.

(c) Except as otherwise provided herein, a Eurocurrency Rate Loan may be continued or converted only on the last day of an Interest Period for such Eurocurrency Rate Loan. If an Event of Default has occurred and is continuing and the Administrative Agent, at the request of the Tranche 1 Required Lenders, notifies the Tranche 1 Borrowers, then, so long as an Event of Default is continuing no outstanding Tranche 1 Committed Loan denominated in U.S. Dollars may be converted to or continued as a Eurocurrency Rate Loan.

(d) The Administrative Agent shall promptly notify the applicable Tranche 1 Borrower and the Tranche 1 Lenders of the interest rate applicable to any Interest Period for Eurocurrency Rate Loans upon determination of such interest rate. At any time that ABR Loans are outstanding, the Administrative Agent shall notify the applicable Tranche 1 Borrower and the Tranche 1 Lenders of any change in the Prime Rate used in determining the ABR promptly following the public announcement of such change.

(e) After giving effect to all Tranche 1 Borrowings, all conversions of Tranche 1 Committed Loans from one Type to the other, and all continuations of Tranche 1 Committed Loans as the same Type, there shall not be more than 10 Interest Periods in effect with respect to Tranche 1 Committed Loans.

2.03 Tranche 2 Committed Loans. Subject to the terms and conditions set forth herein, each Tranche 2 Lender severally agrees to make loans (each such loan, a "Tranche 2 Committed Loan") in Tranche 2 Ratable Currencies to the Parent Borrower, and in Tranche 2 Foreign Borrower Currencies to the Tranche 2 Foreign Borrower from time to time, on any Business Day during the Availability Period, in an aggregate amount not to exceed at any time outstanding the amount of such Tranche 2 Lender's Tranche 2 Commitment; provided, however, that after giving effect to such Borrowing, (x) the Tranche 2 Total Outstandings of the Tranche 2 Lenders shall not exceed the Aggregate Tranche 2 Commitments, and (y) the Tranche 2 Outstanding Amount of any Tranche 2 Lender shall not exceed such Tranche 2 Lender's Commitment. Within the limits of each Tranche 2 Lender's Commitment, and subject to the other terms and conditions hereof, the Tranche 2 Borrowers may borrow under this Section 2.03, prepay under Section 2.13 and reborrow under this Section 2.03. Tranche 2 Committed Loans denominated in (i) Tranche 2

Ratable Currencies may be ABR Loans ~~or~~, Eurocurrency Rate Loans or RFR Loans, as further provided herein; provided, that ABR Loans shall only be made available with respect to Borrowings in U.S. Dollars; and (ii) Tranche 2 Foreign Borrower Currencies may be ABR Loans, Overnight Rate Loans ~~or~~, Eurocurrency Rate Loans or RFR Loans, as further provided herein; provided, that ABR Loans shall only be made available with respect to Borrowings in U.S. Dollars and Overnight Rate Loans shall only be made available with respect to Borrowings in U.S. Dollars, Euros and Pounds Sterling. Each Tranche 2 Lender may, at its option, make any Tranche 2 Committed Loan available to a Tranche 2 Borrower by causing any foreign or domestic branch or Affiliate of such Tranche 2 Lender to make such Tranche 2 Committed Loan; provided, that any exercise of such option shall not affect the obligation of such Tranche 2 Borrower to repay such Tranche 2 Committed Loan in accordance with the terms and subject to the conditions of this Agreement, and such Affiliate shall be treated as a Tranche 2 Lender for purposes of this Agreement.

2.04 Borrowings, Conversions and Continuations of Tranche 2 Committed Loans.

(a) Each Tranche 2 Committed Loan Borrowing, each conversion of Tranche 2 Committed Loans from one Type to the other, and each continuation of Eurocurrency Rate Loans, shall be made upon a Tranche 2 Borrower's notice to the Administrative Agent, which may be given by telephone in the case of Loans denominated in U.S. Dollars. Each such notice must be received by the Administrative Agent not later than 12:00 noon (or, in the case of Overnight Rate Loans denominated in Pounds Sterling, 1:00 p.m.) Local Time (i) three Business Days prior to the requested date of any Tranche 2 Committed Loan Borrowing of, conversion to or continuation of Eurocurrency Rate Loans denominated in U.S. Dollars; (ii) five RFR Business Days prior to the requested date of any Tranche 2 Committed Loan Borrowing of RFR Loans denominated in Pounds Sterling that are not Overnight Rate Loans; (iii) three Business Days prior to the requested date of any Tranche 2 Committed Loan Borrowing of, conversion to or continuation of Eurocurrency Rate Loans denominated in a Tranche 2 Currency other than U.S. Dollars; (~~iii~~iv) on the requested date of any Tranche 2 Committed Loan Borrowing of ABR Loans or of any conversion of Eurocurrency Rate Loans denominated in U.S. Dollars to ABR Loans; and (~~iv~~v) on the requested date of any Tranche 2 Committed Loan Borrowing of Overnight Rate Loans; provided, however, that if a Tranche 2 Borrower wishes to request Eurocurrency Rate Loans having an Interest Period other than one, two, three or six months in duration as provided in the definition of "Interest Period", the applicable notice must be received by the Administrative Agent not later than 12:00 noon Local Time four Business Days prior to the requested date of such Tranche 2 Committed Loan Borrowing, conversion or continuation, whereupon the Administrative Agent shall give prompt notice to the Tranche 2 Lenders of such request and determine whether the requested Interest Period is available to all of them. Not later than 12:00 noon Local Time, three Business Days before the requested date of such Tranche 2 Committed Loan Borrowing, conversion or continuation, the Administrative Agent shall notify the applicable Tranche 2 Borrower (which notice may be by telephone) whether or not the requested Interest Period has been consented to by all the Tranche 2 Lenders. Each telephonic notice by a Tranche 2 Borrower pursuant to this Section 2.04(a) must be confirmed promptly by delivery to the Administrative Agent of a written Committed Loan Notice, appropriately completed and signed by a Responsible Officer of such Tranche 2 Borrower. Each Tranche 2 Committed Loan Borrowing of, conversion to or continuation of Eurocurrency Rate Loans denominated in U.S. Dollars shall be in a principal amount of $5,000,000 or a whole multiple of $1,000,000 in excess thereof, or if the remaining amount available under the Tranche 2 Commitments is less than $5,000,000, in multiples of $1,000,000. Each Tranche 2 Committed Loan Borrowing or continuation of Eurocurrency Rate Loans or RFR Loans denominated in a Tranche 2 Currency other than U.S. Dollars shall be in a principal amount of the smallest amount of such Tranche 2 Currency (rounded to a whole number in a manner reasonably acceptable to the Administrative Agent) that has a U.S. Dollar Amount in excess of $5,000,000 or a whole multiple of the smallest amount of such Tranche 2 Currency (rounded to a whole number in a

manner reasonably acceptable to the Administrative Agent) that has a U.S. Dollar Amount in excess of $1,000,000 or, if the remaining amount available under the Tranche 2 Commitments is less than such minimum amount, in a whole multiple of the smallest amount of such Tranche 2 Currency (rounded to a whole number in a manner reasonably acceptable to the Administrative Agent) that has a U.S. Dollar Amount in excess of $1,000,000. Each Tranche 2 Committed Loan Borrowing of or conversion to ABR Loans shall be in a principal amount of $5,000,000 or a whole multiple of $1,000,000 in excess thereof, or if the remaining amount available under the Tranche 2 Commitments is less than $5,000,000, in multiples of $1,000,000. Each Tranche 2 Committed Loan Borrowing of Overnight Rate Loans shall be in a principal amount of a U.S. Dollar amount of $5,000,000 or a whole multiple of $1,000,000 in excess thereof, or if the remaining amount available under the Tranche 2 Commitments is less than $5,000,000, in multiples of $1,000,000. Each Committed Loan Notice with respect to a Tranche 2 Committed Loan (whether telephonic or written) shall specify (i) whether the applicable Tranche 2 Borrower is requesting a Tranche 2 Committed Loan Borrowing, a conversion of Tranche 2 Committed Loans from one Type to the other, or a continuation of Eurocurrency Rate Loans, (ii) the requested date of the Tranche 2 Committed Loan Borrowing, conversion or continuation, as the case may be (which shall be a Business Day), (iii) the principal amount of Tranche 2 Committed Loans to be borrowed, converted or continued, (iv) the Type of Tranche 2 Committed Loans to be borrowed or to which existing Tranche 2 Committed Loans are to be converted and (v) if applicable, the duration of the Interest Period and the Tranche 2 Currency with respect thereto. If the applicable Tranche 2 Borrower fails to specify a Type of Tranche 2 Committed Loan in a Committed Loan Notice or if such Tranche 2 Borrower fails to give a timely notice requesting a conversion or continuation, then the applicable Tranche 2 Committed Loans shall be made as, or converted to, a Eurocurrency Rate Loan in the same Tranche 2 Currency with an Interest Period of one month. Any such automatic conversion to Eurocurrency Rate Loans with an Interest Period of one month shall be effective as of the last day of the Interest Period then in effect with respect to the applicable Eurocurrency Rate Loans. If a Tranche 2 Borrower requests a Tranche 2 Committed Loan Borrowing of, conversion to, or continuation of Eurocurrency Rate Loans in any such Committed Loan Notice, but fails to specify an Interest Period, it will be deemed to have specified an Interest Period of one month.

(b) Following receipt of a Committed Loan Notice with respect to a Tranche 2 Committed Loan, the Administrative Agent shall promptly notify each Tranche 2 Lender of the amount of its Tranche 2 Applicable Percentage of the applicable Tranche 2 Committed Loans, and if no timely notice of a conversion or continuation is provided by the applicable Tranche 2 Borrower, the Administrative Agent shall notify each Tranche 2 Lender of the details of any automatic conversion to Eurocurrency Rate Loans with an Interest Period of one month described in the preceding subsection. In the case of a Tranche 2 Committed Loan Borrowing, each Tranche 2 Lender shall make the amount of its Tranche 2 Committed Loan available to the Administrative Agent in immediately available funds at the Administrative Agent's Office not later than 2:00 p.m. (or, in the case of (i) ABR Loans made to the Tranche 2 Foreign Borrower, 3:00 p.m., (ii) Overnight Rate Loans denominated in Euros, 3:00 p.m., and (iii) Overnight Rate Loans denominated in Pounds Sterling, 4:00 p.m.) Local Time on the Business Day specified in the applicable Committed Loan Notice; provided, that Tranche 2 Swingline Loans shall be made as provided in Section 2.24. Upon satisfaction of the applicable conditions set forth in Section 4.02 (and, if such Tranche 2 Committed Loan Borrowing is on the Closing Date, Section 4.01), the Administrative Agent shall make all funds so received available to the applicable Tranche 2 Borrower in like funds as received by the Administrative Agent either by (i) crediting the account of such Tranche 2 Borrower on the books of the Administrative Agent with the amount of such funds or (ii) wire transfer of such funds, in each case in accordance with instructions provided to (and reasonably acceptable to) the Administrative Agent by such Tranche 2 Borrower; provided, that ABR Loans made to finance the reimbursement of a Tranche 2 LC Disbursement as provided in Section 2.25 shall be remitted by the Administrative Agent to the applicable Tranche 2 Issuing Bank.

(c) Except as otherwise provided herein, a Eurocurrency Rate Loan may be continued or converted only on the last day of an Interest Period for such Eurocurrency Rate Loan. If an Event of Default has occurred and is continuing and the Administrative Agent, at the request of the Tranche 2 Required Lenders, so notifies the Tranche 2 Borrowers, then, so long as an Event of Default is continuing no outstanding Tranche 2 Committed Loan denominated in U.S. Dollars may be converted to or continued as a Eurocurrency Rate Loan.

(d) The Administrative Agent shall promptly notify the applicable Tranche 2 Borrower and the Tranche 2 Lenders of the interest rate applicable to any Interest Period for Eurocurrency Rate Loans upon determination of such interest rate. At any time that ABR Loans are outstanding the Administrative Agent shall notify the applicable Tranche 2 Borrower and the Tranche 2 Lenders of any change in the Prime Rate used in determining the ABR promptly following the public announcement of such change. ~~At any time that Overnight Rate Loans are outstanding, the Administrative Agent shall notify the applicable Tranche 2 Borrower and the Tranche 2 Lenders of any change in the applicable Overnight Rate promptly following the public announcement of such change.~~

(e) After giving effect to all Tranche 2 Borrowings, all conversions of Tranche 2 Committed Loans from one Type to the other, and all continuations of Tranche 2 Committed Loans as the same Type, there shall not be more than 10 Interest Periods in effect with respect to Tranche 2 Committed Loans.

(f) This Section 2.04 shall not apply to Borrowings of Tranche 2 Swingline Loans, which may not be converted or continued.

2.05 Tranche 3 Committed Loans. Subject to the terms and conditions set forth herein, each Tranche 3 Lender severally agrees to make loans (each such loan, a "Tranche 3 Committed Loan") in Tranche 3 Ratable Currencies to the Parent Borrower, and in Tranche 3 Foreign Borrower Currencies to the Tranche 3 Foreign Borrower from time to time, on any Business Day during the Availability Period, in an aggregate amount not to exceed at any time outstanding the amount of such Tranche 3 Lender's Tranche 3 Commitment; provided, however, that after giving effect to such Borrowing, (x) the Tranche 3 Total Outstandings of the Tranche 3 Lenders shall not exceed the Aggregate Tranche 3 Commitments, and (y) the Tranche 3 Outstanding Amount of any Tranche 3 Lender shall not exceed such Tranche 3 Lender's Commitment. Within the limits of each Tranche 3 Lender's Commitment, and subject to the other terms and conditions hereof, the Tranche 3 Borrowers may borrow under this Section 2.05, prepay under Section 2.13 and reborrow under this Section 2.05. Tranche 3 Committed Loans denominated in (i) Tranche 3 Ratable Currencies may be ABR Loans ~~or~~, Eurocurrency Rate Loans or RFR Loans, as further provided herein; provided, that ABR Loans shall only be made available with respect to Borrowings in U.S. Dollars; and (ii) Tranche 3 Foreign Borrower Currencies may be ABR Loans, Overnight Rate Loans ~~or~~ Eurocurrency Rate Loans or RFR Loans, as further provided herein; provided, that ABR Loans shall only be made available with respect to Borrowings in U.S. Dollars and that Overnight Rate Loans shall only be made available with respect to Borrowings in U.S. Dollars, Euros and Pounds Sterling. Each Tranche 3 Lender may, at its option, make any Tranche 3 Committed Loan available to a Tranche 3 Borrower by causing any foreign or domestic branch or Affiliate of such Tranche 3 Lender to make such Tranche 3 Committed Loan; provided, that any exercise of such option shall not affect the obligation of such Tranche 3 Borrower to repay such Tranche 3 Committed Loan in accordance with the terms and subject to the conditions of this Agreement, and such Affiliate shall be treated as a Tranche 3 Lender for purposes of this Agreement.

2.06 Borrowings, Conversions and Continuations of Tranche 3 Committed Loans.

(a) Each Tranche 3 Committed Loan Borrowing, each conversion of Tranche 3 Committed Loans from one Type to the other, and each continuation of Eurocurrency Rate Loans shall be made upon a Tranche 3 Borrower's notice to the Administrative Agent, which may be given by telephone in the case of Loans denominated in U.S. Dollars. Each such notice must be received by the Administrative Agent not later than 12:00 noon (or, in the case of Overnight Rate Loans denominated in Pounds Sterling, 1:00 p.m.) Local Time (i) three Business Days prior to the requested date of any Tranche 3 Committed Loan Borrowing of, conversion to or continuation of Eurocurrency Rate Loans denominated in U.S. Dollars; (ii) five RFR Business Days prior to the requested date of any Tranche 3 Committed Loan Borrowing of RFR Loans denominated in Pounds Sterling (other than RFR Loans that are Overnight Rate Loans); (iii) three Business Days prior to the requested date of any Tranche 3 Committed Loan Borrowing of, conversion to or continuation of Eurocurrency Rate Loans denominated in a Tranche 3 Currency other than U.S. Dollars; (~~iii~~iv) on the requested date of any Tranche 3 Committed Loan Borrowing of ABR Loans or of any conversion of Eurocurrency Rate Loans denominated in U.S. Dollars to ABR Loans; and (~~iv~~v) on the requested date of any Tranche 3 Committed Loan Borrowing of Overnight Rate Loans; provided, however, that if a Tranche 3 Borrower wishes to request Eurocurrency Rate Loans having an Interest Period other than one, two, three or six months in duration as provided in the definition of "Interest Period", the applicable notice must be received by the Administrative Agent not later than 12:00 noon Local Time four Business Days prior to the requested date of such Tranche 3 Committed Loan Borrowing, conversion or continuation, whereupon the Administrative Agent shall give prompt notice to the Tranche 3 Lenders of such request and determine whether the requested Interest Period is available to all of them. Not later than 12:00 noon Local Time, three Business Days before the requested date of such Tranche 3 Committed Loan Borrowing, conversion or continuation, the Administrative Agent shall notify the applicable Tranche 3 Borrower (which notice may be by telephone) whether or not the requested Interest Period has been consented to by all the Tranche 3 Lenders. Each telephonic notice by a Tranche 3 Borrower pursuant to this Section 2.06(a) must be confirmed promptly by delivery to the Administrative Agent of a written Committed Loan Notice, appropriately completed and signed by a Responsible Officer of such Tranche 3 Borrower. Each Tranche 3 Committed Loan Borrowing of, conversion to or continuation of Eurocurrency Rate Loans denominated in U.S. Dollars shall be in a principal amount of $5,000,000 or a whole multiple of $1,000,000 in excess thereof, or if the remaining amount available under the Tranche 3 Commitments is less than $5,000,000, in multiples of $1,000,000. Each Tranche 3 Committed Loan Borrowing or continuation of Eurocurrency Rate Loans or RFR Loans denominated in a Tranche 3 Currency other than U.S. Dollars shall be in a principal amount of the smallest amount of such Tranche 3 Currency (rounded to a whole number in a manner reasonably acceptable to the Administrative Agent) that has a U.S. Dollar Amount in excess of $5,000,000 or a whole multiple of the smallest amount of such Tranche 3 Currency (rounded to a whole number in a manner reasonably acceptable to the Administrative Agent) that has a U.S. Dollar Amount in excess of $1,000,000 or, if the remaining amount available under the Tranche 3 Commitments is less than such minimum amount, in a whole multiple of the smallest amount of such Tranche 3 Currency (rounded to a whole number in a manner reasonably acceptable to the Administrative Agent) that has a U.S. Dollar Amount in excess of $1,000,000. Each Tranche 3 Committed Loan Borrowing of or conversion to ABR Loans shall be in a principal amount of $5,000,000 or a whole multiple of $1,000,000 in excess thereof, or if the remaining amount available under the Tranche 3 Commitments is less than $5,000,000, in multiples of $1,000,000. Each Tranche 3 Committed Loan Borrowing of Overnight Rate Loans shall be in a principal amount of a U.S. Dollar amount of $5,000,000 or a whole multiple of $1,000,000 in excess thereof, or if the remaining amount available under the Tranche 3 Commitments is less than $5,000,000, in multiples of $1,000,000. Each Committed Loan Notice with respect to a Tranche 3 Committed Loan (whether telephonic or written) shall specify (i) whether the applicable Tranche 3 Borrower is requesting a Tranche 3 Committed Loan Borrowing, a conversion of Tranche 3 Committed Loans from one Type to the other, or a continuation of Eurocurrency Rate Loans, (ii) the requested date of the Tranche 3 Committed

Loan Borrowing, conversion or continuation, as the case may be (which shall be a Business Day), (iii) the principal amount of Tranche 3 Committed Loans to be borrowed, converted or continued, (iv) the Type of Tranche 3 Committed Loans to be borrowed or to which existing Tranche 3 Committed Loans are to be converted and (v) if applicable, the duration of the Interest Period and the Tranche 2 Currency with respect thereto. If the applicable Tranche 3 Borrower fails to specify a Type of Tranche 3 Committed Loan in a Committed Loan Notice or if such Tranche 3 Borrower fails to give a timely notice requesting a conversion or continuation, then the applicable Tranche 3 Committed Loans shall be made as, or converted to, a Eurocurrency Rate Loan in the same Tranche 3 Currency with an Interest Period of one month. Any such automatic conversion to Eurocurrency Rate Loans with an Interest Period of one month shall be effective as of the last day of the Interest Period then in effect with respect to the applicable Eurocurrency Rate Loans. If a Tranche 3 Borrower requests a Tranche 3 Committed Loan Borrowing of, conversion to, or continuation of Eurocurrency Rate Loans in any such Committed Loan Notice, but fails to specify an Interest Period, it will be deemed to have specified an Interest Period of one month.

(b) Following receipt of a Committed Loan Notice with respect to a Tranche 3 Committed Loan, the Administrative Agent shall promptly notify each Tranche 3 Lender of the amount of its Tranche 3 Applicable Percentage of the applicable Tranche 3 Committed Loans, and if no timely notice of a conversion or continuation is provided by the applicable Tranche 3 Borrower, the Administrative Agent shall notify each Tranche 3 Lender of the details of any automatic conversion to Eurocurrency Rate Loans with an Interest Period of one month described in the preceding subsection. In the case of a Tranche 3 Committed Loan Borrowing, each Tranche 3 Lender shall make the amount of its Tranche 3 Committed Loan available to the Administrative Agent in immediately available funds at the Administrative Agent's Office not later than 2:00 p.m. (or, in the case of (i) ABR Loans made to the Tranche 3 Foreign Borrower, 3:00 p.m., (ii) Overnight Rate Loans denominated in Euros, 3:00 p.m., and (iii) Overnight Rate Loans denominated in Pounds Sterling, 4:00 p.m.) Local Time on the Business Day specified in the applicable Committed Loan Notice. Upon satisfaction of the applicable conditions set forth in Section 4.02 (and, if such Tranche 3 Committed Loan Borrowing is on the Closing Date, Section 4.01), the Administrative Agent shall make all funds so received available to the applicable Tranche 3 Borrower in like funds as received by the Administrative Agent either by (i) crediting the account of such Tranche 3 Borrower on the books of the Administrative Agent with the amount of such funds or (ii) wire transfer of such funds, in each case in accordance with instructions provided to (and reasonably acceptable to) the Administrative Agent by such Tranche 3 Borrower.

(c) Except as otherwise provided herein, a Eurocurrency Rate Loan may be continued or converted only on the last day of an Interest Period for such Eurocurrency Rate Loan. If an Event of Default has occurred and is continuing and the Administrative Agent, at the request of the Tranche 3 Required Lenders, so notifies the Tranche 3 Borrowers, then, so long as an Event of Default is continuing no outstanding Tranche 3 Committed Loan denominated in U.S. Dollars may be converted to or continued as a Eurocurrency Rate Loan.

(d) The Administrative Agent shall promptly notify the applicable Tranche 3 Borrower and the Tranche 3 Lenders of the interest rate applicable to any Interest Period for Eurocurrency Rate Loans upon determination of such interest rate. At any time that ABR Loans are outstanding, the Administrative Agent shall notify the applicable Tranche 3 Borrower and the Tranche 3 Lenders of any change in the Prime Rate used in determining the ABR promptly following the public announcement of such change. ~~At any time that Overnight Rate Loans are outstanding, the Administrative Agent shall notify the applicable Tranche 3 Borrower and the Tranche 3 Lenders of any change in the applicable Overnight Rate promptly following the public announcement of such change.~~

(e) After giving effect to all Tranche 3 Borrowings, all conversions of Tranche 3 Committed Loans from one Type to the other, and all continuations of Tranche 3 Committed Loans as the same Type, there shall not be more than 10 Interest Periods in effect with respect to Tranche 3 Committed Loans.

2.07 Tranche 4 Committed Loans. Subject to the terms and conditions set forth herein, each Tranche 4 Lender severally agrees to make loans (each such loan, a "Tranche 4 Committed Loan") in Tranche 4 Ratable Currencies to the Parent Borrower, and in the Tranche 4 Foreign Borrower Currency to the Tranche 4 Foreign Borrower from time to time, on any Business Day during the Availability Period, in an aggregate amount not to exceed at any time outstanding the amount of such Tranche 4 Lender's Tranche 4 Commitment; provided, however, that after giving effect to such Borrowing, (x) the Tranche 4 Total Outstandings of the Tranche 4 Lenders shall not exceed the Aggregate Tranche 4 Commitments, and (y) the Tranche 4 Outstanding Amount of any Tranche 4 Lender shall not exceed such Tranche 4 Lender's Commitment. Within the limits of each Tranche 4 Lender's Commitment, and subject to the other terms and conditions hereof, the Tranche 4 Borrowers may borrow under this Section 2.07, prepay under Section 2.13 and reborrow under this Section 2.07. Tranche 4 Committed Loans denominated in (i) Tranche 4 Ratable Currencies may be ABR Loans ~~or~~, Eurocurrency Rate Loans or RFR Loans, as further provided herein; provided, that ABR Loans shall only be made available with respect to Borrowings in U.S. Dollars; and (ii) the Tranche 4 Foreign Borrower Currency may be Overnight Rate Loans or Eurocurrency Rate Loans, as further provided herein. Each Tranche 4 Lender may, at its option, make any Tranche 4 Committed Loan available to a Tranche 4 Borrower by causing any foreign or domestic branch or Affiliate of such Tranche 4 Lender to make such Tranche 4 Committed Loan; provided, that any exercise of such option shall not affect the obligation of such Tranche 4 Borrower to repay such Tranche 4 Committed Loan in accordance with the terms and subject to the conditions of this Agreement, and such Affiliate shall be treated as a Tranche 4 Lender for purposes of this Agreement.

2.08 Borrowings, Conversions and Continuations of Tranche 4 Committed Loans.

(a) Each Tranche 4 Committed Loan Borrowing, each conversion of Tranche 4 Committed Loans from one Type to the other, and each continuation of Eurocurrency Rate Loans shall be made upon a Tranche 4 Borrower's notice to the Administrative Agent, which may be given by telephone in the case of Loans denominated in U.S. Dollars. Each such notice must be received by the Administrative Agent (i) not later than 12:00 noon Local Time three Business Days prior to the requested date of any Tranche 4 Committed Loan Borrowing of, conversion to or continuation of Eurocurrency Rate Loans denominated in U.S. Dollars; (ii) not later than 12:00 noon, Local Time, five RFR Business Days prior to the requested date of any Tranche 4 Committed Loan Borrowing of RFR Loans denominated in Pounds Sterling (other than RFR Loans that are Overnight Rate Loans); (iii) not later than 12:00 noon Local Time three Business Days prior to the requested date of any Tranche 4 Committed Loan Borrowing of, conversion to or continuation of Eurocurrency Rate Loans denominated in a Tranche 4 Currency other than U.S. Dollars; (iii) not later than 12:00 noon Local Time on the requested date of any Tranche 4 Committed Loan Borrowing of ABR Loans or of any conversion of Eurocurrency Rate Loans denominated in U.S. Dollars to ABR Loans, and (iv) not later than 11:00 a.m. Local Time on the requested date of any Tranche 4 Committed Loan Borrowing of Overnight Rate Loans; provided, however, that if a Tranche 4 Borrower wishes to request Eurocurrency Rate Loans having an Interest Period other than one, two, three or six months in duration as provided in the definition of "Interest Period", the applicable notice must be received by the Administrative Agent not later than 12:00 noon Local Time four Business Days prior to the requested date of such Tranche 4 Committed Loan Borrowing, conversion or continuation, whereupon the Administrative Agent shall give prompt notice to the Tranche 4 Lenders of such request and determine whether the requested Interest Period is available to all of them. Not later than 12:00 noon Local Time, three Business Days before the requested date of such Tranche 4 Committed Loan Borrowing,

conversion or continuation, the Administrative Agent shall notify the applicable Tranche 4 Borrower (which notice may be by telephone) whether or not the requested Interest Period has been consented to by all the Tranche 4 Lenders. Each telephonic notice by a Tranche 4 Borrower pursuant to this Section 2.08(a) must be confirmed promptly by delivery to the Administrative Agent of a written Committed Loan Notice, appropriately completed and signed by a Responsible Officer of such Tranche 4 Borrower. Each Tranche 4 Committed Loan Borrowing of, conversion to or continuation of Eurocurrency Rate Loans denominated in U.S. Dollars shall be in a principal amount of $5,000,000 or a whole multiple of $1,000,000 in excess thereof, or if the remaining amount available under the Tranche 4 Commitments is less than $5,000,000, in multiples of $1,000,000. Each Tranche 4 Committed Loan Borrowing or continuation of Eurocurrency Rate Loans or RFR Loans denominated in a Tranche 4 Currency other than U.S. Dollars shall be in a principal amount of the smallest amount of such Tranche 4 Currency (rounded to a whole number in a manner reasonably acceptable to the Administrative Agent) that has a U.S. Dollar Amount in excess of $5,000,000 or a whole multiple of the smallest amount of such Tranche 4 Currency (rounded to a whole number in a manner reasonably acceptable to the Administrative Agent) that has a U.S. Dollar Amount in excess of $1,000,000 or, if the remaining amount available under the Tranche 4 Commitments is less than such minimum amount, in a whole multiple of the smallest amount of such Tranche 4 Currency (rounded to a whole number in a manner reasonably acceptable to the Administrative Agent) that has a U.S. Dollar Amount in excess of $1,000,000. Each Tranche 4 Committed Loan Borrowing of or conversion to ABR Loans shall be in a principal amount of $5,000,000 or a whole multiple of $1,000,000 in excess thereof, or if the remaining amount available under the Tranche 4 Commitments is less than $5,000,000, in multiples of $1,000,000. Each Tranche 4 Committed Loan Borrowing of Overnight Rate Loans shall be in a principal amount of a U.S. Dollar amount of $5,000,000 or a whole multiple of $1,000,000 in excess thereof, or if the remaining amount available under the Tranche 4 Commitments is less than $5,000,000, in multiples of $1,000,000. Each Committed Loan Notice with respect to a Tranche 4 Committed Loan (whether telephonic or written) shall specify (i) whether the applicable Tranche 4 Borrower is requesting a Tranche 4 Committed Loan Borrowing, a conversion of Tranche 4 Committed Loans from one Type to the other, or a continuation of Eurocurrency Rate Loans, (ii) the requested date of the Tranche 4 Committed Loan Borrowing, conversion or continuation, as the case may be (which shall be a Business Day), (iii) the principal amount of Tranche 4 Committed Loans to be borrowed, converted or continued, (iv) the Type of Tranche 4 Committed Loans to be borrowed or to which existing Tranche 4 Committed Loans are to be converted and (v) if applicable, the duration of the Interest Period and the Tranche 4 Currency with respect thereto. If the applicable Tranche 4 Borrower fails to specify a Type of Tranche 4 Committed Loan in a Committed Loan Notice or if such Tranche 4 Borrower fails to give a timely notice requesting a conversion or continuation, then the applicable Tranche 4 Committed Loans shall be made as, or converted to, a Eurocurrency Rate Loan in the same Tranche 4 Currency with an Interest Period of one month. Any such automatic conversion to Eurocurrency Rate Loans with an Interest Period of one month shall be effective as of the last day of the Interest Period then in effect with respect to the applicable Eurocurrency Rate Loans. If a Tranche 4 Borrower requests a Tranche 4 Committed Loan Borrowing of, conversion to, or continuation of Eurocurrency Rate Loans in any such Committed Loan Notice, but fails to specify an Interest Period, it will be deemed to have specified an Interest Period of one month.

(b) Following receipt of a Committed Loan Notice with respect to a Tranche 4 Committed Loan, the Administrative Agent shall promptly notify each Tranche 4 Lender of the amount of its Tranche 4 Applicable Percentage of the applicable Tranche 4 Committed Loans, and if no timely notice of a conversion or continuation is provided by the applicable Tranche 4 Borrower, the Administrative Agent shall notify each Tranche 4 Lender of the details of any automatic conversion to Eurocurrency Rate Loans with an Interest Period of one month described in the preceding subsection. In the case of a Tranche 4 Committed Loan Borrowing, each Tranche 4 Lender shall make the amount of its Tranche 4 Committed Loan available to the

Administrative Agent in immediately available funds at the Administrative Agent's Office not later than 2:00 p.m. (or, in the case of Overnight Rate Loans denominated in Australian Dollars, 2:00 p.m.) Local Time on the Business Day specified in the applicable Committed Loan Notice. Upon satisfaction of the applicable conditions set forth in Section 4.02 (and, if such Tranche 4 Committed Loan Borrowing is on the Closing Date, Section 4.01), the Administrative Agent shall make all funds so received available to the applicable Tranche 4 Borrower in like funds as received by the Administrative Agent either by (i) crediting the account of such Tranche 4 Borrower on the books of the Administrative Agent with the amount of such funds or (ii) wire transfer of such funds, in each case in accordance with instructions provided to (and reasonably acceptable to) the Administrative Agent by such Tranche 4 Borrower.

(c) Except as otherwise provided herein, a Eurocurrency Rate Loan may be continued or converted only on the last day of an Interest Period for such Eurocurrency Rate Loan. If an Event of Default has occurred and is continuing and the Administrative Agent, at the request of the Tranche 4 Required Lenders, so notifies the Tranche 4 Borrowers, then, so long as an Event of Default is continuing no outstanding Tranche 4 Committed Loan denominated in U.S. Dollars may be converted to or continued as a Eurocurrency Rate Loan.

(d) The Administrative Agent shall promptly notify the applicable Tranche 4 Borrower and the Tranche 4 Lenders of the interest rate applicable to any Interest Period for Eurocurrency Rate Loans upon determination of such interest rate. At any time that ABR Loans are outstanding, the Administrative Agent shall notify the applicable Tranche 4 Borrower and the Tranche 4 Lenders of any change in the Prime Rate used in determining the ABR promptly following the public announcement of such change. ~~At any time that Overnight Rate Loans are outstanding, the Administrative Agent shall notify the applicable Tranche 4 Borrower and the Tranche 4 Lenders of any change in the applicable Overnight Rate promptly following the public announcement of such change.~~

(e) After giving effect to all Tranche 4 Borrowings, all conversions of Tranche 4 Committed Loans from one Type to the other, and all continuations of Tranche 4 Committed Loans as the same Type, there shall not be more than 10 Interest Periods in effect with respect to Tranche 4 Committed Loans.

2.09 Tranche 5 Committed Loans. Subject to the terms and conditions set forth herein, each Tranche 5 Lender severally agrees to make loans (each such loan, a "Tranche 5 Committed Loan") in Tranche 5 Ratable Currencies to the Parent Borrower, and in the Tranche 5 Foreign Borrower Currency to the Tranche 5 Foreign Borrower from time to time, on any Business Day during the Availability Period, in an aggregate amount not to exceed at any time outstanding the amount of such Tranche 5 Lender's Tranche 5 Commitment; provided, however, that after giving effect to such Borrowing, (x) the Tranche 5 Total Outstandings of the Tranche 5 Lenders shall not exceed the Aggregate Tranche 5 Commitments, and (y) the Tranche 5 Outstanding Amount of any Tranche 5 Lender shall not exceed such Tranche 5 Lender's Commitment. Within the limits of each Tranche 5 Lender's Commitment, and subject to the other terms and conditions hereof, the Tranche 5 Borrowers may borrow under this Section 2.09, prepay under Section 2.13 and reborrow under this Section 2.09. Tranche 5 Committed Loans denominated in (i) Tranche 5 Ratable Currencies may be ABR Loans ~~or~~, Eurocurrency Rate Loans or RFR Loans, as further provided herein; provided, that ABR Loans shall only be made available with respect to Borrowings in U.S. Dollars; and (ii) the Tranche 5 Foreign Borrower Currency may be Overnight Rate Loans or Eurocurrency Rate Loans, as further provided herein. Each Tranche 5 Lender may, at its option, make any Tranche 5 Committed Loan available to a Tranche 5 Borrower by causing any foreign or domestic branch or Affiliate of such Tranche 5 Lender to make such Tranche 5 Committed Loan; provided, that any exercise of such option shall not affect the obligation of such Tranche 5 Borrower to repay such Tranche 5 Committed Loan in

accordance with the terms and subject to the conditions of this Agreement, and such Affiliate shall be treated as a Tranche 5 Lender for purposes of this Agreement.

