

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.

For the fiscal year ended December 31, 2021

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.

For the transition period from \_\_\_\_\_ to \_\_\_\_\_  
Commission file number 001-38872



**Pinterest, Inc.**

(Exact Name of Registrant as Specified in Its Charter)

Delaware

(State or Other Jurisdiction of Incorporation or Organization)

26-3607129

(I.R.S. Employer Identification No.)

505 Brannan Street

San Francisco, California

(Address of Principal Executive Offices, including zip code)

94107

(Zip Code)

(415) 762-7100

Registrant's Telephone Number, Including Area Code

Securities registered pursuant to Section 12(b) of the Act:

Title of each class  
Class A Common Stock, \$0.00001 par value

Trading Symbol  
PINS

Name of each exchange on which registered  
New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:

None

Indicate by check mark whether the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes  No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant, based on the closing price of a share of the registrant's common stock on June 30, 2021 as reported by the New York Stock Exchange on such date was approximately \$40.9 billion.

As of January 28, 2022, there were 569,515,700 shares of the Registrant's Class A common stock, \$0.00001 par value per share, outstanding, and 88,629,202 shares of the Registrant's Class B common stock outstanding.

**Documents Incorporated by Reference**

Portions of the registrant's definitive Proxy Statement for the 2022 Annual Meeting of Stockholders are incorporated by reference into Part III of this Annual Report on Form 10-K where indicated. Such Definitive Proxy Statement will be filed with the Securities and Exchange Commission within 120 days after the end of the registrant's fiscal year ended December 31, 2021.

**PINTEREST, INC.**  
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## NOTE ABOUT FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, which statements involve substantial risk and uncertainties. Forward-looking statements can be identified by the fact that they do not relate strictly to historical or current facts and are often characterized by the use of words such as “believes,” “estimates,” “expects,” “projects,” “may,” “intends,” “plans”, “targets”, “forecasts” or “anticipates,” or by discussions of strategy, plans or intentions. Such forward-looking statements involve known and unknown risks, uncertainties, assumptions and other important factors that could cause our actual results, performance or achievements, or industry results, to differ materially from historical results or any future results, performance or achievements expressed, suggested or implied by such forward-looking statements. These risks and uncertainties include, but are not limited to, statements about:

- uncertainty regarding the duration and scope of the coronavirus, including its variants, referred to as the COVID-19 pandemic;
- actions governments and businesses take in response to the COVID-19 pandemic, including actions that could affect levels of user engagement or advertising activity;
- the impact of the COVID-19 pandemic and actions taken in response to the pandemic on global and regional economies and economic activity;
- general economic uncertainty in key global markets and a worsening of global economic conditions or low levels of economic growth;
- the impact of the COVID-19 pandemic on our planned investments, operations, expenses, revenue, cash flow, liquidity, users and engagement;
- the effect of general economic and political conditions;
- our financial performance, including revenue, cost and expenses and cash flows;
- our ability to attract, retain and recover Pinners and maintain and grow their level of engagement;
- our ability to provide content that is useful and relevant to Pinners' personal taste and interests;
- our ability to develop successful new products or improve existing ones;
- our ability to maintain and enhance our brand and reputation;
- potential harm caused by compromises in security, including our cybersecurity protections and resources and costs required to prevent, detect and remediate potential security breaches;
- potential harm caused by changes in online application stores or internet search engines' methodologies, particularly search engine optimization methodologies and policies;
- discontinuation, disruptions or outages in third-party single sign-on access;
- our ability to compete effectively in our industry;
- our ability to scale our business, including our monetization efforts;
- our ability to attract and retain advertisers and scale our revenue model;
- our ability to attract and retain creators that create relevant and engaging content;
- our ability to develop effective products and tools for advertisers, including measurement tools;
- our ability to expand and monetize our platform internationally;
- our ability to effectively manage the growth of our business;
- our lack of operating history and ability to sustain profitability;
- decisions that reduce short-term revenue or profitability or do not produce the long-term benefits we expect;
- fluctuations in our operating results;
- our ability to raise additional capital on favorable terms or at all;
- our ability to realize anticipated benefits from mergers and acquisitions, joint ventures, strategic partnerships and other investments;
- our ability to protect our intellectual property;

- our ability to receive, process, store, use and share data, and compliance with laws and regulations related to data privacy and content;
- current or potential litigation and regulatory actions involving us;
- our ability to comply with modified or new laws and regulations applying to our business, and potential harm to our business as a result of those laws and regulations;
- real or perceived inaccuracies in metrics related to our business;
- disruption of, degradation in or interference with our use of Amazon Web Services and our infrastructure; and
- our ability to attract and retain personnel.

These statements are based on our historical performance and on our current plans, estimates and projections in light of information currently available to us, and therefore you should not place undue reliance on them. The inclusion of this forward-looking information should not be regarded as a representation by us or any other person that the future plans, estimates or expectations contemplated by us will be achieved. Forward-looking statements made in this Annual Report on Form 10-K speak only as of the date on which such statements are made, and we undertake no obligation to update them in light of new information or future events, except as required by law.

You should carefully consider the above factors, as well as the factors discussed elsewhere in this Annual Report on Form 10-K. The factors identified above should not be construed as an exhaustive list of factors that could affect our future results and should be read in conjunction with the other cautionary statements that are included in this Annual Report. Furthermore, new risks and uncertainties arise from time to time, and it is impossible for us to predict those events or how they may affect us. If any of these trends, risks or uncertainties actually occurs or continues, our business, revenue and financial results could be harmed, the trading price of our Class A common stock could decline and you could lose all or part of your investment.

Unless expressly indicated or the context requires otherwise, the terms "Pinterest," "company," "we," "us," and "our" in this document refer to Pinterest, Inc., a Delaware corporation, and, where appropriate, its wholly owned subsidiaries. The term "Pinterest" may also refer to our products, regardless of the manner in which they are accessed. For references to accessing Pinterest on the "web" or via a "website," such terms refer to accessing Pinterest on personal computers. For references to accessing Pinterest on "mobile," such term refers to accessing Pinterest via a mobile application or via a mobile-optimized version of our website such as m.pinterest.com, whether on a mobile phone or tablet.

### **Summary of Risk Factors**

The following summarizes the principal factors that make an investment in our company speculative or risky, all of which are more fully described in the Risk Factors section below. This summary should be read in conjunction with the Risk Factors section and should not be relied upon as an exhaustive summary of the material risks facing our business. The following factors could result in harm to our business, reputation, revenue, financial results, and prospects, among other impacts:

*Business Strategy and Growth.* Our strategic decisions and efforts to expand the business, including:

- our ability to scale our business for future growth, as we are in the early stages of our monetization efforts;
- our ability to attract, grow, retain, recover, and engage our user base;
- providing content that is useful and relevant to Pinners' personal taste and interests;
- decisions consistent with our mission and values that may reduce our short- or medium-term operating results;
- removing objectionable content or blocking objectionable practices by advertisers or third parties;
- our ability to compete effectively for users or advertisers and to develop effective products and tools for advertisers;
- our ability to attract and retain creators to create engaging content;
- our further expansion and monetization of our platform internationally;
- effective management of our business growth; and
- our acquisition of other businesses.

*Operation of Our Business.* The manner in which we operate our business, including:

- the disruption and harm from the COVID-19 pandemic outbreak, as well as potential challenges of post-pandemic recovery;
- our dependence on and ability to maintain and enhance a strong brand and reputation;
- actual or perceived compromises in our security;
- our dependence on advertising for substantially all of our revenue;
- the development of tools to accurately measure the effectiveness of advertisements on our platform and thereby attract and maintain advertisers;
- the inherent challenges of measurements related to Pinner metrics and other estimates;
- our ability to maintain and scale our technology infrastructure, including the speed and availability of our service; and
- the attraction, retention, and loss of our key personnel and other highly qualified personnel.

*Third-Party Reliance.* Our use and dependence on third-party businesses and products, or the impacts of third-party business and products, including:

- our dependence on online application stores and internet search engines, including their methodologies, policies, and results, to direct traffic and refer new Pinner to our service;
- users' ability to authenticate with our service through third-party login providers;
- our dependence on Amazon Web Services for the vast majority of our compute, storage, data transfer, and other services;
- effectively operating with mobile operating systems, web browsers, networks, regulations, and standards, which we do not control, and changes in our products or to those mobile operating systems, web browsers, networks, regulations or standards; and
- our reliance on software, technologies, and related services from other parties; and
- technologies that can block the display of our ads.

