- Revenue by geography (P.13)
- As of September 30, 2019, we have additional operating and finance leases for facilities and network equipment that have not yet commenced with lease obligations of approximately $3.16 billion and $356 million, respectively. These operating and finance leases will commence between the fourth quarter of 2019 and 2022 with lease terms of greater than one year to 25 years. This table does not include lease payments that were not fixed at commencement or modification.
- During the nine months ended September 30, 2019, we repurchased and subsequently retired 15.4 million shares of our Class A common stock for an aggregate amount of $2.80 billion. As of September 30, 2019, $6.20 billion remained available and authorized for repurchases.
- During the third quarter of 2019, worldwide ARPU was $7.26, an increase of 19% from the third quarter of 2018.

RESULTS OF OPERATIONS

FACTOR	VARIATION YOY	DRIVER

Revenue	+ 29%	• Advertising +28% | Payments +36%
		• Increase in revenue from ads in mobile (94% of total ad revenue from mobile)
		• Factors that influenced in increase of ads:
		  ○ The increase in advertising revenue during the three and nine months ended September 30, 2019 was due to an increase in the number of ads delivered, partially offset by a slight decrease in the average price per ad.
		• # of ads increase 37%
		  ○ The increase in the ads delivered was driven by an increase in the number and frequency of ads displayed across our products, and an increase in users and their engagement.
		• Avg price of ad -6%
		  ○ The decrease in average price per ad was primarily driven by an increasing proportion of the number of ads delivered in geographies and as Stories ads that monetize at lower rates.
		• We anticipate that future advertising revenue growth will be determined by a combination of the number of ads delivered and price.
		• Strengthening of US dollar had unfavorable impact on revenue.

Cost of Revenue	+30%	The increases in both periods were primarily due to increases in operational expenses related to our data centers and technical infrastructure and higher traffic acquisition costs.
R&D	+31%	Payroll | +31% headcount
Marketing & Sales	+25%	The increases in both periods were primarily driven by payroll and benefits, marketing, and community and product operations expenses. Our payroll and benefits expenses increased as a result of a 24% increase in employee headcount from September 30, 2018 to September 30, 2019 in our marketing and sales functions.
General & Admin	+43%	The increase was primarily due to an increase in payroll and benefits expenses and higher legal-related costs. Payroll | +32% headcount
Taxes	+60%	• primarily due to an increase in income from operations and a decrease in excess tax benefits recognized from share-based compensation. • Our effective tax rate in the third quarter of 2019 increased compared to the same period in 2018, mostly due to a decrease in excess tax benefits recognized from share-based compensation and an increase in income taxes from the Altera Ninth Circuit Panel Opinion discussed below. ○ On July 27, 2015, the United States Tax Court issued a decision (Tax Court Decision) in Altera Corp. v. Commissioner, which concluded that related parties in a cost sharing arrangement are not required to share expenses related to share-based compensation. The Tax Court Decision was appealed by the Commissioner to the Ninth Circuit Court of Appeals (Ninth Circuit). On June 7, 2019, a three-judge panel from the Ninth Circuit issued an opinion (Altera Ninth Circuit Panel Opinion) that reversed the Tax Court Decision. Based on the Altera Ninth Circuit Panel Opinion, we recorded a cumulative income tax expense of $1.11 billion in the second quarter of 2019. On July 22, 2019, the taxpayer requested a rehearing before the full Ninth Circuit and may subsequently appeal from

		the Ninth Circuit to the Supreme Court. As a result, the final outcome of the case is uncertain. If the Altera Ninth Circuit Panel Opinion is reversed, we would anticipate recording an income tax benefit at that time. • Effective tax rate is 17% vs 13% for same quarter in 2018.

LIQUIDITY & CAPITAL RESOURCES

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  - net operating loss carryforward was $8.47 billion
  - $293 million of federal tax credit carryforward
  - As of September 30, 2019, $14.08 billion of the $52.27 billion in cash and cash equivalents and marketable securities was held by our foreign subsidiaries.