2.10 Borrowings, Conversions and Continuations of Tranche 5 Committed Loans.

(a) Each Tranche 5 Committed Loan Borrowing, each conversion of Tranche 5 Committed Loans from one Type to the other, and each continuation of Eurocurrency Rate Loans shall be made upon a Tranche 5 Borrower's notice to the Administrative Agent, which may be given by telephone in the case of Loans denominated in U.S. Dollars. Each such notice must be received by the Administrative Agent not later than 12:00 noon Local Time (i) three Business Days prior to the requested date of any Tranche 5 Committed Loan Borrowing of, conversion to or continuation of Eurocurrency Rate Loans denominated in U.S. Dollars; (ii) five RFR Business Days prior to the requested date of any Tranche 4 Committed Loan Borrowing of RFR Loans denominated in Pounds Sterling (other than RFR Loans that are Overnight Rate Loans); (iii) three Business Days prior to the requested date of any Tranche 5 Committed Loan Borrowing of, conversion to or continuation of Eurocurrency Rate Loans denominated in a Tranche 5 Currency other than U.S. Dollars; (iii) on the requested date of any Tranche 5 Committed Loan Borrowing of ABR Loans or of any conversion of Eurocurrency Rate Loans denominated in U.S. Dollars to ABR Loans; and (iv) on the requested date of any Tranche 5 Committed Loan Borrowing of Overnight Rate Loans; provided, however, that if a Tranche 5 Borrower wishes to request Eurocurrency Rate Loans having an Interest Period other than one, two, three or six months in duration as provided in the definition of "Interest Period", the applicable notice must be received by the Administrative Agent not later than 12:00 noon Local Time four Business Days prior to the requested date of such Tranche 5 Committed Loan Borrowing, conversion or continuation, whereupon the Administrative Agent shall give prompt notice to the Tranche 5 Lenders of such request and determine whether the requested Interest Period is available to all of them. Not later than 12:00 noon Local Time, three Business Days before the requested date of such Tranche 5 Committed Loan Borrowing, conversion or continuation, the Administrative Agent shall notify the applicable Tranche 5 Borrower (which notice may be by telephone) whether or not the requested Interest Period has been consented to by all the Tranche 5 Lenders. Each telephonic notice by a Tranche 5 Borrower pursuant to this Section 2.10(a) must be confirmed promptly by delivery to the Administrative Agent of a written Committed Loan Notice, appropriately completed and signed by a Responsible Officer of such Tranche 5 Borrower. Each Tranche 5 Committed Loan Borrowing of, conversion to or continuation of Eurocurrency Rate Loans denominated in U.S. Dollars shall be in a principal amount of $5,000,000 or a whole multiple of $1,000,000 in excess thereof, or if the remaining amount available under the Tranche 5 Commitments is less than $5,000,000, in multiples of $1,000,000. Each Tranche 5 Committed Loan Borrowing or continuation of Eurocurrency Rate Loans or RFR Loans denominated in a Tranche 5 Currency other than U.S. Dollars shall be in a principal amount of the smallest amount of such Tranche 5 Currency (rounded to a whole number in a manner reasonably acceptable to the Administrative Agent) that has a U.S. Dollar Amount in excess of $5,000,000 or a whole multiple of the smallest amount of such Tranche 5 Currency (rounded to a whole number in a manner reasonably acceptable to the Administrative Agent) that has a U.S. Dollar Amount in excess of $1,000,000 or, if the remaining amount available under the Tranche 5 Commitments is less than such minimum amount, in a whole multiple of the smallest amount of such Tranche 5 Currency (rounded to a whole number in a manner reasonably acceptable to the Administrative Agent) that has a U.S. Dollar Amount in excess of $1,000,000. Each Tranche 5 Committed Loan Borrowing of or conversion to ABR Loans shall be in a principal amount of $5,000,000 or a whole multiple of $1,000,000 in excess thereof, or if the remaining amount available under the Tranche 5 Commitments is less than $5,000,000, in multiples of $1,000,000. Each Tranche 5 Committed Loan Borrowing of Overnight Rate Loans shall be in a principal amount of a U.S. Dollar amount of $5,000,000 or a whole multiple of $1,000,000 in excess thereof, or if the remaining amount available under the Tranche 5 Commitments is less than $5,000,000, in multiples of $1,000,000. Each Committed Loan Notice with respect to a Tranche 5 Committed

Loan (whether telephonic or written) shall specify (i) whether the applicable Tranche 5 Borrower is requesting a Tranche 5 Committed Loan Borrowing, a conversion of Tranche 5 Committed Loans from one Type to the other, or a continuation of Eurocurrency Rate Loans, (ii) the requested date of the Tranche 5 Committed Loan Borrowing, conversion or continuation, as the case may be (which shall be a Business Day), (iii) the principal amount of Tranche 5 Committed Loans to be borrowed, converted or continued, (iv) the Type of Tranche 5 Committed Loans to be borrowed or to which existing Tranche 5 Committed Loans are to be converted and (v) if applicable, the duration of the Interest Period and the Tranche 5 Currency with respect thereto. If the applicable Tranche 5 Borrower fails to specify a Type of Tranche 5 Committed Loan in a Committed Loan Notice or if such Tranche 5 Borrower fails to give a timely notice requesting a conversion or continuation, then the applicable Tranche 5 Committed Loans shall be made as, or converted to, a Eurocurrency Rate Loan in the same Tranche 5 Currency with an Interest Period of one month. Any such automatic conversion to Eurocurrency Rate Loans with an Interest Period of one month shall be effective as of the last day of the Interest Period then in effect with respect to the applicable Eurocurrency Rate Loans. If a Tranche 5 Borrower requests a Tranche 5 Committed Loan Borrowing of, conversion to, or continuation of Eurocurrency Rate Loans in any such Committed Loan Notice, but fails to specify an Interest Period, it will be deemed to have specified an Interest Period of one month.

(b) Following receipt of a Committed Loan Notice with respect to a Tranche 5 Committed Loan, the Administrative Agent shall promptly notify each Tranche 5 Lender of the amount of its Tranche 5 Applicable Percentage of the applicable Tranche 5 Committed Loans, and if no timely notice of a conversion or continuation is provided by the applicable Tranche 5 Borrower, the Administrative Agent shall notify each Tranche 5 Lender of the details of any automatic conversion to Eurocurrency Rate Loans with an Interest Period of one month described in the preceding subsection. In the case of a Tranche 5 Committed Loan Borrowing, each Tranche 5 Lender shall make the amount of its Tranche 5 Committed Loan available to the Administrative Agent in immediately available funds at the Administrative Agent's Office not later than 2:00 p.m. (or, in the case of Overnight Rate Loans denominated in Canadian Dollars, 3:00 p.m.) Local Time on the Business Day specified in the applicable Committed Loan Notice. Upon satisfaction of the applicable conditions set forth in Section 4.02 (and, if such Tranche 5 Committed Loan Borrowing is on the Closing Date, Section 4.01), the Administrative Agent shall make all funds so received available to the applicable Tranche 5 Borrower in like funds as received by the Administrative Agent either by (i) crediting the account of such Tranche 5 Borrower on the books of the Administrative Agent with the amount of such funds or (ii) wire transfer of such funds, in each case in accordance with instructions provided to (and reasonably acceptable to) the Administrative Agent by such Tranche 5 Borrower.

(c) Except as otherwise provided herein, a Eurocurrency Rate Loan may be continued or converted only on the last day of an Interest Period for such Eurocurrency Rate Loan. If an Event of Default has occurred and is continuing and the Administrative Agent, at the request of the Tranche 5 Required Lenders, so notifies the Tranche 5 Borrowers, then, so long as an Event of Default is continuing no outstanding Tranche 5 Committed Loan denominated in U.S. Dollars may be converted to or continued as a Eurocurrency Rate Loan.

(d) The Administrative Agent shall promptly notify the applicable Tranche 5 Borrower and the Tranche 5 Lenders of the interest rate applicable to any Interest Period for Eurocurrency Rate Loans upon determination of such interest rate. At any time that ABR Loans are outstanding, the Administrative Agent shall notify the applicable Tranche 5 Borrower and the Tranche 5 Lenders of any change in the Prime Rate used in determining the ABR promptly following the public announcement of such change. ~~At any time that Overnight Rate Loans are outstanding, the Administrative Agent shall notify the applicable Tranche 5 Borrower and the Tranche 5 Lenders of any change in the applicable Overnight Rate promptly following the public announcement of such change.~~

(e) After giving effect to all Tranche 5 Borrowings, all conversions of Tranche 5 Committed Loans from one Type to the other, and all continuations of Tranche 5 Committed Loans as the same Type, there shall not be more than 10 Interest Periods in effect with respect to Tranche 5 Committed Loans.

2.11 Tranche 6 Committed Loans. Subject to the terms and conditions set forth herein, each Tranche 6 Lender severally agrees to make loans (each such loan, a "Tranche 6 Committed Loan") in Tranche 6 Ratable Currencies to the Parent Borrower, and in Tranche 6 Foreign Borrower Currencies to the Tranche 6 Foreign Borrower from time to time, on any Business Day during the Availability Period, in an aggregate amount not to exceed at any time outstanding the amount of such Tranche 6 Lender's Tranche 6 Commitment; provided, however, that after giving effect to such Borrowing, (x) the Tranche 6 Total Outstandings of the Tranche 6 Lenders shall not exceed the Aggregate Tranche 6 Commitments, and (y) the Tranche 6 Outstanding Amount of any Tranche 6 Lender shall not exceed such Tranche 6 Lender's Commitment. Within the limits of each Tranche 6 Lender's Commitment, and subject to the other terms and conditions hereof, the Tranche 6 Borrowers may borrow under this Section 2.11, prepay under Section 2.13 and reborrow under this Section 2.11. Tranche 6 Committed Loans denominated in (i) Tranche 6 Ratable Currencies may be ABR Loans ~~or~~, Eurocurrency Rate Loans or RFR Loans, as further provided herein; provided, that ABR Loans shall only be made available with respect to Borrowings in U.S. Dollars made to the Parent Borrower; and (ii) Tranche 6 Foreign Borrower Currencies may be Overnight Rate Loans ~~or~~, Eurocurrency Rate Loans or RFR Loans, , as further provided herein; provided, that Overnight Rate Loans denominated in U.S. Dollars shall only be made to the Tranche 6 Foreign Borrower. Each Tranche 6 Lender may, at its option, make any Tranche 6 Committed Loan available to a Tranche 6 Borrower by causing any foreign or domestic branch or Affiliate of such Tranche 6 Lender to make such Tranche 6 Committed Loan; provided, that any exercise of such option shall not affect the obligation of such Tranche 6 Borrower to repay such Tranche 6 Committed Loan in accordance with the terms and subject to the conditions of this Agreement, and such Affiliate shall be treated as a Tranche 6 Lender for purposes of this Agreement.

2.12 Borrowings, Conversions and Continuations of Tranche 6 Committed Loans.

(a) Each Tranche 6 Committed Loan Borrowing, each conversion of Tranche 6 Committed Loans from one Type to the other, and each continuation of Eurocurrency Rate Loans shall be made upon a Tranche 6 Borrower's notice to the Administrative Agent, which may be given by telephone in the case of ABR Loans denominated in U.S. Dollars. Each such notice must be received by the Administrative Agent not later than 12:00 noon (or, in the case of Overnight Rate Loans denominated in Pounds Sterling, 1:00 p.m.) Local Time (i) three Business Days prior to the requested date of any Tranche 6 Committed Loan Borrowing of, conversion to or continuation of Eurocurrency Rate Loans denominated in U.S. Dollars; (ii) five RFR Business Days prior to the requested date of any Tranche 6 Committed Loan Borrowing of RFR Loans denominated in Pounds Sterling (other than RFR Loans that are Overnight Rate Loans); (iii) three Business Days prior to the requested date of any Tranche 6 Committed Loan Borrowing of, conversion to or continuation of Eurocurrency Rate Loans denominated in a Tranche 6 Currency other than U.S. Dollars; (~~iii~~iv) on the requested date of any Tranche 6 Committed Loan Borrowing of ABR Loans or of any conversion of Eurocurrency Rate Loans denominated in U.S. Dollars to ABR Loans; and (~~iv~~v) on the requested date of any Tranche 6 Committed Loan Borrowing of Overnight Rate Loans; provided, however, that if a Tranche 6 Borrower wishes to request Eurocurrency Rate Loans having an Interest Period other than one, two, three or six months in duration as provided in the definition of "Interest Period", the applicable notice must be received by the Administrative Agent not later than 12:00 noon Local Time four Business Days prior to the requested date of such Tranche 6 Committed Loan Borrowing, conversion or continuation, whereupon the Administrative Agent shall give prompt notice to the Tranche 6 Lenders of such request and determine whether the requested Interest Period is available to all of

them. Not later than 12:00 noon Local Time, three Business Days before the requested date of such Tranche 6 Committed Loan Borrowing, conversion or continuation, the Administrative Agent shall notify the applicable Tranche 6 Borrower (which notice may be by telephone) whether or not the requested Interest Period has been consented to by all the Tranche 6 Lenders. Each telephonic notice by a Tranche 6 Borrower pursuant to this Section 2.12(a) must be confirmed promptly by delivery to the Administrative Agent of a written Committed Loan Notice, appropriately completed and signed by a Responsible Officer of such Tranche 6 Borrower. Each Tranche 6 Committed Loan Borrowing of, conversion to or continuation of Eurocurrency Rate Loans denominated in U.S. Dollars shall be in a principal amount of $5,000,000 or a whole multiple of $1,000,000 in excess thereof, or if the remaining amount available under the Tranche 6 Commitments is less than $5,000,000, in multiples of $1,000,000. Each Tranche 6 Committed Loan Borrowing or continuation of Eurocurrency Rate Loans or RFR Loans denominated in a Tranche 6 Currency other than U.S. Dollars shall be in a principal amount of the smallest amount of such Tranche 6 Currency (rounded to a whole number in a manner reasonably acceptable to the Administrative Agent) that has a U.S. Dollar Amount in excess of $5,000,000 or a whole multiple of the smallest amount of such Tranche 6 Currency (rounded to a whole number in a manner reasonably acceptable to the Administrative Agent) that has a U.S. Dollar Amount in excess of $1,000,000 or, if the remaining amount available under the Tranche 6 Commitments is less than such minimum amount, in a whole multiple of the smallest amount of such Tranche 6 Currency (rounded to a whole number in a manner reasonably acceptable to the Administrative Agent) that has a U.S. Dollar Amount in excess of $1,000,000. Each Tranche 6 Committed Loan Borrowing of or conversion to ABR Loans shall be in a principal amount of $5,000,000 or a whole multiple of $1,000,000 in excess thereof, or if the remaining amount available under the Tranche 6 Commitments is less than $5,000,000, in multiples of $1,000,000. Each Tranche 6 Committed Loan Borrowing of Overnight Rate Loans shall be in a principal amount of a U.S. Dollar amount of $5,000,000 or a whole multiple of $1,000,000 in excess thereof, or if the remaining amount available under the Tranche 6 Commitments is less than $5,000,000, in multiples of $1,000,000. Each Committed Loan Notice with respect to a Tranche 6 Committed Loan (whether telephonic or written) shall specify (i) whether the applicable Tranche 6 Borrower is requesting a Tranche 6 Committed Loan Borrowing, a conversion of Tranche 6 Committed Loans from one Type to the other, or a continuation of Eurocurrency Rate Loans, (ii) the requested date of the Tranche 6 Committed Loan Borrowing, conversion or continuation, as the case may be (which shall be a Business Day), (iii) the principal amount of Tranche 6 Committed Loans to be borrowed, converted or continued, (iv) the Type of Tranche 6 Committed Loans to be borrowed or to which existing Tranche 6 Committed Loans are to be converted and (v) if applicable, the duration of the Interest Period and the Tranche 6 Currency with respect thereto. If the applicable Tranche 6 Borrower fails to specify a Type of Tranche 6 Committed Loan in a Committed Loan Notice or if such Tranche 6 Borrower fails to give a timely notice requesting a conversion or continuation, then the applicable Tranche 6 Committed Loans shall be made as, or converted to, a Eurocurrency Rate Loan in the same Tranche 6 Currency with an Interest Period of one month. Any such automatic conversion to Eurocurrency Rate Loans with an Interest Period of one month shall be effective as of the last day of the Interest Period then in effect with respect to the applicable Eurocurrency Rate Loans. If a Tranche 6 Borrower requests a Tranche 6 Committed Loan Borrowing of, conversion to, or continuation of Eurocurrency Rate Loans in any such Committed Loan Notice, but fails to specify an Interest Period, it will be deemed to have specified an Interest Period of one month.

(b) Following receipt of a Committed Loan Notice with respect to a Tranche 6 Committed Loan, the Administrative Agent shall promptly notify each Tranche 6 Lender of the amount of its Tranche 6 Applicable Percentage of the applicable Tranche 6 Committed Loans, and if no timely notice of a conversion or continuation is provided by the applicable Tranche 6 Borrower, the Administrative Agent shall notify each Tranche 6 Lender of the details of any automatic conversion to Eurocurrency Rate Loans described in the preceding subsection. In the

case of a Tranche 6 Committed Loan Borrowing, each Tranche 6 Lender shall make the amount of its Tranche 6 Committed Loan available to the Administrative Agent in immediately available funds at the Administrative Agent's Office not later than 2:00 p.m. (or, in the case of (i) Overnight Rate Loans denominated in U.S. Dollars or Euros, 3:00 p.m., and (ii) Overnight Rate Loans denominated in Pounds Sterling, 4:00 p.m.) Local Time on the Business Day specified in the applicable Committed Loan Notice. Upon satisfaction of the applicable conditions set forth in Section 4.02 (and, if such Tranche 6 Committed Loan Borrowing is on the Closing Date, Section 4.01), the Administrative Agent shall make all funds so received available to the applicable Tranche 6 Borrower in like funds as received by the Administrative Agent either by (i) crediting the account of such Tranche 6 Borrower on the books of the Administrative Agent with the amount of such funds or (ii) wire transfer of such funds, in each case in accordance with instructions provided to (and reasonably acceptable to) the Administrative Agent by such Tranche 6 Borrower.

(c) Except as otherwise provided herein, a Eurocurrency Rate Loan may be continued or converted only on the last day of an Interest Period for such Eurocurrency Rate Loan. If an Event of Default has occurred and is continuing and the Administrative Agent, at the request of the Tranche 6 Required Lenders, so notifies the Tranche 6 Borrowers, then, so long as an Event of Default is continuing no outstanding Tranche 6 Committed Loan denominated in U.S. Dollars may be converted to or continued as a Eurocurrency Rate Loan.

(d) The Administrative Agent shall promptly notify the applicable Tranche 6 Borrower and the Tranche 6 Lenders of the interest rate applicable to any Interest Period for Eurocurrency Rate Loans upon determination of such interest rate. At any time that ABR Loans are outstanding, the Administrative Agent shall notify the applicable Tranche 6 Borrower and the Tranche 6 Lenders of any change in the Prime Rate used in determining the ABR promptly following the public announcement of such change. ~~At any time that Overnight Rate Loans are outstanding, the Administrative Agent shall notify the applicable Tranche 6 Borrower and the Tranche 6 Lenders of any change in the applicable Overnight Rate promptly following the public announcement of such change.~~

(e) After giving effect to all Tranche 6 Borrowings, all conversions of Tranche 6 Committed Loans from one Type to the other, and all continuations of Tranche 6 Committed Loans as the same Type, there shall not be more than 10 Interest Periods in effect with respect to Tranche 6 Committed Loans.

2.13 Prepayments.

(a) Each Borrower, upon notice to the Administrative Agent (and, in the case of prepayment of a Tranche 2 Swingline Loan, the applicable Tranche 2 Swingline Lender), at any time or from time to time may voluntarily prepay Loans borrowed under any Tranche, in whole or in part without premium or penalty; provided, that (i) such notice must be received by the Administrative Agent not later than (x) 12:00 noon Pacific Time (A) three Business Days prior to any date of prepayment of Eurocurrency Rate Loans ~~and~~, (B) on the date of prepayment of ABR Loans or Overnight Rate Loans and (y) 11:00 am Pacific Time five RFR Business Days prior to any date of prepayment of RFR Loans; (ii) any prepayment of Eurocurrency Rate Loans denominated in U.S. Dollars shall be in a principal amount of $5,000,000 or a whole multiple of $1,000,000 in excess thereof; (iii) any prepayment of Eurocurrency Rate Loans or RFR Loans denominated in a Foreign Currency shall be in a principal amount of not less than the smallest amount of such Foreign Currency (rounded to a whole number in a manner reasonably acceptable to the Administrative Agent) that has a U.S. Dollar Amount in excess of $5,000,000 and in an whole multiple, rounded to the nearest multiple of $1,000,000, of the smallest amount of such Foreign Currency (rounded to a whole number in a manner reasonably acceptable to the Administrative Agent) that has a U.S. Dollar Amount in excess of $1,000,000; (iv) any

prepayment of Overnight Rate Loans denominated in a Foreign Currency shall be in a principal amount of not less than the smallest amount of such Foreign Currency (rounded to a whole number in a manner reasonably acceptable to the Administrative Agent) that has a U.S. Dollar Amount in excess of $5,000,000 and in a whole multiple, rounded to the nearest multiple of $1,000,000, of the smallest amount of such Foreign Currency (rounded to a whole number in a manner reasonably acceptable to the Administrative Agent) that has a U.S. Dollar Amount in excess of $1,000,000; and (v) any prepayment of ABR Loans shall be in a principal amount of $5,000,000 or a whole multiple of $1,000,000 in excess thereof or, in each case, if less, the entire principal amount thereof then outstanding. Each such notice shall specify the date and amount of such prepayment and the applicable Tranche and Type(s) of Loans to be prepaid and, if Eurocurrency Rate Loans are to be prepaid, the Interest Period(s) of such Loans. The Administrative Agent will promptly notify each applicable Lender of its receipt of each such notice, and of the amount of such Lender's Applicable Percentage of such prepayment, if applicable. If such notice is given by a Borrower, such Borrower shall make such prepayment and the payment amount specified in such notice shall be due and payable on the date specified therein; provided that a notice of prepayment delivered by a Borrower may state that such notice is conditioned upon the effectiveness of other credit facilities or any other transaction, in which case such notice may be revoked by such Borrower (by notice to the Administrative Agent on or prior to the specified effective date) if such condition is not satisfied. Any prepayment of a Eurocurrency Rate Loan or RFR Loan shall be accompanied by all accrued interest on the amount prepaid, and shall be subject to Section 3.05. Each such prepayment shall be applied to the Committed Loans of the applicable Lenders in accordance with their respective Applicable Percentages.

(b) If at any time, (i) other than as a result of fluctuations in currency exchange rates, the sum of the aggregate principal U.S. Dollar Amount of the (A) Tranche 1 Total Outstandings (calculated, with respect to Tranche 1 Loans denominated in Foreign Currencies, as of the most recent Computation Date with respect to each such Tranche 1 Loan) exceeds the Aggregate Tranche 1 Commitments, or (B) Tranche 2 Total Outstandings (calculated, with respect to Tranche 2 Loans and Tranche 2 LC Exposure denominated in Foreign Currencies, as of the most recent Computation Date with respect to each such Tranche 2 Loan and Tranche 2 LC Exposure) exceeds the Aggregate Tranche 2 Commitments, or (C) Tranche 3 Total Outstandings (calculated, with respect to Tranche 3 Loans denominated in Foreign Currencies, as of the most recent Computation Date with respect to each such Tranche 3 Loan) exceeds the Aggregate Tranche 3 Commitments, or (D) Tranche 4 Total Outstandings (calculated, with respect to Tranche 4 Loans denominated in Foreign Currencies, as of the most recent Computation Date with respect to each such Tranche 4 Loan) exceeds the Aggregate Tranche 4 Commitments, or (E) Tranche 5 Total Outstandings (calculated, with respect to Tranche 5 Loans denominated in Foreign Currencies, as of the most recent Computation Date with respect to each such Tranche 5 Loan) exceeds the Aggregate Tranche 5 Commitments, or (F) Tranche 6 Total Outstandings (calculated, with respect to Tranche 6 Loans denominated in Foreign Currencies, as of the most recent Computation Date with respect to each such Tranche 6 Loan) exceeds the Aggregate Tranche 6 Commitments, or (ii) solely as a result of fluctuations in currency exchange rates, the aggregate principal U.S. Dollar Amount of (A) the Tranche 1 Total Outstandings (so calculated), as of the most recent Computation Date, exceeds 105% of the Aggregate Tranche 1 Commitments, or (B) the Tranche 2 Total Outstandings (so calculated), as of the most recent Computation Date, exceeds 105% of the Aggregate Tranche 2 Commitments, or (C) the Tranche 3 Total Outstandings (so calculated), as of the most recent Computation Date, exceeds 105% of the Aggregate Tranche 3 Commitments, or (D) the Tranche 4 Total Outstandings (so calculated), as of the most recent Computation Date, exceeds 105% of the Aggregate Tranche 4 Commitments, or (E) the Tranche 5 Total Outstandings (so calculated), as of the most recent Computation Date, exceeds 105% of the Aggregate Tranche 5 Commitments, or (F) the Tranche 6 Total Outstandings (so calculated), as of the most recent Computation Date, exceeds 105% of the Aggregate Tranche 6 Commitments, then as applicable, (T) the Tranche 1 Borrowers shall

promptly following notice by the Administrative Agent repay Tranche 1 Committed Loan Borrowings, (U) the Tranche 2 Borrowers shall promptly following notice by the Administrative Agent repay Tranche 2 Committed Loan Borrowings or cash collateralize Tranche 2 LC Exposure in accordance with the procedures set forth in Section 2.25(j), (V) the Tranche 3 Borrowers shall promptly following notice by the Administrative Agent repay Tranche 3 Committed Loan Borrowings, (W) the Tranche 4 Borrowers shall promptly following notice by the Administrative Agent repay Tranche 4 Committed Loan Borrowings, (X) the Tranche 5 Borrowers shall promptly following notice by the Administrative Agent repay Tranche 5 Committed Loan Borrowings, (Y) the Tranche 6 Borrowers shall promptly following notice by the Administrative Agent repay Tranche 6 Committed Loan Borrowings, each in an aggregate principal amount sufficient to cause (x) the U.S. Dollar Amount of (I) the Tranche 1 Total Outstandings (so calculated) to be less than or equal to the Aggregate Tranche 1 Commitments, (II) the Tranche 2 Total Outstandings (so calculated) to be less than or equal to the Aggregate Tranche 2 Commitments, (III) the Tranche 3 Total Outstandings (so calculated) to be less than or equal to the Aggregate Tranche 3 Commitments, (IV) the Tranche 4 Total Outstandings (so calculated) to be less than or equal to the Aggregate Tranche 4 Commitments, (V) the Tranche 5 Total Outstandings (so calculated) to be less than or equal to the Aggregate Tranche 5 Commitments and (VI) the Tranche 6 Total Outstandings (so calculated) to be less than or equal to the Aggregate Tranche 6 Commitments or (y) the U.S. Dollar Amount of the (I) aggregate Tranche 1 Outstanding Amounts of the Tranche 1 Lenders in respect of the Tranche 1 Commitments (so calculated) to be less than or equal to the total Tranche 1 Commitments, (II) aggregate Tranche 2 Outstanding Amounts of the Tranche 2 Lenders in respect of the Tranche 2 Commitments (so calculated) to be less than or equal to the total Tranche 2 Commitments, (III) aggregate Tranche 3 Outstanding Amounts of the Tranche 3 Lenders in respect of the Tranche 3 Commitments (so calculated) to be less than or equal to the total Tranche 3 Commitments, (IV) aggregate Tranche 4 Outstanding Amounts of the Tranche 4 Lenders in respect of the Tranche 4 Commitments (so calculated) to be less than or equal to the total Tranche 4 Commitments, (V) aggregate Tranche 5 Outstanding Amounts of the Tranche 5 Lenders in respect of the Tranche 5 Commitments (so calculated) to be less than or equal to the total Tranche 5 Commitments and (VI) aggregate Tranche 6 Outstanding Amounts of the Tranche 6 Lenders in respect of the Tranche 6 Commitments (so calculated) to be less than or equal to the total Tranche 6 Commitments, each as applicable.

2.14 Termination or Reduction of Commitments. The Parent Borrower may, upon notice to the Administrative Agent, terminate the Aggregate Tranche 1 Commitments, the Aggregate Tranche 2 Commitments, the Aggregate Tranche 3 Commitments, the Aggregate Tranche 4 Commitments, the Aggregate Tranche 5 Commitments or the Aggregate Tranche 6 Commitments, or from time to time permanently reduce such Aggregate Commitments; provided, that (a) any such notice shall be received by the Administrative Agent not later than 12:00 noon Pacific Time three Business Days prior to the date of termination or reduction, (b) any such partial reduction shall be in an aggregate amount of a U.S. Dollar Amount of $5,000,000 or any whole multiple of a U.S. Dollar Amount of $1,000,000 in excess thereof, and (c) the Parent Borrower shall not terminate or reduce the Aggregate Tranche 1 Commitments, Aggregate Tranche 2 Commitments, Aggregate Tranche 3 Commitments, Aggregate Tranche 4 Commitments, Aggregate Tranche 5 Commitments or Aggregate Tranche 6 Commitments, as applicable, if, after giving effect thereto and to any concurrent prepayments hereunder, the U.S. Dollar Amount of the (i) Tranche 1 Total Outstandings would exceed the Aggregate Tranche 1 Commitments, (ii) Tranche 2 Total Outstandings would exceed the Aggregate Tranche 2 Commitments, (iii) Tranche 3 Total Outstandings would exceed the Aggregate Tranche 3 Commitments, (iv) Tranche 4 Total Outstandings would exceed the Aggregate Tranche 4 Commitments, (v) Tranche 5 Total Outstandings would exceed the Aggregate Tranche 5 Commitments or (vi) Tranche 6 Total Outstandings would exceed the Aggregate Tranche 6 Commitments, each as applicable. The Administrative Agent will promptly notify the applicable Lenders of any such notice of termination or reduction of the Aggregate Commitments.

Notwithstanding anything to the contrary contained herein, a notice of termination of the Aggregate Commitments delivered by a Borrower may state that such notice is conditioned upon the effectiveness of other credit facilities or any other transaction, in which case such notice may be revoked by such Borrower (by notice to the Administrative Agent on or prior to the specified effective date) if such condition is not satisfied. Any reduction of the (A) Aggregate Tranche 1 Commitments shall be applied to the Tranche 1 Commitment of each Tranche 1 Lender according to its Tranche 1 Applicable Percentage, (B) Aggregate Tranche 2 Commitments shall be applied to the Tranche 2 Commitment of each Tranche 2 Lender according to its Tranche 2 Applicable Percentage, (C) Aggregate Tranche 3 Commitments shall be applied to the Tranche 3 Commitment of each Tranche 3 Lender according to its Tranche 3 Applicable Percentage, (D) Aggregate Tranche 4 Commitments shall be applied to the Tranche 4 Commitment of each Tranche 4 Lender according to its Tranche 4 Applicable Percentage, (E) Aggregate Tranche 5 Commitments shall be applied to the Tranche 5 Commitment of each Tranche 5 Lender according to its Tranche 5 Applicable Percentage and (F) Aggregate Tranche 6 Commitments shall be applied to the Tranche 6 Commitment of each Tranche 6 Lender according to its Tranche 6 Applicable Percentage. All interest and fees accrued until the effective date of any termination of the Aggregate Commitments shall be paid on the effective date of such termination.

2.15 Repayment of Loans. Each Borrower shall repay to the Lenders on the Maturity Date the aggregate principal amount of Committed Loans outstanding to it on such date. Each Borrower shall repay to the applicable Tranche 2 Swingline Lender the then unpaid principal amount of each Tranche 2 Swingline Loan made to it on the earlier of (A) the Maturity Date and (b) the first date after such Tranche 2 Swingline Loan is made that is the 15th or last day of a calendar month and is at least two Business Days after such Tranche 2 Swingline Loan is made; provided that on each date that a Tranche 2 Committed Borrowing is made, the applicable Borrower shall repay all Tranche 2 Swingline Loans made to it then outstanding. Repayments of Tranche 2 Swingline Loans shall be applied to repay Tranche 2 Swingline Loans in the chronological order in which such Tranche 2 Swingline Loans were made (beginning with such longest outstanding Tranche 2 Swingline Loans).

2.16 Interest.

(a) Subject to the provisions of subsection (b) below, (i) each Tranche 1 Committed Loan Borrowing, Tranche 2 Committed Loan Borrowing, Tranche 3 Committed Loan Borrowing, Tranche 4 Committed Loan Borrowing, Tranche 5 Committed Loan Borrowing and Tranche 6 Committed Loan Borrowing, as applicable, of Eurocurrency Rate Loans shall bear interest on the outstanding principal amount thereof for each Interest Period at a rate per annum equal to the Eurocurrency Rate for such Interest Period plus the Applicable Rate; (ii) each Tranche 1 Committed Loan Borrowing, Tranche 2 Committed Loan Borrowing, Tranche 3 Committed Loan Borrowing, Tranche 4 Committed Loan Borrowing, Tranche 5 Committed Loan Borrowing and Tranche 6 Committed Loan Borrowing, as applicable, of ABR Loans shall bear interest on the outstanding principal amount thereof from the applicable borrowing date at a rate per annum equal to the ABR plus the Applicable Rate; (iii) each Tranche 2 Committed Loan Borrowing, Tranche 3 Committed Loan Borrowing, Tranche 4 Committed Loan Borrowing, Tranche 5 Committed Loan Borrowing and Tranche 6 Committed Loan Borrowing of Overnight Rate Loans shall bear interest on the outstanding principal amount thereof from the applicable borrowing date at a rate per annum equal to the Overnight Rate plus the Applicable Rate; ~~and~~ (iv) each Borrowing of RFR Loans shall bear interest on the outstanding principal amount thereof from the applicable borrowing date at a rate per annum equal to the Adjusted Daily Simple RFR plus the Applicable Rate; and (v) each Tranche 2 Swingline Loan shall bear interest on the outstanding principal amount thereof from the applicable Borrowing date at a rate per annum equal to the ABR plus the Applicable Rate for ABR Loans.

(b) If any amount of principal of any Loan is not paid when due (without regard to any applicable grace periods), whether at stated maturity, by acceleration or otherwise, such overdue amount shall thereafter bear interest at a fluctuating interest rate per annum at all times equal to the Default Rate to the fullest extent permitted by applicable Laws.

(i) If any amount (other than principal of any Loan) payable by a Borrower under any Loan Document is not paid when due (without regard to any applicable grace periods), whether at stated maturity, by acceleration or otherwise, then upon the request of the (A) Tranche 1 Required Lenders, (B) Tranche 2 Required Lenders, (C) Tranche 3 Required Lenders, (D) Tranche 4 Required Lenders, (E) Tranche 5 Required Lenders, or (F) Tranche 6 Required Lenders, as applicable, such overdue amount shall thereafter bear interest at a fluctuating interest rate per annum at all times equal to the Default Rate to the fullest extent permitted by applicable Laws.

(ii) Accrued and unpaid interest on past due amounts (including interest on past due interest) shall be due and payable upon demand.

(c) Interest on each Loan shall be due and payable in arrears on each Interest Payment Date applicable thereto and at such other times as may be specified herein. Interest hereunder shall be due and payable in accordance with the terms hereof before and after judgment, and before and after the commencement of any proceeding under any Debtor Relief Law.

2.17 Fees.

(a) Commitment Fees. The Parent Borrower shall pay to the Administrative Agent for the account of each applicable Lender (other than any Defaulting Lender) in accordance with its Applicable Percentage, (i) a commitment fee (the "Tranche 1 Commitment Fee") equal to the Applicable Rate times the actual daily amount by which the Aggregate Tranche 1 Commitments exceed the Tranche 1 Total Outstandings, (ii) a commitment fee (the "Tranche 2 Commitment Fee") equal to the Applicable Rate times the actual daily amount by which the Aggregate Tranche 2 Commitments exceed the Tranche 2 Total Outstandings, provided, that in calculating the Tranche 2 Total Outstandings for this purpose, the aggregate principal amount of Tranche 2 Swingline Loans then outstanding shall be deemed to be zero, (iii) a commitment fee (the "Tranche 3 Commitment Fee") equal to the Applicable Rate times the actual daily amount by which the Aggregate Tranche 3 Commitments exceed the Tranche 3 Total Outstandings, (iv) a commitment fee (the "Tranche 4 Commitment Fee") equal to the Applicable Rate times the actual daily amount by which the Aggregate Tranche 4 Commitments exceed the Tranche 4 Total Outstandings, (v) a commitment fee (the "Tranche 5 Commitment Fee") equal to the Applicable Rate times the actual daily amount by which the Aggregate Tranche 5 Commitments exceed the Tranche 5 Total Outstandings and (vi) a commitment fee (the "Tranche 6 Commitment Fee" and together with the Tranche 1 Commitment Fee, the Tranche 2 Commitment Fee, the Tranche 3 Commitment Fee, the Tranche 4 Commitment Fee and the Tranche 5 Commitment Fee, the "Commitment Fees")) equal to the Applicable Rate times the actual daily amount by which the Aggregate Tranche 6 Commitments exceed the Tranche 6 Total Outstandings. The Commitment Fees shall accrue at all times during the Availability Period, including at any time during which one or more of the conditions in Article IV is not met, and shall be due and payable quarterly in arrears on the last Business Day of each March, June, September and December, commencing with the first such date to occur after the Closing Date, and ending on the last day of the Availability Period. The Commitment Fees shall be calculated quarterly in arrears, and if there is any change in the Applicable Rate during any quarter, the actual daily amount shall be computed and multiplied by the Applicable Rate separately for each period during such quarter that such Applicable Rate was in effect.

(b) Tranche 2 Letter of Credit Fees. The Parent Borrower agrees to pay (i) to the Administrative Agent for the account of each Tranche 2 Lender, a participation fee with respect to such Tranche 2 Lender's participations in Letters of Credit, which shall accrue at the same Applicable Rate used to determine the interest rate applicable to Eurocurrency Rate Loans on the average daily U.S. Dollar Amount of such Tranche 2 Lender's LC Exposure (excluding any portion thereof attributable to unreimbursed Tranche 2 LC Disbursements) during the period from and including the Closing Date to but excluding the later of the date on which (x) such Lender's Tranche 2 Commitment terminates and (y) the date on which such Lender ceases to have any Tranche 2 LC Exposure, and (ii) to each Tranche 2 Issuing Bank, a fronting fee, which shall accrue at the rate or rates per annum separately agreed upon between the applicable Borrower and such Tranche 2 Issuing Bank on the average daily U.S. Dollar Amount of the Tranche 2 LC Exposure of such Tranche 2 Issuing Bank (excluding any portion thereof attributable to unreimbursed Tranche 2 LC Disbursements) during the period from and including the Closing Date to but excluding the later of (A) the date of termination of the Tranche 2 Commitments and (B) the date on which there ceases to be the Tranche 2 LC Exposure in respect of such Tranche 2 Issuing Bank, as well as such Tranche 2 Issuing Bank's standard fees with respect to the issuance, amendment, renewal or extension of any Tranche 2 Letter of Credit or processing of drawings thereunder. Participation fees and fronting fees accrued through and including the last day of March, June, September and December of each year shall be payable on such day, commencing on the first such date to occur after the Closing Date; provided that all such fees shall be payable on the date on which the Tranche 2 Commitments terminate and any such fees accruing after the date on which the Tranche 2 Commitments terminate shall be payable on demand. Any other fees payable to the Tranche 2 Issuing Banks pursuant to this paragraph shall be payable within 10 days after demand. All participation fees and fronting fees shall be computed on the basis of a year of 360 days and shall be payable for the actual number of days elapsed (including the first day but excluding the last day).

