

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

	December 31,	
	2016	2015
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 8,903	\$ 4,907
Marketable securities	20,546	13,527
Accounts receivable, net of allowances for doubtful accounts of \$94 and \$68 as of December 31, 2016 and December 31, 2015, respectively	3,993	2,559
Prepaid expenses and other current assets	959	659
Total current assets	34,401	21,652
Property and equipment, net	8,591	5,687
Intangible assets, net	2,535	3,246
Goodwill	18,122	18,026
Other assets	1,312	796
<b>Total assets</b>	<b>\$ 64,961</b>	<b>\$ 49,407</b>
<b>Liabilities and stockholders' equity</b>		
Current liabilities:		
Accounts payable	\$ 302	\$ 196
Partners payable	280	217
Accrued expenses and other current liabilities	2,203	1,449
Deferred revenue and deposits	90	56
Current portion of capital lease obligations	—	7
Total current liabilities	2,875	1,925
Capital lease obligations, less current portion	—	107
Other liabilities	2,892	3,157
Total liabilities	5,767	5,189
Commitments and contingencies		
Stockholders' equity:		
Common stock, \$0.000006 par value; 5,000 million Class A shares authorized, 2,354 million and 2,293 million shares issued and outstanding, including 4 million and 8 million outstanding shares subject to repurchase, as of December 31, 2016 and December 31, 2015, respectively; 4,141 million Class B shares authorized, 538 million and 552 million shares issued and outstanding, including 2 million and 3 million outstanding shares subject to repurchase, as of December 31, 2016 and December 31, 2015, respectively	—	—
Additional paid-in capital	38,227	34,886
Accumulated other comprehensive loss	(703)	(455)
Retained earnings	21,670	9,787
Total stockholders' equity	59,194	44,218
<b>Total liabilities and stockholders' equity</b>	<b>\$ 64,961</b>	<b>\$ 49,407</b>

*See Accompanying Notes to Consolidated Financial Statements.*

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

	Year Ended December 31,		
	2016	2015	2014
<b>Revenue</b>	\$ 27,638	\$ 17,928	\$ 12,466
<b>Costs and expenses:</b>			
Cost of revenue	3,789	2,867	2,153
Research and development	5,919	4,816	2,666
Marketing and sales	3,772	2,725	1,680
General and administrative	1,731	1,295	973
<b>Total costs and expenses</b>	<b>15,211</b>	<b>11,703</b>	<b>7,472</b>
<b>Income from operations</b>	<b>12,427</b>	<b>6,225</b>	<b>4,994</b>
Interest and other income/(expense), net	91	(31)	(84)
Income before provision for income taxes	12,518	6,194	4,910
Provision for income taxes	2,301	2,506	1,970
<b>Net income</b>	<b>\$ 10,217</b>	<b>\$ 3,688</b>	<b>\$ 2,940</b>
Less: Net income attributable to participating securities	29	19	15
<b>Net income attributable to Class A and Class B common stockholders</b>	<b>\$ 10,188</b>	<b>\$ 3,669</b>	<b>\$ 2,925</b>
<b>Earnings per share attributable to Class A and Class B common stockholders:</b>			
Basic	\$ 3.56	\$ 1.31	\$ 1.12
Diluted	\$ 3.49	\$ 1.29	\$ 1.10
<b>Weighted average shares used to compute earnings per share attributable to Class A and Class B common stockholders:</b>			
Basic	2,863	2,803	2,614
Diluted	2,925	2,853	2,664
<b>Share-based compensation expense included in costs and expenses:</b>			
Cost of revenue	\$ 113	\$ 81	\$ 62
Research and development	2,494	2,350	1,328
Marketing and sales	368	320	249
General and administrative	243	218	198
<b>Total share-based compensation expense</b>	<b>\$ 3,218</b>	<b>\$ 2,969</b>	<b>\$ 1,837</b>

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

	Year Ended December 31,		
	2016	2015	2014
<b>Cash flows from operating activities</b>			
Net income	\$ 10,217	\$ 3,688	\$ 2,940
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	2,342	1,945	1,243
Share-based compensation	3,218	2,960	1,786
Deferred income taxes	(457)	(795)	(210)
Tax benefit from share-based award activity	—	1,721	1,853
Other	30	17	(24)
Changes in assets and liabilities:			
Accounts receivable	(1,489)	(973)	(610)
Prepaid expenses and other current assets	(159)	(144)	(123)
Other assets	14	(3)	(216)
Accounts payable	14	18	31
Partners payable	67	17	(28)
Accrued expenses and other current liabilities	1,014	513	328
Deferred revenue and deposits	35	(9)	10
Other liabilities	1,262	1,365	346
<b>Net cash provided by operating activities</b>	<b>16,108</b>	<b>10,320</b>	<b>7,326</b>
<b>Cash flows from investing activities</b>			
Purchases of property and equipment	(4,491)	(2,523)	(1,831)
Purchases of marketable securities	(22,341)	(15,938)	(9,104)
Sales of marketable securities	13,894	6,928	8,438
Maturities of marketable securities	1,261	2,310	1,909
Acquisitions of businesses, net of cash acquired, and purchases of intangible assets	(123)	(313)	(4,975)
Change in restricted cash and deposits	61	102	(348)
Other investing activities, net	—	—	(2)
<b>Net cash used in investing activities</b>	<b>(11,739)</b>	<b>(9,434)</b>	<b>(5,913)</b>
<b>Cash flows from financing activities</b>			
Principal payments on capital lease and other financing obligations	(312)	(119)	(243)
Other financing activities, net	2	(20)	(55)
<b>Net cash used in financing activities</b>	<b>(310)</b>	<b>(139)</b>	<b>(298)</b>
Effect of exchange rate changes on cash and cash equivalents	(63)	(155)	(123)
Net increase in cash and cash equivalents	3,996	592	992
Cash and cash equivalents at beginning of period	4,907	4,315	3,323
<b>Cash and cash equivalents at end of period</b>	<b>\$ 8,903</b>	<b>\$ 4,907</b>	<b>\$ 4,315</b>

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