*Legal and Regulatory Matters.* The legal and regulatory frameworks, actions, and requirements to which our business, products, services, and operations are subject, including:

- any liability as a result of content or information that is published or made available on our service;
- government action to restrict access to our service or certain of our products in their countries;
- the data, including personal information, we receive, process, store, use, and share, which subjects us to complex and evolving governmental regulation and other legal obligations related to data privacy, data protection and other matters;
- our involvement in any legal disputes or other disputes that are expensive to support and may be resolved adversely;
- an ability to protect our intellectual property and our use of "open source" software; and
- the interpretation and application of U.S. tax legislation or other changes in U.S. or non-U.S. taxation of our operations.

*Financial Statements and Performance.* The preparation of our financial statements and our financial and operating performance, including:

- our limited operating history and previously incurred operating losses, anticipated increases to operating costs, and expenses and our ability to obtain or maintain profitability;
- fluctuations in our operating results from quarter to quarter;
- our ability to obtain additional financing, if needed and any default on our credit obligations;
- greater than anticipated tax liabilities;

- limitations in our ability to use or benefit from our net operating loss carryforwards and certain other tax attributes; and
- the requirements of being a public company.

*Our Common Stock.* The rights, restrictions, and structure of, and actions that we make take that impact, our common stock, including:

- the dual class structure of our common stock;
- trading price volatility of our Class A common stock;
- future offerings of debt or equity securities by us or existing stockholders that could adversely impact the market price of our Class A common stock;
- additional stock issuances, including in connection with settlement of equity awards, and any resulting dilution;
- provisions under Delaware law and our governing documents that could make a merger, tender offer, or proxy contest difficult;
- our certificate of incorporation's designation of a state or federal court located within Delaware as the exclusive forum for substantially all disputes between us and our stockholders; and
- our intention not to pay dividends for the foreseeable future.

*General.* The risks common to our industry and public companies generally, including:

- our development of or investment in successful new products or improvements to existing one;
- adverse global economic and financial conditions; and
- changes in accounting principles generally accepted in the United States.

## LIMITATIONS OF KEY METRICS AND OTHER DATA

The numbers for our key metrics, which include our monthly active users (MAUs) and average revenue per user (ARPU), are calculated using internal company data based on the activity of user accounts. We define a monthly active user as an authenticated Pinterest user who visits our website, opens our mobile application or interacts with Pinterest through one of our browser or site extensions, such as the Save button, at least once during the 30-day period ending on the date of measurement. Unless otherwise indicated, we present MAUs based on the number of MAUs measured on the last day of the current period. We measure monetization of our platform through our average revenue per user metric. We define ARPU as our total revenue in a given geography during a period divided by the average of the number of MAUs in that geography during the period. We calculate average MAUs based on the average of the number of MAUs measured on the last day of the current period and the last day prior to the beginning of the current period. We calculate ARPU by geography based on our estimate of the geography in which revenue-generating activities occur. We use these metrics to assess the growth and health of the overall business and believe that MAUs and ARPU best reflect our ability to attract, retain, engage and monetize our users, and thereby drive revenue. While these numbers are based on what we believe to be reasonable estimates of our user base for the applicable period of measurement, there are inherent challenges in measuring usage of our products across large online and mobile populations around the world. In addition, we are continually seeking to improve our estimates of our user base, and such estimates may change due to improvements or changes in technology or our methodology.

## **PART I**

### **Item 1. Business**

#### **Overview**

Our mission is to bring everyone the inspiration to create a life they love.

Pinterest is where over 400 million people around the world go to get inspiration to live their best lives. They come to discover and bring to life ideas for their daily activities like cooking dinner or deciding what to wear; for major commitments like remodeling a house or training for a marathon; for ongoing passions like gardening or fashion; and for milestone events like planning a wedding or a dream vacation.

Our users (who we call Pinners) often don't have the words to describe what they want, but they know it when they see it. Images and video can communicate concepts that are impossible to describe with words. On Pinterest, people discover inspiring and personalized visual content, which we call Pins. Pins are created when Pinners, creators and businesses make new content for or save existing web content to our platform. Pins are saved and organized into collections, which we call boards and sections. Browsing and saving visual ideas on our service helps Pinners imagine what their future could look like, which propels them from inspiration to action.

Pinterest is the productivity tool for planning your dreams. Dreaming and productivity may seem like polar opposites, but on Pinterest, inspiration enables action and dreams become reality. Visualizing the future helps bring it to life. In this way, Pinterest is unique. Most consumer internet companies are either tools (search, ecommerce) or media (newsfeeds, video, social networks). Pinterest is not a pure media channel; it is a media-rich utility.

Pinterest is also unique because we've designed it to be an inspiring platform, that we foster through our policies and product development -- for example, Pinterest has banned political and weight loss ads, developed inclusive beauty search functionality and launched compassionate search for Pinners seeking mental health support. This work is foundational to our mission because we believe people are less likely to imagine their future and bring it to life when they feel self-conscious, excluded, or unhappy. It also creates value for businesses and brands on the platform (including our advertising partners), who have the opportunity to showcase their products and services in an inspiring environment that we believe is conducive to building an emotional connection with consumers.

#### **Our Platform**

When people use Pinterest, they interact with several surfaces, each of which offer distinct functionalities and experiences. Pinners often move between these surfaces multiple times in a single session.

#### **Home Feed**

When people open the Pinterest mobile application or navigate to [www.pinterest.com](http://www.pinterest.com), they are by default in their Home Feed, where they can discover Pins relevant to their tastes and interests in a scrolling format. We have several types of Pins on our platform, including:

- **Standard Pins:** Static images that link to content from around the web highlighting products, recipes, style and home inspiration, DIY, and more.
- **Video Pins:** Short videos from businesses that link to content from around the web on topics like cooking, beauty and DIY projects.
- **Product Pins:** Product Pins feature items from our catalog inventory that can be purchased and include metadata on prices and stock availability as well as links to the product page of a retailer's website.
- **Idea Pins:** Idea Pins are multi-pages of videos, images, text and lists that are natively created on Pinterest. This format enables creators to show how to bring ideas to life (e.g. how to cook a meal or design a room).

Pinners can choose between two different Home Feed experiences: Browse or Watch. The "Browse" tab is Pinterest's traditional inspiration feed (consisting of a two column grid featuring a variety of Standard, Video, Product and Idea Pins), while the "Watch" tab is an immersive feed of full-screen, auto-playing Idea Pins.



Both Browse and Watch are powered by machine learning recommendations that dynamically reflect the taste and interests of each Pinner. Pinner using these tabs will also see Pins from the people, topics and boards they choose to follow.

### **Search and Shop**

On the Search surface, Pinner can find Pins, boards, creators and brands by typing a query in the search bar. Pinner can choose to view their search results on an Explore tab or a Shop tab. Explore results include relevant Pins personalized for the Pinner's individual taste, while Shop results include relevant Product Pins that are shoppable and link to a retailer's product page. Pinner who use search typically want to see many relevant possibilities that are personalized for their individual taste and interests rather than one perfect answer. The Explore and Shop tabs include search guides that help narrow results (e.g., a search for "summer outfits" yields search guides titled "beachy," "monochromatic," and "vintage").

Searches on Pinterest also happen when a Pinner taps on a Pin on any surface to learn more about an idea or image, and a feed of visually similar Pins is served beneath the tapped image. These related Pins help Pinner springboard off a point of inspiration to explore deeper into an interest or narrow in on the perfect product. Pinner also visually search within images by using our Lens tool to select specific objects inside an inspiring scene e.g., a lamp in a living room scene or a pair of shoes in a street fashion scene. This action automatically triggers a new search that yields related Pins that are visually similar to the specific object and that may be shoppable. This experience is powered by years of investments in computer vision (that can identify objects and attributes within scenes) as well as by our growing catalog of shoppable inventory.