(c) Other Fees. The Parent Borrower agrees to pay to the Administrative Agent the fees in the amounts and on the dates as set forth in any fee agreements with the Administrative Agent and to perform any other obligations contained therein. Such fees shall be fully earned when paid and shall not be refundable for any reason whatsoever.

(i) The Parent Borrower shall pay to the Lenders such fees as shall have been separately agreed upon in writing in the amounts and at the times so specified. Such fees shall be fully earned when paid and shall not be refundable for any reason whatsoever.

(d) Fees Generally. All fees payable hereunder shall be paid on the dates due, in U.S. Dollars, in immediately available funds, to the Administrative Agent (or to the applicable Tranche 2 Issuing Bank, in the case of fees payable to them) for distribution, in the case of Commitment Fees and participation fees, to the Lenders. Fees paid shall not be refundable under any circumstances.

2.18 Computation of Interest and Fees. All computations of interest for ABR Loans when the ABR is determined by reference to the Prime Rate and the Daily Simple RFR with respect to Pounds Sterling shall be made on the basis of a year of 365 or 366 days, as the case may be, and actual days elapsed (including the first day but excluding the last day). All computations of interest for Eurocurrency Rate Loans denominated in Pounds Sterling, Australian Dollars and Canadian Dollars shall be computed on the basis of a year of 365 days, and shall be payable for the actual number of days elapsed (including the first day but excluding the last day). All computations of interest for Eurocurrency Rate Loans denominated in U.S. Dollars and Euros shall be computed on the basis of a year of 360 days, and shall be payable for the actual number of days elapsed (including the first day but excluding the last day). All computations of interest for Overnight Rate Loans denominated in Pounds Sterling, Australian Dollars and Canadian Dollars shall be computed on the basis of a year of 365 days, and shall be

payable for the actual number of days elapsed (including the first day but excluding the last day). All computations of interest for Overnight Rate Loans denominated in U.S. Dollars and Euros and all computations of interest for and the Daily Simple RFR with respect to Euros shall be computed on the basis of a year of 360 days, and shall be payable for the actual number of days elapsed (including the first day but excluding the last day). All other computations of fees and interest shall be made on the basis of a 360-day year and actual days elapsed (including the first day but excluding the last day) (which results in more fees or interest, as applicable, being paid than if computed on the basis of a 365-day year). Interest shall accrue on each Loan for the day on which the Loan is made, and shall not accrue on a Loan, or any portion thereof, for the day on which the Loan or such portion is repaid, provided that any Loan that is repaid on the same day on which it is made shall, subject to Section 2.20(a), bear interest for one day. Each determination by the Administrative Agent of an interest rate or fee hereunder shall be conclusive and binding for all purposes, absent manifest error. Any change in the interest rate on a Loan resulting from a change in the ABR or applicable Overnight Rate shall become effective as of the opening of business on the day on which such change becomes effective. The Administrative Agent shall promptly notify the Borrowers and the relevant Lenders of the effective date and the amount of each such change in interest rate.

2.19 Evidence of Debt. The Loans made by each Lender shall be evidenced by one or more accounts or records maintained by such Lender and by the Administrative Agent in the ordinary course of business. The accounts or records maintained by the Administrative Agent and each Lender shall be conclusive absent manifest error of the amount of the Loans made by the Lenders to the Borrowers and the interest and payments thereon. Any failure to so record or any error in doing so shall not, however, limit or otherwise affect the obligation of any of the Borrowers hereunder to pay any amount owing by it with respect to the Obligations. In the event of any conflict between the accounts and records maintained by any Lender and the accounts and records of the Administrative Agent in respect of such matters, the accounts and records of the Administrative Agent shall control in the absence of manifest error. Upon the request of any Lender made through the Administrative Agent, each Borrower shall execute and deliver to such Lender (through the Administrative Agent) a Note, which shall evidence such Lender's Loans in addition to such accounts or records. Each Lender may attach schedules to its Note and endorse thereon the date, Tranche, Type (if applicable), amount and maturity of its Loans and payments with respect thereto.

2.20 Payments Generally; Administrative Agent's Clawback.

(a) General. All payments to be made by each Borrower shall be made without condition or deduction for any counterclaim, defense, recoupment or setoff. Except as otherwise expressly provided herein, all payments by each Borrower hereunder shall be made to the Administrative Agent, for the account of the respective Lenders to which such payment is owed, (x) in the case of payments denominated in U.S. Dollars, at the Administrative Agent's Office and in immediately available funds not later than 2:00 p.m. Local Time on the date specified herein and (y) in the case of payments denominated in any Foreign Currency, its Foreign Currency Payment Office for such Foreign Currency; provided that any payments to be made directly to the Tranche 2 Issuing Banks or Tranche 2 Swingline Lender as expressly provided herein shall be made directly to the Persons entitled thereto. The Administrative Agent will promptly distribute to each relevant Lender its Applicable Percentage (or other applicable share as provided herein, including, in the case of prepayments of and interest on commitments, if the outstanding Committed Loans are not ratable in proportion to the Applicable Percentages, to each Lender ratably based on the amount owed to it) with respect to payments received in respect of the Commitments. All payments received by the Administrative Agent after 2:00 p.m. Local Time shall, solely for purposes of calculating interest and fees hereunder, be deemed received on the next Business Day and any applicable interest or fee shall continue to accrue. If any payment to be made by a Borrower shall come due on a day other than a Business Day, payment shall be

made on the next following Business Day, and such extension of time shall be reflected in computing interest or fees, as the case may be. All payments hereunder of principal or interest in respect of any Loan or Tranche 2 LC Disbursement shall, except as otherwise expressly provided herein, be made in the currency of such Loan or Tranche 2 LC Disbursement, and all other payments hereunder and under each other Loan Document shall be made in U.S. Dollars. Notwithstanding the foregoing provisions of this Section, if, after the making of any Borrowing or Tranche 2 LC Disbursement in any Foreign Currency, currency control or exchange regulations are imposed in the country which issues such Foreign Currency with the result that such Foreign Currency no longer exists or a Borrower is not able to make payment to the Administrative Agent for the account of the Lenders in such Foreign Currency, then all payments to be made by such Borrower hereunder in such Foreign Currency shall instead be made when due in a currency that replaced such Foreign Currency or, if no such replacement currency exists, in U.S. Dollars in an amount equal to the U.S. Dollar Amount (as of the date of repayment) of such payment due, it being the intention of the parties hereto that the such Borrower takes all risks of the imposition of any such currency control or exchange regulations.

(b) Funding by Lenders; Presumption by Administrative Agent. Unless the Administrative Agent shall have received notice from a Lender prior to the proposed date of any borrowing of Eurocurrency Rate Loans (or, in the case of any borrowing of ABR Loans, Overnight Rate Loans, or Tranche 2 Swingline Borrowing, prior to 2:00 p.m., Local Time on the date of such Borrowing) that such Lender will not make available to the Administrative Agent such Lender's share of such Borrowing, the Administrative Agent may assume that such Lender has made such share available on such date in accordance with Section 2.02, Section 2.04, Section 2.06, Section 2.08, Section 2.10 or Section 2.12, as applicable, (or, in the case of a Borrowing of ABR Loans, or Overnight Rate Loans, that such Lender has made such share available in accordance with and at the time required by Section 2.02, Section 2.04, Section 2.06, Section 2.08, Section 2.10 or Section 2.12, as applicable) and may, in reliance upon such assumption, make available to the applicable Borrower corresponding amount. In such event, if a Lender has not in fact made its share of the applicable Borrowing available to the Administrative Agent, then the applicable Lender and the applicable Borrower severally agree to pay to the Administrative Agent forthwith on demand such corresponding amount in immediately available funds with interest thereon, for each day from and including the date such amount is made available to such Borrower but excluding the date of payment to the Administrative Agent, at (i) in the case of a payment to be made by such Lender, the rate determined by the Administrative Agent in accordance with banking industry rules and conventions on interbank compensation, plus any administrative, processing or similar fees customarily charged by the Administrative Agent in connection with the foregoing, and (ii) in the case of a payment to be made by such Borrower, the interest rate applicable to the applicable Loan or, if such payment is in U.S. Dollars, ABR Loans. If such Borrower and such Lender shall pay such interest to the Administrative Agent for the same or an overlapping period, the Administrative Agent shall promptly remit to such Borrower the amount of such interest paid by it for such period. If such Lender pays its share of the applicable Borrowing to the Administrative Agent, then the amount so paid shall constitute such Lender's Committed Loan included in such Borrowing. Any payment by a Borrower shall be without prejudice to any claim such Borrower may have against a Lender that shall have failed to make such payment to the Administrative Agent.

(c) Payments by any Borrower; Presumptions by Administrative Agent. Unless the Administrative Agent shall have received notice from the a Borrower prior to the date on which any payment is due to the Administrative Agent for the account of the Lenders hereunder that such Borrower will not make such payment, the Administrative Agent may assume that such Borrower has made such payment on such date in accordance herewith and may, in reliance upon such assumption, distribute to the Lenders the amount due. In such event, if such Borrower has not in fact made such payment, then each of the Lenders severally agrees to repay to the

Administrative Agent forthwith on demand the amount so distributed to such Lender in immediately available funds with interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment to the Administrative Agent, at the greater of the Federal Funds Effective Rate and a rate determined by the Administrative Agent in accordance with banking industry rules and conventions on interbank compensation. Any payment by any Lender pursuant to this clause (c) shall be without prejudice to any claim such Lender or the Administrative Agent may have against the applicable Borrower for having failed to make such payment to the Administrative Agent.

A notice of the Administrative Agent to any Lender or any Borrower with respect to any amount owing under this subsection (c) shall be conclusive, absent manifest error.

(d) Failure to Satisfy Conditions Precedent. If any Lender makes available to the Administrative Agent funds for any Loan to be made by such Lender as provided in the foregoing provisions of this Article II, and such funds are not made available to the applicable Borrower by the Administrative Agent because the conditions to the applicable Borrowings set forth in Article IV are not satisfied or waived in accordance with the terms hereof, the Administrative Agent shall return such funds (in like funds as received from such Lender) to such Lender within one Business Day, without interest.

(e) Obligations of Lenders Several. The obligations of the Lenders hereunder to make Committed Loans and to make payments pursuant to Section 11.04(c) are several and not joint. The failure of any Lender to make any Committed Loan or to make any payment under Section 11.04(c) on any date required hereunder shall not relieve any other Lender of its corresponding obligation to do so on such date, and no Lender shall be responsible for the failure of any other Lender to so make its Committed Loan, to purchase its participation or to make its payment under Section 11.04(c).

(f) Funding Source. Nothing herein shall be deemed to obligate any Lender to obtain the funds for any Loan in any particular place or manner or to constitute a representation by any Lender that it has obtained or will obtain the funds for any Loan in any particular place or manner.

2.21 Sharing of Payments by Lenders. If any Lender shall, by exercising any right of setoff or counterclaim or otherwise, obtain payment in respect of any principal of or interest on any of the Committed Loans made by it or participations in Tranche 2 LC Disbursements or Tranche 2 Swingline Loans, if applicable, resulting in such Lender receiving payment of a proportion of the aggregate amount of such Committed Loans and participations in Tranche 2 LC Disbursements and Tranche 2 Swingline Loans, if applicable, and accrued interest thereon greater than its pro rata share thereof as provided herein, then the Lender receiving such greater proportion shall (a) notify the Administrative Agent of such fact, and (b) purchase (for cash at face value) participations in the Committed Loans and participations in Tranche 2 LC Disbursements and Tranche 2 Swingline Loans, if applicable, or make such other adjustments as shall be equitable, so that the benefit of all such payments shall be shared by the Lenders in the applicable Tranche ratably in accordance with the aggregate amount of principal of and accrued interest on their respective Committed Loans and participations in Tranche 2 LC Disbursements and Tranche 2 Swingline Loans, if applicable, and other amounts owing them; provided, that: (i) if any such participations or subparticipations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations or subparticipations shall be rescinded and the purchase price restored to the extent of such recovery, without interest; and (ii) the provisions of this Section shall not be construed to apply to (x) any payment made by any Loan Party pursuant to and in accordance with the express terms of this Agreement or (y) any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Committed Loans or participations in Tranche 2 LC Disbursements and Tranche 2

Swingline Loans, if applicable, to any assignee or participant, other than to the Parent Borrower or any Subsidiary thereof (as to which the provisions of this Section shall apply). The Parent Borrower consents to the foregoing and agrees, to the extent it may effectively do so under applicable law, that any Lender acquiring a participation pursuant to the foregoing arrangements may exercise against each Borrower rights of setoff and counterclaim with respect to such participation as fully as if such Lender were a direct creditor of such Borrower in the amount of such participation.

2.22 Extension of Maturity Date.

(a) Requests for Extension. The Parent Borrower may, by notice to the Administrative Agent (who shall promptly notify the Lenders) not earlier than 60 Business Days and not later than 35 Business Days prior to any anniversary of the Closing Date (each a "Relevant Anniversary Date"), request that each Tranche 1 Lender, Tranche 2 Lender, Tranche 3 Lender, Tranche 4 Lender, Tranche 5 Lender and/or Tranche 6 Lender, as the case may be, extend the Maturity Date then in effect for Tranche 1, Tranche 2, Tranche 3, Tranche 4, Tranche 5 and/or Tranche 6, as the case may be, for an additional year from the applicable Maturity Date then in effect hereunder (the "Existing Maturity Date"); provided, that the Parent Borrower may not request such extension on more than two Relevant Anniversary Dates (it being agreed that a request for an extension of the Maturity Date of Tranche 1, Tranche 2, Tranche 3, Tranche 4, Tranche 5 and/or Tranche 6 at the same time shall constitute a single extension request).

(b) Lender Elections to Extend. Each Tranche 1 Lender, Tranche 2 Lender, Tranche 3 Lender, Tranche 4 Lender, Tranche 5 Lender and/or Tranche 6 Lender, as the case may be, acting in its sole and individual discretion, shall, by notice to the Administrative Agent given not earlier than 30 Business Days prior to the Relevant Anniversary Date and not later than the date (the "Notice Date") that is 20 Business Days prior to the Relevant Anniversary Date, advise the Administrative Agent whether or not such Lender agrees to such extension (and each Lender that determines not to so extend the Maturity Date of Tranche 1, Tranche 2, Tranche 3, Tranche 4, Tranche 5 and/or Tranche 6, as the case may be, a "Non-Extending Lender") shall notify the Administrative Agent of such fact promptly after such determination (but in any event no later than the Notice Date) and any Lender that does not so advise the Administrative Agent on or before the Notice Date shall be deemed to be a Non-Extending Lender. The election of any Lender to agree to such extension shall not obligate any other Lender to so agree. Following any extension the Tranche 2 LC Exposure shall continue to be held ratably among the Tranche 2 Lenders, but on the Maturity Date applicable to the Tranche 2 Committed Loans of any Non-Extending Lender with a Tranche 2 Commitment, the Tranche 2 LC Exposure of such Non-Extending Lender shall be ratably reallocated, to the extent of the unused Tranche 2 Commitments of the extending Tranche 2 Lenders, to such extending Tranche 2 Lenders (without regard to whether the conditions set forth in Section 4.02 can then be satisfied) and the applicable Tranche 2 Borrowers shall cash collateralize the balance of such Tranche 2 LC Exposure in accordance with Section 2.25.

(c) Notification by Administrative Agent. The Administrative Agent shall notify the Parent Borrower of each Tranche 1 Lender's, Tranche 2 Lender's, Tranche 3 Lender's, Tranche 4 Lender's, Tranche 5 Lender's or Tranche 6 Lender's, as the case may be, determination under this Section no later than the date 15 Business Days prior to the Relevant Anniversary Date (or, if such date is not a Business Day, on the immediately preceding Business Day).

(d) Additional Commitment Lenders. The Parent Borrower shall have the right on or before the Relevant Anniversary Date to replace each Non-Extending Lender with, and add as "Tranche 1 Lenders", "Tranche 2 Lenders", "Tranche 3 Lenders", "Tranche 4 Lenders", "Tranche 5 Lenders" or "Tranche 6 Lenders", as the case may be, under this Agreement in place thereof, one or more Eligible Assignees (each, an "Additional Commitment Lender") as provided

in Section 11.13, each of which Additional Commitment Lenders shall have entered into an Assignment and Assumption pursuant to which such Additional Commitment Lender shall, effective as of the Relevant Anniversary Date, undertake a Tranche 1 Commitment, Tranche 2 Commitment, Tranche 3 Commitment, Tranche 4 Commitment, Tranche 5 Commitment or Tranche 6 Commitment, as the case may be, of such Non-Extending Lender (and, if any such Additional Commitment Lender is already a Tranche 1 Lender, Tranche 2 Lender, Tranche 3 Lender, Tranche 4 Lender, Tranche 5 Lender or Tranche 6 Lender, as the case may be, its Tranche 1 Commitment, Tranche 2 Commitment, Tranche 3 Commitment, Tranche 4 Commitment, Tranche 5 Commitment or Tranche 6 Commitment, as the case may be, of such Non-Extending Lender shall be in addition to such Lender's Commitment hereunder on such date).

(e) Tranche 1 Minimum Extension Requirement. If (and only if) the total of the Tranche 1 Commitments of the Tranche 1 Lenders that have agreed so to extend the Maturity Date of Tranche 1 (each, a "Tranche 1 Extending Lender") and the additional Tranche 1 Commitments of the Additional Commitment Lenders shall be more than 50% of the aggregate amount of the Tranche 1 Commitments in the aggregate in effect immediately prior to the Relevant Anniversary Date, then, effective as of the Relevant Anniversary Date, the Maturity Date of Tranche 1 for each Tranche 1 Extending Lender and of each Additional Commitment Lender in respect of such Tranche providing a Tranche 1 Commitment shall be extended to the date falling 364 days after the Existing Maturity Date (except that, if such date is not a Business Day, such Maturity Date of Tranche 1 as so extended shall be the immediately preceding Business Day) and each Additional Commitment Lender providing a Tranche 1 Commitment shall thereupon become a "Tranche 1 Lender" for all purposes of this Agreement.

(f) Tranche 2 Minimum Extension Requirement. If (and only if) the total of the Tranche 2 Commitments of the Tranche 2 Lenders that have agreed so to extend the Maturity Date of Tranche 2 (each, a "Tranche 2 Extending Lender") and the additional Tranche 2 Commitments of the Additional Commitment Lenders shall be more than 50% of the aggregate amount of the Tranche 2 Commitments in the aggregate in effect immediately prior to the Relevant Anniversary Date, then, effective as of the Relevant Anniversary Date, the Maturity Date of Tranche 2 for each Tranche 2 Extending Lender and of each Additional Commitment Lender in respect of such Tranche providing a Tranche 2 Commitment shall be extended to the date falling 364 days after the Existing Maturity Date (except that, if such date is not a Business Day, such Maturity Date of Tranche 2 as so extended shall be the immediately preceding Business Day) and each Additional Commitment Lender providing a Tranche 2 Commitment shall thereupon become a "Tranche 2 Lender" for all purposes of this Agreement.

(g) Tranche 3 Minimum Extension Requirement. If (and only if) the total of the Tranche 3 Commitments of the Tranche 3 Lenders that have agreed so to extend the Maturity Date of Tranche 3 (each, a "Tranche 3 Extending Lender") and the additional Tranche 3 Commitments of the Additional Commitment Lenders shall be more than 50% of the aggregate amount of the Tranche 3 Commitments in the aggregate in effect immediately prior to the Relevant Anniversary Date, then, effective as of the Relevant Anniversary Date, the Maturity Date of Tranche 3 for each Tranche 3 Extending Lender and of each Additional Commitment Lender in respect of such Tranche providing a Tranche 3 Commitment shall be extended to the date falling 364 days after the Existing Maturity Date (except that, if such date is not a Business Day, such Maturity Date of Tranche 3 as so extended shall be the immediately preceding Business Day) and each Additional Commitment Lender providing a Tranche 3 Commitment shall thereupon become a "Tranche 3 Lender" for all purposes of this Agreement.

(h) Tranche 4 Minimum Extension Requirement. If (and only if) the total of the Tranche 4 Commitments of the Tranche 4 Lenders that have agreed so to extend the Maturity Date of Tranche 4 (each, a "Tranche 4 Extending Lender") and the additional Tranche 4

Commitments of the Additional Commitment Lenders shall be more than 50% of the aggregate amount of the Tranche 4 Commitments in the aggregate in effect immediately prior to the Relevant Anniversary Date, then, effective as of the Relevant Anniversary Date, the Maturity Date of Tranche 4 for each Tranche 4 Extending Lender and of each Additional Commitment Lender in respect of such Tranche providing a Tranche 4 Commitment shall be extended to the date falling 364 days after the Existing Maturity Date (except that, if such date is not a Business Day, such Maturity Date of Tranche 4 as so extended shall be the immediately preceding Business Day) and each Additional Commitment Lender providing a Tranche 4 Commitment shall thereupon become a "Tranche 4 Lender" for all purposes of this Agreement.

(i) Tranche 5 Minimum Extension Requirement. If (and only if) the total of the Tranche 5 Commitments of the Tranche 5 Lenders that have agreed so to extend the Maturity Date of Tranche 5 (each, a "Tranche 5 Extending Lender") and the additional Tranche 5 Commitments of the Additional Commitment Lenders shall be more than 50% of the aggregate amount of the Tranche 5 Commitments in the aggregate in effect immediately prior to the Relevant Anniversary Date, then, effective as of the Relevant Anniversary Date, the Maturity Date of Tranche 5 for each Tranche 5 Extending Lender and of each Additional Commitment Lender in respect of such Tranche providing a Tranche 5 Commitment shall be extended to the date falling 364 days after the Existing Maturity Date (except that, if such date is not a Business Day, such Maturity Date of Tranche 5 as so extended shall be the immediately preceding Business Day) and each Additional Commitment Lender providing a Tranche 5 Commitment shall thereupon become a "Tranche 5 Lender" for all purposes of this Agreement.

(j) Tranche 6 Minimum Extension Requirement. If (and only if) the total of the Tranche 6 Commitments of the Tranche 6 Lenders that have agreed so to extend the Maturity Date of Tranche 6 (each, a "Tranche 6 Extending Lender") and the additional Tranche 6 Commitments of the Additional Commitment Lenders shall be more than 50% of the aggregate amount of the Tranche 6 Commitments in the aggregate in effect immediately prior to the Relevant Anniversary Date, then, effective as of the Relevant Anniversary Date, the Maturity Date of Tranche 6 for each Tranche 6 Extending Lender and of each Additional Commitment Lender in respect of such Tranche providing a Tranche 6 Commitment shall be extended to the date falling 364 days after the Existing Maturity Date (except that, if such date is not a Business Day, such Maturity Date of Tranche 6 as so extended shall be the immediately preceding Business Day) and each Additional Commitment Lender providing a Tranche 6 Commitment shall thereupon become a "Tranche 6 Lender" for all purposes of this Agreement.

(k) Conditions to Effectiveness of Extensions. Notwithstanding the foregoing, the extension of the Maturity Date of any Tranche pursuant to this Section shall not be effective with respect to any Tranche 1 Lender, Tranche 2 Lender, Tranche 3 Lender, Tranche 4 Lender, Tranche 5 Lender and/or Tranche 6 Lender, as applicable, unless: (i) no Default shall have occurred and be continuing on the date of such extension and after giving effect thereto; (ii) the representations and warranties contained in this Agreement that are qualified by materiality shall be true and correct on and as of the date of such extension and after giving effect thereto, and such representations and warranties that are not qualified by materiality shall be true and correct in all material respects on and as of the date of such extension and after giving effect thereto, in each case as though made on and as of such date (or, if any such representation or warranty is expressly stated to have been made as of a specific date, true and correct in all material respects as of such specific date (provided, that such materiality qualifier shall not be applicable to any representation or warranty that already is qualified or modified by materiality in the text thereof) and, for purposes of this Section 2.22, the representations and warranties contained in subsections (a) and (b) of Section 5.05 shall be deemed to refer to the most recent statements delivered pursuant to clauses (a) and (b), respectively, of Section 6.01); and (iii) on the Relevant Anniversary Date of each Non-Extending Lender that has not been replaced as provided in Section 2.22(d), each Borrower shall prepay any Tranche 1 Committed Loans, Tranche 2

Committed Loans, Tranche 3 Committed Loans, Tranche 4 Committed Loans, Tranche 5 Committed Loans and/or Tranche 6 Committed Loans, as applicable, outstanding to it on such date (and pay any additional amounts required pursuant to Section 3.05) to the extent necessary to keep such outstanding Committed Loans, as applicable, ratable with any revised Tranche 1 Applicable Percentages, Tranche 2 Applicable Percentages, Tranche 3 Applicable Percentages, Tranche 4 Applicable Percentages, Tranche 5 Applicable Percentages and/or Tranche 6 Applicable Percentages, as applicable, of the respective Lenders effective as of such date.

(l) Issuing Banks. Each Tranche 2 Issuing Bank shall be deemed to be a Tranche 2 Lender for purposes of this Section 2.22 with respect to the extension of its Tranche 2 L/C Commitment.

(m) Conflicting Provisions. This Section 2.22 shall supersede any provisions in Section 2.21 or 11.01 to the contrary.

2.23 Increase in Commitments.

(a) Request for Increase. Provided there exists no Default, upon notice to the Administrative Agent (which shall promptly notify the Lenders), the Parent Borrower may from time to time, request an increase in the Tranche 1 Commitments, Tranche 2 Commitments, Tranche 3 Commitments, Tranche 4 Commitments, Tranche 5 Commitments and/or Tranche 6 Commitments by an aggregate amount not exceeding $2,000,000,000; provided, that (i) any such request for an increase shall be in a minimum amount of $50,000,000, and (ii) the Parent Borrower may make a maximum of five such requests (it being understood that requests for an increase of the Tranche 1 Commitments, Tranche 2 Commitments, Tranche 3 Commitments, Tranche 4 Commitments, Tranche 5 Commitments and/or the Tranche 6 Commitments given at the same time shall constitute a single request for an increase). At the time of sending such notice, the Parent Borrower (in consultation with the Administrative Agent) shall specify the time period within which each applicable Lender is requested to respond (which shall in no event be less than ten Business Days from the date of delivery of such notice to such Lenders).

(b) Lender Elections to Increase. Each Tranche 1 Lender, in the case of any increase to the Tranche 1 Commitments, each Tranche 2 Lender, in case of any increase to the Tranche 2 Commitments, each Tranche 3 Lender, in case of any increase to the Tranche 3 Commitments, each Tranche 4 Lender, in case of any increase to the Tranche 4 Commitments, each Tranche 5 Lender, in case of any increase to the Tranche 5 Commitments and each Tranche 6 Lender, in case of any increase to the Tranche 6 Commitments shall notify the Administrative Agent within such time period whether or not it agrees to increase its Tranche 1 Commitment, Tranche 2 Commitment, Tranche 3 Commitment, Tranche 4 Commitment, Tranche 5 Commitment and/or Tranche 6 Commitment, as the case may be, and if so, whether by an amount equal to, greater than, or less than its Tranche 1 Applicable Percentage, Tranche 2 Applicable Percentage, Tranche 3 Applicable Percentage, Tranche 4 Applicable Percentage, Tranche 5 Applicable Percentage and/or Tranche 6 Applicable Percentage, as the case may be, of such requested increase. Any such Lender not responding within such time period shall be deemed to have declined to increase its Commitment, as the case may be.

(c) Notification by Administrative Agent: Additional Lenders. The Administrative Agent shall notify the Parent Borrower and each Tranche 1 Lender, Tranche 2 Lender, Tranche 3 Lender, Tranche 4 Lender, Tranche 5 Lender and/or Tranche 6 Lender, as applicable, of the applicable Lenders' responses to each request made hereunder. To achieve the full amount of a requested increase and subject to the approval of the Administrative Agent (which approval shall not be unreasonably withheld), the Parent Borrower may also invite additional Eligible Assignees to become Lenders in the applicable Tranche pursuant to a joinder agreement in form and substance satisfactory to the Administrative Agent and the Parent Borrower.

(d) Increase Effective Date and Allocations. If the Tranche 1 Commitments, Tranche 2 Commitments, Tranche 3 Commitments, Tranche 4 Commitments, Tranche 5 Commitments and/or Tranche 6 Commitments are increased in accordance with this Section, the Administrative Agent and the Parent Borrower shall determine the effective date (the "Increase Effective Date") and the final allocation of such increase among the applicable Lenders. The Administrative Agent shall promptly notify the Parent Borrower and the applicable Lenders of the final allocation of such increase and the Increase Effective Date.

(e) Conditions to Effectiveness of Increase. As a condition precedent to such increase, the Parent Borrower shall deliver to the Administrative Agent a certificate dated as of the Increase Effective Date signed by a Responsible Officer (i) certifying and attaching the resolutions adopted by the Parent Borrower approving or consenting to, or otherwise authorizing the amount of, such increase and (ii) certifying that, immediately before and immediately after giving effect to such increase, (A) the representations and warranties contained in Article V that are qualified by materiality shall be true and correct on and as of the Increase Effective Date, and such representations and warranties that are not qualified by materiality shall be true and correct in all material respects on and as of the Increase Effective Date, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they shall be true and correct in all material respects as of such earlier date (provided, that such materiality qualifier shall not be applicable to any representation or warranty that already is qualified or modified by materiality in the text thereof), and except that for purposes of this Section 2.23, the representations and warranties contained in subsections (a) and (b) of Section 5.05 shall be deemed to refer to the most recent statements delivered pursuant to clauses (a) and (b), respectively, of Section 6.01, and (B) no Default shall have occurred and be continuing on the date of such Increase Effective Date and after giving effect thereto. The applicable Borrowers shall prepay any Committed Loans of the applicable Tranche outstanding on the Increase Effective Date (and pay any additional amounts required pursuant to Section 3.05) to the extent necessary to keep the outstanding applicable Committed Loans ratable with any revised Applicable Percentages arising from any nonratable increase in the Commitments under this Section.

(f) Conflicting Provisions. This Section shall supersede any provisions in Section 2.21 or 11.01 to the contrary.

2.24 Tranche 2 Swingline Loans.

(a) Subject to the terms and conditions set forth herein, each Tranche 2 Swingline Lender severally agrees to make Tranche 2 Swingline Loans to the Parent Borrower from time to time during the Tranche 2 Availability Period, in an aggregate principal amount at any time outstanding that will not result in (i) the aggregate principal amount of outstanding Tranche 2 Swingline Loans exceeding $500,000,000, (ii) the Tranche 2 Total Outstandings exceeding the Aggregate Tranche 2 Commitments and (iii) the sum of (x) the Tranche 2 Swingline Exposure of such Tranche 2 Swingline Lender (in its capacity as a Tranche 2 Swingline Lender and a Tranche 2 Loan Lender), (y) the aggregate principal amount of outstanding Tranche 2 Committed Loans made by such Tranche 2 Swingline Lender (in its capacity as a Tranche 2 Lender) and (z) the Tranche 2 LC Exposure of such Tranche 2 Swingline Lender (in its capacity as a Tranche 2 Lender) exceeding such Tranche 2 Lender's Tranche 2 Commitment then in effect; provided, that no Tranche 2 Swingline Lender shall be required to make a Tranche 2 Swingline Loan to refinance an outstanding Swingline Loan. Each Tranche 2 Swingline Loan shall (unless otherwise agreed by the applicable Tranche 2 Swingline Lender) be in an amount that is a whole multiple of $1,000,000 and not less than $10,000,000. Within the foregoing limits and subject to the terms and conditions set forth herein, the Parent Borrower may borrow, prepay and reborrow Swingline Loans. Tranche 2 Swingline Loans shall be denominated in U.S. Dollars.

(b) To request a Tranche 2 Swingline Loan, the Parent Borrower shall notify the Administrative Agent of such request by telephone (confirmed by telecopy), or pursuant to other procedures agreed to by the Administrative Agent, not later than 3:00 p.m., New York City time (or such other time as may be acceptable to the Administrative Agent and the applicable Tranche 2 Swingline Lender), on the day of a proposed Tranche 2 Swingline Loan. Each such notice shall be irrevocable and shall specify the requested date (which shall be a Business Day) and amount of the requested Tranche 2 Swingline Loan and the applicable Tranche 2 Swingline Lender; provided, that no Tranche 2 Swingline Lender shall be required to make a Tranche 2 Swingline Loan in excess of the amount permitted under Section 2.24. The Administrative Agent will promptly advise (and in no event later than 4:00 p.m. New York City time) the applicable Tranche 2 Swingline Lender of any such notice received from the Parent Borrower. The applicable Tranche 2 Swingline Lender shall make Tranche 2 Swingline Loans available to the Parent Borrower by means of a credit to an account designated by the Parent Borrower reasonably acceptable to the Administrative Agent (or, in the case of a Tranche 2 Swingline Loan made to finance the reimbursement of a Tranche 2 LC Disbursement as provided in Section 2.25(e), by remittance to the applicable Tranche 2 Issuing Bank) by 5:00 p.m., New York City time, on the requested date of such Tranche 2 Swingline Loan.

(c) The failure of any Tranche 2 Swingline Lender to make its portion of a Tranche 2 Swingline Loan shall not relieve any other Tranche 2 Swingline Lender of its obligation hereunder to make its portion of such Tranche 2 Swingline Loan on the date of such Tranche 2 Swingline Loan, but no Tranche 2 Swingline Lender shall be responsible for the failure of any other Tranche 2 Swingline Lender to make the portion of a Tranche 2 Swingline Loan to be made by such other Tranche 2 Swingline Lender on the date of any Tranche 2 Swingline Loan.

(d) The Tranche 2 Swingline Lender may by written notice given to the Administrative Agent not later than 10:00 a.m., New York City time, on any Business Day require the Tranche 2 Lenders to acquire participations on such Business Day in all or a portion of the Tranche 2 Swingline Loans outstanding. Such notice shall specify the aggregate amount of Tranche 2 Swingline Loans in which Tranche 2 Lenders will participate. Promptly upon receipt of such notice, the Administrative Agent will give notice thereof to each Tranche 2 Lender, specifying in such notice such Tranche 2 Lender's Tranche 2 Applicable Percentage of such Tranche 2 Swingline Loan or Loans. Each Tranche 2 Lender hereby absolutely and unconditionally agrees, upon receipt of notice as provided above, to pay to the Administrative Agent, for the account of the Tranche 2 Swingline Lender, such Tranche 2 Lender's Tranche 2 Applicable Percentage of such Tranche 2 Swingline Loan or Loans. Each Tranche 2 Lender acknowledges and agrees that its obligation to acquire participations in Tranche 2 Swingline Loans pursuant to this paragraph is absolute and unconditional and shall not be affected by any circumstance whatsoever, including the occurrence and continuance of a Default or reduction or termination of the Tranche 2 Commitments, and that each such payment shall be made without any offset, abatement, withholding or reduction whatsoever. Each Tranche 2 Lender shall comply with its obligation under this paragraph by wire transfer of immediately available funds, in the same manner as provided in Section 2.20 with respect to Tranche 2 Loans made by such Tranche 2 Lender (and Section 2.20 shall apply, mutatis mutandis, to the payment obligations of the Tranche 2 Lenders), and the Administrative Agent shall promptly pay to the Tranche 2 Swingline Lender the amounts so received by it from the Tranche 2 Lenders. The Administrative Agent shall notify the Parent Borrower of any participations in any Tranche 2 Swingline Loan acquired pursuant to this paragraph, and thereafter payments in respect of such Tranche 2 Swingline Loan shall be made to the Administrative Agent and not to the Tranche 2 Swingline Lender. Any amounts received by the Tranche 2 Swingline Lender from the Parent Borrower (or other party on behalf of a Tranche 2) in respect of a Tranche 2 Swingline Loan after receipt by the Tranche 2 Swingline Lender of the proceeds of a sale of participations therein shall be promptly remitted to the Administrative Agent, and any such amounts so received by the Administrative Agent shall be promptly remitted by the Administrative Agent to the Tranche 2

Lenders that have made their payments pursuant to this paragraph and to the Tranche 2 Swingline Lender, as applicable; provided, that any such payment so remitted shall be repaid to the Tranche 2 Swingline Lender or to the Administrative Agent, as applicable, if and to the extent such payment is required to be refunded to the Parent Borrower for any reason. The purchase of participations in a Tranche 2 Swingline Loan pursuant to this paragraph shall not relieve the Parent Borrower of any default in the payment thereof.

(e) The Tranche 2 Swingline Lender shall not be required to make any Tranche 2 Swingline Loan after the Maturity Date as applicable to its Tranche 2 Committed Loans, and any Tranche 2 Swingline Loans outstanding on the Maturity Date of the Tranche 2 Committed Loans of any Tranche 2 Lender shall be prepaid on such date.

