

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

|   | December 31,     |                  |
|---|------------------|------------------|
|   | 2017             | 2016             |
| <b>Assets</b>   |                  |                  |
| Current assets:   |                  |                  |
| Cash and cash equivalents   | \$ 8,079         | \$ 8,903         |
| Marketable securities   | 33,632           | 20,546           |
| Accounts receivable, net of allowances of \$189 and \$94 as of December 31, 2017 and 2016, respectively   | 5,832            | 3,993            |
| Prepaid expenses and other current assets   | 1,020            | 959              |
| Total current assets  | 48,563           | 34,401           |
| Property and equipment, net   | 13,721           | 8,591            |
| Intangible assets, net  | 1,884            | 2,535            |
| Goodwill  | 18,221           | 18,122           |
| Other assets  | 2,135            | 1,312            |
| <b>Total assets</b>   | <b>\$ 84,524</b> | <b>\$ 64,961</b> |
| <b>Liabilities and stockholders' equity</b>   |                  |                  |
| Current liabilities:  |                  |                  |
| Accounts payable  | \$ 380           | \$ 302           |
| Partners payable  | 390              | 280              |
| Accrued expenses and other current liabilities  | 2,892            | 2,203            |
| Deferred revenue and deposits   | 98               | 90               |
| Total current liabilities   | 3,760            | 2,875            |
| Other liabilities   | 6,417            | 2,892            |
| Total liabilities   | 10,177           | 5,767            |
| Commitments and contingencies   |                  |                  |
| Stockholders' equity:   |                  |                  |
| Common stock, \$0.000006 par value; 5,000 million Class A shares authorized, 2,397 million and 2,354 million shares issued and outstanding, as of December 31, 2017 and December 31, 2016, respectively; 4,141 million Class B shares authorized, 509 million and 538 million shares issued and outstanding, as of December 31, 2017 and December 31, 2016, respectively. | —                | —                |
| Additional paid-in capital  | 40,584           | 38,227           |
| Accumulated other comprehensive loss  | (227)            | (703)            |
| Retained earnings   | 33,990           | 21,670           |
| Total stockholders' equity  | 74,347           | 59,194           |
| <b>Total liabilities and stockholders' equity</b>   | <b>\$ 84,524</b> | <b>\$ 64,961</b> |

*See Accompanying Notes to Consolidated Financial Statements.*

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

|  | Year Ended December 31, |                  |                 |
|--|-------------------------|------------------|-----------------|
|  | 2017                    | 2016             | 2015            |
| <b>Revenue</b>   | \$ 40,653               | \$ 27,638        | \$ 17,928       |
| <b>Costs and expenses:</b>   |                         |                  |                 |
| Cost of revenue  | 5,454                   | 3,789            | 2,867           |
| Research and development   | 7,754                   | 5,919            | 4,816           |
| Marketing and sales  | 4,725                   | 3,772            | 2,725           |
| General and administrative   | 2,517                   | 1,731            | 1,295           |
| <b>Total costs and expenses</b>  | <b>20,450</b>           | <b>15,211</b>    | <b>11,703</b>   |
| <b>Income from operations</b>  | <b>20,203</b>           | <b>12,427</b>    | <b>6,225</b>    |
| Interest and other income (expense), net   | 391                     | 91               | (31)            |
| Income before provision for income taxes   | 20,594                  | 12,518           | 6,194           |
| Provision for income taxes   | 4,660                   | 2,301            | 2,506           |
| <b>Net income</b>  | <b>\$ 15,934</b>        | <b>\$ 10,217</b> | <b>\$ 3,688</b> |
| Less: Net income attributable to participating securities  | 14                      | 29               | 19              |
| <b>Net income attributable to Class A and Class B common stockholders</b>  | <b>\$ 15,920</b>        | <b>\$ 10,188</b> | <b>\$ 3,669</b> |
| <b>Earnings per share attributable to Class A and Class B common stockholders:</b>   |                         |                  |                 |
| Basic  | \$ 5.49                 | \$ 3.56          | \$ 1.31         |
| Diluted  | \$ 5.39                 | \$ 3.49          | \$ 1.29         |
| <b>Weighted average shares used to compute earnings per share attributable to Class A and Class B common stockholders:</b> |                         |                  |                 |
| Basic  | 2,901                   | 2,863            | 2,803           |
| Diluted  | 2,956                   | 2,925            | 2,853           |
| <b>Share-based compensation expense included in costs and expenses:</b>  |                         |                  |                 |
| Cost of revenue  | \$ 178                  | \$ 113           | \$ 81           |
| Research and development   | 2,820                   | 2,494            | 2,350           |
| Marketing and sales  | 436                     | 368              | 320             |
| General and administrative   | 289                     | 243              | 218             |
| Total share-based compensation expense   | \$ 3,723                | \$ 3,218         | \$ 2,969        |