### **Create**

Users can publish content on Pinterest by making Idea Pins. Pinner can also respond to creator's content with a take - an Idea Pin generated in response to an original Idea Pin. Our publishing tools encourage the development of content that features long-lasting, actionable ideas rather than stories designed for ephemeral entertainment. Idea Pins give creators all the elements they need to tell their story, from in-app video recording to made-for-doing publishing features like instructions and ingredient templates. Idea Pins show up in many places on Pinterest - featured prominently in home feed, in the search, on creator profiles and more. Features like Try on and product tagging are also enabled in Idea Pins, making the content even more actionable and shoppable.

### **Our Advertising Products**

Pinterest reaches over 400 million monthly active users, a significant majority of which are women. We believe the value of Pinterest's audience to advertisers is driven not merely by the number of Pinner on our platform or their demographics, but also by when and why they use Pinterest. People use Pinterest in ways that, when taken together, can make it uniquely valuable to advertisers.

First, Pinner often come to the platform with an intent to purchase goods or services. Getting inspiration for your home, your style or your travel typically means that you are actively looking for products and services to buy. Commercial content from brands, retailers and advertisers is central to Pinterest. This means that relevant ads don't compete with native content on Pinterest; instead, they are content. Second, we believe that in-market consumers on Pinterest tend to be early in their journey toward a purchase and don't yet know what they want to purchase. Accordingly, we believe that they are open to discovering new products and brands on Pinterest rather than merely navigating to brands they already know, as is common on traditional search engines and e-commerce platforms.

We offer both brand and performance ads, with performance representing approximately two-thirds of our revenue for the year ended December 31, 2021. Brand revenue is billed when an advertiser optimizes an ad campaign around "brand" objectives like impressions or video views. Performance revenue is billed when an advertiser optimizes an ad campaign around "performance" objectives like clicks or conversion events.

Because Pinner travel down the entire purchasing funnel on Pinterest, our ad product suite is used by different advertisers to meet different objectives, including awareness, consideration and sales. Many advertisers use multiple ad objectives simultaneously to achieve their goals on the platform.

### **Awareness Objective.**

Pinterest ads appear in the home feed and on search results pages. They echo the visual style of organic Pins and are fully integrated into the design. A Pinner sees ads as he scrolls through her home feed and search results, looking for inspiration and ideas.

### **Consideration and Sales Objectives.**

When a Pinner clicks on an ad, he sees an intermediate screen that gives him a closer view of the ad creative as well as the option to save the ad to a board. He will also be able to swipe up or click to see the advertiser's online presence, where he can pursue deeper consideration (by exploring available products and services or signing-up for memberships) and potentially transact.

### **Ad Formats**

- Standard ad: A static image used to showcase content in a simple vertical image format.
- Video ad: Used by advertisers to capture attention and tell a story with a visually engaging format. We currently offer three video ad formats: standard video, performance video and max width video.
- Shopping ad: Similar to a standard ad, used to reach people when they are deciding what to buy. Shopping ads are exclusive to advertisers who upload their product catalog to Pinterest.
- Carousel ad: Multiple static or video in one carousel, used by advertisers to showcase more than one image or video at a time.
- Collection ad: Used by advertisers to display products in action with a hybrid format that mixes lifestyle imagery and video with featured products.
- Idea ad: An Idea ad is an Idea Pin that has been created and promoted by a business. Idea ads can be used in conjunction with a paid partnership tag from a creator the brand has partnered with. These features are currently in beta.

### **Our Advertising System**

#### **Ad Auction**

All advertisers on Pinterest buy ads through an auction-based system. Our ad auction allows us to serve ads to Pinners at relevant moments while optimizing business outcomes for advertisers. Today, our advertisers can optimize their campaigns around four different types of user activity depending on their objectives: impressions ("CPM"), video views ("CPV"), clicks ("CPC"), and conversion events ("oCPM"), such as checkout or add-to-cart.

Our auction system selects the best ad for each available ad impression, based on the likelihood of a desired action occurring and how much that action is worth to advertisers. The likelihood of the action occurring depends on a variety of factors, such as ad relevance and creative quality.

#### **Ad Relevance**

Because ads are content on Pinterest, ad relevance is powered by the same principles that drive organic recommendations.

Advertisers can also target their ads to specific demographics (locations, languages, gender, age), device types, audiences (such as existing customers or Pinners who recently engaged with their content) and interests or keywords. Additionally, they can choose whether they want ads to show in Pinners' search surfaces, home feed or both.

We are building ad products that will allow advertisers to target ads based on a particular consumer's known aesthetic preferences and style. Eventually we expect to be able to leverage this Pinterest taste graph to match ad creative to a Pinner's individual taste and interests.

#### **Measurement**

Measuring the effectiveness of digital spend is a high priority for our advertisers. Our measurement solutions are aligned to help advertisers recognize the value of an investment on our platform across a variety of objectives. We enable our advertisers to meet their awareness, consideration and conversion objectives with a number of first-party

tools to measure campaign effectiveness. We also have leading third-party measurement partners to validate Pinterest's performance and measure advertiser results.

## **Sales and Marketing**

### ***Our Go-to-Market Approach***

The Pinterest platform enables a diverse group of advertisers to achieve a wide range of objectives. We serve these advertisers in customized ways depending on their size, sophistication and objectives. We initially built our business with large consumer packaged goods ("CPG") and retail advertisers in the United States. While this group of advertisers continues to be a significant driver of our business, we are increasingly focused on building products and tools to serve mid-sized and small advertisers across a wide range of verticals. This means improving the efficiency of our ads marketplace, using more automation to optimize for advertiser value, and more effectively measuring the unique value of advertising on Pinterest. We are also focused on expanding our international advertiser base.

### ***Marketing***

To date, we have been able to grow our global user base with relatively low marketing costs given the strength of our global brand, the utility of our service and unpaid traffic from search engines. We are also continuing to explore paid marketing efforts, including brand marketing for awareness and comprehension, as well as marketing campaigns focused on user and advertiser acquisition.

### ***Our Technology Innovation***

We believe we have one of the largest image-rich data sets ever assembled. This lets us analyze trends, understand intent and predict consumer behavior. And, we are just scratching the surface of what is possible. Looking ahead, we are excited about new technical challenges, including fine-grained image recognition, object-to-object visual search and large-scale visual search infrastructure.

### ***Our Competition***

We primarily compete with consumer internet companies that are either tools (search, ecommerce) or media (newsfeeds, video, social networks). We compete with companies that are larger and more established such as Amazon, Facebook (including Instagram), Google (including YouTube), Snap, TikTok and Twitter. Many of these companies have significantly greater financial and human resources. We also face competition from smaller companies in one or more high-value verticals, including Allrecipes, Houzz and Tastemade, that offer users engaging content and commerce opportunities through similar technology or products to ours. We remain focused on emerging competition as well. We face competition across almost every aspect of our business, particularly users and engagement, creators, advertising and talent.

### ***Users and Engagement***

We compete to attract, engage and retain users and their time and attention. Because our products and those of our competitors are typically free, we compete based on our brand, product experience, quality, utility and ease of use of our products. For more information on users and engagement trends, see section titled "*Management's Discussion and Analysis of Financial Condition and Results of Operations.*"

### ***Creators***

We compete with other platforms to attract, retain and grow our base of creators. We are building tools to help creators publish the most visually inspiring, actionable content and developing reward programs to help them build an audience and a business on Pinterest. However, there are other internet companies that are larger or have been investing in the creator ecosystem through large reward programs, product innovation, and video infrastructure.

### ***Advertising***

We compete for advertising revenue across a variety of formats. We believe our ability to compete effectively depends on the effectiveness of our service in reaching users early in the decision-making process, amplifying advertisers' messages and delivering compelling returns on investment. This is driven by a number of factors, including our reach, relevance and engagement, as well as our brand and advertising products, delivery and measurement capabilities and other offerings. For more information on trends relating to advertising revenue and growth, see section titled "*Management's Discussion and Analysis of Financial Condition and Results of Operations.*"

## **Talent**

We compete to attract and retain highly talented individuals, particularly people with expertise in computer vision, artificial intelligence and machine learning. We believe we compete for these potential employees by providing a work environment that offers the opportunity to work on challenging, cutting-edge and inspirational products. For more information, see “Talent Management and Development” below.