(f) Replacement of the Tranche 2 Swingline Lender. Any Tranche 2 Swingline Lender may be replaced at any time by written agreement among the Parent Borrower, the Administrative Agent, the replaced Tranche 2 Swingline Lender and the successor Tranche 2 Swingline Lender or in accordance with Section 11.13. The Administrative Agent shall notify the Tranche 2 Lenders of any such replacement of the Tranche 2 Swingline Lender. At the time any such replacement shall become effective, each applicable Tranche 2 Borrower shall repay all outstanding Tranche 2 Swingline Loans in accordance with Section 2.15. From and after the effective date of any such replacement, (i) the successor Tranche 2 Swingline Lender shall have all the rights and obligations of the replaced Tranche 2 Swingline Lender under this Agreement with respect to the Tranche 2 Swingline Loans to be made thereafter and (ii) references herein to the term "Tranche 2 Swingline Lender" shall be deemed to refer to such successor or to any previous Tranche 2 Swingline Lender, or to such successor and all previous Tranche 2 Swingline Lenders, as the context shall require. After the replacement of the Tranche 2 Swingline Lender hereunder, the replaced Tranche 2 Swingline Lender shall remain a party hereto and shall continue to have all the rights and obligations of the Tranche 2 Swingline Lender under this Agreement with respect to Tranche 2 Swingline Loans made by it prior to such replacement, but shall not be required to make any new Tranche 2 Swingline Loans.

2.25 Tranche 2 Letters of Credit.

(a) General. Subject to the terms and conditions set forth herein the Parent Borrower may request the issuance of standby letters of credit (each a "Tranche 2 Letter of Credit") denominated in any Ratable Currency as the applicant thereof for the support of its or its Subsidiaries' obligations, in a form reasonably acceptable to the Administrative Agent and the applicable Tranche 2 Issuing Bank, at any time and from time to time during the applicable Tranche 2 Availability Period. In the event of any inconsistency between the terms and conditions of this Agreement and the terms and conditions of any form of letter of credit application or other agreement submitted by the Parent Borrower to, or entered into by the Parent Borrower with, the applicable Tranche 2 Issuing Bank relating to any Tranche 2 Letter of Credit, the terms and conditions of this Agreement shall control. Notwithstanding Section 1.06, unless otherwise specified in such Tranche 2 Letter of Credit, all references in any Tranche 2 Letter of Credit to times of day shall be references to Local Time. No Tranche 2 Issuing Bank shall be under any obligation to issue any Tranche 2 Letter of Credit if: any order, judgment or decree of any Governmental Authority or arbitrator shall by its terms purport to enjoin or restrain such Tranche 2 Issuing Bank from issuing the Tranche 2 Letter of Credit, or any Law applicable to such Tranche 2 Issuing Bank or any request or directive (whether or not having the force of law) from any Governmental Authority with jurisdiction over such Tranche 2 Issuing Bank shall prohibit, or request that such Issuing Bank refrain from, the issuance of letters of credit generally or the Tranche 2 Letter of Credit in particular or shall impose upon such Tranche 2 Issuing Bank with respect to the Tranche 2 Letter of Credit any restriction, reserve or capital requirement (for which such Tranche 2 Issuing Bank is not otherwise compensated hereunder) not in effect on the Closing Date, or shall impose upon such Tranche 2 Issuing Bank any loss, cost or expense which was not applicable on the Closing Date (for which such Tranche 2 Issuing Bank is not otherwise

compensated hereunder) and which such Tranche 2 Issuing Bank in good faith deems material to it.

(b) Notice of Issuance, Amendment, Renewal, Extension; Certain Conditions. To request the issuance of a Tranche 2 Letter of Credit (or the amendment, renewal or extension of an outstanding Tranche 2 Letter of Credit), the Parent Borrower shall hand deliver or telecopy (or transmit by electronic communication, if arrangements for doing so have been approved by the applicable Tranche 2 Issuing Bank) to such Tranche 2 Issuing Bank and the Administrative Agent (reasonably in advance of the requested date of issuance, amendment, renewal or extension, but in any event no less than three Business Days) a notice requesting the issuance of a Tranche 2 Letter of Credit, or identifying the Tranche 2 Letter of Credit to be amended, renewed or extended, and specifying the date of issuance, amendment, renewal or extension (which shall be a Business Day), the date on which such Tranche 2 Letter of Credit is to expire (which shall comply with paragraph (c) of this Section 2.25), the amount of such Tranche 2 Letter of Credit, the Ratable Currency applicable thereto, the name and address of the beneficiary thereof and such other information as shall be necessary to prepare, amend, renew or extend such Tranche 2 Letter of Credit. If requested by the applicable Tranche 2 Issuing Bank, the Parent Borrower shall also submit a letter of credit application on such Tranche 2 Issuing Bank's standard form in connection with any request for a Tranche 2 Letter of Credit. A Tranche 2 Letter of Credit shall be issued, amended, renewed or extended only if (and upon issuance, amendment, renewal or extension of each Tranche 2 Letter of Credit the Parent Borrower shall be deemed to represent and warrant that), after giving effect to such issuance, amendment, renewal or extension, subject to Sections 2.13(b) and this Section 2.25, (i) the U.S. Dollar Amount of the Tranche 2 LC Exposure shall not exceed $150,000,000, (ii) the U.S. Dollar Amount of the Tranche 2 LC Exposure of any Tranche 2 Issuing Bank shall not exceed the aggregate amount of its Tranche 2 LC Commitment, and (iii) the U.S. Dollar Amount of the Tranche 2 Total Outstandings shall not exceed the Aggregate Tranche 2 Commitments.

(c) Expiration Date. Each Tranche 2 Letter of Credit shall expire (or be subject to termination by notice from the applicable Tranche 2 Issuing Bank to the beneficiary thereof) at or prior to the close of business on the earlier of (i) the date one year after the date of the issuance of such Tranche 2 Letter of Credit (or, in the case of any renewal or extension thereof, one year after such renewal or extension) and (ii) the date that is five Business Days prior to the Maturity Date of the Tranche 2 Committed Loans of such Tranche 2 Issuing Bank.

(d) Participations. By the issuance of a Tranche 2 Letter of Credit (or an amendment to a Tranche 2 Letter of Credit increasing the amount thereof) and without any further action on the part of the applicable Tranche 2 Issuing Bank or the Tranche 2 Lenders, such Tranche 2 Issuing Bank hereby grants to each Tranche 2 Lender, and each Tranche 2 Lender hereby acquires from such Tranche 2 Issuing Bank, a participation in such Tranche 2 Letter of Credit equal to such Tranche 2 Lender's Tranche 2 Applicable Percentage of the aggregate amount available to be drawn under such Tranche 2 Letter of Credit. In consideration and in furtherance of the foregoing, each Tranche 2 Lender hereby absolutely and unconditionally agrees to pay to the Administrative Agent, for the account of the applicable Tranche 2 Issuing Bank, such Tranche 2 Lender's Tranche 2 Applicable Percentage of each Tranche 2 LC Disbursement made by such Tranche 2 Issuing Bank and not reimbursed by the Parent Borrower on the date due as provided in paragraph (e) of this Section 2.25, or of any reimbursement payment required to be refunded to the Parent Borrower for any reason. Each Tranche 2 Lender acknowledges and agrees that its obligation to acquire participations pursuant to this paragraph in respect of Tranche 2 Letters of Credit is absolute and unconditional and shall not be affected by any circumstance whatsoever, including any amendment, renewal or extension of any Tranche 2 Letter of Credit or the occurrence and continuance of a Default or reduction or termination of the Tranche 2 Commitments, and that each such payment shall be made without any offset, abatement, withholding or reduction whatsoever.

(e) Reimbursement. If a Tranche 2 Issuing Bank shall make any Tranche 2 LC Disbursement in respect of a Tranche 2 Letter of Credit, the Parent Borrower shall reimburse such Tranche 2 LC Disbursement by paying to the Administrative Agent an amount equal to such Tranche 2 LC Disbursement in the applicable Ratable Currency not later than 12:00 noon, Local Time, on the Business Day immediately following the day that the Parent Borrower receives such notice; provided, that if such Tranche 2 LC Disbursement is denominated in U.S. Dollars and is not less than $100,000, the Parent Borrower, subject to the conditions to Borrowing set forth herein, may request in accordance with Section 2.04(b) or this Section 2.25 that such payment be financed with a Borrowing of ABR Loans or a Tranche 2 Swingline Loan in the U.S. Dollar Amount of such Tranche 2 LC Disbursement and, to the extent so financed, the Parent Borrower's obligation to make such payment shall be discharged and replaced by the resulting Borrowing of ABR Loans or a Tranche 2 Swingline Loan. If the Parent Borrower fails to make such payment when due, the Administrative Agent shall notify each Tranche 2 Lender of the applicable Tranche 2 LC Disbursement, the payment then due from the Parent Borrower in respect thereof and such Tranche 2 Lender's Tranche 2 Applicable Percentage thereof. Promptly following receipt of such notice, each Tranche 2 Lender shall pay to the Administrative Agent its Tranche 2 Applicable Percentage of the payment then due from the Parent Borrower, in the same manner as provided in Section 2.02(b) with respect to Tranche 2 Loans made by such Tranche 2 Lender (and Section 2.20 shall apply, mutatis mutandis, to the payment obligations of the Tranche 2 Lenders), and the Administrative Agent shall promptly pay to the applicable Tranche 2 Issuing Bank the amounts so received by it from the Tranche 2 Lenders. Promptly following receipt by the Administrative Agent of any payment from the Parent Borrower pursuant to this paragraph, the Administrative Agent shall distribute such payment to the applicable Tranche 2 Issuing Bank or, to the extent that Tranche 2 Lenders have made payments pursuant to this paragraph to reimburse such Tranche 2 Issuing Bank, then to such Tranche 2 Lenders and such Tranche 2 Issuing Bank, as applicable. Any payment made by a Tranche 2 Lender pursuant to this paragraph to reimburse a Tranche 2 Issuing Bank for any Tranche 2 LC Disbursement (other than the funding of ABR Loans or a Tranche 2 Swingline Loan as contemplated above) shall not constitute a Tranche 2 Loan and shall not relieve the Parent Borrower of its obligation to reimburse such Tranche 2 LC Disbursement. If the Parent Borrower's reimbursement of, or obligation to reimburse, any amounts in any Foreign Currency would subject a Credit Party to any stamp duty, ad valorem charge or similar tax that would not be payable if such reimbursement were made or required to be made in U.S. Dollars, the Parent Borrower shall, at its option, either (x) pay the amount of any such tax requested by such Credit Party or (y) reimburse each Tranche 2 LC Disbursement made in such Foreign Currency in U.S. Dollars, in an amount equal to the U.S. Dollar Amount of such Tranche 2 LC Disbursement on the date such Tranche 2 LC Disbursement is made.

(f) Obligations Absolute. The Borrowers' obligations to reimburse Tranche 2 LC Disbursements as provided in paragraph (e) of this Section 2.25 shall be absolute, unconditional and irrevocable, and shall be performed strictly in accordance with the terms of this Agreement under any and all circumstances whatsoever and irrespective of (i) any lack of validity or enforceability of any Tranche 2 Letter of Credit or this Agreement, or any term or provision therein, (ii) any draft or other document presented under a Tranche 2 Letter of Credit proving to be forged, fraudulent or invalid in any respect or any statement therein being untrue or inaccurate in any respect, (iii) payment by a Tranche 2 Issuing Bank under a Tranche 2 Letter of Credit against presentation of a draft or other document that does not comply with the terms of such Tranche 2 Letter of Credit, or (iv) any other event or circumstance whatsoever, whether or not similar to any of the foregoing, that might, but for the provisions of this Section 2.25, constitute a legal or equitable discharge of, or provide a right of setoff against, the Parent Borrower's obligations hereunder. Neither the Administrative Agent, the Tranche 2 Lenders nor any Tranche 2 Issuing Bank, nor any of their Related Parties, shall have any liability or responsibility by reason of or in connection with the issuance or transfer of any Tranche 2 Letter of Credit or any payment or failure to make any payment thereunder (irrespective of any of the circumstances

referred to in the preceding sentence), or any error, omission, interruption, loss or delay in transmission or delivery of any draft, notice or other communication under or relating to any Tranche 2 Letter of Credit (including any document required to make a drawing thereunder), any error in interpretation of technical terms or any consequence arising from causes beyond the control of such Tranche 2 Issuing Bank; provided, that the foregoing shall not be construed to excuse a Tranche 2 Issuing Bank from liability to the Parent Borrower to the extent of any direct damages (as opposed to special, indirect, consequential or punitive damages, claims in respect of which are hereby waived by the Parent Borrower's to the extent permitted by applicable law) suffered by the Parent Borrower that are caused by such Tranche 2 Issuing Bank's failure to exercise care when determining whether drafts and other documents presented under a Tranche 2 Letter of Credit comply with the terms thereof. The parties hereto expressly agree that, in the absence of gross negligence or willful misconduct on the part of a Tranche 2 Issuing Bank (as finally determined by a court of competent jurisdiction), such Tranche 2 Issuing Bank shall be deemed to have exercised care in each such determination. In furtherance of the foregoing and without limiting the generality thereof, the parties agree that, with respect to documents presented which appear on their face to be in substantial compliance with the terms of a Tranche 2 Letter of Credit, a Tranche 2 Issuing Bank may, in its sole discretion, either accept and make payment upon such documents without responsibility for further investigation, regardless of any notice or information to the contrary, or refuse to accept and make payment upon such documents if such documents are not in strict compliance with the terms of such Tranche 2 Letter of Credit.

(g) Disbursement Procedures. A Tranche 2 Issuing Bank shall, promptly following its receipt thereof, examine all documents purporting to represent a demand for payment under a Tranche 2 Letter of Credit. Such Tranche 2 Issuing Bank shall promptly notify the Administrative Agent, the Parent Borrower by telephone (confirmed by telecopy) of such demand for payment and whether such Tranche 2 Issuing Bank has made or will make a Tranche 2 LC Disbursement thereunder; provided, that any failure to give or delay in giving such notice shall not relieve the Parent Borrower of its obligation to reimburse such Tranche 2 Issuing Bank and the Tranche 2 Lenders with respect to any such Tranche 2 LC Disbursement.

(h) Interim Interest. If a Tranche 2 Issuing Bank shall make any Tranche 2 LC Disbursement, then, unless the Parent Borrower shall reimburse such Tranche 2 LC Disbursement in full on the date such Tranche 2 LC Disbursement is made, the unpaid amount thereof shall bear interest, for each day from and including the date such Tranche 1 LC Disbursement is made to but excluding the date that the Parent Borrower reimburses such Tranche 2 LC Disbursement, at the rate per annum then applicable to ABR Loans (or, if such Tranche 2 LC Disbursement is denominated in a Foreign Currency, the rate determined by the Administrative Agent in accordance with banking industry rules and conventions on interbank compensation for such Foreign Currency plus the then effective Tranche 2 Applicable Rate with respect to Eurocurrency Rate Loans); provided, that if the Parent Borrower fails to reimburse such Tranche 2 LC Disbursement when due pursuant to paragraph (e) of this Section 2.25, then Section 2.16(b) shall apply. Interest accrued pursuant to this paragraph shall be for the account of such Tranche 2 Issuing Bank, except that interest accrued on and after the date of payment by any Tranche 2 Lender pursuant to paragraph (e) of this Section 2.25 to reimburse such Tranche 2 Issuing Bank shall be for the account of such Tranche 2 Lender to the extent of such payment.

(i) Replacement and resignation of an Issuing Bank. A Tranche 2 Issuing Bank may resign at any time by giving 30 days' prior notice to the Administrative Agent, the Tranche 2 Lenders and the Parent Borrower, or may be replaced at any time by written agreement among the Parent Borrower, the Administrative Agent, the replaced Tranche 2 Issuing Bank and the successor Tranche 2 Issuing Bank or in accordance with Section 11.13. The Administrative Agent shall notify the Tranche 2 Lenders of any such replacement or resignation of a Tranche 2 Issuing Bank. At the time any such replacement or resignation shall become effective, the Parent

Borrowers shall pay all unpaid fees accrued for the account of the replaced or resigned Tranche 2 Issuing Bank pursuant to Section 2.17(b). From and after the effective date of any such replacement or resignation, (i) the successor Tranche 2 Issuing Bank shall have all the rights and obligations of the replaced or resigned Tranche 2 Issuing Bank under this Agreement with respect to Tranche 2 Letters of Credit to be issued thereafter and (ii) references herein to the term "Tranche 2 Issuing Bank" shall be deemed to refer to such successor or to any previous Tranche 2 Issuing Bank, or to such successor and all previous Tranche 2 Issuing Banks, as the context shall require. After the replacement or resignation of a Tranche 2 Issuing Bank hereunder, the replaced or resigned Tranche 2 Issuing Bank shall remain a party hereto and shall continue to have all the rights and obligations of a Tranche 2 Issuing Bank under this Agreement with respect to Tranche 2 Letters of Credit issued by it prior to such replacement or resignation, but shall not be required to issue additional Tranche 2 Letters of Credit.

(j) Cash Collateralization. If any Event of Default shall occur and be continuing, on the Business Day that the Parent Borrower receives notice from the Administrative Agent or the Tranche 2 Required Lenders (or, if the maturity of the Tranche 2 Loans has been accelerated, Tranche 2 Lenders with Tranche 2 LC Exposure representing greater than 50% of the total Tranche 2 LC Exposure) demanding the deposit of cash collateral pursuant to this paragraph, the Parent Borrower shall deposit in an account with the Administrative Agent, in the name of the Administrative Agent and for the benefit of the Tranche 2 Lenders, an amount in cash or provide a "back-to-back" letter of credit or alternative collateral as the Administrative Agent may approve in its sole discretion in good faith, equal to the Tranche 2 LC Exposure owing by it as of such date plus any accrued and unpaid interest thereon; provided, that the obligation of the Parent Borrower to deposit such cash collateral shall become effective immediately, and such deposit shall become immediately due and payable, without demand or other notice of any kind, upon the occurrence of any Event of Default with respect to the Parent Borrower described in Section 8.01(f). Such deposit shall be held by the Administrative Agent as collateral so long as any Tranche 2 LC Exposure exists hereunder for the payment and performance of the obligations of the Parent Borrower under this Agreement. The Administrative Agent shall have exclusive dominion and control, including the exclusive right of withdrawal, over such account. Other than any interest earned on the investment of such deposits, which investments shall be made at the option and sole discretion of the Administrative Agent and at the Parent Borrower's risk and expense, such deposits shall not bear interest. Interest or profits, if any, on such investments shall accumulate in such account. Moneys in such account shall be applied by the Administrative Agent to reimburse the applicable Tranche 2 Issuing Bank for Tranche 2 LC Disbursements for which it has not been reimbursed and, to the extent not so applied, shall be held for the satisfaction of the reimbursement obligations of the Parent Borrower for the Tranche 2 LC Exposure at such time or, if the maturity of the Tranche 2 Loans has been accelerated (but subject to the consent of Tranche 2 Lenders with Tranche 2 LC Exposure representing greater than 50% of the total Tranche 2 LC Exposure), be applied to satisfy other obligations of the Parent Borrower under this Agreement; provided, however, that if prior to the acceleration of the maturity of the Tranche 2 Loans the Tranche 2 LC Exposure shall cease to exist, moneys in such account shall be returned to the Parent Borrower as provided below. If the Parent Borrower is required to provide an amount of cash collateral hereunder as a result of the occurrence of an Event of Default, such amount (to the extent not applied as aforesaid) shall be returned to the Parent Borrower within three Business Days after the earlier of (a) all Events of Default having been cured or waived or (b) the Tranche 2 LC Exposure ceasing to exist.

2.26 Defaulting Lenders. Notwithstanding any provision of this Agreement to the contrary, if any Lender becomes a Defaulting Lender, then the following provisions shall apply for so long as such Lender is a Defaulting Lender:

(a) fees shall cease to accrue on the unfunded portion of the Commitment of such Defaulting Lender pursuant to Section 2.17(a);

(b) the Commitment and Outstanding Amount of such Defaulting Lender shall not be included in determining whether the Required Lenders have taken or may take any action hereunder (including any consent to any amendment, waiver or other modification pursuant to Section 11.01); provided, that this clause (b) shall not apply to the vote of a Defaulting Lender in the case of an amendment, waiver or other modification requiring the consent of such Lender or each Lender directly affected thereby;

(c) with respect to any Tranche 2 Lender becoming a Defaulting Lender, if any Tranche 2 Swingline Exposure or Tranche 2 LC Exposure exists at the time such Tranche 2 Lender becomes a Defaulting Lender then:

(i) all or any part of the Tranche 2 Swingline Exposure and Tranche 2 LC Exposure of such Defaulting Lender shall be reallocated among the non-Defaulting Tranche 2 Lenders in accordance with their respective Tranche 2 Applicable Percentage but only to the extent that (x) the sum of all non-Defaulting Tranche 2 Lenders' Tranche 2 Outstanding Amounts under the Tranche 2 Commitments plus such Defaulting Lender's Tranche 2 Swingline Exposure and Tranche 2 LC Exposure, as applicable, does not exceed the total of all non-Defaulting Lenders' Tranche 2 Commitments and (y) the conditions set forth in Section 4.02 are satisfied at such time;

(ii) if the reallocation described in clause (i) above cannot, or can only partially, be effected, the Parent Borrower or the applicable Borrower shall within one Business Day following notice by the Administrative Agent, (x) first, prepay such Tranche 2 Swingline Exposure and (y) second, cash collateralize for the benefit of the Tranche 2 Issuing Banks only the obligations corresponding to such Defaulting Lender's Tranche 2 LC Exposure (after giving effect to any partial reallocation pursuant to clause (i) above) in accordance with the procedures set forth in Section 2.25 for so long as such Tranche 2 LC Exposure is outstanding;

(iii) if the Parent Borrower or another Borrower cash collateralizes any portion of such Defaulting Lender's Tranche 2 LC Exposure pursuant to clause (ii) above, the Parent Borrower or such Borrower shall not be required to pay any fees to such Defaulting Lender pursuant to Section 2.17(b) with respect to such Defaulting Lender's Tranche 2 LC Exposure during the period such Defaulting Lender's Tranche 2 LC Exposure is cash collateralized;

(iv) if the Tranche 2 LC Exposure of the non-Defaulting Lenders is reallocated pursuant to clause (i) above, then the fees payable to the Lenders pursuant to Section 2.17(a) and Section 2.17(b) shall be adjusted in accordance with such non-Defaulting Lenders' Tranche 2 Applicable Percentage;

(v) if all or any portion of such Defaulting Lender's Tranche 2 LC Exposure is neither reallocated nor cash collateralized pursuant to clause (i) or (ii) above, then, without prejudice to any rights or remedies of any Tranche 2 Issuing Bank or any other Tranche 2 Lender hereunder, all letter of credit fees payable under Section 2.17(b) with respect to such Defaulting Lender's Tranche 2 LC Exposure shall be payable to the applicable Tranche 2 Issuing Bank until and to the extent that such Tranche 2 LC Exposure is reallocated and/or cash collateralized; and

(d) so long as such Tranche 2 Lender is a Defaulting Lender, no Tranche 2 Swingline Lender shall be required to fund any Tranche 2 Swingline Loan and no Tranche 2 Issuing Bank shall be required to issue, amend or increase any Tranche 2 Letter of Credit, unless it is satisfied that the related exposure and the Defaulting Lender's then outstanding Tranche 2 LC Exposure will be 100% covered by the Tranche 2 Commitments of the non-Defaulting Tranche 2 Lenders and/or cash collateral will be provided by the Parent Borrower and the applicable Tranche 2 Borrower in accordance with Section 2.26, and participating interests in any newly made Tranche 2 Swingline Loan or any newly issued or increased Tranche 2 Letter of Credit shall be

allocated among non-Defaulting Tranche 2 Lenders in a manner consistent with Section 2.20 (and such Defaulting Lender shall not participate therein).

In the event that the Administrative Agent and the Parent Borrower and, with respect to a Tranche 2 Lender that is a Defaulting Lender, each Tranche 2 Swingline Lender and the Tranche 2 Issuing Bank each agrees that a Defaulting Lender has adequately remedied all matters that caused such Lender to be a Defaulting Lender, then the Tranche 2 Swingline Exposure and Tranche 2 LC Exposure of the relevant Tranche 2 Lenders shall be readjusted to reflect the inclusion of such Lender's Tranche 2 Commitment and on such date such Lender shall purchase at par such of the Tranche 2 Loans of the other Tranche 2 Lenders (other than Tranche 2 Swingline Loans) as the Administrative Agent shall determine may be necessary in order for such Lender to hold such Tranche 2 Loans in accordance with its Tranche 2 Applicable Percentage.

2.27 Determination of U.S. Dollar Amounts. The Administrative Agent will determine the U.S. Dollar Amount of:

(a) each Eurocurrency Rate Loan as of the date two Business Days prior to the date of such Borrowing or, if applicable, the date of conversion or continuation of any Borrowing as a Eurocurrency Rate Loan;

(b) each Overnight Rate Loan denominated in a Foreign Currency as of the date of such Borrowing, or, if applicable, the date of conversion or continuation of any such Borrowing to a Eurocurrency Rate Loan;

(c) the Tranche 2 LC Exposure as of the date of each request for the issuance of any Tranche 2 Letter of Credit, and as of the date of any amendment of such Tranche 2 Letter of Credit that has the effect of increasing the face amount thereof; and

(d) all outstanding Loans and the Tranche 2 LC Exposure on and as of the first Business Day of each calendar month and, during the continuation of an Event of Default, on any other Business Day elected by the Administrative Agent in its discretion or upon instruction by the Required Lenders.

Each day upon or as of which the Administrative Agent determines U.S. Dollar Amounts as described in the preceding clauses (a) through (d) is herein described as a "Computation Date" with respect to each Borrowing, Tranche 2 Letter of Credit or Tranche 2 LC Exposure for which a U.S. Dollar Amount is determined on or as of such day.

2.28 Judgment Currency. If, for the purposes of obtaining judgment in any court, it is necessary to convert a sum due from any Borrower hereunder in the currency expressed to be payable herein (the "specified currency") into another currency, the parties hereto agree, to the fullest extent that they may effectively do so, that the rate of exchange used shall be that at which the Administrative Agent could, in accordance with normal banking procedures applicable to arm's length transactions, purchase the specified currency with such other currency at the Administrative Agent's main New York City office on the Business Day immediately preceding that on which final, non-appealable judgment is given. The obligations of the applicable Borrower in respect of any sum due to any Credit Party hereunder shall, notwithstanding any judgment in a currency other than the specified currency, be discharged only to the extent that on the Business Day following receipt by such Credit Party of any sum adjudged to be so due in such other currency such Credit Party may in accordance with normal, reasonable banking procedures purchase the specified currency with such other currency. If the amount of the specified currency so purchased is less than the sum originally due to such Credit Party in the specified currency, the applicable Borrower agrees, to the fullest extent that it may effectively do

so, as a separate obligation and notwithstanding any such judgment, to indemnify such Credit Party against such loss, and if the amount of the specified currency so purchased exceeds (a) the sum originally due to any Credit Party in the specified currency and (b) any amounts shared with other Lenders as a result of allocations of such excess as a disproportionate payment to such Lender under Section 2.21, such Credit Party agrees to remit such excess to such Borrower.

ARTICLE III.
TAXES, YIELD PROTECTION AND ILLEGALITY

3.01 Taxes.

(a) Payments Free of Taxes. Any and all payments by or on account of any Loan Party hereunder or under any other Loan Document shall be made free and clear of and without reduction or withholding for any Taxes, except as required by applicable law, provided, that if any Withholding Agent shall be required by applicable law (as determined in the good faith discretion of an applicable Withholding Agent) to deduct or withhold any Taxes from such payments, then (i) the applicable Withholding Agent shall be entitled to make such deduction or withholding, (ii) the applicable Withholding Agent shall timely pay the full amount deducted or withheld to the relevant Governmental Authority in accordance with applicable law, and (iii) if such Taxes are Indemnified Taxes or Other Taxes, an additional amount shall be paid as necessary so that after making all required deductions or withholdings (including deductions or withholdings applicable to additional sums payable under this Section) the Administrative Agent or Lender, as the case may be, receives an amount equal to the sum it would have received had no such deductions or withholdings been made.

(b) Payment of Other Taxes by any Loan Party. Without limiting the provisions of subsection (a) above, any Loan Party, as applicable, shall timely pay any Other Taxes to the relevant Governmental Authority in accordance with applicable law.

(c) Indemnification by the Loan Parties. The Loan Parties shall indemnify the Administrative Agent and each Lender, within 30 days after demand therefor, for the full amount of any Indemnified Taxes or Other Taxes imposed on any payments made pursuant to any Loan Document or with respect to any Loan Document (including Indemnified Taxes or Other Taxes imposed or asserted on or attributable to amounts payable under this Section) payable by the Administrative Agent or such Lender, as the case may be, and any penalties, interest, and reasonable costs and expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes or Other Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority; provided, that no Loan Party shall be obligated to make a payment pursuant to this Section 3.01 in respect of penalties and interest attributable to or included in any Indemnified Taxes or Other Taxes (and, for the avoidance of doubt, reasonable costs and expenses arising therefrom or with respect thereto), if (i) such penalties, interest, costs or expenses are attributable to the failure of the Administrative Agent or the relevant Lender, as applicable, to pay amounts paid to the Administrative Agent or the relevant Lender, as applicable, by any Loan Party (for Indemnified Taxes or Other Taxes) to the relevant Governmental Authority within 30 calendar days after receipt of such payment from such Loan Party or (ii) such penalties, interest, costs or expenses are attributable to the gross negligence or willful misconduct of the Administrative Agent or the relevant Lender, as applicable. A certificate as to the amount of such payment or liability delivered to the Parent Borrower by a Lender (with a copy to the Administrative Agent), or by the Administrative Agent on its own behalf or on behalf of a Lender, shall be conclusive absent manifest error. Any Loan Party shall have the rights specified in Section 11.13 in respect of any Lender for whose account any Loan Party makes any payment under this Section 3.01.

(d) Evidence of Payments. As soon as practicable after any payment of Taxes pursuant to this Section 3.01 by any Loan Party to a Governmental Authority, such Loan Party shall deliver to the Administrative Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Administrative Agent; provided, that nothing in this Section 3.01(d) shall require such Loan Party to make available its tax returns.

(e) Status of Lenders.

(i) Any Lender that is entitled to an exemption from or reduction of withholding tax under the law of the jurisdiction in which any Loan Party is resident for tax purposes, or any treaty to which such jurisdiction is a party, with respect to payments hereunder or under any other Loan Document shall deliver to such Loan Party (with a copy to the Administrative Agent), at the time or times prescribed by applicable law or reasonably requested by such Loan Party or the Administrative Agent, such properly completed and executed documentation prescribed by applicable law as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, any Lender, if reasonably requested by any Loan Party, or the Administrative Agent, shall deliver such other documentation prescribed by applicable law or reasonably requested by such Loan Party or the Administrative Agent as will enable such Loan Party or the Administrative Agent to determine whether or not such Lender is subject to backup withholding or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such documentation (other than such documentation set forth below (but including documentation set forth in (E) below)) shall not be required if in the Lender's reasonable judgment such completion, execution or submission would subject such Lender to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of such Lender. Without limiting the generality of the foregoing, in the event that any Loan Party is resident for tax purposes in the United States, any Foreign Lender shall deliver to the Parent Borrower and the Administrative Agent (in such number of copies as shall be reasonably requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the request of the Parent Borrower or the Administrative Agent, but only if such Foreign Lender is legally entitled to do so), whichever of the following is applicable: (A) in the case of a Foreign Lender claiming eligibility for benefits of an income tax treaty to which the United States is a party (x) with respect to payments of interest under any Loan Document, duly completed copies of IRS Form W-8BEN or IRS Form W-8BEN-E establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "interest" article of such tax treaty and (y) with respect to any other applicable payments under any Loan Document, duly completed copies of IRS Form W-8BEN or IRS Form W-8BEN-E establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "business profits" or "other income" article of such tax treaty, (B) duly completed copies of IRS Form W-8ECI, (C) in the case of a Foreign Lender claiming the benefits of the exemption for portfolio interest under section 881(c) of the Code, (x) a certificate substantially in the form of Exhibit E-1 to the effect that such Foreign Lender is not (I) a "bank" within the meaning of section 881(c)(3)(A) of the Code, (II) a "10 percent shareholder" of any Borrower within the meaning of section 881(c)(3)(B) of the Code, or (III) a "controlled foreign corporation" related to any Borrower as described in section 881(c)(3)(C) of the Code (a "U.S. Tax Compliance Certificate") and (y) duly completed copies of IRS Form W-8BEN or W-8BEN-E, (D) to the extent a Foreign Lender is not the beneficial owner, duly completed copies of IRS Form W-8IMY, accompanied by IRS Form W-8ECI, IRS Form W-8BEN, IRS Form W 8BEN-E, a U.S. Tax Compliance Certificate substantially in the form of Exhibit E-2 or Exhibit E-3, IRS Form W-9, and/or other certification documents from each beneficial owner, as applicable; provided that if the Foreign Lender is a partnership and one or more direct or indirect partners of such Foreign Lender are claiming the portfolio interest exemption, such Foreign

Lender may provide a U.S. Tax Compliance Certificate substantially in the form of Exhibit E-4 on behalf of each such direct and indirect partner, and (E) any other form prescribed by applicable law as a basis for claiming exemption from or a reduction in United States Federal withholding tax duly completed together with such supplementary documentation as may be prescribed by applicable law to permit any Loan Party to determine the withholding or deduction required to be made. Each Lender that is a "U.S. person" as defined in Section 7701(a)(30) of the Code shall deliver to the Parent Borrower and Administrative Agent duly complete copies of IRS Form W-9. Each Lender agrees that if any form or certification it previously delivered expires or becomes obsolete or inaccurate in any respect, it shall promptly update such form or certification or promptly notify the Parent Borrower and the Administrative Agent in writing of its legal inability to do so.

(ii) If a payment made to a Lender under any Loan Document would be subject to U.S. Federal withholding Tax imposed by FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Lender shall deliver to the Parent Borrower and the Administrative Agent at the time or times prescribed by law and at such time or times reasonably requested by the Parent Borrower or the Administrative Agent such documentation prescribed by applicable law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by the Parent Borrower or the Administrative Agent as may be necessary for any Loan Party and the Administrative Agent to comply with their obligations under FATCA and to determine that such Lender has complied with such Lender's obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for purposes of this clause (ii), "FATCA" shall include any amendments made to FATCA after the date of this Agreement.

(f) Treatment of Certain Refunds. If the Administrative Agent or any Lender has determined, in its sole discretion exercised in good faith, that it has received a refund of any Taxes as to which it has been indemnified by any Loan Party or with respect to which any Loan Party has paid additional amounts pursuant to this Section, it shall promptly pay to such Loan Party, as applicable, an amount equal to such refund (but only to the extent of indemnity payments made, or additional amounts paid, by such Loan Party under this Section with respect to the Indemnified Taxes or Other Taxes giving rise to such refund), net of all out-of-pocket expenses (including Taxes) of the Administrative Agent or such Lender, as the case maybe, and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund), provided, that such Loan Party, upon the request of the Administrative Agent or such Lender, agrees to repay the amount paid over to it (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) to the Administrative Agent or such Lender in the event the Administrative Agent or such Lender is required to repay such refund to such Governmental Authority. This subsection shall not be construed to require the Administrative Agent or any Lender to make available its tax returns (or any other information relating to its taxes that it deems confidential) to any Loan Party or any other Person.

(g) Indemnification by Lenders. Each Lender shall severally indemnify the Administrative Agent for (i) any Taxes (but, in the case of any Indemnified Taxes or Other Taxes, only to the extent that the Loan Parties have not already indemnified the Administrative Agent for such Indemnified Taxes or Other Taxes and without limiting the obligation of the Loan Parties to do so) attributable to such Lender that are paid or payable by the Administrative Agent in connection with any Loan Document and any reasonable expenses arising therefrom or with respect thereto, whether or not such Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority and (ii) any Taxes attributable to such Lender's failure to comply with the provisions of Section 11.06(d) relating to the maintenance of a Participant Register. The indemnity under this Section 3.01(g) shall be paid within 10 days after the Administrative Agent delivers to the applicable Lender a certificate stating the amount of Taxes

so paid or payable by the Administrative Agent. Such certificate shall be conclusive of the amount so paid or payable absent manifest error. Each Lender hereby authorizes the Administrative Agent to set off and apply any and all amounts at any time owing to such Lender under any Loan Document or otherwise payable by the Administrative Agent to the Lender from any other source against any amount due to the Administrative Agent under this paragraph.

(h) Indirect Tax. All amounts set out or expressed in a Loan Document to be payable by any party to the Administrative Agent or a Lender shall be deemed to be exclusive of any Indirect Tax. If any Indirect Tax is chargeable on any supply made by the Administrative Agent or a Lender to any party in connection with a Loan Document, that party shall pay to the Administrative Agent or such Lender (in addition to and at the same time as paying the consideration for that supply) an amount equal to the amount of the Indirect Tax, provided that an invoice or appropriate documentation that will allow the person making the payment or other relevant person to claim appropriate tax credits for the Indirect Tax so paid is provided before the Indirect Tax amount is required to be paid. Where a Loan Document requires any party to reimburse or indemnify the Administrative Agent or a Lender for any costs or expenses, that party shall also at the same time pay and indemnify the Administrative Agent or such Lender against all Indirect Tax incurred by the Administrative Agent or such Lender in respect of the costs or expenses to the extent that the Administrative Agent or such Lender reasonably determines that it is not entitled to credit or repayment in respect of the Indirect Tax.

