

- Trail to be held in Q2:
 - An entity named Social Ranger LLC sued us for alleged violations of the United States antitrust laws in connection with virtual currency services.
- Used some of the funds approved for a stock buy-back:
 - During the three months ended March 31, 2017, we repurchased and subsequently retired approximately 2 million shares of our Class A common stock for an aggregate amount of approximately \$228 million.
- Revenue by geography (P.19): still no country other than the US represents more than 10% of their income.
- MAU & DAU information only displayed in totals as specified in the 2016 Q4 Earning Call.
- Global ARPU \$4.23, +27% YoY | sequential decline due to seasonal trends.

INCOME STATEMENT RESULTS:

REVENUE: (+49%)

- Advertising +51% | Payments -3%
- Driver for ads:
 - Increase in ads from News Feed, especially mobile (85% of ad revenue).
 - Average price per ad +14% and # of ads delivered +32%
- Payment decrease due to decrease in use of PC games - will continue to decrease.
- Foreign exchange impact: negative impact on revenues due to strengthening of US dollar | -\$22M dollar impact

COST OF REVENUE 73%:

- Operational expenses of datacenters + technical infrastructure.

RESEARCH & DEVELOPMENT 73%:

- Payroll → +44% headcount

MARKETING & SALES 72%:

- Payroll → +30% headcount

GENERAL & ADM 79%:

- Legal related cost + payroll (+35% headcount)
 - FB lost a lawsuit/had to settle → validate.
 - Even though they are involved in many lawsuits, this is the first time legal fees have increased G&A significantly. Must see other Q's to determine if this is a one-time expense.

GENERAL & ADM 79%:

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TAX RATE 75%:

- Effective tax rate decreased from 16% to 10%
 - Increase in income outside the US

LIQUIDITY & CAPITAL RESOURCES

- NOL \$339 B P.31
- Federal tax credit \$94 M P.31
- Approved \$6B stock buy-backs starting 2017 with no expiration date.
 - Repurchased & Retired 2M Class A shares → \$228 M.
- Trapped Cash \$7.48 B P.31