## **Intellectual Property**

Our success is tied in part to our ability to protect our intellectual property and key technological innovations. We rely on a combination of federal, state and common-law rights in the United States and rights under the laws of other countries, as well as contractual restrictions, to protect our intellectual property and other proprietary rights. We rely on a combination of patents, copyrights, trademarks, trade secrets, domain names and other intellectual property rights to help protect our brand and proprietary technologies. In addition, we generally enter into confidentiality and invention assignment agreements with our employees and contractors, and confidentiality agreements with other third parties, in order to limit access to, and disclosure and use of, our confidential information and proprietary technology and to preserve our rights thereto.

As of December 31, 2021, we had over 360 issued patents and pending patent applications in the United States and foreign countries relating to aspects of our actual or contemplated operations and technologies. We also had over 580 registered trademarks and trademark applications in the United States and foreign countries, including our “Pinterest” name and related logos.

We are also dependent on third-party content, technology and intellectual property in connection with our business.

We are presently involved in a number of intellectual property lawsuits, and expect to continue to face allegations from third parties, including our competitors and “non-practicing entities,” that we have infringed or otherwise violated their intellectual property rights.

For additional information on risks relating to intellectual property, please see the sections titled “Risk Factors” and “—Legal Proceedings.”

## **Government Regulation**

We are subject to many U.S. federal and state and foreign laws and regulations that involve matters central to our business, including laws and regulations that involve data privacy and data protection, intellectual property (including copyright and patent laws), content regulation, rights of publicity, advertising, marketing, health and safety, competition, protection of minors, consumer protection, taxation, anti-bribery, anti-money laundering and corruption, economic or other trade prohibitions or sanctions or securities law compliance. Our business may also be affected by the adoption of any new or existing laws or regulations or changes in laws or regulations that adversely affect the growth, popularity or use of the internet, or that significantly restrict or impose conditions on our ability to collect, store, augment, analyze, use and share data or increase consumer notice or consent requirements before a company can utilize cookies or other tracking technologies or that increase the liability of content platforms like us. Many relevant laws and regulations are still evolving and may be interpreted, applied, created or amended in a manner that could harm our business, and new laws and regulations may be enacted, including in connection with the restriction or prohibition of certain content or business activities. For example, EU member states are in the process of implementing the EU Copyright Directive, which may impose significant new burdens on content platforms like us.

We rely on a variety of statutory and common-law frameworks and defenses relevant to the content available on our service, including the Digital Millennium Copyright Act (“DMCA”), the Communications Decency Act (“CDA”) and the fair-use doctrine in the United States, and the Electronic Commerce Directive in the European Union. In addition, various countries around the world have adopted and pending legislations, including the forthcoming Digital Services Act in the European Union, that may impose additional obligations or liability on us associated with content uploaded by users to our platform.

We receive, process, store, use and share data, some of which contains personal information. We are therefore subject to U.S. federal, state, local and foreign laws and regulations regarding data privacy and the collection, storage, sharing, use, processing, disclosure and protection of personal information and other data from users, employees or business partners, including the General Data Protection Regulation (“GDPR”) and the California Consumer Privacy Act (“CCPA”). These laws expand the rights of individuals to control how their personal data is processed, collected, used and shared, creates new regulatory and operational requirements for processing personal

data, increases requirements for security and confidentiality and provides for significant penalties for non-compliance. There are also a number of legislative proposals recently enacted or pending before the U.S. Congress, various state legislatures and foreign governments concerning content regulation and data protection that could affect us. These and other laws and regulations that may be enacted, or new interpretation of existing laws and regulations, may require us to modify our data processing practices and policies and to incur substantial costs in order to comply.

Government authorities outside the United States may also seek to restrict access to or block our service, prohibit or block the hosting of certain content available through our service or impose other restrictions that may affect the accessibility or usability of our service in that country for a period of time or even indefinitely. For example, access to our service has been or is currently restricted in whole or in part in China, India, Kazakhstan and Turkey. In addition, some countries have enacted laws that allow websites to be blocked for hosting certain types of content or may require websites to remove certain restricted content.

For additional information, see the sections titled “Risk Factors” and “—Legal Proceedings.”

### **Seasonality**

We have historically experienced seasonality in user growth, engagement and monetization on our platform. Historically, we have had lower engagement in the second calendar quarter and industry advertising spend tends to be strongest in the fourth quarter. We did not experience typical seasonal trends in 2020 and 2021 due to the COVID-19 pandemic. We do not know when we will return to our typical seasonal trends in the future.

### **Talent Management and Development**

In order to fulfill our mission of bringing everyone the inspiration to create a life they love, we strive to attract and retain top talent. To attract and retain great talent, we strive to create opportunities for our employees to grow and develop in their careers, supported by competitive compensation, benefits and health and wellness programs, and by programs that build connections between our employees and their communities. As of December 31, 2021, we had 3,225 full-time employees.

### ***Inclusion and Diversity***

We strive to create an inclusive and diverse workplace where employees are empowered to bring their whole, authentic selves to work every day. We seek for and respect diverse perspectives which can only help us create a more inclusive and diverse product.

We seek inclusion and diversity at the highest level in our organization. Our board of directors includes directors from various backgrounds, industries, skills and experience. Our board of nine directors, which is comprised of seven independent directors, three women and is racially diverse. Our leadership team includes leaders with diverse skills, experience, racial backgrounds and genders.

Annually, we've published a diversity report since 2015 which we make publicly available on our website. We believe it is important to hold ourselves accountable to creating a diverse workforce. Our diversity report currently includes our annual hiring goals and how we performed against the goals and our workforce demographic data.

We have also created employee resource groups that are aligned around dimensions of diversity, such as gender, ethnicity, sexual orientation or other shared attributes, which we believe help build community and enable opportunities for development.

In June 2020, subsequent to concerns raised by current and former employees, our board of directors established a Special Committee of the board of directors to independently review Pinterest's workplace culture and develop recommendations to further support an inclusive, fair, and respectful workplace. In December 2020, we began implementing the recommendations of the Special Committee. Amongst other initiatives, we launched an ombuds program intended to give every employee the opportunity to engage confidentially with neutral, trained professionals for independent support resolving conflicts in the workplace.

### ***Employee health, safety and benefits***

The success of our business is fundamentally tied to the well-being of our people. We are committed to the health, safety and wellness of our employees. We provide our employees and their families with access to a variety of flexible and convenient health and wellness programs that support their physical and mental health by providing tools and

resources to help them improve or maintain their health. In response to the COVID-19 pandemic, we implemented significant changes that we determined were in the best interest of our employees, as well as the communities in which we operate, and which comply with government regulations. This includes currently having the vast majority of our employees work from home, while implementing additional safety measures for employees continuing critical on-site work.

We provide robust compensation and benefits programs to help meet the needs of our employees. In addition to salaries, these programs (which vary by country/region) include equity awards, a 401(k) Plan, healthcare and insurance benefits, health savings and flexible spending accounts, flexible paid time off, family leave, family care resources, flexible work schedules, employee assistance programs and charitable donation matching, among many others. We continue to review and update our compensation and benefits. For example, we recently enhanced our family leave benefits for birthing and adoptive parents effective January 1, 2022 and increased our 401(k) matching limits.

### ***Learning and development***

We help our employees create a career that is inspiring, impactful and ultimately time well spent. We have programs for open and ongoing conversation towards career growth goals both long term and short term. We also have workshops dedicated to learning new skills and developing an employee's career. We set aside a dedicated personal learning and development budget for every employee.

### **Corporate Information**

We were incorporated in Delaware in October 2008 as Cold Brew Labs Inc. In April 2012, we changed our name to Pinterest, Inc. Our principal executive offices are located at 505 Brannan Street, San Francisco, California 94107, and our telephone number is (415) 762-7100. We completed our initial public offering in April 2019 and our Class A common stock is listed on the New York Stock Exchange under the symbol "PINS." Unless the context requires otherwise, the words "Pinterest," "we," "Company," "us" and "our" refer to Pinterest, Inc. and our wholly owned subsidiaries.