3.02 Illegality. If any Lender reasonably determines that any Law has made it unlawful, or that any Governmental Authority has asserted that it is unlawful, for any Lender or its applicable Lending Office to make, maintain or fund (a) Eurocurrency Rate Loans (whether denominated in U.S. Dollars or a Foreign Currency), or (b) Overnight Rate Loans (whether denominated in U.S. Dollars or a Foreign Currency), or to determine or charge interest rates based upon the same, or any Governmental Authority has imposed material restrictions on the authority of such Lender to purchase or sell, or to take deposits of, the applicable currency in the offshore interbank market, then, on notice thereof by such Lender to the Parent Borrower through the Administrative Agent, any obligation of such Lender to (x) make or continue Eurocurrency Rate Loans or to convert ABR Loans to Eurocurrency Rate Loans, or (y) make Overnight Rate Loans, shall be suspended until such Lender notifies the Administrative Agent and the Parent Borrower that the circumstances giving rise to such determination no longer exist. Upon receipt of such notice, each Borrower shall, upon demand from such Lender (with a copy to the Administrative Agent), prepay or, if applicable, convert all affected Eurocurrency Rate Loans or Overnight Rate Loans denominated in U.S. Dollars of such Lender to it to ABR Loans, and to repay all affected Eurocurrency Rate Loans and Overnight Rate Loans in any other currency either on the last day of the Interest Period or on the applicable Interest Payment Date, as applicable, therefor, if such Lender may lawfully continue to maintain such Eurocurrency Rate Loans or Overnight Rate Loans to such day, or immediately, if such Lender may not lawfully continue to maintain such Eurocurrency Rate Loans or Overnight Rate Loans. Upon any such prepayment or conversion, the Parent Borrower shall also pay accrued interest on the amount so prepaid or converted. The Parent Borrower shall have the rights in respect of any such Lender specified in Section 11.13.

3.03 Inability to Determine Rates.

(a) ~~If prior to the commencement of any Interest Period for a Eurocurrency Rate Loan:~~

(i) (x) if prior to the commencement of any Interest Period for a Eurocurrency Rate, the Administrative Agent shall have determined (which determination shall be conclusive and binding absent manifest error) that adequate and reasonable means do not exist for ascertaining the Eurocurrency Rate for any Loan for such Interest Period~~,~~ or (y) at any time, that

adequate and reasonable means do not exist for ascertaining the applicable Adjusted Daily Simple RFR, Daily Simple RFR or RFR for Pounds Sterling or Euros,

(ii) the Administrative Agent shall have received notice from the Tranche 1 Required Lenders, Tranche 2 Required Lenders, Tranche 3 Required Lenders, Tranche 4 Required Lenders, Tranche 5 Required Lenders and/or Tranche 6 Required Lenders, as the case may be, that (x) prior to the commencement of any Interest Period for a Eurocurrency Rate, the Eurocurrency Rate for a Tranche 1 Loan, Tranche 2 Loan, Tranche 3 Loan, Tranche 4 Loan, Tranche 5 Loan and/or Tranche 6 Loan, as the case may be, for such Interest Period will not adequately and fairly reflect the cost to such Tranche 1 Lenders, Tranche 2 Lenders, Tranche 3 Lenders, Tranche 4 Lenders, Tranche 5 Lenders and/or Tranche 6 Lenders, as the case may be, (as conclusively certified by such Lenders) of making or maintaining their affected Loans, as applicable, during such Interest Period~~, or~~ or (y) at any time, the applicable Adjusted Daily Simple RFR for Pounds Sterling or Euros will not adequately and fairly reflect the cost to such Lenders (or Lender) of making or maintaining their Loans (or its Loan) included in such Borrowing for Pounds Sterling or Euros, or

(iii) the Administrative Agent determines (which determination shall be conclusive and binding upon the Borrowers) that deposits in the applicable Foreign Currency are not generally available in the applicable market;

the Administrative Agent shall give facsimile or e-mail notice thereof to the applicable Tranche 1 Borrowers, Tranche 2 Borrowers, Tranche 3 Borrowers, Tranche 4 Borrowers, Tranche 5 Borrowers and/or Tranche 6 Borrowers, as applicable, and the relevant Lenders, as soon as practicable thereafter. If such notice is given pursuant to clause (i) or (ii) of this Section 3.03(a) (x) (A) any Eurocurrency Rate Loans denominated in U.S. Dollars and requested to be made on the first day of such Interest Period shall be made as ABR Loans, with respect to Tranche 1 Loans, Tranche 2 Loans, Tranche 3 Loans, Tranche 4 Loans, Tranche 5 Loans and/or Tranche 6 Loans, as applicable, and (B) any Eurocurrency Rate Loans or RFR Loans denominated in a Foreign Currency shall be at the Alternate Rate, with respect to Tranche 1 Loans, Tranche 2 Loans, Tranche 3 Loans, Tranche 4 Loans, Tranche 5 Loans and/or Tranche 6 Loans, as applicable (y) any Loans that are denominated in U.S. Dollars and were to have been converted on the first day of such Interest Period to Eurocurrency Rate Loans shall be continued as ABR Loans, with respect to Tranche 1 Loans, Tranche 2 Loans, Tranche 3 Loans, Tranche 4 Loans, Tranche 5 Loans and/or Tranche 6 Loans, as applicable, and (z) (A) any outstanding Eurocurrency Rate Loans, if denominated in U.S. Dollars, shall be converted, on the last day of the then-current Interest Period, to ABR Loans, with respect to Tranche 1 Loans, Tranche 2 Loans, Tranche 3 Loans, Tranche 4 Loans, Tranche 5 Loans and/or Tranche 6 Loans, as applicable, and (B) any outstanding Eurocurrency Rate Loans that are not denominated in U.S. Dollars shall be converted, on the last day of the then-current Interest Period, to the Alternate Rate, with respect to Tranche 1 Loans, Tranche 2 Loans, Tranche 3 Loans, Tranche 4 Loans, Tranche 5 Loans and/or Tranche 6 Loans, as applicable. Until such notice has been withdrawn by the Administrative Agent (which notification shall be made promptly after the Administrative Agent obtains knowledge of the cessation of the circumstances referenced in clause (i) or receives notice from the Tranche 1 Required Lenders, Tranche 2 Required Lenders, Tranche 3 Required Lenders, Tranche 4 Required Lenders, Tranche 5 Required Lenders and/or Tranche 6 Required Lenders, as applicable, of the cessation of the circumstances referenced in this clause (ii)), no further Eurocurrency Rate Loans with respect to Tranche 1 Loans, Tranche 2 Loans, Tranche 3 Loans, Tranche 4 Loans, Tranche 5 Loans and/or Tranche 6 Loans, as applicable, shall be made or continued as such, nor shall any Tranche 1 Borrower, Tranche 2 Borrower, Tranche 3 Borrower, Tranche 4 Borrower, Tranche 5 Borrower and/or Tranche 6 Borrower, as applicable, have the right to convert Tranche 1 Loans, Tranche 2 Loans, Tranche 3 Loans, Tranche 4 Loans, Tranche 5 Loans and/or Tranche 6 Loans, as applicable, to Eurocurrency Rate Loans. If such notice is given pursuant to clause (iii) of this Section 3.03(a), any Eurocurrency Loans in the

affected Foreign Currency requested to be made on the first day of such Interest Period shall not be made.

(b) If at any time the Administrative Agent determines (which determination shall be conclusive absent manifest error) that (i) the circumstances set forth in clause (a)(i) have arisen and such circumstances are unlikely to be temporary or (ii) the circumstances set forth in clause (a)(i) have not arisen but either (w) the supervisor for the administrator of the ~~Euorcurrency Screen~~Eurocurrency Rate has made a public statement that the administrator of the Eurocurrency ~~Screen~~ Rate is insolvent (and there is no successor administrator that will continue publication of the Eurocurrency ~~Screen~~ Rate), (x) the administrator of the Eurocurrency ~~Screen~~ Rate has made a public statement identifying a specific date after which the Eurocurrency ~~Screen~~ Rate will permanently or indefinitely cease to be published by it (and there is no successor administrator that will continue publication of the Eurocurrency ~~Screen~~ Rate), (y) the supervisor for the administrator of the Eurocurrency ~~Screen~~ Rate has made a public statement identifying a specific date after which the Eurocurrency ~~Screen~~ Rate will permanently or indefinitely cease to be published or (z) the supervisor for the administrator of the Eurocurrency ~~Screen~~ Rate or a Governmental Authority having jurisdiction over the Administrative Agent has made a public statement identifying a specific date after which the Eurocurrency ~~Screen~~ Rate may no longer be used for determining interest rates for loans, then the Administrative Agent and the Parent Borrower shall endeavor to establish an alternate rate of interest for each of the applicable currencies to the Eurocurrency Rate that gives due consideration to the then prevailing market convention for determining a rate of interest for each of the applicable currencies for syndicated loans in the United States at such time, and shall enter into an amendment to this Agreement to reflect such alternate rate of interest and such other related changes to this Agreement as may be applicable (but for the avoidance of doubt, such related changes shall not include a reduction of the Applicable Rate); provided, that if such alternate rates of interest as so determined would be less than zero, such rate shall be deemed to be zero for the purposes of this Agreement. Notwithstanding anything to the contrary in Section 11.01, such amendment shall become effective without any further action or consent of any other party to this Agreement so long as the Administrative Agent shall not have received, within five Business Days of the date such amendment is provided to the Tranche 1 Lenders, Tranche 2 Lenders, Tranche 3 Lenders, Tranche 4 Lenders, Tranche 5 Lenders and/or Tranche 6 Lenders, as the case may be, a written notice from the Tranche 1 Required Lenders, Tranche 2 Required Lenders, Tranche 3 Required Lenders, Tranche 4 Required Lenders, Tranche 5 Required Lenders and/or Tranche 6 Required Lenders, as the case may be, stating that such Required Lenders object to such amendment. Until an alternate rate of interest shall be determined in accordance with this clause (b) (but, in the case of the circumstances described in clause (ii) of the first sentence of this Section 3.03(b), only to the extent the Eurocurrency Screen Rate for the applicable currency and such Interest Period is not available or published at such time on a current basis), in the case of any Borrowing to the U.S. Borrowers and denominated in U.S. Dollars (x) any request to convert a Committed Loan Borrowing to, or continuation of any such Borrowing as, a Eurocurrency Rate Loan or RFR Loans shall be ineffective and (y) if any Borrower requests a Eurocurrency Rate Loan, such Borrowing shall be made, in the case of such Loans denominated in U.S. Dollars to the U.S. Borrowers, as an ABR Loan, and in the case of Borrowings to a Foreign Borrower, or, if not denominated in U.S. Dollars, any other such Borrower, such Borrowings shall bear interest at the Alternate Rate. For purposes of this Section 3.03(b), the terms "Eurocurrency Screen Rate" and "Eurocurrency Rate" shall be deemed to include the EURIBOR Screen Rate, the CDOR Screen Rate, and the AUD Screen Rate.

(c) Unavailability of AUD Screen Rate.

(i) If the AUD Screen Rate is not available for the Interest Period of a Tranche 4 Loan, the AUD Screen Rate shall be the Interpolated Rate for a period equal in length to the Interest Period of such Loan, except where the Interest Period is less than the shortest

period published for the AUD Screen Rate, in which case it will be the AUD Screen Rate for the shortest period published for the AUD Screen Rate.

(ii) If the AUD Screen Rate is not available for the currency of a Tranche 4 Loan or the Interest Period of a Tranche 4 Loan and it is not possible to calculate the Interpolated Rate, the applicable AUD Screen Rate shall be the Reference Bank Rate as of 11:00 a.m. Sydney time and for a period equal in length to the Interest Period of such Tranche 4 Loan.

(iii) If paragraph (ii) above applies but no Reference Bank Rate is available for the relevant currency and Interest Period there shall be no AUD Screen Rate for such Tranche 4 Loan and paragraph (iv) shall apply to that Loan for that Interest Period.

(iv) If this paragraph (iv) applies, the rate of interest on each Tranche 4 Lender's share of the Tranche 4 Loan for the relevant Interest Period shall be the percentage rate per annum which is the sum of the Applicable Rate and the rate of interest notified to the Administrative Agent by the such Tranche 4 Lender to be that which expresses as a percentage rate per annum, the cost to the such Lender of funding its participation in such Tranche 4 Loan from whatever source it may reasonably select. That rate is to be notified as soon as practicable and in any event within five Business Days of the first day of that Interest Period.

(v) If paragraph (iv) applies and the Administrative Agent or the Parent Borrower so requires, the Administrative Agent and the Parent Borrower shall enter into negotiations (for a period of not more than 30 days) with a view to agreeing a substitute basis for determining the rate of interest.

(vi) Any alternative basis agreed pursuant to paragraph (iv) above shall, with the prior consent of all Tranche 4 Lenders and the Parent Borrower, be binding on all parties to this Agreement.

(vii) If paragraph (iv) applies, but any Tranche 4 Lender does not supply a quotation by the time specified in paragraph (iv) above, the rate of interest for that Tranche 4 Lender shall be calculated on the basis of the quotations of the remaining Lenders.

(d) Notwithstanding anything to the contrary herein or in any other Loan Document, if an Early Opt-in Election has occurred, a forward-looking term rate based on SOFR selected by the Administrative Agent will replace the Eurocurrency Rate for all purposes hereunder and under any Loan Document in respect of existing U.S. Dollar denominated Eurocurrency Rate Loans and subsequent U.S. Dollar denominated Eurocurrency Rate Loans and the Administrative Agent and the Parent Borrower shall enter into an amendment to this Agreement to reflect the fallback to such term SOFR based rate and such other related changes to this Agreement as may be applicable (but for the avoidance of doubt, such related changes shall not include a reduction of the Applicable Rate). Notwithstanding anything to the contrary in Section 11.01, such amendment shall become effective without any further action or consent of any other party to this Agreement so long as the Administrative Agent shall not have received, within five Business Days of the date such amendment is provided to the Tranche 1 Lenders, Tranche 2 Lenders, Tranche 3 Lenders, Tranche 4 Lenders, Tranche 5 Lenders and/or Tranche 6 Lenders, as the case may be, a written notice from the Tranche 1 Required Lenders, Tranche 2 Required Lenders, Tranche 3 Required Lenders, Tranche 4 Required Lenders, Tranche 5 Required Lenders and/or Tranche 6 Required Lenders, as the case may be, stating that such Required Lenders object to such amendment.

3.04 Increased Costs; Reserves on Eurocurrency Rate Loans.

(a) Increased Costs Generally. If any Change in Law shall (i) impose, modify or deem applicable any reserve, special deposit, compulsory loan, insurance charge or similar requirement against assets of, deposits with or for the account of, or credit extended or participated in by, any Lender (except any reserve requirement contemplated by Section 3.04(e)); (ii) subject the Administrative Agent or any Lender to any Tax of any kind whatsoever with respect to this Agreement or any Eurocurrency Rate Loan or Overnight Rate Loan made by it or any Tranche 2 Letter of Credit or participation therein, or change the basis of taxation of payments to such Lender in respect thereof (except for Indemnified Taxes or Other Taxes covered by Section 3.01 and the imposition of, or any change in the rate of, any Excluded Tax payable by such Lender); or (iii) impose on any Lender or any Tranche 2 Issuing Bank or any offshore interbank market applicable to any Foreign Currency any other condition, cost or expense affecting this Agreement or Eurocurrency Rate Loans or Overnight Rate Loans made by such Lender or any Tranche 2 Letter of Credit or participation therein; and the result of any of the foregoing shall be to increase the cost to such Lender of making or maintaining any Eurocurrency Rate Loan (or of maintaining its obligation to make any such Loan) or to increase the cost to such Lender or such Issuing Bank of participating in, issuing or maintaining any Tranche 2 Letter of Credit (or of maintaining its obligation to participate in or to issue any Tranche 2 Letter of Credit), or to reduce the amount of any sum received or receivable by such Lender hereunder (whether of principal, interest or any other amount) then, upon request of such Lender accompanied by a certificate required by subsection (c) below, the applicable Borrower will pay to such Lender such additional amount or amounts as will compensate such Lender for such additional costs incurred or reduction suffered; provided, that any such amount or amounts shall not be duplicative of any amounts to the extent otherwise paid by such Borrower under any other provision of this Agreement. Each Borrower shall have the rights specified in Section 11.13 in respect of any Lender for whose account such Borrower makes any payment under this Section 3.04.

(b) Capital Requirements. If any Lender or Tranche 2 Issuing Bank determines that any Change in Law affecting such Lender or any Lending Office of such Lender or such Lender's holding company, if any, regarding capital or liquidity requirements has or would have the effect of reducing the rate of return on such Lender's capital or on the capital of such Lender's holding company, if any, as a consequence of this Agreement, the Commitments of such Lender or the Loans made by, or participations in Letters of Credit held by, such Lender, or the Letters of Credit issued by any Tranche 2 Issuing Bank, to a level below that which such Lender or such Lender's holding company could have achieved but for such Change in Law (taking into consideration such Lender's policies and the policies of such Lender's holding company with respect to capital adequacy or liquidity), then from time to time, upon request of such Lender accompanied by a certificate required by subsection (c) below, the Borrowers will pay to such Lender such additional amount or amounts as will compensate such Lender or such Lender's holding company for any such reduction suffered.

(c) Certificates for Reimbursement. A certificate of a Lender setting forth in reasonable detail the amount or amounts necessary to compensate such Lender or its holding company, as the case may be, as specified in subsection (a) or (b) of this Section 3.04 and delivered to a Borrower shall be conclusive absent manifest error. Such Lender shall also certify that it is generally charging such costs to similarly situated customers of the applicable Lender under agreements having provisions similar to this Section 3.04 after consideration of such factors as such Lender then reasonably determines to be relevant, which determination shall be made in good faith (and not on an arbitrary or capricious basis). The applicable Borrower shall pay such Lender the amount shown as due on any such certificate within 30 days after receipt thereof.

(d) Delay in Requests. Failure or delay on the part of any Lender to demand compensation pursuant to the foregoing provisions of this Section 3.04 shall not constitute a

waiver of such Lender's right to demand such compensation, provided, that no Borrower shall be required to compensate a Lender pursuant to the foregoing provisions of this Section for any increased costs incurred or reductions suffered more than 180 days prior to the date that such Lender notifies such Borrower of the Change in Law giving rise to such increased costs or reductions and of such Lender's intention to claim compensation therefor (except that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the 180-day period referred to above shall be extended to include the period of retroactive effect thereof).

(e) Reserves on Eurocurrency Rate Loans and Overnight Rate Loans. Each applicable Borrower shall pay to each Lender, as long as such Lender shall be required to maintain reserves with respect to liabilities or assets consisting of or including eurocurrency funds or deposits (currently known as "Eurocurrency liabilities"), additional interest on the unpaid principal amount of each Eurocurrency Rate Loan and/or Overnight Rate Loan made to it equal to the actual costs of such reserves allocated to such Loan by such Lender (as determined by such Lender in good faith, which determination shall be conclusive), which shall be due and payable on each date on which interest is payable on such Loan; provided, that such Borrower shall have received at least 10 days' prior notice (with a copy to the Administrative Agent) of such additional interest from such Lender. If a Lender fails to give notice 10 days prior to the relevant Interest Payment Date, such additional interest shall be due and payable 10 days from receipt of such notice.

3.05 Compensation for Losses. Upon demand of any Lender (with a copy to the Administrative Agent) from time to time, each applicable Borrower shall, within 30 days following request of such Lender (accompanied by a certificate described below), compensate such Lender for and hold such Lender harmless from any loss, cost or expense (excluding lost profits) incurred by it as a result of: (a) any continuation, conversion, payment or prepayment of any Loan made to it other than an ABR Loan on a day other than the last day of the Interest Period for such Loan (whether voluntary, mandatory, automatic, by reason of acceleration, or otherwise); (b) any failure by it (for a reason other than the failure of such Lender to make a Loan) to prepay, borrow, continue or convert any Loan other than an ABR Loan on the date or in the amount notified by it; or (c) any assignment of a Eurocurrency Rate Loan on a day other than the last day of the Interest Period therefor as a result of a request by it pursuant to Section 11.13. For purposes of calculating amounts payable by a Borrower to the Lenders under this Section 3.05, each Lender shall be deemed to have funded each Eurocurrency Rate Loan made by it at the Eurocurrency Rate for such Loan by a matching deposit or other Borrowing in the offshore interbank market applicable to such Foreign Currency for a comparable amount and for a comparable period, whether or not such Eurocurrency Rate Loan was in fact so funded. A certificate of any Lender setting forth in reasonable detail any amount or amounts that such Lender is entitled to receive pursuant to this Section shall be delivered to the applicable Borrower. The applicable Borrower shall pay such Lender the amount shown as due on any such certificate within 30 days after receipt thereof. No Borrower shall be required to compensate a Lender pursuant to this Section for any loss, cost or expense incurred more than 180 days prior to the date that such Lender notifies such Borrower of such loss, cost and expense and of such Lender's intention to claim compensation therefor.

3.06 Mitigation Obligations; Replacement of Lenders.

(a) Designation of a Different Lending Office. If any Lender requests compensation under Section 3.04, or a Borrower is required to pay (or will be required to pay) any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 3.01, or if any Lender gives a notice pursuant to Section 3.02, then such Lender shall use reasonable efforts to designate a different Lending Office for funding or booking its Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the reasonable judgment of such Lender, such designation or assignment (i)

would eliminate or reduce amounts payable pursuant to Section 3.01 or 3.04 as the case may be, in the future, or eliminate the need for the notice pursuant to Section 3.02, as applicable, and (ii) in each case, would not subject such Lender to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender. Each Borrower hereby agrees to pay all reasonable and documented costs and expenses incurred by any Lender in connection with any such designation or assignment within 30 days following request of such Lender.

(b) Replacement of Lenders. If any Lender requests compensation under Section 3.04, or if a Borrower is required to pay (or will be required to pay) any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 3.01, the Parent Borrower may replace such Lender in accordance with Section 11.13.

3.07 Survival. Each Loan Party's obligations under this Article III shall survive the termination of this Agreement, the termination of the Commitments and repayment of all other Obligations hereunder.

3.08 Tranche 2 Issuing Bank. Each Tranche 2 Issuing Bank shall be deemed to be a Lender for purposes of this Article III.

ARTICLE IV.
CONDITIONS PRECEDENT

4.01 Conditions of Closing. The obligation of each Lender to make Loans on or after the Closing Date (if applicable) to the Parent Borrower and of each Tranche 2 Issuing Bank to issue any Tranche 2 Letters of Credit to the Parent Borrower hereunder shall not become effective, and the Closing Date shall not occur, until the date on which each of the following conditions is satisfied:

(a) The Administrative Agent's receipt of the following:

(i) either (i) a counterpart of this Agreement signed on behalf of each party hereto or (ii) written evidence satisfactory to the Administrative Agent (which may include telecopy or other electronic transmission of a signed signature page of this Agreement) that such party has signed a counterpart of this Agreement:

(ii) a Note executed by the Parent Borrower in favor of each Lender requesting a Note at least two Business Days prior to the Closing Date;

(iii) such certificates of resolutions or other action, incumbency certificates and/or other certificates of Responsible Officers of the Parent Borrower as the Administrative Agent may require evidencing the identity, authority and capacity of each Responsible Officer thereof authorized to act as a Responsible Officer in connection with this Agreement and the other Loan Documents;

(iv) such documents and certifications as the Administrative Agent may reasonably require to evidence that the Parent Borrower is duly organized or incorporated, and that the Parent Borrower is validly existing, in good standing in its jurisdiction of organization;

(v) a favorable written opinion of Skadden, Arps, Slate Meagher & Flom LLP, counsel to the Parent Borrower, addressed to the Administrative Agent and each Lender and dated as of the Closing Date, covering such matters relating to the Parent Borrower, this Agreement or other matters incident to the transactions contemplated by this Agreement as the Administrative Agent may reasonably require;

(vi) a certificate signed by a Responsible Officer of the Parent Borrower (on behalf of the Parent Borrower) certifying that the conditions specified in Sections 4.02(a) and (b) have been satisfied; and

(vii) such other assurances, certificates, documents, consents or opinions as the Administrative Agent or the Required Lenders reasonably may require.

(b) (i) The Administrative Agent and the Lenders shall have received, at least five Business Days prior to the Closing Date, all documentation and other information as is reasonably requested by the Administrative Agent or the Lenders about the Parent Borrower and required by regulatory authorities under applicable "know your customer" and anti-money laundering rules and regulations, including the Patriot Act and (ii) to the extent the Parent Borrower qualifies as a "legal entity customer" under the Beneficial Ownership Regulation, at least five Business Days prior to the Closing Date, any Lender that has requested Beneficial Ownership Certifications in relation to the Parent Borrower shall have received such Beneficial Ownership Certifications.

(c) The Administrative Agent shall have received all fees and other amounts due and payable by the Parent Borrower in connection with this Agreement on or prior to the Closing Date, including, to the extent invoiced at least two Business Days prior to the Closing Date, reimbursement or payment of all out of pocket expenses required to be reimbursed or paid by the Parent Borrower hereunder.

(d) The Existing Credit and Guarantee Agreement shall have been terminated and all amounts thereunder have been paid in full, in each case substantially concurrently with the Closing Date.

Without limiting the generality of the provisions of Section 9.04, for purposes of determining compliance with the conditions specified in this Section 4.01, each Lender and Tranche 2 Issuing Bank that has signed this Agreement (and each such Lender's or Tranche 2 Issuing Bank's Affiliates, successors and/or assigns) shall be deemed to (i) have consented to, approved or accepted or to be satisfied with, each document or other matter required thereunder to be consented to or approved by or acceptable or satisfactory to a Lender and Tranche 2 Issuing Bank unless the Administrative Agent shall have received notice from such Lender prior to the proposed Closing Date specifying its objection thereto and (ii) have waived the notice requirement for termination of the commitments under the Existing Credit and Guarantee Agreement as set forth in section 2.04 of the Existing Credit and Guarantee Agreement.

4.02 Conditions to all Borrowings. The obligation of each Lender to make a Loan on the occasion of any Borrowing, and of any Tranche 2 Issuing Bank to issue, amend, renew or extend any Tranche 2 Letter of Credit, is subject to the satisfaction of the following conditions precedent:

(a) The representations and warranties of each Borrower contained in Article V (other than the representations and warranties contained in Sections 5.05(c), 5.06 and 5.14 for all Borrowings other than any Borrowing occurring on the Closing Date or a Designated Borrower Closing Date) that are qualified by materiality shall be true and correct on and as of the date of such Borrowing or the date of issuance, amendment, renewal or extension of such Letter of Credit, and the representations and warranties (other than the representations and warranties contained in Sections 5.05(c), 5.06 and 5.14 for all Borrowings other than any Borrowing occurring on the Closing Date or a Designated Borrower Closing Date) that are not qualified by materiality shall be true and correct in all material respects on and as of the date of such Borrowing or the date of issuance, amendment, renewal or extension of such Tranche 2 Letter of Credit, except to the extent that such representations and warranties specifically refer to an

earlier date, in which case they shall be true and correct in all material respects as of such earlier date (provided, that such materiality qualifier shall not be applicable to any representation or warranty that already is qualified or modified by materiality in the text thereof), and except that for purposes of this Section 4.02, the representations and warranties contained in subsections (a) and (b) of Section 5.05 shall be deemed to refer to the most recent statements delivered pursuant to clauses (a) and (b), respectively, of Section 6.01.

(b) No Default shall exist, or would result from such proposed Borrowing or from the application of the proceeds thereof.

(c) The Administrative Agent shall have received a Committed Loan Notice in accordance with the requirements hereof.

Each Committed Loan Notice in respect of a Borrowing submitted by a Borrower, each issuance, amendment, renewal or extension of a Tranche 2 Letter of Credit and each Borrowing of a Tranche 2 Swingline Loan shall be deemed to be a representation and warranty that the applicable conditions specified in this Section 4.02 have been satisfied on and as of the date of the applicable Borrowing or issuance, amendment, renewal or extension of such Tranche 2 Letter of Credit.

4.03 Conditions to Initial Borrowings by each Designated Borrower. The agreement of each Lender to make a Loan on the occasion of any Borrowing, and of any Tranche 2 Issuing Bank to issue, amend, renew or extend any Tranche 2 Letter of Credit, to any Designated Borrower hereunder is subject to the satisfaction, prior to or concurrently with the making of such extension of credit on the Designated Borrower Closing Date applicable to such Designated Borrower, of the following conditions precedent:

(a) The conditions set forth in Section 4.01 shall have been satisfied prior to or concurrently with the conditions set forth in this Section 4.03 (provided that the conditions set forth in Section 4.01(a) need only to have been satisfied as of the Closing Date) and the Parent Borrower shall have given the Administrative Agent (for distribution to the Lenders) at least 15 Business Days' prior notice of such Designated Borrower Closing Date with reasonable details with respect thereto; provided that with respect to Luxembourg Borrower 1, Luxembourg Borrower 2, Australian Borrower, Canadian Borrower and Singapore Borrower such notice shall have been provided at least 10 Business Days prior to such Designated Borrower Closing Date.

(b) The Administrative Agent shall have received a (i) Joinder Agreement executed and delivered by the Parent Borrower, the applicable Subsidiary and the Administrative Agent, providing for such Subsidiary to become a Designated Borrower and specifying the Tranche or Tranches under which such Designated Borrower shall have the right to borrow, and (ii) a Note executed by such Designated Borrower in favor of each Lender requesting a Note at least two Business Days prior to the applicable Designated Borrower Closing Date.

(c) The Administrative Agent shall have received (i) a certificate of such Designated Borrower, dated such Designated Borrower Closing Date, substantially in the form of the certificates delivered by the Parent Borrower on the Closing Date pursuant to Section 4.01(a)(iii) and (iv), *mutatis mutandis* with appropriate insertions and attachments, including corporate or other applicable resolutions (in the case of an Australian Loan Party and/or the Singapore Borrower, an extract of resolutions of the board of directors or extracts of minutes of a meeting of the board of directors), other corporate or other applicable documents and certificates in respect of such Designated Borrower substantially equivalent to comparable documents delivered on the Closing Date and (ii) such other documents with respect to such Designated Borrower as the Administrative Agent or the Required Lenders shall reasonably request (including for each Luxembourg Borrower, a certificate signed by a manager or an authorized

signatory, attaching the following documents and providing the following certifications: (i) an up-to-date copy of the (restated) articles of association (*statuts* (*coordonnés*)), (ii) a copy of the decision of the board of managers approving the terms of, and the transactions contemplated by, the Loan Documents to which it is a party and resolving that it execute deliver and perform the Loan Documents to which it is a party, (iii) an extract (*extrait*) from the Luxembourg Companies Register dated as at the Designated Borrower Closing Date, (iv) a negative certificate (*certificat de non-inscription d'une décision judiciaire*) from the Luxembourg Companies Register dated as at the Designated Borrower Closing Date, stating that no judicial decision has been registered with the Luxembourg Companies Register by application of article 13, items 2 to 12 and article 14 of the Luxembourg law dated 19 December 2002 relating to the register of commerce and companies, certified by an authorized signatory of each Luxembourg Borrower, (iv) specimen signatures of each person authorized by the resolutions referred to in (ii) above (to the extent such person will execute any Loan Documents), (v) that each copy document relating to it attached to such certificate is correct, complete and (to the extent executed) in full force and effect and has not been amended or superseded prior to the Designated Borrower Closing Date).

(d) The Administrative Agent shall have received a legal opinion from counsel to such Designated Borrower (or, where applicable and customary, counsel to the Administrative Agent) in form and substance reasonably satisfactory to the Administrative Agent as to relevant matters covered generally in the opinions previously delivered pursuant to Section 4.01(a)(v) hereof and to such other matters as are customary for initial extensions of credit to a subsidiary borrower similar to the applicable Designated Borrower.

(e) After giving effect to any actions taken as contemplated by the immediately following sentence and Section 3.01(a), no Protesting Lender (as defined below) shall be a Lender under the applicable Tranche or Tranches that such Designated Borrower will join and no Notice of Objection (as defined below) shall be outstanding. Any Lender that has determined in good faith that it would be subject in making Loans or issuing Tranche 2 Letters of Credit to such Designated Borrower to any withholding Tax or Other Taxes, any regulatory or legal limitation or restriction applicable thereto or any other material financial disadvantage arising out of or attributable to the location or jurisdiction of organization of such Designated Borrower or the nature of its activities (a "Protesting Lender") shall so notify the Parent Borrower and the Administrative Agent in writing (such notice, the "Notice of Objection") prior to the Designated Borrower Closing Date, and with respect to each Protesting Lender that has not withdrawn such Notice of Objection, the Parent Borrower shall, effective on or before the Designated Borrower Closing Date replace such Protesting Lender in accordance with Section 11.13.

(f) (i) The Administrative Agent and the applicable Lenders shall have received all documentation and other information reasonably requested by the applicable Lenders or the Administrative Agent with respect to such Designated Borrower under applicable "know your customer" and anti-money laundering rules and regulations, including the Patriot Act, the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada) and the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth) of Australia* and (ii) to the extent any such Designated Borrower qualifies as a "legal entity customer" under the Beneficial Ownership Regulation, at least five Business Days prior to the applicable Designated Borrower Closing Date, any applicable Lender that has requested Beneficial Ownership Certifications in relation to such Designated Borrower shall have received such Beneficial Ownership Certifications.

ARTICLE V.
REPRESENTATIONS AND WARRANTIES

Each Borrower represents and warrants to the Administrative Agent and the Lenders that (with respect to Luxembourg Borrower 1, each time subject to the relevant provisions of the Banking Act 1993 and relevant CSSF administrative practice):

5.01 Existence, Qualification and Power. Each Borrower (a) is duly incorporated or organized, validly existing and (to the extent such concept exists in such jurisdiction) in good standing under the Laws of the jurisdiction of its incorporation or organization and (b) has all requisite power and authority and all requisite governmental licenses, authorizations, consents and approvals to execute, deliver and perform its obligations under the Loan Documents to which it is a party.

5.02 Authorization; No Contravention. The execution, delivery and performance by each Borrower of each Loan Document to which such Person is party, have been duly authorized by all necessary corporate or other organizational action, and do not and will not contravene (a) the terms of any Borrower's Organizational Documents or (b) any Law or any material contractual restriction binding on or affecting any Borrower, except, in each case referred to in clause (b), to the extent such contravention could not, in the aggregate, reasonably be expected to have a Material Adverse Effect.

5.03 Governmental Authorization; Other Consents. No approval, consent, exemption, authorization, or other action by, or notice to, or filing with, any Governmental Authority or any other Person is necessary or required in connection with the execution, delivery or performance by, or enforcement against, any Borrower of this Agreement or any other Loan Document other than any reports required to be filed by the Parent Borrower with the SEC pursuant to the Exchange Act or except that in respect of Luxembourg law, the registration of the Loan Documents with the *Administration de l'enregistrement, des domaines et de la TVA* in Luxembourg will be required where the Loan Documents are physically attached (*annexé(s)*) to a public deed or to any other document subject to mandatory registration, in which case either a nominal registration duty or an ad valorem duty (of, for instance, 0.24% (zero point twenty four per cent.) of the amount of the payment obligation mentioned in the document so registered) will be payable depending on the nature of the document to be registered, and these registration duties will equally be payable in the case of voluntary registration of the Loan Documents or except where the failure to obtain such approval, consent, exemption or authorization or have such other action, notice or filing be made could not reasonably be expected to result, individually or in the aggregate, in a Material Adverse Effect.

5.04 Binding Effect. This Agreement has been, and each other Loan Document, when delivered hereunder, will have been, duly executed and delivered by each Borrower that is a party thereto. This Agreement constitutes, and each other Loan Document when so delivered will constitute, a legal, valid and binding obligation of each Borrower that is a party thereto, enforceable against each Borrower that is a party thereto in accordance with its terms, subject to the effect of applicable bankruptcy, insolvency, arrangement, moratorium, resolutions, recovery, early intervention and other similar laws affecting creditors' rights generally and to the application of general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law) and an implied covenant of good faith and fair dealing.

5.05 Financial Statements; No Material Adverse Effect.

(a) The Audited Financial Statements (i) were prepared in accordance with GAAP consistently applied throughout the period covered thereby, except as otherwise expressly noted therein; and (ii) fairly present in all material respects the financial condition of the Parent

Borrower and its Subsidiaries as of the date thereof and their results of operations for the period covered thereby in accordance with GAAP consistently applied throughout the period covered thereby, except as otherwise expressly noted therein.

(b) The unaudited consolidated balance sheet of the Parent Borrower and its Subsidiaries dated June 30, 2019, and the related consolidated statements of income or operations, Stockholders' Equity and cash flows for the fiscal quarter ended on that date (i) were prepared in accordance with GAAP consistently applied throughout the period covered thereby, except as otherwise expressly noted therein, and (ii) fairly present in all material respects the financial condition of the Parent Borrower and its Subsidiaries as of the date thereof and their results of operations for the period covered thereby, subject, in the case of clauses (i) and (ii), to the absence of footnotes and to normal year-end audit adjustments.

(c) Since December 31, 2018, subject to the SEC Reports, there has been no event or circumstance, either individually or in the aggregate, that has had or could reasonably be expected to have a Material Adverse Effect.

5.06 Litigation. There are no actions, suits, proceedings, claims or disputes pending or, to the knowledge of any Borrower, threatened in writing, at law, in equity, in arbitration or before any Governmental Authority, by or against the Parent Borrower or any of its Subsidiaries or against any of their properties or revenues that (i) purport to enjoin or restrain the execution or delivery of this Agreement or any other Loan Document or (ii) except as disclosed in the SEC Reports, either individually or in the aggregate could reasonably be expected to have a Material Adverse Effect.