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

|  | Year Ended December 31, |                 |                 |
|--|-------------------------|-----------------|-----------------|
|  | 2017                    | 2016            | 2015            |
| <b>Cash flows from operating activities</b>  |                         |                 |                 |
| Net income   | \$ 15,934               | \$ 10,217       | \$ 3,688        |
| Adjustments to reconcile net income to net cash provided by operating activities:    |                         |                 |                 |
| Depreciation and amortization  | 3,025                   | 2,342           | 1,945           |
| Share-based compensation   | 3,723                   | 3,218           | 2,960           |
| Deferred income taxes  | (377)                   | (457)           | (795)           |
| Tax benefit from share-based award activity  | —                       | —               | 1,721           |
| Other  | 24                      | 30              | 17              |
| Changes in assets and liabilities:   |                         |                 |                 |
| Accounts receivable  | (1,609)                 | (1,489)         | (973)           |
| Prepaid expenses and other current assets  | (192)                   | (159)           | (144)           |
| Other assets   | 154                     | 14              | (3)             |
| Accounts payable   | 43                      | 14              | 18              |
| Partners payable   | 95                      | 67              | 17              |
| Accrued expenses and other current liabilities                                       | 309                     | 1,014           | 513             |
| Deferred revenue and deposits  | 4                       | 35              | (9)             |
| Other liabilities  | 3,083                   | 1,262           | 1,365           |
| <b>Net cash provided by operating activities</b>                                     | <b>24,216</b>           | <b>16,108</b>   | <b>10,320</b>   |
| <b>Cash flows from investing activities</b>  |                         |                 |                 |
| Purchases of property and equipment  | (6,733)                 | (4,491)         | (2,523)         |
| Purchases of marketable securities   | (25,682)                | (22,341)        | (15,938)        |
| Sales of marketable securities   | 9,444                   | 13,894          | 6,928           |
| Maturities of marketable securities  | 2,988                   | 1,261           | 2,310           |
| Acquisitions of businesses, net of cash acquired, and purchases of intangible assets | (122)                   | (123)           | (313)           |
| Change in restricted cash and deposits   | 67                      | 61              | 102             |
| <b>Net cash used in investing activities</b>   | <b>(20,038)</b>         | <b>(11,739)</b> | <b>(9,434)</b>  |
| <b>Cash flows from financing activities</b>  |                         |                 |                 |
| Taxes paid related to net share settlement of equity awards                          | (3,246)                 | (6)             | (20)            |
| Principal payments on capital lease and other financing obligations                  | —                       | (312)           | (119)           |
| Repurchases of Class A common stock  | (1,976)                 | —               | —               |
| Other financing activities, net  | (13)                    | 8               | —               |
| <b>Net cash used in financing activities</b>   | <b>(5,235)</b>          | <b>(310)</b>    | <b>(139)</b>    |
| Effect of exchange rate changes on cash and cash equivalents                         | 233                     | (63)            | (155)           |
| Net (decrease) increase in cash and cash equivalents                                 | (824)                   | 3,996           | 592             |
| Cash and cash equivalents at beginning of period                                     | 8,903                   | 4,907           | 4,315           |
| <b>Cash and cash equivalents at end of period</b>                                    | <b>\$ 8,079</b>         | <b>\$ 8,903</b> | <b>\$ 4,907</b> |

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