### **Available Information**

Our website is located at [www.pinterest.com](http://www.pinterest.com), and our investor relations website is located at <http://investor.pinterestinc.com/>. Copies of our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and amendments to these reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, or the Exchange Act, are available, free of charge, on our investor relations website as soon as reasonably practicable after we file such material electronically with or furnish it to the Securities and Exchange Commission, or the SEC. The SEC also maintains a website that contains our SEC filings. The address of the site is [www.sec.gov](http://www.sec.gov). We use our <http://investor.pinterestinc.com/> and [www.pinterest.com](http://www.pinterest.com) websites as a means of disclosing material nonpublic information and for complying with our disclosure obligations under Regulation FD of the Exchange Act.

The contents of our websites are not intended to be incorporated by reference into this Annual Report on Form 10-K or in any other report or document we file with the SEC, and any references to our websites are intended to be inactive textual references only.

## Item 1A. Risk Factors

*Investing in our Class A common stock involves a high degree of risk. In addition to the other information set forth in this Annual Report, you should carefully consider the risks and uncertainties described below, together with all of the other information in this Annual Report on Form 10-K, including the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and related notes, before deciding to invest in our Class A common stock. The occurrence of any of the following risks could harm our business, reputation, revenue, financial results and prospects. In addition, risks and uncertainties that are not presently known to us or that we currently believe are immaterial could also harm our business, revenue, financial results and prospects. If any of these risks occur, the value of our Class A common stock could decline and you may lose all or part of your investment.*

### **Risks Related to our Business Strategy and Growth**

***We are in the early stages of our monetization efforts and there is no assurance we will be able to scale our business for future growth.***

We are in the early stages of our monetization efforts and are still growing and scaling our revenue model. Our growth strategy depends on, among other things, attracting more advertisers (including expanding our sales efforts to reach advertisers in additional international markets), scaling our business with existing advertisers and expanding our advertising product offerings. There is no assurance that this revenue model will continue to be successful or that we will generate increasing revenue. We do not know if we can sustain the historical growth rate of our revenue. To sustain or increase our revenue, we must obtain new advertisers, encourage existing advertisers to maintain or increase their advertising spend on our platform, expand the number of markets where we offer advertising and increase the breadth and functionality of our advertising offerings, including new advertising formats and measurement tools.

In order to obtain new advertisers and further our relationship with current advertisers, we must increase the size of our user base or the engagement of our users. There is no assurance that our user retention, growth or engagement strategy will be successful or that we will maintain or increase the number of users on our service. Further, if we are unable to scale or maintain our relationships with our large advertisers, our business, revenue and financial results could be harmed.

To continue to maintain and grow our advertiser base and our revenue, we depend on our ability to effectively serve enough advertisements that meet the objectives of our advertisers while maintaining a high quality user experience. If we are unable to do this on our platform due to factors such as a decline in user growth or user engagement, or changes in product features or user behavior where users engage increasingly with product features where we may not be able to display as many advertisements, our business, revenue and financial results could be harmed.

In addition, to scale the growth of our ad platform, we will have to successfully develop and target ad products based on Pinners' personal taste and interests, which will require broad and diverse Pinner data. If we are unable to do this with the data, technology and resources available to us, we may need to consider alternatives, such as partnerships, to grow our business. If we choose not to pursue these partnerships, or if these partnerships are unsuccessful, our business may prove less scalable, and our business, revenue and financial results could be harmed.

***Our ecosystem of Pinners and advertisers depends on our ability to attract, retain and engage our user base. If we fail to add new Pinners or retain or recover Pinners, or if Pinners engage less with us, our business, revenue and financial results could be harmed.***

We must continue to attract, grow, retain and engage our users on our platform, who we call Pinners. Our active Pinners may not grow, and may continue to decline.

If current and potential Pinners do not perceive their experience with our service to be useful, or the content that we serve to them to be relevant to their personal taste and interests, we may not be able to attract new Pinners, retain existing Pinners, recover past Pinners or maintain or increase the frequency and duration of Pinners' engagement. Pinner engagement may also fluctuate depending on factors beyond our control, such as changes to daily life resulting from the COVID-19 pandemic. Although we saw higher engagement from Pinners during the peak of the COVID-19 pandemic in 2020, we have experienced and may continue to experience lower levels of Pinner engagement since then.

We anticipate that our active user growth rate will decline over time if the size of our active user base increases or we achieve higher market penetration rates. As a result, our financial performance will increasingly depend on our ability to increase Pinner engagement and our monetization efforts. We also may not be able to penetrate certain demographics in a meaningful manner to grow the number of Pinner. For example, in the United States, historically a substantial majority of our Pinner have been women of ages 18-64. We may not be able to further increase the number of Pinner in this demographic and may need to increase the number of Pinner in other demographics, such as men and international users, in order to grow our users.

Our ability to serve advertisements on our platform, and therefore the value proposition for our advertisers, depends on the size and engagement of our user base. Our growth efforts are not currently focused on increasing the number of daily active users, and we do not anticipate that most of our users will become daily active users. Therefore, even if we are able to increase demand for our advertising products, we may not be able to deliver those advertisements if we cannot also increase the size and engagement of our user base, which could harm our business, revenue and financial results.

There are many other factors that could negatively affect user growth, retention and engagement, including if:

- our competitors mimic our products or product features, causing Pinner to utilize their products instead of, or more frequently than, our products;
- we do not provide a compelling Pinner experience because of the decisions we make regarding our products or the type and frequency of advertisements that we display;
- our content is not relevant to Pinner's personal taste and interests;
- search queries by Pinner do not yield relevant results;
- third parties do not permit or continue to permit their content to be displayed on our platform;
- Pinner have difficulty installing, updating or otherwise accessing our service on mobile devices or web browsers;
- there are changes in the amount of time Pinner spend across all applications and platforms, including ours;
- Pinner use or spend more time on other platforms that they feel are more relevant or engaging;
- we are unable to attract creators to create engaging and relevant content on our platform;
- technical or other problems frustrate the Pinner experience, particularly if those problems prevent us from delivering our service in a fast and reliable manner;
- users are located in countries with low smartphone penetration or with lack of cellular based data network since our products typically require high bandwidth data capabilities;
- changes in regulations or our contractual arrangements that adversely impact our access to, and use of, zero-rating offers or other discounts or data usage for our service;
- we are unable to address Pinner and advertiser concerns regarding the content, privacy and security of our service;
- we are unable to combat spam, harassment, cyberbullying, discriminatory, political or other hostile, inappropriate, misleading, abusive or offensive content or usage on our products or services;
- Pinner adopt new technologies where our products or services may be displaced in favor of other products or services, or may not be featured or otherwise available;
- third-party initiatives that may enable greater use of our service, including low-cost or discounted data plans, are discontinued;
- merchants on Pinterest do not provide Pinner with positive shopping experiences, for example, if products are not of the quality depicted on the platform or not readily available for purchase; or
- the other risks and uncertainties described in this Annual Report on Form 10-K.

If our existing Pinner do not continue to utilize our service or our user base does not grow or we need to educate Pinner how to utilize new products and product features that we introduce, such as live stream and video, we may be required to incur significantly higher marketing expenses than we currently anticipate.



Any decrease in user growth, retention or engagement could render our service less attractive to Pinners or advertisers, and could harm our business, revenue and financial results.

***If we are not able to continue to provide content that is useful and relevant to Pinners' personal taste and interests or fail to remove objectionable content or block objectionable practices by advertisers or third parties, user growth, retention or engagement could decline, which could result in the loss of advertisers and revenue.***

Our success depends on our ability to provide Pinners with content, including advertisements, that is useful and relevant to their personal taste and interests, which in turn, depends on the content contributed by our users, creators and advertisers and the manner in which we present that content to Pinners. Pinners engage with content that is relevant to their country, language and gender preferences as well as their personal interests and intent. We may not correctly or timely identify and serve content that is useful and relevant to Pinners. In addition, new content and new or different forms of content we distribute may not have as much relevancy signal for optimal distribution of the pins as prior content and forms of content that have been saved repeatedly on our platform which may result in lower Pinner engagement with such content. For example, we are investing in publishing more native content and short form video content on our platform, including the distribution of Idea Pins. Pinner engagement may decline as we learn to distribute this native and short form video content efficiently and as Pinners learn new ways to use and navigate our platform. As a result, we may not be able to provide adequate, useful or relevant content to our users. Content that is not visually pleasing, is not intuitive or easy to use or is not in the desired language may not be engaging for Pinners, especially in non-U.S. markets. If Pinners do not believe that we offer content that is useful and relevant to their personal taste and interests, user growth, retention or engagement may decline, which could result in the loss of advertisers and revenue.