5.07 Ownership of Property. Each of the Parent Borrower and each Subsidiary has good record and marketable title in fee simple to, or valid leasehold interests in, all real property necessary or used in the ordinary conduct of its business, except for such defects in title, or failures to have such interest, as could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

5.08 Taxes. As of the Closing Date, the Parent Borrower and its Subsidiaries have paid all Taxes required to be paid and that are, in the aggregate, material to the Borrowers and their Subsidiaries, except: (a) Taxes being contested in good faith by appropriate proceedings diligently conducted and for which adequate reserves are being maintained in accordance with GAAP or other applicable foreign accounting standard (in either case to the extent required thereby); or (b) to the extent that any failure to pay such Taxes could not reasonably be expected to result in a Material Adverse Effect.

5.09 No Withholding Tax. As at the date of this Agreement, no Loan Parties are required to make any deduction for or on account of Luxembourg Tax from any payment it may make under any Loan Document.

5.10 No Stamp Duty. Under the regulations of Luxembourg, it is not necessary that the Loan Documents be filed, recorded or enrolled with any court or other authority in that jurisdiction or that any stamp, registration, notarial or similar tax or fee be paid on or in relation to the Loan Documents or the transactions contemplated by the Loan Documents.

5.11 ERISA Compliance; Foreign Plans. Except as has not resulted or could not reasonably be expected to result in a Material Adverse Effect: (a) each Plan is in compliance with all material provisions of ERISA, the Code and other Federal or state Laws and each Foreign Plan is in compliance with its terms and with all material provisions of the Laws applicable to such Foreign Plan, (b) there are no pending or, to the knowledge of each Borrower, threatened claims, actions or lawsuits, or action by any Governmental Authority, with respect to

any Plan or Foreign Plan and (c) no ERISA Event or Foreign Plan Event has occurred or is reasonably expected to occur. As of the Closing Date, neither the Parent Borrower nor any Subsidiary maintains, contributes to or otherwise has any liability or obligation in respect of any Canadian Defined Benefit Plan.

5.12 Margin Regulations; Investment Company Act.

(a) No part of the proceeds of any Loans will be used by any Borrower for any purpose that violates the provisions of Regulations T, U and X of the FRB.

(b) No Borrower is required to be registered as an "investment company" under the Investment Company Act of 1940.

5.13 Disclosure. No report, financial statement, certificate or other written information furnished by or on behalf of any Borrower to the Administrative Agent or any Lender prior to the Closing Date in connection with the transactions contemplated hereby and the negotiation of this Agreement (in each case, as modified or supplemented by other information so furnished or by the SEC Reports) contains any material misstatement of fact, and no such document, when considered collectively with all other such documents and the SEC Reports, omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not materially misleading; provided, that with respect to projected financial information, each Borrower represents only that such information was prepared in good faith based upon assumptions believed by it to be reasonable at the time furnished by such Borrower to the Administrative Agent or such Lender (it being understood that any such projected financial information is subject to significant uncertainties and contingencies, that no assurance can be given that any particular projection will be realized and that actual results during the period or periods covered by any such projected financial information may differ materially from the projected results).

5.14 Intellectual Property; Cybersecurity. The Parent Borrower and its Subsidiaries own or possess the right to use (through express agreement or implied right), all of the trademarks, service marks, trade names, copyrights, patents, patent rights, industrial designs, franchises, licenses, domain names, trade secrets, know-how and other intellectual property rights (collectively, "IP Rights") that are required for or used in the operation of their respective businesses, without conflict with the IP Rights of any other Person, except (a) as specified in the SEC Reports or (b) where the failure to own or possess the right to use any such IP Right or where any such conflict would not reasonably be expected to have a Material Adverse Effect. To the Actual Knowledge of each Borrower, no slogan, trademark, service mark, trade name or practice now employed, or now contemplated to be employed by such Borrower, nor the conduct of its businesses, infringes upon any IP Rights held by any other Person, except (i) as specified in the SEC Reports or (ii) where such infringement would not reasonably be expected to have a Material Adverse Effect. Except as specified in the SEC Reports, no written claim or litigation regarding any of the foregoing in this Section 5.14 is pending or, to the knowledge of each Borrower, threatened in writing, which, either individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect. Except as would not be reasonably be expected to have a Material Adverse Effect, (x) each Borrower has taken commercially reasonable actions to protect and maintain the security and continuous operation of its material software and information technology systems and assets (and the data stored therein) and (y) there have been no breaches or violations of, or unauthorized accesses to, same, other than such incidents that were resolved without material cost, liability or the duty to notify any Person.

5.15 Anti-Corruption Laws and Sanctions. Each Borrower has implemented and maintains in effect policies and procedures reasonably designed to promote compliance by such Borrower, its Subsidiaries and their respective directors, officers, employees and agents with

Anti-Corruption Laws and applicable Sanctions, and such Borrower, its Subsidiaries and their respective directors and officers and, to the knowledge of such Borrower, its employees and agents, are in compliance with Anti-Corruption Laws and applicable Sanctions in all material respects. None of (a) any Borrower or Subsidiary or, to the knowledge of such Borrower, any of their respective directors, officers or employees, or (b) to the knowledge of any Borrower, any agent of such Borrower or any Subsidiary that will act in any capacity in connection with or benefit from the credit facility established hereby, is a Sanctioned Person. No Borrowing or Tranche 2 Letter of Credit, use of proceeds or other transaction contemplated by this Agreement will directly or, to the knowledge of the Parent Borrower or any Designated Borrower, indirectly, violate any Anti-Corruption Law or applicable Sanctions.

5.16 Domiciliation. With respect to each Luxembourg Borrower incorporated in Luxembourg, that it complies in all material respects with all requirements of the Luxembourg law of 31 May 1999 on the domiciliation of companies, as amended, and all related regulations, to the extent applicable.

5.17 Centre of main interests and establishments. With respect to each Luxembourg Borrower, for the purposes of regulation (EU) 2015/848 of the European Parliament and of the Council of 20 may 2015 (recast) (the "Regulation"), its centre of main interests (as that term is used in Article 3(1) of the Regulation) is situated in its Original Jurisdiction and none of the Luxembourg Borrowers has any "establishment" (as that term is used in Article 2(h) of the Regulation) in any other jurisdiction.

5.18 Patriot Act. To the extent applicable, each Borrower, to its knowledge, is in compliance in all material respects with the Patriot Act, and each Borrower has provided to the Administrative Agent or any Lender all information related to each Loan Party (including but not limited to names, addresses and tax identification numbers (if applicable)) reasonably requested in writing by the Administrative Agent or such Lender, as applicable, pursuant to the Beneficial Ownership Regulation.

ARTICLE VI.
AFFIRMATIVE COVENANTS

So long as any Lender shall have any Commitment hereunder, any Loan or other Obligation (other than inchoate indemnity obligations) hereunder shall remain unpaid or unsatisfied, any Tranche 2 Letter of Credit remains outstanding or any Tranche 2 LC Disbursement shall not have been reimbursed (with respect to Luxembourg Borrower 1, each time subject to the relevant provisions of the Banking Act of 1993 and relevant CSSF administrative practice):

6.01 Financial Statements. The Parent Borrower shall deliver to the Administrative Agent (for distribution to each Lender):

(a) within 90 days after the end of each fiscal year of the Parent Borrower, a consolidated balance sheet of the Parent Borrower and its Subsidiaries as at the end of such fiscal year, and the related consolidated statements of income or operations, Stockholders' Equity and cash flows for such fiscal year, setting forth in each case in comparative form the figures for the previous fiscal year, all in reasonable detail and prepared in accordance with GAAP; audited and accompanied by a report and opinion of Pricewaterhouse Coopers LLP or other independent certified public accountant of nationally recognized standing, which report and opinion shall be prepared in accordance with generally accepted auditing standards and shall not be subject to any "going concern" or like qualification or exception or any, qualification or exception as to the scope of such audit (other than any qualification or exception related to (i) an upcoming maturity

date in respect of any Indebtedness or (ii) any potential inability to satisfy any financial maintenance covenant on a future date in a future period); and

(b) within 45 days after the end of each of the first three fiscal quarters of each fiscal year of the Parent Borrower, a consolidated balance sheet of the Parent Borrower and its Subsidiaries as at the end of such fiscal quarter, and the related consolidated statements of income or operations, Stockholders' Equity and cash flows for such fiscal quarter and for the portion of the Parent Borrower's fiscal year then ended, setting forth in each case in comparative form the figures for the corresponding fiscal quarter of the previous fiscal year and the corresponding portion of the previous fiscal year, all in reasonable detail, certified by the chief executive officer, chief financial officer, treasurer, chief accounting officer or controller of the Parent Borrower as fairly presenting in all material respects the financial condition, results of operations, Stockholders' Equity and cash flows of the Parent Borrower and its Subsidiaries in accordance with GAAP, subject only to normal year-end audit adjustments and the absence of footnotes.

6.02 Certificates; Other Information. The Parent Borrower shall deliver to the Administrative Agent (for distribution to each Lender):

(a) within the applicable times delivery of the financial statements referred to in Sections 6.01(a) and (b) is required, a duly completed Compliance Certificate signed by the chief executive officer, chief accounting officer, chief financial officer, treasurer or controller of the Parent Borrower;

(b) promptly, such additional information regarding the beneficial ownership or the business, financial or corporate affairs of any Borrower (including any Designated Borrower), or compliance with the terms of the Loan Documents, as the Administrative Agent or any Lender (through the Administrative Agent) may from time to time reasonably request in connection with this Agreement; and

(c) promptly after Moody's, S&P or Fitch shall have announced a change in the Index Debt Rating, or if any such rating agency shall cease to have an Index Debt Rating, written notice of such rating change or cessation.

Notwithstanding the foregoing, the information required to be delivered pursuant to Section 6.01(a) or (b) shall be deemed to have been delivered on the date on which such information has been posted on the Internet at www.sec.gov or such other website previously notified by the Parent Borrower to the Administrative Agent to which each Lender and the Administrative Agent have access (whether a commercial, third-party website or whether sponsored by the Administrative Agent).

6.03 Notices. Promptly after the Parent Borrower's obtaining Actual Knowledge thereof, the Parent Borrower shall notify the Administrative Agent:

(a) of the occurrence of any Default;

(b) of any matter, including litigation, that has resulted or could reasonably be expected to result in a Material Adverse Effect; and

(c) of the occurrence of any ERISA Event or Foreign Plan Event that, when taken together with all other ERISA Events or Foreign Plan Events that have occurred or are reasonably expected to occur, has resulted in or could reasonably be expected to result in a Material Adverse Effect.

Each notice pursuant to this Section 6.03 shall be accompanied by a statement of a Responsible Officer of the Parent Borrower (on behalf of the Parent Borrower) setting forth details of the occurrence referred to therein and stating what action the Parent Borrower has taken and proposes to take with respect thereto.

6.04 Payment of Taxes. Except where the failure to do so could not reasonably be expected to have a Material Adverse Effect, the Parent Borrower shall, and shall cause each of its Subsidiaries to, pay and discharge as the same shall become due and payable, all tax liabilities, assessments and governmental charges or levies upon it or its properties or assets that collectively are material to the Parent Borrower and its Subsidiaries, taken as a whole, unless the same are being contested in good faith by appropriate proceedings diligently conducted and adequate reserves in accordance with GAAP or other applicable foreign accounting standard (in either case to the extent required thereby) are being maintained by the Parent Borrower or such Subsidiary.

6.05 Preservation of Existence, Etc. The Parent Borrower shall, and shall cause each of its Significant Subsidiaries to, (i) preserve, renew and maintain in full force and effect its legal existence, except in a transaction permitted by Section 7.02, and except (other than with respect to the maintenance of the existence of each Designated Borrower) that no Subsidiary shall be required to preserve, renew and maintain its legal existence, if the Parent Borrower or such Subsidiary shall determine that the loss thereof could not be reasonably expected to have a Material Adverse Effect; (ii) take all reasonable action to maintain all rights, privileges, permits, licenses and franchises necessary or desirable in the normal conduct of its business, except to the extent that failure to do so could not reasonably be expected to have a Material Adverse Effect; and (iii) take all reasonable action to maintain the United States registrations (to the extent permitted under applicable law) of all of its registered and validly issued IP Rights, except to the extent that the failure to do so could not reasonably be expected to have a Material Adverse Effect; provided that the foregoing shall not prohibit any merger, consolidation, liquidation or dissolution, or any of the other transactions permitted under Section 7.02.

6.06 Maintenance of Properties. The Parent Borrower shall, and shall cause each of its Subsidiaries to, maintain, preserve and protect all of its material properties and equipment necessary in the operation of its business in good working order and condition, ordinary wear and tear excepted, except where the failure to do so could not reasonably be expected to have a Material Adverse Effect.

6.07 Maintenance of Insurance. Except where the failure to do so could not reasonably be expected to have a Material Adverse Effect, the Parent Borrower shall (a) maintain with financially sound and reputable insurance companies insurance with respect to its properties and business against loss or damage of the kinds customarily insured against by Persons engaged in the same or similar businesses, of such types and in such amounts as are customarily carried under similar circumstances by such other Persons, and/or (b) retain risk through a self insurance mechanism or by agreement with an Affiliate or externally regulated vehicle for funding loss normally provided through insurance coverage carried by companies engaged in the same or similar businesses and owning similar properties.

6.08 Compliance with Laws. The Parent Borrower shall, and shall cause each of its Subsidiaries to, (a) comply in all material respects with the requirements of all Laws and all orders, writs, injunctions and decrees applicable to it or to its business or property, except in such instances in which (i) such requirement of Law or order, writ, injunction or decree is being contested in good faith by appropriate proceedings diligently conducted; or (ii) the failure to comply therewith could not reasonably be expected to have a Material Adverse Effect and (b) maintain in effect and enforce policies and procedures reasonably designed to promote compliance by the Parent Borrower, its Subsidiaries and their respective directors, officers,

employees and agents with Anti-Corruption Laws and applicable Sanctions in all material respects.

6.09 Books and Records. The Parent Borrower shall, and shall cause each of its Significant Subsidiaries to, maintain proper books of record and account that permit the preparation of consolidated financial statements of the Parent Borrower materially in accordance with GAAP.

6.10 Use of Proceeds. The Borrowers shall use the proceeds of the Borrowings for working capital, capital expenditures, Acquisitions and other purposes not in contravention of any Loan Document.

6.11 Ownership of Designated Borrowers. The Parent Borrower shall own, directly or indirectly, all of the capital stock or other equity interests (other than (a) directors' qualifying shares and (b) nominal shares issued to foreign nationals to the extent required by applicable Requirements of Law) of each Designated Borrower.

ARTICLE VII.
NEGATIVE COVENANTS

So long as any Lender shall have any Commitment hereunder, any Loan or other Obligation (other than inchoate indemnity obligations) hereunder shall remain unpaid or unsatisfied, any Tranche 2 Letter of Credit remains outstanding or any Tranche 2 LC Disbursement shall not have been reimbursed (with respect to Luxembourg Borrower 1, each time subject to the relevant provisions of the Banking Act 1993 and relevant CSSF administrative practice):

7.01 Liens. The Parent Borrower shall not, and shall not permit any of its Subsidiaries to, create, incur, assume or suffer to exist any Lien upon any of its property, assets or revenues, whether now owned or hereafter acquired, other than the following:

(a) Liens pursuant to any Loan Document;

(b) Liens existing on the date hereof and listed on Schedule 7.01 hereto and any replacements, renewals or extensions thereof; provided, that (i) the property covered thereby is not changed, and other than with respect to improvements and accessions to the subject assets and proceeds and products thereof, and (ii) the amount of the obligations secured or benefited thereby is not increased at the time of such replacement, renewal or extension except by an amount equal to a premium or other prepayment penalties and accrued interest paid, and fees and expenses incurred, in connection with such replacement, renewal or extension;

(c) Liens for taxes, fees, assessments or other governmental charges, levies or claims not yet due or which are not delinquent beyond any period of grace or remain payable without penalty or which are being contested in good faith and by appropriate proceedings diligently conducted, if adequate reserves with respect thereto are maintained on the books of the applicable Person in accordance with GAAP or other applicable foreign accounting standard (in either case to the extent required thereby);

(d) carriers', warehousemen's, mechanics', materialmen's, repairmen's, landlord's, supplier's or other like Liens arising in the ordinary course of business;

(e) pledges or deposits in the ordinary course of business in connection with workers' compensation, unemployment insurance and other social security legislation, other than any Lien imposed by ERISA or any Lien imposed pursuant to applicable Canadian federal or provincial

pension benefit standards legislation (other than Liens for amounts required to be remitted but not yet due);

(f) deposits to secure the performance of bids, trade contracts and leases (other than Indebtedness), statutory or regulatory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature incurred in the ordinary course of business;

(g) easements, rights-of-way, restrictions and other similar encumbrances affecting real property which do not in any case materially detract from the value of the property subject thereto or materially interfere with the ordinary conduct of the business of the applicable Person;

(h) Liens securing capital leases, finance leases, purchase money obligations and other obligations (other than obligations in respect of Sale Lease-Back Transactions), the proceeds of which are used to acquire or construct fixed or capital assets or improvements with respect thereto or any refinancings, refundings, renewals, amendments or extensions thereof; provided, that the amount of such obligations is not increased at the time of such refinancing, refunding, renewal, amendment or extension except by an amount equal to a premium or other prepayment penalty and accrued interest paid, and fees and expenses incurred, in connection with such refinancing, refunding, renewal, amendment or extension, and provided further that such Liens do not at any time encumber any property other than the property financed thereby, other than with respect to improvements and accessions to the subject assets and proceeds and products thereof;

(i) Liens existing on any real property or other assets prior to the acquisition thereof by the Parent Borrower or any Subsidiary existing on any such property or asset of any Person that becomes a Subsidiary, provided that (i) such Lien is not created solely in contemplation of such acquisition or such Person becoming a Subsidiary, as the case may be; (ii) such Lien shall not apply to any other property or assets of the Parent Borrower or any other Subsidiary other than improvements and accessions to the subject assets and proceeds and products thereof; and (iii) any such Lien does not by its terms secure any Indebtedness other than Indebtedness existing immediately prior to the time of such acquisition or such Person becoming a Subsidiary, as the case may be; and any replacements, renewals or extensions thereof, provided, that (A) the property covered thereby is not changed, other than with respect to improvements and accessions to the subject assets and proceeds thereof, and (B) the amount of the obligations secured or benefited thereby is not increased at the time of such replacement, renewal or extension except by an amount equal to a premium or other prepayment penalty and accrued interest paid, and fees and expenses incurred, in connection with such replacement, renewal or extension;

(j) Liens securing judgments for the payment of money not constituting an Event of Default under Section 8.01(g);

(k) Liens arising by virtue of any contractual, statutory or common law provision relating to banker's liens, rights of set-off or similar rights and remedies as to deposit accounts, other funds maintained with a creditor depository institution, or investment or securities accounts; provided, that (i) such account is not a dedicated cash collateral account, and (ii) such account is not intended by the Parent Borrower or any of its Subsidiaries to provide collateral to the depository institution with respect to otherwise unrelated obligations of the Parent Borrower or any such Subsidiary to such depository institution;

(l) Liens arising under repurchase agreements, reverse repurchase agreements, securities lending and borrowing agreements and similar transactions;

(m) (i) Liens arising under master netting agreements and other Swap Contracts to hedge exposure to currency and interest rate risks entered into in the ordinary course of business

and not for speculative purposes and (ii) Liens securing obligations in respect of cash pooling and notional pooling arrangements and overdraft facilities in the ordinary course of business;

(n) Liens arising from precautionary filings in respect of (i) operating leases and (ii) credit and cash management programs between third parties and customers of the Parent Borrower or customers of any Subsidiary of the Parent Borrower under which the Parent Borrower or such Subsidiary does not have any Indebtedness;

(o) Liens arising from leases, licenses, subleases or sublicenses, in each case, granted to others in the ordinary course of business which (i) would not reasonably be expected to have a Material Adverse Effect and (ii) do not secure any Indebtedness;

(p) any interest or title of a lessor in the property (and the proceeds, accession or products thereof) subject to any operating lease, and Liens arising from Uniform Commercial Code financing statements (or equivalent filings, registrations or agreements in foreign jurisdictions) relating to true leases or leases permitted hereunder;

(q) Liens to secure intercompany Indebtedness among the Parent Borrower and its Subsidiaries and between Subsidiaries of the Parent Borrower, in each case in the ordinary course of business;

(r) Liens arising in connection with any Securitization; provided, that such Liens do not encumber any assets other than the receivables or other assets being financed, the property securing or otherwise relating to such receivables or other assets, and the proceeds thereof;

(s) Liens solely on deposits, advances, contractual payments, including implementation allowances or escrows to or with landlords, customers or clients or in connection with insurance arrangement in the ordinary course of business;

(t) Liens encumbering property or assets under construction (and proceeds or products thereof) arising from progress or partial payments by a customer of the Parent Borrower or its Subsidiaries relating to such property or assets;

(u) Liens arising in connection with any Sale Lease-Back Transaction;

(v) other Liens to secure Indebtedness or other obligations (together with Liens arising in connection with any Sale Lease-Back Transaction permitted by Section 7.01(u)); provided, that at the time of the creation, incurrence or assumption of such Indebtedness or other obligation secured by such Liens the aggregate outstanding principal amount of the Indebtedness and other obligations secured by such Liens permitted by this subsection (v) together with the outstanding principal amount of the Indebtedness incurred in reliance on Section 7.04(l) shall not at such time exceed an amount equal to the greater of (x) $1,000,000,000 and (y) 15% of Consolidated Net Tangible Assets of the Parent Borrower; and

(w) Liens (x) on advances of cash or cash equivalents in favor of the seller of any property to be acquired in an Acquisition or other investment to be applied against the purchase price and (y) on any cash earnest money deposits, escrow arrangements or similar arrangements made by the Parent Borrower or any Subsidiary in connection with any letter of intent or purchase agreement for an Acquisition or other transaction permitted hereunder.

7.02 Fundamental Changes. The Parent Borrower and each Designated Borrower shall not: merge, amalgamate, dissolve, liquidate or consolidate with or into another Person, or Dispose of (whether in one transaction or in a series of transactions) all or substantially all of the assets of the Parent Borrower and its Subsidiaries (whether now owned or hereafter acquired),

taken as a whole, to any Person (other than the Parent Borrower or any of its Subsidiaries); provided, however, that, if at the time thereof and immediately after giving effect thereto no Event of Default shall have occurred and be continuing, (a) any Person may merge or amalgamate with or into or consolidate with the Parent Borrower or a Designated Borrower, if (i) any of the Parent Borrower or a Designated Borrower is the surviving Person or (ii) the Parent Borrower or the applicable Designated Borrower, as the case may be, is not the surviving Person, (x) all Obligations of the Parent Borrower, or the applicable Designated Borrower, as the case may be, shall have been assumed by the surviving Person by operation of Law or through assumption documents satisfactory to the Administrative Agent, (y) in the case of a U.S. Borrower the surviving Person shall be organized under the laws of any jurisdiction within the United States and (z) the Parent Borrower or the applicable Designated Borrower, as the case may be, provide any documentation and other information about the surviving Person at least three Business Days prior to the consummation of such merger, amalgamation or consolidation as shall have been reasonably requested in writing by any Lender through the Administrative Agent that such Lender shall have reasonably determined is required by regulatory authorities under applicable "know your customer" and anti-money laundering rules and regulations, including without limitation the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (Cth) of Australia and the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada), and (b) the Parent Borrower or a Designated Borrower may (i) merge into any of its Subsidiaries for the purpose of effecting a change in its state of incorporation (to a state within the United States in the case of a U.S. Borrower) (if all Obligations shall have been assumed by such Subsidiary by operation of Law or through assumption documents satisfactory to the Administrative Agent), and (ii) reincorporate in any other jurisdiction in the United States, but must in each case promptly notify the Administrative Agent thereof.

7.03 Use of Proceeds.

(a) The Parent Borrower or any Designated Borrower shall not use the proceeds of any Borrowing, whether directly or indirectly, and whether immediately, incidentally or ultimately, to purchase or carry margin stock (within the meaning of Regulation U of the FRB) or to extend credit to others for the purpose of purchasing or carrying margin stock or to refund indebtedness originally incurred for such purpose, in each case in violation of, or for a purpose which violates, or would be inconsistent with, Regulation T, U or X of the FRB.

(b) The Parent Borrower or any Designated Borrower will not request any Borrowing or Tranche 2 Letter of Credit, and the Parent Borrower or any Designated Borrower shall not use, directly or, to its knowledge, indirectly, the proceeds of any Borrowing or Tranche 2 Letter of Credit (i) in furtherance of an offer, payment, promise to pay, or authorization of the payment or giving of money, or anything else of value, to any Person by the Parent Borrower or any Designated Borrower in violation of any Anti-Corruption Laws or (ii) for the purpose of directly or, to its knowledge, indirectly, funding, financing or facilitating any activities, business or transaction by the Parent Borrower or any Designated Borrower with any Sanctioned Person, or in any Sanctioned Country, to the extent such activities, businesses or transaction would be prohibited by Sanctions if conducted by a corporation incorporated in the United States, the United Kingdom or in a European Union member state.

7.04 Subsidiary Indebtedness. The Parent Borrower shall not permit any of its Subsidiaries to, directly or indirectly, create, incur, assume or suffer to exist any Indebtedness, except:

(a) Indebtedness of the Loan Parties under the Loan Documents;

(b) Indebtedness existing on the date hereof and listed on Schedule 7.04 hereto, and any extensions, renewals and replacements thereof that do not increase the outstanding principal amount thereof (except to the extent otherwise permitted hereby);

(c) Indebtedness of any Subsidiary to any other Subsidiary or to the Parent Borrower;

(d) Guarantees by a Subsidiary in respect of any Indebtedness otherwise permitted hereunder;

(e) Indebtedness incurred to finance the acquisition, construction or improvement of any fixed or capital assets, including finance lease obligations, and any Indebtedness assumed in connection with the acquisition of any such assets or secured by a Lien on any such assets prior to the acquisition thereof, and extensions, renewals and replacements of any such Indebtedness that do not increase the outstanding principal amount thereof (except to the extent otherwise permitted hereby);

(f) Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds incurred in the ordinary course of business;

(g) obligations in respect of performance, bid, appeal and surety bonds and completion guarantees and similar obligations provided by any Subsidiary in the ordinary course of business;

(h) any bankers' acceptance, bank guarantees, letter of credit, warehouse receipt or similar facilities entered into in the ordinary course of business (including in respect of workers compensation claims, health, disability or other employee benefits or property, casualty or liability insurance or self-insurance or other obligations with respect to reimbursement type obligations regarding workers compensation claims), but not in respect of Indebtedness;

(i) Indebtedness in respect of netting services, automatic clearinghouse arrangements, overdraft protections and similar arrangements incurred in the ordinary course of business;

(j) Indebtedness incurred to finance Acquisitions, provided that the aggregate principal amount of such Indebtedness outstanding at any time shall not exceed $750,000,000;

(k) Indebtedness representing deferred compensation to employees incurred in the ordinary course of business;

(l) other Indebtedness, provided that the aggregate outstanding principal amount of Indebtedness incurred in reliance on this clause (l), together with the outstanding principal amount of Indebtedness and other obligations secured by Liens incurred in reliance on Section 7.01(v), shall not, at the time of incurrence of such Indebtedness under this clause (l), exceed an amount equal to the greater of (i) $1,000,000,000 and (ii) 15% of the Consolidated Net Tangible Assets of the Parent Borrower;

(m) obligations (contingent or otherwise) of any Subsidiary existing or arising under any Swap Contract, provided that such obligations are (or were) entered into by such Subsidiary in the ordinary course of business and not for speculative purposes;

(n) Indebtedness of any Person that becomes a Subsidiary after the date hereof; provided that such Indebtedness exists at the time such Person becomes a Subsidiary and is not

created in contemplation of or in connection with such Person becoming a Subsidiary and is not secured by any Liens other than Liens permitted under Section 7.01 hereof;

(o) Indebtedness incurred in connection with a securitization transaction (a "Securitization Financing"); provided that any Lien securing such Indebtedness does not at any time encumber assets other than the receivables or other assets being financed by such Indebtedness, and any unsecured Guarantee by any Subsidiary of the obligations of the Securitization Subsidiary under a Securitization Financing; ~~and~~

(p) Indebtedness in respect of short-term working capital facilities in an aggregate principal amount not to exceed $250,000,000 at any time outstanding~~.~~; and

(q) Indebtedness incurred by Paidy, Inc. and its Subsidiaries in an aggregate principal amount not to exceed $750,000,000 at any time outstanding.

7.05 Financial Covenant. The Parent Borrower shall not permit its Consolidated Leverage Ratio, as determined as of the end of any fiscal quarter of the Parent Borrower, to exceed 4.00 to 1.00. Notwithstanding the foregoing (i) at the election of the Parent Borrower (the notice of which election shall be given to the Administrative Agent within 30 days after consummating the relevant Qualified Acquisition), the level set forth above shall be increased to 4.50 to 1.00 in connection with a Qualified Acquisition for four consecutive fiscal quarters (and no other fiscal quarters), starting with the fiscal quarter in which such Qualified Acquisition is consummated (a "Qualified Acquisition Election"); (ii) the Parent Borrower may make a Qualified Acquisition Election no more than twice during the life of this Agreement; and (iii) upon the return to a maximum Consolidated Leverage Ratio of 4.00 to 1.00 after any Qualified Acquisition Election, such level must be maintained for at least two fiscal quarters before the Parent Borrower may elect to increase such level for a subsequent time pursuant to any subsequent Qualified Acquisition Election; provided, that the Parent Borrower may, at any time prior to the immediately succeeding fiscal quarter end, elect to reduce its maximum Consolidated Leverage Ratio to 4.00 to 1.00 for such fiscal quarter end and each fiscal quarter end thereafter by delivering an irrevocable written notice of such election to the Administrative Agent; thereafter, the Parent Borrower may elect to increase the maximum Consolidated Leverage Ratio on the terms set forth in this Section 7.05 in connection with a Qualified Acquisition after its Consolidated Leverage Ratio remains below 4.00 to 1.00 for two consecutive fiscal quarters.

7.06 Canadian Defined Benefit Plans

. Except as could not reasonably be expected to result in Material Adverse Effect, neither the Parent Borrower nor any of its Subsidiaries shall establish, commence contributing to, or otherwise assume any liability or obligation with respect to any Canadian Defined Benefit Plan.

ARTICLE VIII.
EVENTS OF DEFAULT AND REMEDIES

8.01 Events of Default. Any of the following shall constitute an Event of Default:

(a) Non-Payment. Any Borrower fails to pay (i) when and as required to be paid herein, any amount of principal of any Loan or any reimbursement obligation in respect of any Tranche 2 LC Disbursement, or (ii) within five Business Days after the same becomes due, any interest on any Loan, or any fee due hereunder, or any other amount payable hereunder or under any other Loan Document; or

(b) Specific Covenants. Any Borrower fails to perform or observe any term, covenant or agreement contained in any of Section 6.03(a) or 6.05(i) (solely with respect to the

Parent Borrower's existence or the existence of any other Borrower to which Loans or reimbursement obligations in respect of Tranche 2 Letters of Credit are outstanding), or Article VII (other than Section 7.03(b)); or

(c) Other Defaults. Any Borrower fails to perform or observe any other covenant or agreement (not specified in subsection (a) or (b) above) contained in any Loan Document on its part to be performed or observed and such failure continues for 30 days after the receipt by such Borrower of notice from the Administrative Agent thereof; or

(d) Representations and Warranties. Any representation, warranty, certification or statement of fact made or deemed made by or on behalf of any Borrower herein, in any other Loan Document, or in any document delivered in connection herewith or therewith shall be incorrect in any material respect when made or deemed made; or

(e) Cross-Default. (i) The Parent Borrower or any Subsidiary (A) fails to make any payment when due (whether by scheduled maturity, required prepayment, acceleration, demand, or otherwise) in respect of any Indebtedness (other than Indebtedness hereunder and Indebtedness under Swap Contracts) having an aggregate principal amount (including undrawn committed or available amounts and including amounts owing to all creditors under any combined or syndicated credit arrangement) of more than the Threshold Amount ("Specified Indebtedness"), after giving effect to any applicable grace period, if any, specified in the agreement or instrument relating to such Specified Indebtedness, or (B) fails to observe or perform any other agreement or condition relating to any Specified Indebtedness or contained in any instrument or agreement evidencing, securing or relating thereto, after giving effect to any applicable grace period, if any, specified in the agreement or instrument relating to such Specified Indebtedness, the effect of which default is to cause, or to permit the holder or holders of such Specified Indebtedness (or a trustee or agent on behalf of such holder or holders) to cause, with the giving of notice if required, such Specified Indebtedness to be demanded or to become due or to be repurchased, prepaid, defeased or redeemed (automatically or otherwise), or an offer to repurchase, prepay, defease or redeem such Specified Indebtedness to be made, prior to its stated maturity; or (ii) there occurs under any Swap Contract an Early Termination Date (as defined in such Swap Contract) resulting from (A) any event of default under such Swap Contract as to which the Parent Borrower or any Subsidiary is the Defaulting Party (as defined in such Swap Contract) and the Swap Termination Value owed by the Parent Borrower or such Subsidiary as a result thereof is greater than the Threshold Amount, or (B) any Termination Event (as so defined) under such Swap Contract as to which the Parent Borrower or any Subsidiary is an Affected Party (as so defined) and (I) the Swap Termination Value owed by the Parent Borrower or such Subsidiary as a result thereof is greater than the Threshold Amount, and (II) the Parent Borrower or such Subsidiary shall fail to make payment thereof within the later to occur of five Business Days after the due date thereof and the expiration of any grace periods in such Swap Contract applicable to such payment obligation; or

(f) Inability to Pay Debts; Insolvency Proceedings, Etc. The Parent Borrower or any Significant Subsidiary becomes unable, or is presumed or deemed to be unable, or admits in writing its inability or fails generally to pay its debts as they become due and payable; or the Parent Borrower or any of its Significant Subsidiaries institutes or consents to the institution of any proceeding under any Debtor Relief Law, or makes an assignment for the benefit of creditors; or Parent Borrower or any Significant Subsidiary applies for or consents to the appointment of any receiver, judicial manager, trustee, custodian, conservator, liquidator, rehabilitator or similar officer (including an administrator, administrator receiver or an Australian Controller) for it or for all or any material part of its property; or any receiver, trustee, custodian, conservator, liquidator, provisional or interim liquidator, rehabilitator or similar officer (including an administrator, administrator receiver or an Australian Controller) is appointed without the application or consent of the Parent Borrower or such Significant

Subsidiary and the appointment continues undischarged or unstayed for 60 calendar days; or any proceeding under any Debtor Relief Law relating to the Parent Borrower or such Significant Subsidiary or to all or any material part of its property is instituted without the consent of the Parent Borrower or such Significant Subsidiary and continues undismissed or unstayed for 60 calendar days, or an order for relief is entered in any such proceeding; or

(g) Judgments. There is entered against the Parent Borrower or any Significant Subsidiary one or more final judgments or orders for the payment of money in an aggregate amount (as to all such judgments or orders) exceeding the Threshold Amount (to the extent not paid or covered by independent third-party insurance as to which the insurer does not dispute coverage) and the same shall remain undischarged for a period of 60 consecutive days during which a stay of enforcement of such judgment, by reason of a pending appeal or otherwise, is not in effect; or

(h) ERISA. An ERISA Event or Foreign Plan Event shall have occurred that, when taken together with all other ERISA Events or Foreign Plan Events that have occurred, has resulted in liability of any Borrower in an aggregate amount in excess of the Threshold Amount; or

(i) Invalidity of Loan Documents. Any Loan Document, at any time after its execution and delivery and for any reason other than as expressly permitted hereunder or thereunder or satisfaction in full of all the Obligations, ceases to be in full force and effect; or any Borrower or any of its Subsidiaries contests in any manner the validity or enforceability of any Loan Document; or any Borrower denies that it has any or further liability or obligation under any Loan Document, or purports to revoke, terminate or rescind any Loan Document (other than in accordance with Section 11.18 hereof); or

(j) Change of Control. There occurs any Change of Control;

(k) Guarantee. The guarantee contained in Article X shall cease, for any reason, to be in full force and effect or the Parent Borrower shall so assert (other than (x) as a result of the satisfaction in full of all Obligations or (y) in accordance with the terms hereof); or

(l) Declared Company. The Parent Borrower or any Significant Subsidiary is declared by the Minister of Finance of Singapore to be a company to which Part IX of the Companies Act, Chapter 50 of Singapore applies.

8.02 Remedies Upon Event of Default. If any Event of Default occurs and is continuing, the Administrative Agent shall, at the request of, or may, with the consent of, the Required Lenders, take any or all of the following actions:

(a) declare the Commitment of each Lender to make Loans to be terminated, whereupon such Commitments and obligation shall be terminated;

(b) declare the unpaid principal amount of all outstanding Loans, all interest accrued and unpaid thereon, and all other amounts owing or payable hereunder or under any other Loan Document to be immediately due and payable, without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived by each Borrower; or

(c) exercise on behalf of itself and the Lenders all rights and remedies available to it and the Lenders under the Loan Documents;

provided, however, that upon the occurrence of an actual or deemed entry of an order for relief with respect to any Borrower under the Bankruptcy Code of the United States, the obligation of

each Lender to make Loans shall automatically terminate, the unpaid principal amount of all outstanding Loans and all interest and other amounts as aforesaid shall automatically become due and payable without further act of the Administrative Agent or any Lender.

