

- Following announcement of stock reclassification to create new class of non-voting capital stock, multiple purported class action lawsuits were filed on behalf of stockholders.
 - ↳ Alleges that defendant breached their fiduciary duties.
- As of June 20, 2014, New Certificate that creates non-voting Class C Capital stock.
 - ↳ As of June 30 it was still not effective.
 - ⇒ Effective date still to be determined.
- Share-based compensation:
 - ↳ Initially reserved 25M shares of Class A stock for 2012 plan.
 - ⇒ Following the effective date of the stock dividend, shares reserved will be shares of the new Class C Capital Stock.
- Increase in operating income to 43%.

REVENUE ↑59%.

- Ad ↑63% | Payments ↓6%.
- Driver in ads continues to be News Feed in mobile. (Mobile = 84% of ad revenue).
 - ↳ Anticipate that # & frequency of ads displayed in News Feed will be less significant driver of revenue growth in the future.
- Avg price per ad ↑9% & # of ads ↑49%.
- Decrease in payments still driven by decline in PC use.
 - ↳ Anticipate that PC use will continue to decline but revenue will be offset, in part or in whole, by revenue from delivery of VR platform devices & related platform sales.
- FX impact for Q2 was not material.

COST OF REVENUE ↑31%.

- Increase in operational expenses related to datacenter & infrastructure.

RESEARCH & DEVELOPMENT ↑25%.

- Payroll → HC ↑34%.

MARKETING & SALES ↑44%.

- Payroll → HC ↑29%.

GENERAL & ADM ↑34%.

- Payroll → HC ↑31%.

PROVISION FOR INCOME TAX

- Decrease in effective tax rate from 44% to 26% due to increase in pre-tax income in jurisdictions with tax rates lower than the US.

LIQUIDITY & CAPITAL RESOURCES

- NOL \$2.21B
- \$795M in tax credit } Bookmarked page 34.

OTHER INFORMATION

- Consolidated lawsuits "In re Facebook, Inc. Class C Reclassification, Litig., C.A. No. 12287-VCL"
 - ↳ Investigate results/impact of this lawsuit.
- Are currently at 14,495 employees
 - ↳ Expect headcount to continue to grow.