Some of the actions that we may take to make our content more useful and relevant may reduce traffic that we drive from our platform to the websites of third parties, which may reduce their willingness to contribute or continue availability of their content on our service. We endeavor to keep divisive, disturbing or unsafe content off our service. We do this by deleting or hiding certain types of content, even if this content would be permitted on other platforms, which could result in a decrease in user growth, retention or engagement. We apply significant judgment in making these determinations and may be unsuccessful in our efforts to remove this content in a manner that is (or is perceived to be) consistently applied and on a timely basis or at all, which could also result in a decrease in user growth, retention or engagement. Further, if we fail to identify and keep off our service advertisers and merchants who offer poor quality goods or fail to deliver goods to their customers, we may lose Pinner confidence. In addition, controversies regarding content on other social media platforms, such as the boycott of Facebook and Twitter by some advertisers and the recent allegations of the impact of social media on the mental health of users, may impact user engagement and advertising spending on our platform, which could adversely affect our business and revenue. Any of these factors could result in decrease in user growth, retention or engagement.

We regularly monitor how our advertising affects Pinners' experiences in our effort to avoid delivering too many advertisements or irrelevant advertisements to Pinners. Therefore, we may decide to change the number of advertisements or eliminate certain types of advertisements to maintain Pinners' satisfaction in the service. We may make changes to our platform based on feedback provided by Pinners or advertisers. These decisions may not produce the short-term or long-term benefits that we expect, in which case user growth, retention and engagement, our relationships with advertisers, and our business, revenue and financial results could be harmed.

Current and future data privacy laws and regulations, including the General Data Protection Regulation ("GDPR") and California Consumer Privacy Act of 2018 (the "CCPA"), the California Privacy Rights Act (the "CPRA"), or new interpretations of existing laws and regulations, may limit our ability to collect and use data, which may impact our ability to effectively deliver relevant content. These laws and regulations may also impact our ability to expand advertising on our platform, as they may impede our ability to deliver targeted advertising and accurately measure our ad performance. Additionally, even if not prohibited by data privacy laws and regulations, we may elect not to collect certain types of data if we believe doing so would be inconsistent with our Pinners' expectations, if the source is unreliable or for any other reason. Similarly, the increase in media attention about online privacy and data protection may motivate Pinners to take certain actions to protect their privacy. Pinners may elect not to allow data sharing for a number of reasons, such as data privacy concerns. This could impact our ability to deliver relevant content aligned with Pinners' personal taste and interests. Additionally, the impact of these developments may disproportionately affect our business in comparison to certain peers in the technology sector that, by virtue of the scope and breadth of their operations or user base, have greater access to user data.

Substantially all our revenue is generated from advertising, and a decline in user growth, retention or engagement as a result of our inability to provide relevant and useful content to Pinners, and therefore our inability to serve the volume of advertisements desired by our advertisers, may deter new advertisers from using our platform or cause current advertisers to reduce their spending with us or cease doing business with us altogether, which could harm our business, revenue and financial results.

***If we are unable to compete effectively for users, our business, revenue and financial results could be harmed.***

We face significant competition to attract, retain and engage users and for their time and attention. We primarily compete with consumer internet companies that are either tools (search, e-commerce, creator tools) or media (newsfeeds, video, social networks).

We compete with large, established companies and companies that offer widely used products, such as Amazon, Facebook (including Instagram), Google (including YouTube), Snap, TikTok and Twitter, which provide their users with a variety of online products, services, content (including video), creator incentives and offerings, and advertising offerings, including web search engines, social networks and other means of discovering, using or acquiring goods and services. Many of these competitors have longer operating histories, significantly greater financial, technical, research, marketing and other resources and larger user bases than we do. Many of these competitors also have access to larger volumes of data and platforms that are used on a more frequent basis than ours, which may enable them to better understand their user base and develop and deliver more relevant content.

Our competitors have previously and may continue to develop technology, products, services or interfaces that are similar to our existing and future products quickly and at scale, or that achieve greater market acceptance than our products, including by Pinners, advertisers, creators and other third parties. Some of our competitors also operate existing products that have significant market power in certain market sectors and could use that market power to advance their own products or services that compete with ours. For example, Amazon, Google, Snap, Facebook and Instagram have introduced shopping platforms, including similar offerings such as camera search functionality. In the area of live events, Amazon, Instagram, Facebook, YouTube, TikTok, and Snap are all expanding their video-based and live shopping experiences. In the area of content, TikTok has launched a series of features and integrations that add, for example, recipes to cooking videos or step-by-step instructions for DIY or How To videos. These competitors may engage in more extensive research and development efforts and undertake more extensive marketing campaigns, which may allow them to build larger, more engaged user bases than we have. Also, some of our existing or potential competitors operate products or services from which we currently derive substantial value, such as search engines and email, and those competitors could reduce or eliminate the value and information we receive.

We also face competition from smaller companies in one or more high-value verticals, including Allrecipes, Houzz and Tastemade, that offer users engaging content and commerce opportunities through similar technology, products, features or services to ours. In addition, emerging startups may be able to innovate and provide technology, products, services or features similar to ours or before us.

Our competitors may be able to respond more quickly than we can to new or emerging technologies and changes in user preferences. Barriers to entry in our industry are low, and our intellectual property rights may not be sufficient to prevent competitors from launching comparable products or services.

In emerging international markets, where mobile devices often lack large storage capabilities, we may also compete with other applications for the limited space available on a user's mobile device.

We believe that our ability to compete for users depends upon many factors both within and beyond our control, including:

- the usefulness, novelty, performance and reliability of our service compared to those of our competitors;
- the timing and market acceptance of our products, including the developments and enhancements to those products, offered by us or our competitors;
- our brand strength relative to our competitors; and
- the other risks and uncertainties described in this Annual Report on Form 10-K.

If we are unable to compete effectively for users, our business, revenue and financial results could be harmed.

***We may make decisions consistent with our mission and values that may reduce our short- or medium-term operating results.***

Our mission—to bring everyone the inspiration to create a life they love—and company values are integral to everything we do. We frequently make decisions regarding our business and service in accordance with our mission and values that may reduce our short- or medium-term operating results if we believe those decisions will improve the experiences of Pinners, advertisers, creators, employees or our community, and therefore benefit our business. For example, we may choose to remove content that we have determined does not create an inspiring experience for Pinners or revise our policies in ways that decrease Pinner engagement. These decisions may not be consistent with the expectations of investors and any longer-term benefits may not materialize within the time frame we expect or at all, any of which could harm our business, revenue and financial results.

***If we are unable to attract and retain creators to create content on our platform, we may not be able to attract, retain or grow our users.***

We are focused on attracting and retaining creators to create useful and relevant content on our platform. We may not be able to effectively compete for creators who create content on our platform and on social media and other platforms or may get creators who create content that is not relevant, useful or inspiring to our users. If creators prefer to create content on competing platforms over ours, or prefer the incentives or financial rewards offered by competing platforms over ours, we may not develop or may lose potentially engaging and relevant content. If we are unable to attract and retain creators, we may not have sufficient useful and relevant content to distribute on our platform. Even if we attract and retain creators who create engaging content, we may not be able to distribute that content effectively due to lower relevancy and search signals. Further, we plan to make increased investments in attracting creators, including increasing workforce resources, which may reduce our short or medium term financial and operating results.

***If we are unable to compete effectively for advertisers, our business, revenue and financial results could be harmed.***

We face significant competition for advertising revenue across a variety of formats. To compete effectively, we must enable our advertisers to easily create content and buy, forecast, optimize and measure the performance of advertising on our platform. In order to grow our revenue and improve our operating results, we must increase our share of advertising spend relative to our competitors, many of which are larger companies that offer more traditional and widely accepted advertising products, as well as more robust tools to measure the effectiveness of advertising campaigns.