8.03 Application of Funds. After the exercise of remedies provided for in Section 8.02 (or after the Loans have automatically become immediately due and payable), any amounts received on account of the Obligations shall be applied by the Administrative Agent in the following order:

First, to payment of that portion of the Obligations constituting fees, indemnities, expenses and other amounts (including fees, charges and disbursements of counsel to the Administrative Agent and amounts payable under Article III) payable to the Administrative Agent in its capacity as such;

Second, to payment of that portion of the Obligations constituting fees, indemnities and other amounts (other than principal and interest) payable to the Lenders (including fees, charges and disbursements of counsel to the respective Lenders and amounts payable under Article III), ratably among them in proportion to the respective amounts described in this clause Second payable to them;

Third, to payment of that portion of the Obligations constituting accrued and unpaid interest on the Loans and other Obligations, ratably among the Lenders in proportion to the respective amounts described in this clause Third payable to them;

Fourth, to payment of that portion of the Obligations constituting unpaid principal of the Loans and reimbursement obligations in respect of Letters of Credit (including to cash collateralize outstanding Letters of Credit), ratably among the Lenders in proportion to the respective amounts described in this clause Fourth held by them; and

Last, the balance, if any, after all of the Obligations have been indefeasibly paid in full, to the applicable Borrower or Borrowers or as otherwise required by Law.

ARTICLE IX.
ADMINISTRATIVE AGENT

9.01 Appointment and Authority. Each of the Lenders and each Tranche 2 Issuing Bank hereby irrevocably appoints JPMorgan Chase Bank, N.A. to act on its behalf as the Administrative Agent hereunder and under the other Loan Documents and authorizes the Administrative Agent to take such actions on its behalf and to exercise such powers as are delegated to the Administrative Agent by the terms hereof or thereof, together with such actions and powers as are reasonably incidental thereto. The provisions of this Article (other than Section 9.06) are solely for the benefit of the Administrative Agent and the Lenders, and the Parent Borrower shall not have rights as a third-party beneficiary of any of such provisions.

9.02 Rights as a Lender. The Person serving as the Administrative Agent hereunder shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not the Administrative Agent and the term "Lender" or "Lenders" shall, unless otherwise expressly indicated or unless the context otherwise requires, include the Person serving as the Administrative Agent hereunder in its individual capacity. Such Person and its Affiliates may accept deposits from, lend money to, act as the financial advisor or in any other advisory capacity for and generally engage in any kind of business with the Parent Borrower or any Subsidiary or other Affiliate thereof as if such Person were not the Administrative Agent hereunder and without any duty to account therefor to the Lenders.

9.03 Exculpatory Provisions. The Administrative Agent shall not have any duties or obligations except those expressly set forth herein and in the other Loan Documents. Without limiting the generality of the foregoing, the Administrative Agent: (a) shall not be subject to any fiduciary or other implied duties, regardless of whether a Default has occurred and is continuing; (b) shall not have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated hereby or by the other Loan Documents that the Administrative Agent is required to exercise as directed in writing by the Required Lenders (or such other number or percentage of the Lenders as shall be expressly provided for herein or in the other Loan Documents); provided, that the Administrative Agent shall not be required to take any action that, in its opinion or the opinion of its counsel, may expose the Administrative Agent to liability or that is contrary to any Loan Document or applicable law; and (c) shall not, except as expressly set forth herein and in the other Loan Documents, have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to the Parent Borrower or any of its Affiliates that is communicated to or obtained by the Person serving as the Administrative Agent or any of its Affiliates in any capacity. The Administrative Agent shall not be liable for any action taken or not taken by it (i) with the consent or at the request of the Required Lenders (or such other number or percentage of the Lenders as shall be necessary, or as the Administrative Agent shall believe in good faith shall be necessary, under the circumstances as provided in Sections 8.02 and 11.01) or (ii) in the absence of its own gross negligence or willful misconduct. The Administrative Agent shall be deemed not to have knowledge of any Default unless and until notice describing such Default is given to the Administrative Agent by the Parent Borrower or a Lender. The Administrative Agent shall not be responsible for or have any duty to ascertain or inquire into (A) any statement, warranty or representation made in or in connection with this Agreement or any other Loan Document, (B) the contents of any certificate, report or other document delivered hereunder or thereunder or in connection herewith or therewith, (C) the performance or observance of any of the covenants, agreements or other terms or conditions set forth herein or therein or the occurrence of any Default, (D) the validity, enforceability, effectiveness or genuineness of this Agreement, any other Loan Document or any other agreement, instrument or document or (E) the satisfaction of any condition set forth in Article IV or elsewhere herein, other than to confirm receipt of items expressly required to be delivered to the Administrative Agent.

9.04 Reliance by Administrative Agent. The Administrative Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing (including any electronic message, Internet or intranet website posting or other distribution) believed by it to be genuine and to have been signed, sent or otherwise authenticated by the proper Person. The Administrative Agent also may rely upon any statement made to it orally or by telephone and believed by it to have been made by the proper Person, and shall not incur any liability for relying thereon. In determining compliance with any condition hereunder to the making of a Loan that by its terms must be fulfilled to the satisfaction of a Lender, the Administrative Agent may presume that such condition is satisfactory to such Lender unless the Administrative Agent shall have received notice to the contrary from such Lender prior to the making of such Loan. The Administrative Agent may consult with legal counsel (who may be counsel for the Parent Borrower), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts.

9.05 Delegation of Duties. The Administrative Agent may perform any and all of its duties and exercise its rights and powers hereunder or under any other Loan Document by or through any one or more sub-agents appointed by the Administrative Agent. The Administrative Agent and any such sub-agent may perform any and all of its duties and exercise its rights and powers by or through their respective Related Parties. The exculpatory provisions of this Article shall apply to any such sub-agent and to the Related Parties of the Administrative Agent and any

such sub-agent, and shall apply to their respective activities in connection with the syndication of the credit facilities provided for herein as well as activities as Administrative Agent.

9.06 Resignation of Administrative Agent. The Administrative Agent may at any time give notice of its resignation to the Lenders, each Tranche 2 Issuing Bank and the Parent Borrower. Upon receipt of any such notice of resignation, the Required Lenders shall have the right, with the consent of the Parent Borrower (not to be unreasonably withheld) unless an Event of Default under Section 8.01(a) or Section 8.01(f) shall have occurred and be continuing, to appoint a successor, which shall be a Lender with an office in the United States, or an Affiliate of any such Lender with an office in the United States. Such successor Administrative Agent shall deliver to the Parent Borrower duly completed IRS Form W-8, W-9, or other applicable IRS forms. If no such successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within 45 days after the retiring Administrative Agent gives notice of its resignation, then the retiring Administrative Agent may on behalf of the Lenders and each Tranche 2 Issuing Bank, appoint a successor Administrative Agent meeting the qualifications set forth above; provided that if the Administrative Agent shall notify the Parent Borrower and the Lenders that no qualifying Person has accepted such appointment, then such resignation shall nonetheless become effective in accordance with such notice and (a) the retiring Administrative Agent shall be discharged from its duties and obligations hereunder and under the other Loan Documents (except that in the case of any collateral security held by the Administrative Agent on behalf of the Lenders under any of the Loan Documents, the retiring Administrative Agent shall continue to hold such collateral security until such time as a successor Administrative Agent is appointed) and (b) all payments, communications and determinations provided to be made by, to or through the Administrative Agent shall instead be made by or to each Lender directly, until such time as the Required Lenders appoint a successor Administrative Agent as provided for above in this Section. Upon the acceptance of a successor's appointment as Administrative Agent hereunder, such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring (or retired) Administrative Agent, and the retiring Administrative Agent shall be discharged from all of its duties and obligations hereunder or under the other Loan Documents (if not already discharged therefrom as provided above in this Section 9.06). The fees payable by the Parent Borrower to a successor Administrative Agent shall be the same as those payable to its predecessor unless otherwise agreed between the Parent Borrower and such successor. After the retiring Administrative Agent's resignation hereunder and under the other Loan Documents, the provisions of this Article and Section 11.04 shall continue in effect for the benefit of such retiring Administrative Agent, its sub-agents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while the retiring Administrative Agent was acting as Administrative Agent.

9.07 Non-Reliance on Administrative Agent, the Arrangers and Other Lenders. Each Lender acknowledges that it has, independently and without reliance upon the Administrative Agent, the Arrangers, or any other Lender or any of their Related Parties and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender also acknowledges that it will, independently and without reliance upon the Administrative Agent, the Arrangers or any other Lender or any of their Related Parties and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement or any other Loan Document.

9.08 No Other Duties, Etc. Anything herein to the contrary notwithstanding, none of the Arrangers, Syndication Agents or Documentation Agents listed on the cover page hereof shall have any powers, duties or responsibilities under this Agreement, a Tranche 2 Issuing Bank, or any of the other Loan Documents, except in its capacity, as applicable, as the Administrative Agent or a Lender hereunder. Without limiting the foregoing, none of such Lenders shall have or be deemed to have a fiduciary relationship with any Lender. The Lenders are not partners or

co-venturers, and no Lender shall be liable for the acts or omissions of, or (except as otherwise set forth herein in case of the Administrative Agent) authorized to act for, any other Lender.

9.09 Posting of Communications.

(a) Each Borrower agrees that the Administrative Agent may, but shall not be obligated to, make any Communications available to the Lenders and the Tranche 2 Issuing Banks by posting the Communications on IntraLinks™, DebtDomain, SyndTrak, ClearPar or any other electronic platform chosen by the Administrative Agent to be its electronic transmission system (the "Approved Electronic Platform").

(b) Although the Approved Electronic Platform and its primary web portal are secured with generally-applicable security procedures and policies implemented or modified by the Administrative Agent from time to time (including, as of the Closing Date, a user ID/password authorization system) and the Approved Electronic Platform is secured through a per-deal authorization method whereby each user may access the Approved Electronic Platform only on a deal-by-deal basis, each of the Lenders, each of the Tranche 2 Issuing Banks and each of the Borrowers acknowledges and agrees that the distribution of material through an electronic medium is not necessarily secure, that the Administrative Agent is not responsible for approving or vetting the representatives or contacts of any Lender that are added to the Approved Electronic Platform, and that there may be confidentiality and other risks associated with such distribution. Each of the Lenders, each of the Tranche 2 Issuing Banks and the Parent Borrower hereby approves distribution of the Communications through the Approved Electronic Platform and understands and assumes the risks of such distribution.

(c) THE APPROVED ELECTRONIC PLATFORM AND THE COMMUNICATIONS ARE PROVIDED "AS IS" AND "AS AVAILABLE". THE APPLICABLE PARTIES (AS DEFINED BELOW) DO NOT WARRANT THE ACCURACY OR COMPLETENESS OF THE COMMUNICATIONS, OR THE ADEQUACY OF THE APPROVED ELECTRONIC PLATFORM AND EXPRESSLY DISCLAIM LIABILITY FOR ERRORS OR OMISSIONS IN THE APPROVED ELECTRONIC PLATFORM AND THE COMMUNICATIONS. NO WARRANTY OF ANY KIND, EXPRESS, IMPLIED OR STATUTORY, INCLUDING ANY WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, NON-INFRINGEMENT OF THIRD PARTY RIGHTS OR FREEDOM FROM VIRUSES OR OTHER CODE DEFECTS, IS MADE BY THE APPLICABLE PARTIES IN CONNECTION WITH THE COMMUNICATIONS OR THE APPROVED ELECTRONIC PLATFORM. IN NO EVENT SHALL ANY PARTY HAVE ANY LIABILITY TO ANY LOAN PARTY, ANY LENDER, ANY TRANCHE 2 ISSUING BANK OR ANY OTHER PERSON OR ENTITY FOR DAMAGES OF ANY KIND, INCLUDING DIRECT OR INDIRECT, SPECIAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES, LOSSES OR EXPENSES (WHETHER IN TORT, CONTRACT OR OTHERWISE) ARISING OUT OF ANY LOAN PARTY'S OR THE ADMINISTRATIVE AGENT'S TRANSMISSION OF COMMUNICATIONS THROUGH THE INTERNET OR THE APPROVED ELECTRONIC PLATFORM.

"Communications" means, collectively, any notice, demand, communication, information, document or other material provided by or on behalf of any Loan Party pursuant to any Loan Document or the transactions contemplated therein which is distributed by the Administrative Agent, any Lender or any Tranche 2 Issuing Bank by means of electronic communications pursuant to this Section, including through an Approved Electronic Platform.

(d) Each Lender and each Tranche 2 Issuing Bank agrees that notice to it (as provided in the next sentence) specifying that Communications have been posted to the Approved Electronic Platform shall constitute effective delivery of the Communications to such

Lender for purposes of the Loan Documents. Each Lender and Tranche 2 Issuing Bank agrees (i) to notify the Administrative Agent in writing (which could be in the form of electronic communication) from time to time of such Lender's or Issuing Bank's (as applicable) email address to which the foregoing notice may be sent by electronic transmission and (ii) that the foregoing notice may be sent to such email address.

(e) Each of the Lenders, each Tranche 2 Issuing Bank and the Parent Borrower agrees that the Administrative Agent may, but (except as may be required by applicable law) shall not be obligated to, store the Communications on the Approved Electronic Platform in accordance with the Administrative Agent's generally applicable document retention procedures and policies.

(f) Nothing herein shall prejudice the right of the Administrative Agent, any Lender or any Tranche 2 Issuing Bank to give any notice or other communication pursuant to any Loan Document in any other manner specified in such Loan Document.

9.10 ERISA Matters(a) . (a) Each Lender (x) represents and warrants, as of the date such Person became a Lender party hereto, to, and (y) covenants, from the date such Person became a Lender party hereto to the date such Person ceases being a Lender party hereto, for the benefit of, the Administrative Agent, and not, for the avoidance of doubt, to or for the benefit of any Loan Party, that at least one of the following is and will be true:

(i) such Lender is not using "plan assets" (within the meaning of Section 3(42) of ERISA or otherwise) of one or more Benefit Plans with respect to such Lender's entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Commitments, or this Agreement,

(ii) the transaction exemption set forth in one or more PTEs, such as PTE 84-14 (a class exemption for certain transactions determined by independent qualified professional asset managers), PTE 95-60 (a class exemption for certain transactions involving insurance company general accounts), PTE 90-1 (a class exemption for certain transactions involving insurance company pooled separate accounts), PTE 91-38 (a class exemption for certain transactions involving bank collective investment funds) or PTE 96-23 (a class exemption for certain transactions determined by in-house asset managers), is applicable with respect to such Lender's entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Commitments and this Agreement,

(iii) (A) such Lender is an investment fund managed by a "Qualified Professional Asset Manager" (within the meaning of Part VI of PTE 84-14), (B) such Qualified Professional Asset Manager made the investment decision on behalf of such Lender to enter into, participate in, administer and perform the Loans, the Letters of Credit, the Commitments and this Agreement, (C) the entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Commitments and this Agreement satisfies the requirements of sub-sections (b) through (g) of Part I of PTE 84-14 and (D) to the best knowledge of such Lender, the requirements of subsection (a) of Part I of PTE 84-14 are satisfied with respect to such Lender's entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Commitments and this Agreement, or

(iv) such other representation, warranty and covenant as may be agreed in writing between the Administrative Agent, in its sole discretion, and such Lender.

(b) In addition, unless sub-clause (i) in the immediately preceding clause (a) is true with respect to a Lender or such Lender has provided another representation, warranty and covenant in accordance with sub-clause (iv) in the immediately preceding clause (a), such

Lender further (x) represents and warrants, as of the date such Person became a Lender party hereto, to, and (y) covenants, from the date such Person became a Lender party hereto to the date such Person ceases being a Lender party hereto, for the benefit of the Administrative Agent, and not, for the avoidance of doubt, to or for the benefit of any Loan Party, that the Administrative Agent is not a fiduciary with respect to the assets of such Lender involved in such Lender's entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Commitments and this Agreement (including in connection with the reservation or exercise of any rights by the Administrative Agent under this Agreement, any Loan Document or any documents related hereto or thereto).

ARTICLE X.
GUARANTY

10.01 Guarantee. In order to induce the Administrative Agent and the Lenders to execute and deliver this Agreement and to make or maintain the Loans, and in consideration thereof, the Guarantor hereby unconditionally and irrevocably guarantees, as primary obligor and not merely as surety, to the Administrative Agent, for the ratable benefit of the Lenders, the prompt and complete payment and performance by the Designated Borrowers when due (whether at stated maturity, by acceleration or otherwise) of the Obligations, and the Guarantor further agrees to pay any and all reasonable expenses (including, without limitation, all reasonable fees, charges and disbursements of counsel) which may be paid or incurred by the Administrative Agent or by the Lenders in enforcing, or obtaining advice of counsel in respect of, any of their rights under the guarantee contained in this Article X. The Guarantor undertakes to the Administrative Agent, for the ratable benefit of the Lenders that if an Ipso Facto Event has occurred, then immediately on demand by the Administrative Agent with the consent of, or at the request of, the Required Lenders (provided that the Administrative Agent may only make such a demand under this Section if it could, but for the Ipso Facto Event, have made that demand against the relevant Designated Borrower pursuant to Section 8.02 (*Remedies Upon Event of Default*) the Guarantor shall pay all Loans, accrued interest and other amounts referred to in Section 8.02 as if it were the principal obligor. The guarantee contained in this Article X, subject to Section 10.05, shall remain in full force and effect until the Obligations are paid in full and the Commitments are terminated, notwithstanding that from time to time prior thereto such Designated Borrower may be free from any Obligations. For the avoidance of doubt and without any implication to the contrary, the guarantee by the Guarantor and all waivers, acknowledgments and agreement by the Guarantor contained in this Article X shall be limited solely to the Obligations of the Designated Borrowers.

The Guarantor agrees that whenever, at any time, or from time to time, it shall make any payment to the Administrative Agent or any Lender on account of its liability under this Article X, it will notify the Administrative Agent and such Lender in writing that such payment is made under the guarantee contained in this Article X for such purpose. No payment or payments made by any Designated Borrower or any other Person or received or collected by the Administrative Agent or any Lender from any Designated Borrower or any other Person by virtue of any action or proceeding or any setoff or appropriation or application, at any time or from time to time, in reduction of or in payment of the Obligations shall be deemed to modify, reduce, release or otherwise affect the liability of the Guarantor under this Article X which, notwithstanding any such payment or payments, shall remain liable for the unpaid and outstanding Obligations until, subject to Section 10.05, the Obligations are paid in full and the Commitments are terminated.

"Ipso Facto Event" means a Designated Borrower is the subject of:

(a) an announcement, application, compromise, arrangement, managing controller, or administration as described in section 415D(1), 434J(1) or 451E(1) of the Australian Corporations Act; or

(b) any process which under any law with a similar purpose may give rise to a stay on, or prevention of, the exercise of contractual rights.

10.02 No Subrogation. Notwithstanding any payment made by the Guarantor pursuant to this Article X or any set-off or application of funds of the Guarantor by the Administrative Agent or any Lender in connection with the guarantee contained in this Article X, the Guarantor shall not be entitled to be subrogated to any of the rights of the Administrative Agent or any Lender against any Designated Borrower or any collateral security or guarantee or right of offset held by the Administrative Agent or any Lender for the payment of the Obligations, nor shall the Guarantor seek or be entitled to seek any contribution or reimbursement from such Designated Borrower in respect of payments made by such Guarantor under this Article X, until all amounts owing to the Administrative Agent and the Lenders on account of the Obligations are paid in full and the Commitments are terminated. If any amount shall be paid to any Guarantor on account of such subrogation rights at any time when all of the Obligations shall not have been paid in full, such amount shall be held by the Guarantor in trust for the Administrative Agent and the Lenders, segregated from other funds of the Guarantor, and shall, forthwith upon receipt by the Guarantor, be turned over to the Administrative Agent in the exact form received by the Guarantor (duly indorsed by the Guarantor to the Administrative Agent, if required), to be applied against the Obligations, whether matured or unmatured, in such order as the Administrative Agent may determine. The provisions of this Section 10.02 shall survive the term of the guarantee contained in this Article X and the payment in full of the Obligations and the termination of the Commitments and this Agreement.

10.03 Amendments, etc. with respect to the Obligations. The Guarantor shall remain obligated under this Article X notwithstanding that, without any reservation of rights against the Guarantor, and without notice to or further assent by the Guarantor, any demand for payment of or reduction in the principal amount of any of the Obligations made by the Administrative Agent or any Lender may be rescinded by the Administrative Agent or such Lender, and any of the Obligations continued, and the Obligations, or the liability of any other party upon or for any part thereof, or any collateral security or guarantee therefor or right of offset with respect thereto, may, from time to time, in whole or in part, be renewed, extended, amended, modified, accelerated, compromised, waived, surrendered or released by the Administrative Agent or any Lender, and this Agreement and any other documents executed and delivered in connection herewith may be amended, modified, supplemented or terminated, in whole or in part, as the Lenders (or the Required Lenders, as the case may be) may deem advisable from time to time, and any collateral security, guarantee or right of offset at any time held by the Administrative Agent or any Lender for the payment of the Obligations may be sold, exchanged, waived, surrendered or released. Neither the Administrative Agent nor any Lender shall have any obligation to protect, secure, perfect or insure any lien at any time held by it as security for the Obligations or for the guarantee contained in this Article X or any property subject thereto.

10.04 Guarantee Absolute and Unconditional. The Guarantor waives any and all notice of the creation, renewal, extension or accrual of any of the Obligations and notice of or proof of reliance by the Administrative Agent or any Lender upon the guarantee contained in this Article X or acceptance of the guarantee contained in this Article X; the Obligations shall conclusively be deemed to have been created, contracted or incurred, or renewed, extended, amended or waived, in reliance upon the guarantee contained in this Article X; and all dealings between any Designated Borrower or the Guarantor, on the one hand, and the Administrative Agent and the Lenders, on the other, shall likewise be conclusively presumed to have been had or consummated in reliance upon the guarantee contained in this Article X. Each Guarantor

waives diligence, presentment, protest, demand for payment and notice of default or nonpayment to or upon the Guarantor or any Designated Borrower with respect to the Obligations. To the full extent permitted by law, the guarantee contained in this Article X shall be construed as a continuing, absolute and unconditional guarantee of payment without regard to (a) the validity or enforceability of this Agreement, any of the Obligations or any collateral security therefor or guarantee or right of offset with respect thereto at any time or from time to time held by the Administrative Agent or any Lender, (b) the legality under applicable Laws of repayment by any Designated Borrower of the Obligations or the adoption of any requirement of law purporting to render any Obligations null and void, (c) any defense, setoff or counterclaim (other than a defense of payment or performance by a Designated Borrower) which may at any time be available to or be asserted by the Guarantor against the Administrative Agent or any Lender, (d) any change in ownership of any Designated Borrower, any merger or consolidation of any Designated Borrower into another Person or any loss of any Designated Borrower's separate legal identity or existence, or (e) any other circumstance whatsoever (with or without notice to or knowledge of any Designated Borrower or the Guarantor) which constitutes, or might be construed to constitute, an equitable or legal discharge of any Obligations, or of the Guarantor under the guarantee contained in this Article X in bankruptcy or in any other instance. When the Administrative Agent or any Lender is pursuing its rights and remedies under this Article X against the Guarantor, the Administrative Agent or any Lender may, but shall be under no obligation to, pursue such rights and remedies as it may have against any Designated Borrower or any other Person or against any collateral security or guarantee for the Obligations or any right of offset with respect thereto, and any failure by the Administrative Agent or any Lender to pursue such other rights or remedies or to collect any payments from any Designated Borrower or any such other Person or to realize upon any such collateral security or guarantee or to exercise any such right of offset, or any release of any Designated Borrower or any such other Person or of any such collateral security, guarantee or right of offset, shall not relieve the Parent Borrower of any liability under this Article X and shall not impair or affect the rights and remedies, whether express, implied or available as a matter of law, of the Administrative Agent and the Lenders against the Guarantor.

10.05 Reinstatement. The guarantee contained in this Article X shall continue to be effective, or be automatically reinstated without further action, as the case may be, if at any time payment, or any part thereof, of any of the Obligations is rescinded or must otherwise be restored or returned by the Administrative Agent or any Lender upon the insolvency, bankruptcy, dissolution, liquidation or reorganization of such Designated Borrower or upon or as a result of the appointment of a receiver, intervenor or conservator of, or trustee or similar officer for, such Designated Borrower or any substantial part of its property, or otherwise, all as though such payments had not been made.

10.06 Payments. The Guarantor hereby agrees that any payments in respect of the Obligations pursuant to this Article X will be paid to the Administrative Agent without setoff or counterclaim in U.S. Dollars, at the office of the Administrative Agent specified in Section 11.02.

10.07 Independent Obligations. The obligations of the Guarantor under the guarantee contained in Article X are independent of the obligations of the Parent Borrower, in its capacity as such, or any Designated Borrower, and a separate action or actions may be brought and prosecuted against the Guarantor whether or not the Parent Borrower, in its capacity as such, or such Designated Borrower is joined in any such action or actions. The Guarantor waives, to the full extent permitted by law, the benefit of any statute of limitations affecting its liability hereunder or the enforcement thereof. Any payment by the Parent Borrower or a Designated Borrower or other circumstance which operates to toll any statute of limitations as to the Parent Borrower or such Designated Borrower shall operate to toll the statute of limitations as to such Guarantor.

ARTICLE XI.
MISCELLANEOUS

11.01 Amendments, Etc.

No amendment or waiver of any provision of this Agreement or any other Loan Document, and no consent to any departure by the Parent Borrower or any Designated Borrower therefrom, shall be effective unless in writing signed by the Required Lenders, the Parent Borrower and each Designated Borrower, and acknowledged by the Administrative Agent, and each such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; provided, however, that no such amendment, waiver or consent shall:

(a) waive any condition set forth in (i) Section 4.01(a) without the written consent of each Lender or (ii) Section 4.03 without the written consent of each Lender under the applicable Tranche;

(b) extend or increase the Commitment of any Lender (or reinstate any Commitment terminated pursuant to Section 8.02) without the written consent of such Lender;

(c) add any new currency under any Tranche without the written consent of each Lender under the applicable Tranche directly affected thereby;

(d) postpone any date fixed by this Agreement or any other Loan Document for any payment of principal, interest, fees or other amounts due to the Lenders (or any of them) hereunder or under any other Loan Document without the written consent of each Lender directly affected thereby;

(e) subject to Section 3.03, reduce the principal of, or the rate of interest specified herein on, any Loan or LC Disbursement, or any fees or other amounts payable hereunder or under any other Loan Document, without the written consent of each Lender directly affected thereby; provided, however, that only the consent of the Required Lenders shall be necessary to amend the definition of "Default Rate" or to waive any obligation of a Borrower to pay interest at the Default Rate or change the manner of computation of any financial ratio (including any change in any applicable defined term) used in determining the Applicable Rate that would result in a reduction of any interest rate on any Loan or any fee payable hereunder;

(f) change Section 2.20(a), Section 2.21 or Section 8.03 in a manner that would alter the pro rata sharing of payments required thereby without the written consent of each Lender directly affected thereby;

(g) change Section 2.24 without the consent of the Administrative Agent and each Tranche 2 Swingline Lender;

(h) change Section 2.25 without the consent of the Administrative Agent and each Tranche 2 Issuing Bank;

(i) release the guaranty contained in Article X without the written consent of each Lender (other than with respect to any Designated Borrower upon termination of such Subsidiary's designation as a Designated Borrower in accordance with Section 11.18); or

(j) change any provision of this Section or the definition of "Required Lenders", "Tranche 1 Required Lenders", "Tranche 2 Required Lenders", or "Tranche 3 Required Lenders", "Tranche 4 Required Lenders", "Tranche 5 Required Lenders" or "Tranche 6 Required Lenders" any other provision hereof specifying the number or percentage of Lenders (or, subject

to the penultimate sentence of this Section 11.01, the Lenders of any class) required to amend, waive or otherwise modify any rights hereunder or make any determination or grant any consent hereunder without the written consent of each Lender directly affected thereby; and, provided, further, that no such amendment, waiver or consent shall amend, modify or otherwise affect the rights or duties of the Administrative Agent, any Tranche 2 Issuing Bank or any Tranche 2 Swingline Lender under this Agreement without the prior written consent of the Administrative Agent, such Tranche 2 Issuing Bank or such Tranche 2 Swingline Lender, as the case may be, in addition to the Lenders required above. Without limiting the generality of the foregoing, the making of a Loan or issuance of a Tranche 2 Letter of Credit shall not be construed as a waiver of any Default, regardless of whether the Administrative Agent, any Tranche 2 Swingline Lender, any Lender or any Tranche 2 Issuing Bank may have had notice or knowledge of such Default at the time. Notwithstanding anything to the contrary herein, (i) any waiver, amendment or modification of this Agreement that by its terms affects the rights or duties under this Agreement of Lenders holding Loans of a particular class or Tranche (but not the Lenders holding Loans of any other class or Tranche) or Commitments may be effected by an agreement or agreements in writing entered into by the Parent Borrower, each Designated Borrower and the requisite percentage in interest of the affected Lenders that would be required to consent thereto under this Section 11.01 if such Lenders were the only Lenders hereunder at such time, and (ii) no Defaulting Lender shall have any right to approve or disapprove any amendment, waiver or consent under this Agreement, except that (x) the Commitment of such Lender may not be increased or extended without the consent of such Lender and (y) the principal amount of, or interest or fees payable on, Loans or Tranche 2 LC Disbursements may not be reduced or excused or the scheduled date of payment may not be postponed as to such Defaulting Lender without such Defaulting Lender's consent.

Furthermore, notwithstanding the foregoing, the Administrative Agent, with the consent of the Parent Borrower, may amend, modify or supplement any Loan Document without the consent of any Lender or the Required Lenders in order to correct, amend or cure any ambiguity, inconsistency or defect or correct any typographical error or other manifest error in any Loan Document; provided that the Administrative Agent shall post such amendment to the lenders (which may be posted to the Approved Electronic Platform) reasonably promptly after the effectiveness thereof.

11.02 Notices; Effectiveness; Electronic Communication.

(a) Notices Generally. Except in the case of notices and other communications expressly permitted to be given by telephone (and except as provided in subsection (b) below), all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by telecopier as follows, and all notices and other communications expressly permitted hereunder to be given by telephone shall be made to the applicable telephone number, as follows: (i) if to any Loan Party or the Administrative Agent, to the address, telecopier number, electronic mail address or telephone number specified for such Person on Schedule 11.02 or in the Joinder Agreement applicable thereto; provided, that any Loan Party shall be notified by electronic mail of any notice sent by telecopier; and (ii) if to any other Lender, to the address, telecopier number, electronic mail address or telephone number specified in its Administrative Questionnaire. Notices sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received; notices sent by telecopier shall be deemed to have been given when sent (except that, if not given during normal business hours for the recipient, shall be deemed to have been given at the opening of business on the next business day for the recipient). Notices delivered through electronic communications to the extent provided in subsection (b) below, shall be effective as provided in such subsection (b).

(b) Electronic Communications. Notices and other communications to the Lenders hereunder may be delivered or furnished by electronic communication (including e-mail and Internet or intranet websites) pursuant to procedures approved by the Administrative Agent; provided, that the foregoing shall not apply to notices to any Lender pursuant to Article II if such Lender has notified the Administrative Agent that it is incapable of receiving notices under such Article by electronic communication. The Administrative Agent and each Loan Party may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it (or in the case of any Loan Party, the Parent Borrower); provided, that approval of such procedures may be limited to particular notices or communications.

Unless the Administrative Agent otherwise prescribes, (i) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgement); provided, that if such notice or other communication is not sent during the normal business hours of the recipient, such notice or communication shall be deemed to have been sent at the opening of business on the next business day for the recipient, and (ii) notices or communications posted to an Internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient at its e-mail address as described in the foregoing clause (i) of notification that such notice or communication is available and identifying the website address therefor.

(c) Change of Address, Etc. Each Loan Party may change its address, telecopier or telephone number or email address for notices and other communications hereunder by notice to the Administrative Agent. The Administrative Agent may change its address, telecopier or telephone number or email address for notices and other communications hereunder by notice to the other parties hereto. Each other Lender may change its address, telecopier or telephone number for notices and other communications hereunder by notice to the Parent Borrower and the Administrative Agent. In addition, each Lender agrees to notify the Administrative Agent from time to time to ensure that the Administrative Agent has on record (i) an effective address, contact name, telephone number, telecopier number and electronic mail address to which notices and other communications may be sent and (ii) accurate wire instructions for such Lender.

(d) Reliance by Administrative Agent and Lenders. The Administrative Agent and the Lenders shall be entitled to rely and act upon any notices (including telephonic Committed Loan Notices) purportedly given by or on behalf of any Borrower even if (i) such notices were not made in a manner specified herein, were incomplete or were not preceded or followed by any other form of notice specified herein, or (ii) the terms thereof, as understood by the recipient, varied from any confirmation thereof. The applicable Borrower shall indemnify the Administrative Agent, each Lender and the Related Parties of each of them from all losses, costs, expenses and liabilities resulting from the reliance by such Person on each notice purportedly given by or on behalf of such Borrower; provided, that such indemnity shall not be available as to any Indemnitee (as defined in Section 11.04(b)) to the extent that such losses, costs, expenses and liabilities result from the gross negligence or willful misconduct of such Indemnitee. All telephonic notices to and other telephonic communications with the Administrative Agent may be recorded by the Administrative Agent, and each of the parties hereto hereby consents to such recording.

(e) Deemed Notices to other Borrowers. Any notice given under this Section 11.02 to the Parent Borrower shall also be deemed notice to any other Borrower, and the Parent Borrower shall be entitled to give any notice under this Section 11.02 on behalf of any other Borrower.

11.03 No Waiver; Cumulative Remedies. No failure by any Lender, any Tranche 2 Issuing Bank or the Administrative Agent to exercise, and no delay by any such Person in exercising, any right, remedy, power or privilege hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges herein provided are cumulative and not exclusive of any rights, remedies, powers and privileges provided by law.

11.04 Expenses; Indemnity; Damage Waiver.

(a) Costs and Expenses. The Parent Borrower shall pay (i) all reasonable out-of-pocket expenses incurred by the Administrative Agent and the Arrangers (including the reasonable and documented fees, charges and disbursements of one counsel for the Administrative Agent and the Arrangers), in connection with the syndication of the credit facilities provided for herein, the preparation, negotiation, execution, delivery and administration of this Agreement and the other Loan Documents or any amendments, modifications or waivers of the provisions hereof or thereof (whether or not the transactions contemplated hereby or thereby shall be consummated), (ii) all reasonable out-of-pocket expenses incurred by each Tranche 2 Issuing Bank in connection with the issuance, amendment, renewal or extension of any Tranche 2 Letter of Credit or any demand for payment thereunder and (iii) all out-of-pocket expenses incurred by the Administrative Agent, any Tranche 2 Issuing Bank, any Arranger, any Syndication Agent, any Documentation Agent or any Lender ((including the reasonable and documented fees, charges and disbursements of one counsel for the Administrative Agent, any Tranche 2 Issuing Bank, the Tranche 2 Swingline Lender, the Arrangers, the Syndication Agents, the Documentation Agents and the Lenders and one local counsel in each jurisdiction of organization of any Loan Party but only so long as such jurisdiction is different from the jurisdiction of organization of the Parent Borrower (such jurisdiction, the "Applicable Jurisdiction") (and, in the case of an actual or perceived conflict of interest where the Administrative Agent and/or its Affiliates, any Tranche 2 Issuing Bank, the Tranche 2 Swingline Lender, the Arrangers, the Syndication Agents, the Documentation Agents and/or the Lenders affected by such conflict has retained its own counsel, of another law firm acting as counsel for such Person and another local counsel in each Applicable Jurisdiction)) in connection with the enforcement or protection of its rights (A) in connection with this Agreement and the other Loan Documents, including its rights under this Section 11.04, or (B) in connection with the Loans made or Letters of Credit issued hereunder, including all such out-of-pocket expenses incurred during any workout, restructuring or negotiations in respect of such Loans or Letters of Credit.

(b) Indemnification by the Borrower. The Parent Borrower shall indemnify the Administrative Agent (and any sub-agent thereof), any Tranche 2 Issuing Bank, the Tranche 2 Swingline Lenders, the Arrangers, the Syndication Agents, the Documentation Agents each Lender and each Related Party of any of the foregoing Persons (each such Person being called an "Indemnitee") against, and hold each Indemnitee harmless from, any and all losses, claims, damages, penalties, liabilities and related expenses ((including the reasonable and documented fees, charges and disbursements of one counsel for the Indemnitees and one local counsel for the Indemnitees in each Applicable Jurisdiction)(and, in the case of an actual or perceived conflict of interest where the Indemnitees affected by such conflict have retained its own counsel, of another law firm acting as counsel for such Indemnitee and another local counsel in each Applicable Jurisdiction)) incurred by any Indemnitee or any other Loan Party or asserted against any Indemnitee by any third party or by the Parent Borrower arising out of, in connection with, or as a result of (i) the execution or delivery of this Agreement, any other Loan Document or any agreement or instrument contemplated hereby or thereby, the performance by the parties hereto of their respective obligations hereunder or thereunder, the consummation of the transactions contemplated hereby or thereby, or, in the case of the Administrative Agent (and any sub-agent thereof) and its Related Parties only, the administration of this Agreement and the other Loan

Documents, (ii) any Loan or Tranche 2 Letter of Credit or the use or proposed use of the proceeds therefrom (including any refusal by a Tranche 2 Issuing Bank to honor a demand for payment under a Tranche 2 Letter of Credit if the documents presented in connection with such demand do not strictly comply with the terms of such Tranche 2 Letter of Credit) and (iii) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory, whether brought by a third party or by the Parent Borrower or any other Loan Party, its equity holders, affiliates or creditors, and regardless of whether any Indemnitee is a party thereto; provided, that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses (x) result from the gross negligence or willful misconduct of such Indemnitee as determined by a court of competent jurisdiction in a final non-appealable judgment or (y) result from a claim brought by the Parent Borrower against an Indemnitee for a material breach of such Indemnitee's obligations hereunder or under any other Loan Document, if the Parent Borrower has obtained a final non-appealable judgment in its favor on such claim as determined by a court of competent jurisdiction.

