

FACEBOOK, INC.
CONSOLIDATED BALANCE SHEETS
(In millions, except for number of shares and par value)

	December 31,	
	2018	2017
Assets		
Current assets:		
Cash and cash equivalents	\$ 10,019	\$ 8,079
Marketable securities	31,095	33,632
Accounts receivable, net of allowances of \$229 and \$189 as of December 31, 2018 and 2017, respectively	7,587	5,832
Prepaid expenses and other current assets	1,779	1,020
Total current assets	50,480	48,563
Property and equipment, net	24,683	13,721
Intangible assets, net	1,294	1,884
Goodwill	18,301	18,221
Other assets	2,576	2,135
Total assets	\$ 97,334	\$ 84,524
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 820	\$ 380
Partners payable	541	390
Accrued expenses and other current liabilities	5,509	2,892
Deferred revenue and deposits	147	98
Total current liabilities	7,017	3,760
Other liabilities	6,190	6,417
Total liabilities	13,207	10,177
Commitments and contingencies		
Stockholders' equity:		
Common stock, \$0.000006 par value; 5,000 million Class A shares authorized, 2,385 million and 2,397 million shares issued and outstanding, as of December 31, 2018 and December 31, 2017, respectively; 4,141 million Class B shares authorized, 469 million and 509 million shares issued and outstanding, as of December 31, 2018 and December 31, 2017, respectively.	—	—
Additional paid-in capital	42,906	40,584
Accumulated other comprehensive loss	(760)	(227)
Retained earnings	41,981	33,990
Total stockholders' equity	84,127	74,347
Total liabilities and stockholders' equity	\$ 97,334	\$ 84,524

See Accompanying Notes to Consolidated Financial Statements.

FACEBOOK, INC.
CONSOLIDATED STATEMENTS OF INCOME
(In millions, except per share amounts)

	Year Ended December 31,		
	2018	2017	2016
Revenue	\$ 55,838	\$ 40,653	\$ 27,638
Costs and expenses:			
Cost of revenue	9,355	5,454	3,789
Research and development	10,273	7,754	5,919
Marketing and sales	7,846	4,725	3,772
General and administrative	3,451	2,517	1,731
Total costs and expenses	30,925	20,450	15,211
Income from operations	24,913	20,203	12,427
Interest and other income (expense), net	448	391	91
Income before provision for income taxes	25,361	20,594	12,518
Provision for income taxes	3,249	4,660	2,301
Net income	\$ 22,112	\$ 15,934	\$ 10,217
Less: Net income attributable to participating securities	1	14	29
Net income attributable to Class A and Class B common stockholders	\$ 22,111	\$ 15,920	\$ 10,188
Earnings per share attributable to Class A and Class B common stockholders:			
Basic	\$ 7.65	\$ 5.49	\$ 3.56
Diluted	\$ 7.57	\$ 5.39	\$ 3.49
Weighted average shares used to compute earnings per share attributable to Class A and Class B common stockholders:			
Basic	2,890	2,901	2,863
Diluted	2,921	2,956	2,925
Share-based compensation expense included in costs and expenses:			
Cost of revenue	\$ 284	\$ 178	\$ 113
Research and development	3,022	2,820	2,494
Marketing and sales	511	436	368
General and administrative	335	289	243
Total share-based compensation expense	\$ 4,152	\$ 3,723	\$ 3,218

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FACEBOOK, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In millions)

	Year Ended December 31,		
	2018	2017	2016
Cash flows from operating activities			
Net income	\$ 22,112	\$ 15,934	\$ 10,217
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	4,315	3,025	2,342
Share-based compensation	4,152	3,723	3,218
Deferred income taxes	286	(377)	(457)
Other	(64)	24	30
Changes in assets and liabilities:			
Accounts receivable	(1,892)	(1,609)	(1,489)
Prepaid expenses and other current assets	(690)	(192)	(159)
Other assets	(159)	154	14
Accounts payable	221	43	14
Partners payable	157	95	67
Accrued expenses and other current liabilities	1,417	309	1,014
Deferred revenue and deposits	53	4	35
Other liabilities	(634)	3,083	1,262
Net cash provided by operating activities	29,274	24,216	16,108
Cash flows from investing activities			
Purchases of property and equipment, net	(13,915)	(6,733)	(4,491)
Purchases of marketable securities	(14,656)	(25,682)	(22,341)
Sales of marketable securities	12,358	9,444	13,894
Maturities of marketable securities	4,772	2,988	1,261
Acquisitions of businesses, net of cash acquired, and purchases of intangible assets	(137)	(122)	(123)
Other investing activities, net	(25)	(13)	8
Net cash used in investing activities	(11,603)	(20,118)	(11,792)
Cash flows from financing activities			
Taxes paid related to net share settlement of equity awards	(3,208)	(3,246)	(6)
Principal payments on capital lease and other financing obligations	—	—	(312)
Repurchases of Class A common stock	(12,879)	(1,976)	—
Net change in overdraft in cash pooling entities	500	—	—
Other financing activities, net	15	(13)	8
Net cash used in financing activities	(15,572)	(5,235)	(310)
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	(179)	232	(63)
Net increase (decrease) in cash, cash equivalents, and restricted cash	1,920	(905)	3,943
Cash, cash equivalents, and restricted cash at beginning of the period	8,204	9,109	5,166
Cash, cash equivalents, and restricted cash at end of the period	\$ 10,124	\$ 8,204	\$ 9,109
Reconciliation of cash, cash equivalents, and restricted cash to the consolidated balance sheets			
Cash and cash equivalents	\$ 10,019	\$ 8,079	\$ 8,903
Restricted cash, included in prepaid expenses and other current assets	10	18	106
Restricted cash, included in other assets	95	107	100
Total cash, cash equivalents, and restricted cash	\$ 10,124	\$ 8,204	\$ 9,109

See Accompanying Notes to Consolidated Financial Statements.

FACEBOOK, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In millions)

	Year Ended December 31,		
	2018	2017	2016
Supplemental cash flow data			
Cash paid during the period for:			
Interest	\$ 1	\$ —	\$ 11
Income taxes, net	\$ 3,762	\$ 2,117	\$ 1,210
Non-cash investing and financing activities:			
Net change in prepaids and liabilities related to property and equipment additions	\$ 918	\$ 495	\$ 136
Settlement of acquisition-related contingent consideration liability	\$ —	\$ 102	\$ 33
Change in unsettled repurchases of Class A common stock	\$ 51	\$ 94	\$ —

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