Some of our larger competitors have substantially broader product or service offerings and leverage their relationships based on other products or services to gain additional share of advertising spend. They have large distributed sales forces and an increasing amount of control over mobile distribution channels. These competitors' economies of scale allow them to have access to larger volumes of data and platforms that are used on a more frequent basis than ours, which may enable them to better understand their user base and develop and deliver more targeted advertising. They may not need to rely on third-party data, including data provided by advertisers, in order to effectively target the campaigns of advertisers, which could make their advertising products more attractive to advertisers than ours as third-party data becomes less available to us, whether because of regulatory changes, privacy concerns or other reasons. If we are unable to provide our advertisers with the ability to effectively target their advertising campaigns, or if our advertisers do not believe that our value proposition is as compelling as those of our competitors, we may not be able to attract new advertisers or retain existing ones, and our business, revenue and financial results could be harmed.

We believe that our ability to compete for advertisers depends upon many factors both within and beyond our control, including:

- sales, marketing, customer service and support efforts;
- first- and third-party data available to us relative to our competitors;
- ease of use, performance, price and reliability of solutions developed either by us or our competitors;
- the attractiveness and volume of our product and service offerings (including pricing and measurement tools) compared to those of our competitors;
- the strength of our advertiser relationships and offerings compared to those of our competitors;

- the ease with which our advertising products fit into existing advertiser budgets compared to those of our competitors;
- positions or actions taken by us, Pinners, advertisers or other third parties that may impact our brand and reputation or the desirability of advertising on online platforms in general; and
- the other risks and uncertainties described in this Annual Report on Form 10-K.

If we are unable to compete effectively for advertisers, our business, revenue and financial results could be harmed.

***We may not be able to develop effective products and tools for advertisers.***

Growth in our advertising revenue depends on our ability to continue to develop and offer effective products and tools for advertisers. New ad formats that take up more space on our platform may result in fewer impressions, which could adversely affect our revenue. Alternatively, new ad formats, such as video ads, may be more engaging and users may spend less time browsing or searching on our platform, which could adversely affect our revenue. As the advertising market generates and develops new concepts and technology, we may incur additional costs to implement more effective products and tools. We may introduce changes to our existing ad products or develop and introduce new and unproven ad products with which we have little or no prior experience. Each of these could result in unintended outcomes or results that are not well received by advertisers. In addition, if new or enhanced ad products fail to attract or retain advertisers, we may fail to generate sufficient revenue. Further, continuing to develop and improve these products and tools may require significant time and resources and additional investment. If we cannot continue to develop and improve our advertising products and tools in a timely fashion, or if our advertising products and tools are not well received by advertisers, our advertising revenue could be adversely affected.

***We may not succeed in further expanding and monetizing our platform internationally and may be subject to increased international business and economic risks.***

We plan to continue expanding our business operations outside the United States and offering content and advertising to Pinners and advertisers in other languages and countries. We plan to continue to enter new international markets where we have limited or no experience in deploying our service or selling advertisements. In order to expand successfully, we need to offer content and products that are customized and relevant to local Pinners and advertisers, which requires significant investment of time and resources. We may launch our advertising platform in countries where we do not have sales staffing in place, where market perception of our service and ad platform may be low or where our audience size in a given market may be low relative to advertiser expectations, all or any of which could limit our ability to monetize those countries. As we expand into new international markets, we may not yet understand the full scope of Pinners' personal taste and interests, demographics and culture in those markets, as well as advertiser expectations, target audiences and return on advertising spend. This may cause us to expand into markets before we are able to offer a service and advertising platform that has been sufficiently localized for those markets or where those markets lack the necessary demand and infrastructure for long-term adoption of our service. For example, we may experience challenges adapting our content and search tools to be localized for new markets, or establishing sufficient high quality advertising inventory to deliver relevant localized experiences in new markets. This may cause us to limit our expansion or decrease our operations in international markets, including discontinuing advertising in those markets or not monetizing those markets at all, which could harm our reputation and business, revenue and financial results. If the advertising market does not scale sufficiently or we are unsuccessful in deploying or managing our operations in these markets, our business, revenue and financial results could be harmed.

We are subject to a variety of risks inherent in doing business internationally, and our exposure to these risks will increase as we continue to expand our operations, user base and advertiser base globally. These risks include:

- political, social and economic instability;
- selective or inconsistent government regulatory action or enforcement;
- fluctuations in currency exchange rates and restrictions on currency conversions;
- higher levels of credit risk and payment fraud;
- enhanced difficulties of integrating any foreign acquisitions;
- reduced protection for intellectual property rights in some countries;

- difficulties in staffing and managing global operations and the increased travel, infrastructure and legal compliance costs associated with multiple international locations and subsidiaries;
- different regulations and practices with respect to employee/employer relationships, existence of workers' councils and labor unions, and other challenges caused by distance, language and cultural differences, making it harder to do business in certain international jurisdictions;
- increasing labor costs due to high wage inflation in certain international jurisdictions;
- compliance with statutory requirements relating to our equity;
- regulations that might add difficulties in repatriating cash earned outside the United States and otherwise prevent us from freely moving cash;
- import and export controls and restrictions and changes in trade regulations, including sanctions;
- compliance with the U.S. Foreign Corrupt Practices Act, the U.K. Bribery Act and similar laws in other jurisdictions;
- compliance with laws governing supply chains and related business operations;
- compliance with GDPR and similar data privacy and data protection laws;
- compliance with laws that might restrict content or advertising, require us to provide user information, including confidential information, to local authorities or add significant requirements that make it difficult to operate in that jurisdiction;
- macroeconomic conditions, such as the COVID-19 pandemic which had an impact on the pace of our global expansion;
- compliance with multiple tax jurisdictions and management of tax impact of global operations; and
- the other risks and uncertainties described in this Annual Report on Form 10-K.

If we are unable to expand internationally and manage the complexity of global operations successfully, our business, revenue and financial results could be harmed.

***If we do not develop successful new products or improve existing ones, our business may suffer. We may also invest in new products that fail to attract or retain Pinners or generate revenue.***

Our ability to grow, retain and engage our user base and therefore increase our revenue depends on our ability to successfully enhance our existing products and create new products, both independently and in conjunction with platform developers or other third parties, and to do so quickly. We may introduce significant changes to our existing products or develop and introduce new and unproven products with which we have little or no prior development or operating experience. Our focus on innovation and experimentation could result in unintended outcomes or decisions that are poorly received by Pinners. If new or enhanced products fail to engage our Pinners, we may fail to generate sufficient revenue, operating margin or other value to justify our investments, any of which could harm our business, revenue and financial results. We also may develop new products that increase Pinner engagement and costs that are not intended to increase revenue.

Further, our products often require Pinners to learn new behaviors that may not always be intuitive to them. To the extent that new Pinners are less willing to invest the time to learn to use our products, or if we are unable to make our products easier to learn to use, our user growth, retention or engagement could be affected, and our business, revenue and financial results could be harmed.

***We cannot assure you that we will effectively manage the growth of our business.***

Although we have experienced rapid growth and demand for our service in our initial years, we cannot assure you that our business will continue to grow at the same rate or at all. The growth and expansion of our business and product offerings and the increase in full-time employees place significant challenges on our management, operational and financial resources, including managing multiple relationships with Pinners, advertisers, technology licensors and other third parties. If we continue to grow our operations or the number of our third-party relationships, our technology

systems, procedures or internal controls may not be adequate. Further, we may not be able to continue to develop or maintain a long term growth strategy or execute the strategy effectively, which may harm our business, revenue and financial results.

As our organization continues to grow in number of employees and offices and we are required to implement more complex organizational management structures, we also find it increasingly difficult to preserve our workplace culture, including our ability to quickly develop and launch new and innovative products and adequately oversee employees and business functions. This is particularly true in recent times where a majority of our employees have been working remotely due to the COVID-19 pandemic. Our inability to effectively manage the growth of our organization may harm our business, revenue and financial results.