(c) Reimbursement by Lenders. To the extent that the Parent Borrower for any reason fails to indefeasibly pay any amount required under subsection (a) or (b) of this Section 11.04 to be paid by it to the Administrative Agent (or any sub-agent thereof), any Tranche 2 Issuing Bank, any Tranche 2 Swingline Lender or any Related Party of any of the foregoing, but without releasing the Parent Borrower from its obligation to do so, (i) each Lender severally agrees to pay to the Administrative Agent (or any such sub-agent) or such Related Party, (ii) each Tranche 2 Lender severally agrees to pay to any Tranche 2 Issuing Bank or such Related Party, and (iii) each Tranche 2 Lender severally agrees to pay to any Tranche 2 Swingline Lender or such Related Party, each as the case may be, such Lender's Aggregate Facilities Percentage (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought) of such unpaid amount; provided, that the unreimbursed expense or indemnified loss, claim, damage, liability or related expense, as the case may be, was incurred by or asserted against the Administrative Agent (or any such sub-agent), such Tranche 2 Issuing Bank, or such Tranche 2 Swingline Lender in its capacity as such, or against any Related Party of any of the foregoing acting for the Administrative Agent (or any such sub-agent) in connection with such capacity. The obligations of the Lenders under this subsection (c) are subject to the provisions of Section 2.20(e).

(d) Waiver of Consequential Damages, Etc. To the fullest extent permitted by applicable law, no party hereto shall assert, and hereby waives, any claim against any Indemnitee, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, any other Loan Document or any agreement or instrument contemplated hereby, the transactions contemplated hereby or thereby, any Loan or Tranche 2 Letter of Credit or the use of the proceeds thereof. No Indemnitee referred to in subsection (b) above shall be liable for any damages arising from the use by unintended recipients of any information or other materials distributed to such unintended recipients by such Indemnitee through telecommunications, electronic or other information transmission systems in connection with this Agreement or the other Loan Documents or the transactions contemplated hereby or thereby other than for direct or actual damages resulting from the gross negligence or willful misconduct of such Indemnitee as determined by a court of competent jurisdiction in a final non-appealable judgment.

(e) Payments. All amounts due under this Section shall be payable not later than 30 days after demand therefor.

(f) Survival. The agreements in this Section shall survive the resignation of the Administrative Agent, the replacement of any Lender, the termination of this Agreement, the

termination of the Aggregate Commitments and the repayment, satisfaction or discharge of all the other Obligations.

11.05 Payments Set Aside. To the extent that any payment by or on behalf of any Borrower is made to the Administrative Agent or any Lender, or the Administrative Agent or any Lender exercises its right of setoff, and such payment or the proceeds of such setoff or any part thereof is subsequently invalidated, declared to be fraudulent or preferential, set aside or required (including pursuant to any settlement entered into by the Administrative Agent or such Lender in its discretion) to be repaid to a trustee, receiver or any other party, in connection with any proceeding under any Debtor Relief Law or otherwise, then (a) to the extent of such recovery, the obligation or part thereof originally intended to be satisfied shall be revived and continued in full force and effect as if such payment had not been made or such setoff had not occurred, and (b) each Lender severally agrees to pay to the Administrative Agent upon demand its applicable share (without duplication) of any amount so recovered from or repaid by the Administrative Agent, plus interest thereon from the date of such demand to the date such payment is made at a rate per annum equal to the Federal Funds Effective Rate from time to time in effect. The obligations of the Lenders under clause (b) of the preceding sentence shall survive the payment in full of the Obligations and the termination of this Agreement.

11.06 Successors and Assigns.

(a) Successors and Assigns Generally. The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby (including any Affiliate of a Tranche 2 Issuing Bank that issues any Tranche 2 Letter of Credit), except that no Borrower may assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of the Administrative Agent, each Tranche 2 Issuing Bank, each Tranche 2 Swingline Lender and each Lender (and any attempted assignment or transfer by any Borrower without such consent shall be null and void) and no Lender may assign or otherwise transfer any of its rights or obligations hereunder except (i) to an assignee in accordance with the provisions of subsection (b) of this Section 11.06, (ii) by way of participation in accordance with the provisions of subsection (d) of this Section 11.06, or (iii) by way of pledge or assignment of a security interest subject to the restrictions of subsection (f) of this Section 11.06 (and any other attempted assignment or transfer by any party hereto shall be null and void). Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, the Arrangers, the Syndication Agents, the Documentation Agents, their respective successors and assigns permitted hereby (including any Affiliate of a Tranche 2 Issuing Bank that issues any Tranche 2 Letter of Credit), Participants to the extent provided in subsection (d) of this Section 11.06 and, to the extent expressly contemplated hereby, the Related Parties of each of the Administrative Agent, the Tranche 2 Issuing Banks, the Tranche 2 Swingline Lenders and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) Assignments by Lenders. Any Lender may at any time assign to one or more assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans at the time owing to it); provided that any such assignment shall be subject to the following conditions:

(i) Minimum Amounts. (A) in the case of an assignment of the entire remaining amount of the assigning Lender's Commitment and the Loans at the time owing to it or in the case of an assignment to a Lender, an Affiliate of a Lender or an Approved Fund, no minimum amount need be assigned; and (B) in any case not described in subsection (b)(i)(A) of this Section 11.06, the aggregate amount of the Commitment (which for this purpose includes Loans outstanding thereunder) or, if the Commitment is not then in effect, the principal outstanding balance of the Loans of the assigning Lender subject to each such assignment,

determined as of the date the Assignment and Assumption with respect to such assignment is delivered to the Administrative Agent or, if "Trade Date" is specified in the Assignment and Assumption, as of the Trade Date, shall not be less than $15,000,000 unless each of the Administrative Agent and, so long as no Event of Default has occurred and is continuing, the Parent Borrower otherwise consents (each such consent not to be unreasonably withheld or delayed); provided, however, that concurrent assignments to members of an Assignee Group and concurrent assignments from members of an Assignee Group to a single assignee (or to an assignee and members of its Assignee Group) will be treated as a single assignment for purposes of determining whether such minimum amount has been met.

(ii) Proportionate Amounts. Each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement with respect to the Loans or the Commitment assigned.

(iii) Required Consents. No consent shall be required for any assignment except to the extent required by subsection (b)(i)(B) of this Section 11.06, in addition: (A) the consent of the Parent Borrower (such consent not to be unreasonably withheld or delayed) shall be required unless (I) an Event of Default under Section 8.01(a) or Section 8.01(f) has occurred and is continuing at the time of such assignment or (II) such assignment is to a Lender, an Affiliate of a Lender or an Approved Fund; and (B) the consent of the Administrative Agent, the Tranche 2 Issuing Banks and the Tranche 2 Swingline Lenders (in the case of an assignment of a Tranche 2 Commitment) (such consent not to be unreasonably withheld or delayed) shall be required.

(iv) Assignment and Assumption. The parties to each assignment shall execute and deliver to the Administrative Agent an Assignment and Assumption, together with a processing and recordation fee in the amount of $3,500; provided, however, that the Administrative Agent may, in its sole discretion, elect to waive such processing and recordation fee in the case of any assignment. The assignee, if it is not a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire.

(v) No Assignment to Parent Borrower. No such assignment shall be made to the Parent Borrower or any of the Parent Borrower's Affiliates or Subsidiaries.

(vi) No Assignment to Natural Persons. No such assignment shall be made to a natural person.

Subject to acceptance and recording thereof by the Administrative Agent pursuant to subsection (c) of this Section 11.06, from and after the effective date specified in each Assignment and Assumption, the assignee thereunder shall be a party to this Agreement and, to the extent of the interest assigned by such Assignment and Assumption, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Assumption, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto) but shall continue to be entitled to the benefits of Section 3.01, with respect to payments by or on account of any obligation of any Loan Party hereunder or under any other Loan Document, and the benefits of Sections 3.04, 3.05, and 11.04 with respect to facts and circumstances, in each case, occurring prior to the effective date of such assignment. Upon request, the applicable Borrower (at its expense) shall execute and deliver a Note to the assignee Lender. Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this subsection (b) shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with subsection (d) of this Section.

(c) Register. The Administrative Agent, acting solely for this purpose as a non-fiduciary agent of the Parent Borrower, shall maintain at the Administrative Agent's Office a copy of each Assignment and Assumption delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitments of, and principal amounts of the Loans and Tranche 2 LC Disbursements owing to, each Lender pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall, in the absence of manifest error, be conclusive, and the Borrowers, the Administrative Agent, each Tranche 2 Issuing Bank and the Lenders shall treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by each Borrower, each Tranche 2 Issuing Bank and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

(d) Participations. Any Lender may at any time sell participations to any Person (other than a natural person or the Parent Borrower or any of the Parent Borrower's Affiliates or Subsidiaries) (each, a "Participant") in all or a portion of such Lender's rights and/or obligations under this Agreement (including all or a portion of its Commitment and/or the Loans owing to it); provided that (i) such Lender's obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (iii) the Borrowers, the Administrative Agent, each Tranche 2 Issuing Bank and the Lenders shall continue to deal solely and directly, with such Lender in connection with such Lender's rights and obligations under this Agreement. Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; provided, that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, waiver or other modification described in the first proviso to Section 11.01 that affects such Participant. Subject to subsection (e) of this Section 11.06, the Borrowers agree that each Participant shall be entitled to the benefits of Sections 3.01, 3.04 and 3.05 to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to subsection (b) of this Section. To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 11.08 as though it were a Lender, provided such Participant agrees to be subject to Section 2.21 as though it were a Lender. Each Lender that sells a participation shall, acting solely for this purpose as a non-fiduciary agent of the Borrowers, maintain a register on which it enters the name and address of each Participant and the principal amounts (and stated interest) of each Participant's interest in the Commitments, Loans, Letters of Credit or other obligations under this Agreement (the "Participant Register"); provided, that no Lender shall have any obligation to disclose all or any portion of the Participant Register to any Person (including the identity of any Participant or any information relating to a Participant's interest in any obligations under any Loan Document) except to the extent that such disclosure is necessary to establish that such obligation is in registered form under Section 5f.103-1(c) of the United States Treasury Regulations or Section 1.163-5(b) of the United States Treasury Regulations (or, in each case, any amended or successor versions). The entries in the Participant Register shall be conclusive absent manifest error, and such Lender shall treat each person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary.

(e) Limitations upon Participant Rights. A Participant shall not be entitled to receive any greater payment under Section 3.01 or 3.04 than the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant, unless the sale of the participation to such Participant is made with the Parent Borrower's prior written consent. A Participant that would be a Foreign Lender if it were a Lender shall not be entitled to the benefits of Section 3.01 unless the Parent Borrower is notified of the participation sold to such Participant

and such Participant agrees, for the benefit of the Borrowers, to comply with Section 3.01(e) as though it were a Lender.

(f) Certain Pledges. Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement (including under its Note, if any) to secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank or any other relevant central bank; provided, that no such pledge or assignment shall release such Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

(g) Electronic Execution of Assignments. The words "execution," "signed," "signature," and words of like import in any Assignment and Assumption shall be deemed to include electronic signatures or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act.

11.07 Treatment of Certain Information; Confidentiality. Each of the Administrative Agent, the Tranche 2 Issuing Banks, the Tranche 2 Swingline Lenders and the Lenders agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its Affiliates and to its and its Affiliates' respective partners, directors, officers, employees, agents, advisors and representatives (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (b) to the extent requested by any regulatory authority purporting to have jurisdiction over it or any of its Affiliates (including any self-regulatory authority, such as the National Association of Insurance Commissioners), (c) in any legal, judicial, administrative proceeding or in accordance with a judicial or other governmental order, subpoena, interrogatory, discovery request, investigative demand or other legal process or as required by applicable law or regulations (in which case the Administrative Agent, the Tranche 2 Issuing Banks, the Tranche 2 Swingline Lenders or such Lender shall promptly notify the Parent Borrower in writing, in advance, and give the Parent Borrower the opportunity to seek confidential treatment of the information prior to such disclosure, to the extent permitted by law or regulations), (d) to any other party hereto, (e) in connection with the exercise of any remedies hereunder or under any other Loan Document or any action or proceeding relating to this Agreement or any other Loan Document or the enforcement of rights hereunder or thereunder, (f) subject to an agreement containing provisions substantially the same as those of this Section 11.07, to (i) any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights or obligations under this Agreement or (ii) any actual or prospective counterparty (or its advisors) to any Securitization, swap or derivative transaction relating to the Parent Borrower and its obligations, or any Subsidiary and its obligations, or any credit insurance provider relating to any Borrower and its Obligations, (g) with the consent of the Parent Borrower, (h) to rating agencies or, on a confidential basis, to the CUSIP Service Bureau or any similar agency in connection with the issuance and monitoring of CUSIP numbers with respect to the Loans or (i) to the extent such Information (x) becomes publicly available other than as a result of a breach of this Section 11.07 or (y) becomes available to the Administrative Agent, any Tranche 2 Issuing Bank, any Tranche 2 Swingline Lender any Lender or any of their respective Affiliates on a nonconfidential basis from a source other than the Parent Borrower or any of its Subsidiaries; provided that paragraphs (b), (c) and (e) do not permit the disclosure of any information of the kind mentioned in section 275(1) of the Australian PPS Act and, to the extent permitted by section 275(7) of the Australian PPS Act, each Loan party agrees not to disclose or authorize the disclosure of such information. In addition, the Administrative Agent and the Lenders may disclose the existence of this Agreement and customary information about

the Closing Date and the size of, type of, purpose of, and parties to, this Agreement to market data collectors, similar service providers to the lending industry and service providers to the Agents or any Lender in connection with the administration of this Agreement, the other Loan Documents, and the Commitments.

Nothing in this Section is to be construed as constituting an agreement between any of the Loan Parties and any of the Administrative Agent and the Lenders for a higher degree of confidentiality than that prescribed in Section 47 of, and in the Third Schedule to, the Banking Act, Chapter 19 of Singapore.

For purposes of this Section 11.07, "Information" means all information received from the Parent Borrower or any Subsidiary relating to the Parent Borrower or any Subsidiary or any of their respective businesses, other than any such information that is available to the Administrative Agent, any Tranche 2 Issuing Bank, any Tranche 2 Swingline Lenders or any Lenders on a nonconfidential basis prior to disclosure by the Parent Borrower or any Subsidiary. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information.

Each of the Administrative Agent, each Tranche 2 Issuing Bank, each Tranche 2 Swingline Lender and the Lenders acknowledges that (i) the Information may include material non-public information concerning the Parent Borrower or a Subsidiary, as the case may be, (ii) it has developed compliance procedures regarding the use of material non-public information and (iii) it will handle such material non-public information in accordance with applicable Law, including Federal and state securities Laws.

If any of the Borrower and the Guarantor provides the Administrative Agent and the Lenders with personal data of any individual as required by, pursuant to, or in connection with the Loan Documents, the Borrower or, as the case may be, the Guarantor represents and warrants to the Administrative Agent and the Lenders that it has, to the extent required by law, (i) notified the relevant individual of the purposes for which data will be collected, processed, used or disclosed; and (ii) obtained such individual's consent for, and hereby consents on behalf of such individual to, the collection, processing, use and disclosure of his/her personal data by the Administrative Agent and the Lenders, in each case, in accordance with or for the purposes of the Loan Documents, and confirms that it is authorized by such individual to provide such consent on his/her behalf. Each of the Borrower and the Guarantor agrees and undertakes to notify the Administrative Agent promptly upon its becoming aware of the withdrawal by the relevant individual of his/her consent to the collection, processing, use and/or disclosure by any of the Administrative Agent and the Lenders of any personal data provided by the Borrower or, as the case may be, the Guarantor to any of the Administrative Agent and the Lenders. Any consent given pursuant to this Agreement in relation to personal data shall, subject to all applicable laws and regulations, survive death, incapacity, bankruptcy or insolvency of any such individual and the termination or expiration of this Agreement.

11.08 Right of Setoff. If an Event of Default shall have occurred and be continuing, each Lender is hereby authorized at any time and from time to time, to the fullest extent permitted by applicable law, to set off and apply any and all deposits (general or special, time or demand, provisional or final, in whatever currency but excluding funds held by the Parent Borrower or any Subsidiary on behalf of its customers) at any time held and other obligations (in whatever currency, but excluding funds held by the Parent Borrower or any Subsidiary on behalf of its customers) at any time owing by such Lender to or for the credit or the account of any Loan Party against any and all of the obligations of any Loan Party now or hereafter existing under this Agreement or any other Loan Document to such Lender, irrespective of whether or not

such Lender shall have made any demand under this Agreement or any other Loan Document and although such obligations of any Loan Party may be contingent or unmatured or are owed to a branch or office of such Lender different from the branch or office holding such deposit or obligated on such indebtedness. The rights of each Lender under this Section 11.08 are in addition to other rights and remedies (including other rights of setoff) that such Lender may have. Each Lender agrees to notify the applicable Loan Party and the Administrative Agent promptly after any such setoff and application, provided that the failure to give such notice shall not affect the validity of such setoff and application. Notwithstanding the foregoing, if any Defaulting Lender shall exercise any such right of setoff, (a) all amounts so set off shall be paid over immediately to the Administrative Agent for further application in accordance with the provisions of this Agreement and, pending such payment, shall be segregated by such Defaulting Lender from its other funds and deemed held in trust for the benefit of the Administrative Agent, the Tranche 2 Issuing Banks, the Tranche 2 Swingline Lenders and the Lenders and (b) the Defaulting Lender shall provide promptly to the Administrative Agent a statement describing in reasonable detail the obligations owing to such Defaulting Lender as to which it exercised such right of set off.

11.09 Interest Rate Limitation. Notwithstanding anything herein to the contrary, if at any time the interest rate applicable to any Loan, together with all fees, charges and other amounts which are treated as interest on such Loan under applicable law (collectively the "Charges"), shall exceed the maximum lawful rate (the "Maximum Rate") which may be contracted for, charged, taken, received or reserved by the Lender holding such Loan in accordance with applicable law, the rate of interest payable in respect of such Loan hereunder, together with all Charges payable in respect thereof, shall be limited to the Maximum Rate and, to the extent lawful, the interest and Charges that would have been payable in respect of such Loan but were not payable as a result of the operation of this Section shall be cumulated and the interest and Charges payable to such Lender in respect of other Loans or periods shall be increased (but not above the Maximum Rate therefor) until such cumulated amount, together with interest thereon at the NYFRB Rate to the date of repayment, shall have been received by such Lender.

11.10 Counterparts; Integration; Effectiveness. This Agreement may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall be deemed an original, but all of which when taken together shall constitute a single contract. This Agreement and the other Loan Documents constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. Except as provided in Section 4.01, this Agreement shall become effective when it shall have been executed by the Administrative Agent and when the Administrative Agent shall have received counterparts hereof that, when taken together, bear the signatures of each of the other parties hereto. Delivery of an executed counterpart of a signature page of this Agreement by email or facsimile transmission shall be effective as delivery of a manually executed counterpart of this Agreement.

11.11 Survival. All covenants, agreements, representations and warranties made by any Loan Party herein and in the certificates or other instruments delivered in connection with or pursuant to this Agreement shall be considered to have been relied upon by the other parties hereto and shall survive the execution and delivery of this Agreement and the making of any Loans and issuance of any Letters of Credit, regardless of any investigation made by any such other party or on its behalf and notwithstanding that the Administrative Agent, any Tranche 2 Issuing Bank or any Lender may have had notice or knowledge of any Default or incorrect representation or warranty at the time any credit is extended hereunder, and shall continue in full force and effect as long as the principal of or any accrued interest on any Loan or any fee or any other amount or Obligation payable under this Agreement is outstanding and unpaid or any

Tranche 2 Letter of Credit is outstanding and so long as the Commitments have not expired or terminated.

11.12 Severability. If any provision of this Agreement or the other Loan Documents is held to be illegal, invalid or unenforceable, (a) the legality, validity and enforceability of the remaining provisions of this Agreement and the other Loan Documents shall not be affected or impaired thereby and (b) the parties shall endeavor in good faith negotiations to replace the illegal, invalid or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the illegal, invalid or unenforceable provisions. The invalidity of a provision in a particular jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

11.13 Replacement of Lenders. If any Lender requests compensation under Section 3.04, or if any Borrower is required to pay (or will be required to pay) any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 3.01 or if any Lender determines pursuant to Section 3.02 that it is not permitted to make Eurocurrency Rate Loans, or if any Lender is a Defaulting Lender, or if any Lender declines to approve any waiver, amendment or modification of this Agreement or any Loan Document that requires approval of all Lenders pursuant to Section 11.01 or if any other circumstance exists hereunder that gives any Borrower the right to replace a Lender as a party hereto, then the Parent Borrower may, at its sole expense and effort, upon notice to such Lender and the Administrative Agent, require such Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in, and consents required by, Section 11.06), all of its interests, rights and obligations under this Agreement and the related Loan Documents to an assignee that shall assume such obligations (which assignee may be another Lender, if a Lender accepts such assignment); provided, that: (a) a Borrower or the applicable assignee shall have paid to the Administrative Agent the assignment fee specified in Section 11.06(b); (b) such Lender shall have received payment of an amount equal to the outstanding principal of its Loans and participations in Tranche 2 LC Disbursements and Tranche 2 Swingline Loans, accrued interest thereon, accrued fees and all other amounts payable to it hereunder and under the other Loan Documents (including any amounts under Section 3.05) from the assignee (to the extent of such outstanding principal and accrued interest and fees) or a Borrower (in the case of all other amounts); and (c) in the case of any such assignment resulting from a claim for compensation under Section 3.04 or payments required to be made pursuant to Section 3.01, such assignment will result in a reduction in such compensation or payments thereafter. A Lender shall not be required to make any such assignment or delegation if, prior thereto, as a result of a waiver by such Lender or otherwise, the circumstances entitling a Borrower to require such assignment and delegation cease to apply.

11.14 Governing Law; Jurisdiction; Etc.

(a) GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

(b) SUBMISSION TO JURISDICTION. EACH PARTY HERETO IRREVOCABLY AND UNCONDITIONALLY SUBMITS, FOR ITSELF AND ITS PROPERTY, TO THE EXCLUSIVE JURISDICTION OF THE UNITED STATES DISTRICT COURT OF THE SOUTHERN DISTRICT SITTING IN NEW YORK COUNTY (OR, IN THE EVENT THAT SUCH COURT LACKS SUBJECT MATTER JURISDICTION, ANY COURT OF THE STATE OF NEW YORK SITTING IN NEW YORK COUNTY), AND ANY APPELLATE COURT FROM ANY THEREOF, IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT, OR FOR RECOGNITION OR ENFORCEMENT OF ANY JUDGMENT, AND EACH OF THE PARTIES HERETO IRREVOCABLY AND UNCONDITIONALLY AGREES

THAT ALL CLAIMS IN RESPECT OF ANY SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN SUCH NEW YORK STATE COURT OR, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, IN SUCH FEDERAL COURT. EACH OF THE PARTIES HERETO AGREES THAT A FINAL JUDGMENT IN ANY SUCH ACTION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW.

(c) WAIVER OF VENUE. EACH PARTY HERETO IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT IN ANY COURT REFERRED TO IN PARAGRAPH (B) OF THIS SECTION. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF SUCH ACTION OR PROCEEDING IN ANY SUCH COURT.

(d) SERVICE OF PROCESS. EACH PARTY HERETO IRREVOCABLY CONSENTS TO SERVICE OF PROCESS IN THE MANNER PROVIDED FOR NOTICES IN SECTION 11.02. NOTHING IN THIS AGREEMENT WILL AFFECT THE RIGHT OF ANY PARTY HERETO TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY APPLICABLE LAW.

(e) EACH LOAN PARTY HEREBY APPOINTS THE PARENT BORROWER AS ITS AUTHORIZED AGENT ("AUTHORIZED AGENT") UPON WHOM PROCESS MAY BE SERVED IN ANY SUIT, ACTION OR PROCEEDING ARISING OUT OF OR BASED UPON THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREIN WHICH MAY BE INSTITUTED IN ANY STATE OR FEDERAL COURT IN THE CITY OF NEW YORK, NEW YORK. SERVICE OF PROCESS UPON THE AUTHORIZED AGENT SHALL BE DEEMED, IN EVERY RESPECT, EFFECTIVE SERVICE OF PROCESS UPON EACH LOAN PARTY.

11.15 **Waiver of Jury Trial. EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER, AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION**.

11.16 No Advisory or Fiduciary Responsibility. In connection with all aspects of each transaction contemplated hereby, each Borrower acknowledges and agrees that (except, with respect to clauses (b) and (c) below, as expressly set forth in any other engagement agreement between such Borrower and/or any of its Affiliates, on the one hand, and the Administrative Agent, any Syndication Agent, any Documentation Agent, any Lender or any Arranger, on the other hand): (a) the credit facility provided for hereunder and any related arranging or other

services in connection therewith (including in connection with any amendment, waiver or other modification hereof or of any other Loan Document) are an arm's-length commercial transaction between the Parent Borrower and its Affiliates, on the one hand, and the Administrative Agent, the Lenders and the Arrangers, on the other hand, and each Borrower is capable of evaluating and understanding and understands and accepts the terms, risks and conditions of the transactions contemplated hereby and by the other Loan Documents (including any amendment, waiver or other modification hereof or thereof); (b) in connection with the process leading to such transaction, the Administrative Agent, the Syndication Agents, the Documentation Agents, the Lenders and the Arrangers each is and has been acting solely as a principal and is not the financial advisor, agent or fiduciary, for the Borrowers or any of their Affiliates, stockholders, creditors or employees or any other Person; (c) neither the Administrative Agent, any Syndication Agent, any Documentation Agent, any Lender nor any other Arrangers have assumed or will assume an advisory, agency or fiduciary responsibility in favor of the Borrowers with respect to any of the transactions contemplated hereby or the process leading thereto, including with respect to any amendment, waiver or other modification hereof or of any other Loan Document (irrespective of whether the Administrative Agent, the Syndication Agents, the Documentation Agents, the Lenders or the Arrangers have advised or are currently advising any Borrower or any of its Affiliates on other matters) and none of the Administrative Agent, any Syndication Agent, any Documentation Agent, any Lender or any other Arranger has any obligation to any Borrower or any of its Affiliates with respect to the transactions contemplated hereby except those obligations expressly set forth herein and in the other Loan Documents; (d) the Administrative Agent, the Syndication Agents, the Documentation Agents, the Lenders and the Arrangers and their respective Affiliates may be engaged in a broad range of transactions that involve interests that differ from those of the Parent Borrower and its Affiliates, and neither the Administrative Agent, any Syndication Agent, any Documentation Agent, any Lender nor any other Arranger has any obligation to disclose any of such interests by virtue of any advisory, agency or fiduciary relationship; and (e) the Administrative Agent, the Syndication Agents, the Documentation Agents, the Lenders and the other Arrangers have not provided and will not provide any legal, accounting, regulatory or tax advice with respect to any of the transactions contemplated hereby (including any amendment, waiver or other modification hereof or of any other Loan Document) and each Borrower has consulted its own legal, accounting, regulatory and tax advisors to the extent it has deemed appropriate. Each Borrower hereby waives and releases, to the fullest extent permitted by law, any claims that it may have against the Administrative Agent, the Syndication Agents, the Documentation Agents, the Lenders and the other Arrangers with respect to any breach or alleged breach of agency or fiduciary duty in connection with this Agreement, any other Loan Document or the transactions contemplated hereby or thereby.

11.17 USA PATRIOT Act Notice. Each Lender that is subject to the Patriot Act (as hereinafter defined) and the Administrative Agent (for itself and not on behalf of any Lender) hereby notifies the Borrowers that pursuant to the requirements of the USA PATRIOT Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the "Patriot Act"), it is required to obtain, verify and record information that identifies each Loan Party, which information includes the name and address of each Loan Party and other information that will allow such Lender or the Administrative Agent, as applicable, to identify each Loan Party in accordance with the Patriot Act.

11.18 Termination of Joinder Agreements. Following written notice from the Parent Borrower to the Administrative Agent that it wishes to terminate any Subsidiary's designation as a Designated Borrower and upon payment in full of all Obligations of such Designated Borrower, any Joinder Agreement entered by such Designated Borrower with respect to this Agreement shall be deemed to have been terminated, and all guaranty obligations of the Parent Borrower under Article X in respect of such Designated Borrower shall be terminated as of the

date of the termination of such Joinder Agreement but subject to the second paragraph of Section 10.01.

11.19 Acknowledgement and Consent to Bail-In of EEA Financial Institutions. Notwithstanding anything to the contrary in any Loan Document or in any other agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability of any EEA Financial Institution arising under any Loan Document, to the extent such liability is unsecured, may be subject to the write-down and conversion powers of an EEA Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

(a) the application of any Write-Down and Conversion Powers by an EEA Resolution Authority to any such liabilities arising hereunder which may be payable to it by any party hereto that is an EEA Financial Institution; and

(b) the effects of any Bail-In Action on any such liability, including, if applicable:

(i) a reduction in full or in part or cancellation of any such liability;

(ii) a conversion of all, or a portion of, such liability into shares or other instruments of ownership in such EEA Financial Institution, its parent entity, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Agreement or any other Loan Document; or

(iii) the variation of the terms of such liability in connection with the exercise of the Write-Down and Conversion Powers of any EEA Resolution Authority.

11.20 Acknowledgement Regarding Any Supported QFCs. To the extent that the Loan Documents provide support, through a guarantee or otherwise, for Hedging Agreements or any other agreement or instrument that is a QFC (such support "QFC Credit Support" and each such QFC a "Supported QFC"), the parties acknowledge and agree as follows with respect to the resolution power of the Federal Deposit Insurance Corporation under the Federal Deposit Insurance Act and Title II of the Dodd-Frank Wall Street Reform and Consumer Protection Act (together with the regulations promulgated thereunder, the "U.S. Special Resolution Regimes") in respect of such Supported QFC and QFC Credit Support (with the provisions below applicable notwithstanding that the Loan Documents and any Supported QFC may in fact be stated to be governed by the laws of the State of New York and/or of the United States or any other state of the United States): In the event a Covered Entity that is party to a Supported QFC (each, a "Covered Party") becomes subject to a proceeding under a U.S. Special Resolution Regime, the transfer of such Supported QFC and the benefit of such QFC Credit Support (and any interest and obligation in or under such Supported QFC and such QFC Credit Support, and any rights in property securing such Supported QFC or such QFC Credit Support) from such Covered Party will be effective to the same extent as the transfer would be effective under the U.S. Special Resolution Regime if the Supported QFC and such QFC Credit Support (and any such interest, obligation and rights in property) were governed by the laws of the United States or a state of the United States. In the event a Covered Party or a BHC Act Affiliate of a Covered Party becomes subject to a proceeding under a U.S. Special Resolution Regime, Default Rights under the Loan Documents that might otherwise apply to such Supported QFC or any QFC Credit Support that may be exercised against such Covered Party are permitted to be exercised to no greater extent than such Default Rights could be exercised under the U.S. Special Resolution Regime if the Supported QFC and the Loan Documents were governed by the laws of the United States or a state of the United States. Without limitation of the foregoing, it is understood and agreed that rights and remedies of the parties with respect to a Defaulting Lender shall in no event affect the rights of any Covered Party with respect to a Supported QFC or any QFC Credit Support.

11.21 Australian Code of Banking Practice. The parties acknowledge and agree that the Banking Code of Practice of the Australian Banking Association (as updated from time to time) does not apply to the Loan Documents or the transactions under them.

11.22 Canada.

(a) For purposes of disclosure pursuant to the *Interest Act* (Canada), the annual rates of interest or fees to which the rates of interest or fees provided in this Agreement and the other Loan Documents (and stated herein or therein, as applicable, to be computed on the basis of a 360 day year or any other period of time less than a calendar year) are equivalent are the rates so determined multiplied by the actual number of days in the applicable calendar year and divided by 360 or the actual number of days in such other period of time, respectively.

(b) Notwithstanding any other provision contained herein or in any other Loan Document, if a "secured creditor" (as that term is defined under the *Bankruptcy and Insolvency Act* (Canada) is determined by a court of competent jurisdiction not to include a Person to whom obligations are owed on a joint or joint and several basis, then the Canadian Borrower's Obligations (and the Obligations of the Guarantor in respect of such Obligations), to the extent such Obligations are secured, shall be several obligations and not joint or joint and several obligations.

(c) Each of the parties hereto agree that any and all limitation periods provided for in the *Limitations Act, 2002* (Ontario) or any other similar Law shall be excluded from application to the Obligations and any undertaking, covenant, indemnity or other agreement of the Canadian Borrower provided for in any Loan Document to which it is a party in respect thereof, in each case to fullest extent permitted by such Act or other similar Law.

11.23 Luxembourg Requirement. In case of assignment, transfer or novation by a Lender to a new Lender or a participant, of all or any part of its rights and obligations under this Agreement or any of the other Loan Documents, the Lenders and the new Lender or participant shall agree that, for the purposes of Article 1278 and/or Article 1281 of the Luxembourg Civil Code (to the extent applicable), any assignment, amendment, transfer and/or novation of any kind permitted under, and made in accordance with the provisions of the Agreement or any agreement referred to herein to which a Borrower incorporated in Luxembourg is a party, any security created or guarantee given under the Agreement or in relation to the Agreement shall be preserved and continue in full force and effect to the benefit of the new Lender or participant.

(*Remainder of Page Intentionally Left Blank*)

Exhibit 21.01

SUBSIDIARIES OF PAYPAL HOLDINGS, INC.

The following is a list of subsidiaries of PayPal Holdings, Inc., omitting subsidiaries which, considered in the aggregate as a single subsidiary, would not constitute a significant subsidiary.

Subsidiary	**Jurisdiction of Organization**
Bill Me Later, Inc.	Delaware, United States
Paidy Inc.	Japan
PayPal (Europe) S.à r.l. et Cie, S.C.A.	Luxembourg
PayPal Australia Pty Limited	Australia
PayPal Canada Co.	Canada
PayPal do Brasil Servicos de Pagamentos Ltda.	Brazil
PayPal Global Holdings, Inc.	Delaware, United States
PayPal International Treasury Centre S.à r.l.	Luxembourg
PayPal Payment Holdings Pte. Ltd.	Singapore
PayPal Pte. Ltd.	Singapore
PayPal, Inc.	Delaware, United States
Swift Financial, LLC	Delaware, United States

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (Nos. 333-238944 and 333-233776) and Form S-8 (Nos. 333-257416, 333-256374, 333-255416, 333-235832, 333-227947, 333-226532, 333-225625, 333-225623, 333-220890, 333-219828, 333-208346, 333-206783 and 333-205609) of PayPal Holdings, Inc. of our report dated February 3, 2022 relating to the financial statements and financial statement schedule and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP
San Jose, California
February 3, 2022

Exhibit 31.01

CERTIFICATION OF CHIEF EXECUTIVE OFFICER,
AS REQUIRED BY SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002.

I, Daniel H. Schulman, certify that:

1. I have reviewed this report on Form 10-K of PayPal Holdings, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Daniel H. Schulman

Daniel H. Schulman
President, Chief Executive Officer and Director
(Principal Executive Officer)

Date: February 3, 2022

Exhibit 31.02

CERTIFICATION OF CHIEF FINANCIAL OFFICER,
AS REQUIRED BY SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002.

I, John D. Rainey, certify that:

1. I have reviewed this report on Form 10-K of PayPal Holdings, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ *John D. Rainey*

John D. Rainey
Chief Financial Officer and Executive Vice President, Global Customer Operations
(Principal Financial Officer)

Date: February 3, 2022

Exhibit 32.01

CERTIFICATION OF CHIEF EXECUTIVE OFFICER,
AS REQUIRED BY SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002.

I, Daniel H. Schulman, hereby certify pursuant to 18 U.S.C. Section 1350 adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 that:

(i) The accompanying annual report on Form 10-K for the year ended December 31, 2021 fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934, as amended; and

(ii) The information contained in such report fairly presents, in all material respects, the financial condition and results of operations of PayPal Holdings, Inc.

/s/ Daniel H. Schulman
Daniel H. Schulman
President, Chief Executive Officer and Director
(Principal Executive Officer)

Date: February 3, 2022

The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of this report.

Exhibit 32.02

CERTIFICATION OF CHIEF FINANCIAL OFFICER,
AS REQUIRED BY SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002.

I, John D. Rainey, hereby certify pursuant to 18 U.S.C. Section 1350 adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 that:

(i) The accompanying annual report on Form 10-K for the year ended December 31, 2021 fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934, as amended; and

(ii) The information contained in such report fairly presents, in all material respects, the financial condition and results of operations of PayPal Holdings, Inc.

/s/ John D. Rainey
John D. Rainey
Chief Financial Officer and Executive Vice President, Global Customer Operations
(Principal Financial Officer)

Date: February 3, 2022

The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of this report.