***We may acquire other businesses, talent or technology, which could require significant management attention, disrupt our business, dilute stockholder value and harm our business, revenue and financial results.***

As part of our business strategy, we have made and intend to make acquisitions to add specialized employees and complementary companies, products or technologies. Our previous and future acquisitions may not achieve our goals, and we may not realize benefits from acquisitions we make in the future. Any acquisitions, including the integration process will require significant time and resources, and we may not be able to manage the process successfully. If we fail to successfully integrate acquisitions, or the personnel or technologies associated with those acquisitions, the business, revenue and financial results of the combined company could be harmed. Our acquisition strategy may change over time and future acquisitions we complete could be viewed negatively by Pinners, advertisers, investors or other parties with whom we do business. We may not successfully evaluate or utilize the acquired technology and accurately forecast the financial impact of an acquisition, including accounting charges. We may also incur unanticipated liabilities that we assume as a result of acquiring companies. We may have to pay cash, incur debt or issue equity securities to pay for any such acquisition, each of which could affect our financial condition or the value of our securities. We would expect to finance any future acquisitions through a combination of additional issuances of equity, corporate indebtedness, asset-backed acquisition financing or cash from operations. The sale of equity to finance any such acquisitions could result in dilution to our stockholders. The incurrence of indebtedness would result in increased fixed obligations and could also include covenants or other restrictions that would impede our ability to manage our operations. In the future, we may not be able to find other suitable acquisition candidates, and we may not be able to complete acquisitions on favorable terms, if at all. Our acquisition strategy could require significant management attention, disrupt our business and harm our business, revenue and financial results.

#### ***Risks relating to our Business Operations***

***The global COVID-19 pandemic has impacted and is expected to continue to impact our business and results of operations.***

The global COVID-19 pandemic and the various attempts to contain it have created significant volatility, uncertainty and economic disruption. It has adversely affected the broader economies, financial markets and overall demand for advertising.

As a result of the COVID-19 pandemic, we temporarily closed all our offices (including our corporate headquarters) globally and implemented certain travel restrictions, both of which have disrupted and could continue to disrupt how we operate our business, including requiring us to manage a significant majority of our workforce remotely. Although we had begun the process of reopening certain of our offices in a phased manner, the continuing uncertainty around COVID-19 and its variants is causing us to re-examine and adjust our approach to office reopening. Our efforts to re-open our offices safely may not be successful, could expose our employees to health risks, and us to associated liability, and could involve additional financial burdens.

Moreover, as a result of the COVID-19 pandemic, the ability and willingness of advertisers to spend on our services has fluctuated. Certain advertisers are impacted by pandemic driven factors, such as supply chain issues, rising commodity prices and inventory and labor shortages. This affects the ability and willingness of such impacted advertisers to spend on our platform. We cannot predict how evolving events related to the COVID-19 pandemic will continue to affect advertiser behavior in the future. The pandemic has, and could in the future, adversely affect our business, revenue growth and user retention and acquisition rates, financial performance and stock price.

Further, during the peak of the COVID-19 pandemic and the related shelter-in-place order in 2020, we saw an increase in user growth and Pinner engagement. As the pandemic began to subside, we have experienced challenges

such as decline in MAUs, user engagement or change in user behavior in ways that are difficult to anticipate, forecast or measure, resulting in reduced or different usage of our platform. We may continue to face these challenges as the pandemic evolves. However, given the uncertainties relating to the COVID-19 pandemic and its new variants, we may not be able to accurately measure and forecast our key metrics, including MAUs. As a result, engagement as well as metrics such as revenues, operating margins and other financial and operating data, may not be indicative of results for future periods.

We are currently unable to accurately predict the full impact that the COVID-19 pandemic will have on our financial results due to uncertainties regarding the duration and rate of the ongoing spread of the pandemic, including variants of the COVID-19 virus, including any resurgences, the extent and effectiveness of containment actions and other public health measures, the distribution and public acceptance of vaccines and treatments, and the impact of these and other factors on our employees, users, advertisers, partners and vendors. The pandemic as well as any subsequent recovery period, may also have the effect of heightening many of the other risks described in this “Risk Factor” section.

***Our business depends on a strong brand and reputation, and if we are unable to maintain and enhance our brand and reputation, our ability to expand our user and advertiser base will be impaired and our business, revenue and financial results could be harmed.***

We believe that our brand, identity and reputation has significantly contributed to the success of our business. We also believe that maintaining and enhancing the “Pinterest” brand and reputation is critical to retaining and growing our user, creator and advertiser base. Maintaining and enhancing our brand and reputation depends largely on our continued ability to provide high-quality, relevant, reliable, trustworthy and innovative products, which may require substantial investment and may not be successful. We may need to introduce new products or updates to existing products that require Pinners to agree to new terms of service that Pinners do not like, which may negatively affect our brand and reputation. Additionally, advertisements or actions of our advertisers may affect our brand and reputation if Pinners do not think the advertisements help them accomplish their objectives, or view the advertisements as intrusive, annoying or misleading or have poor experiences with our advertisers. In addition, our brand, identity and reputation may be adversely affected by perceptions of social media platforms in general, including perceptions resulting from factors unrelated to the company’s actions or the content or actions of Pinners, such as the boycott of Facebook and Twitter by some advertisers or allegations of the impact of social media on the mental health of users.

Our brand and reputation may also be negatively affected by the content or actions of Pinners that are deemed to be hostile or inappropriate to other Pinners, by the actions of Pinners acting under false or inauthentic identities, by the use of our products or services to disseminate information that is deemed to be misleading, or by the use of our service for illicit, illegal or objectionable ends. We also may fail to respond expeditiously to the sharing of illegal, illicit or objectionable content on our service or objectionable practices by advertisers, or to otherwise address Pinner or advertiser concerns, which could erode confidence in our brand and damage our reputation. We expect that our ability to identify and respond to this content in a consistently applied manner and on a timely basis or at all may decrease as the number of Pinners grows, as the amount of content on the platform increases or as we expand our product and service offerings, such as video and live streaming content. Any governmental or regulatory inquiry, investigation or action, including based on the appearance of illegal, illicit or objectionable content on our platform, our business practices, or failure to comply with laws and regulations, could damage our brand and reputation, regardless of the outcome.

We have experienced, and expect to continue to experience, media, legislative, governmental, regulatory, investor and other third-party scrutiny of our decisions. Any scrutiny, inquiry, investigation or action, including regarding our data privacy, copyright, content, employment or other practices, workplace culture, charitable giving, product changes, product quality, litigation or regulatory action or regarding the actions of our employees, Pinners or advertisers or other issues, may harm our brand and reputation. In addition, scrutiny of other companies in our industry, including their impact on user “screen time” or their content policies or data privacy practices, could also have a negative impact on our brand and reputation. These concerns, whether actual or unfounded, may also deter Pinners, creators or advertisers from using our service.

Adverse publicity, whether or not accurate, relating to events or activities attributed to us, our employees, third-party vendors, Pinners, creators or our advertisers, or to social media platforms in general, may tarnish our reputation and reduce the value of our brand. If we fail to promote and maintain the “Pinterest” brand or preserve our reputation, or if we incur excessive expenses in this effort, our business, revenue and financial results could be harmed.

***If our security is compromised, or Pinners or advertisers believe our security has been compromised, we could lose the trust of Pinners, creators and advertisers who may use our service less or may stop using our service altogether, which could harm our business, revenue and financial results.***

Our efforts to protect the information that Pinners, creators and advertisers have shared with us may be unsuccessful due to the actions of third parties, software bugs or other technical malfunctions, cyberattacks, employee error or malfeasance, hacking, viruses or other factors. In addition, third parties may attempt to induce our employees, Pinners, creators, advertisers or vendors to disclose information to gain access to our data, advertisers' data or Pinners' data. Further, because the login credentials or passwords employed by Pinners to access our service may be similar to or the same as the ones that they use in connection with other platforms or websites, a breach in the security of those platforms or websites can allow third parties to gain unauthorized access to Pinners' accounts on our service. If any of the events described above occur, our information or Pinners', creators' or advertisers' information could be accessed or disclosed improperly. If a third-party gains unauthorized access to our service, they may, among other things, post malicious spam and other content on our platform using a Pinner's, creator's or advertiser's account, that could negatively affect our products and our business.

Some third parties, including advertisers and vendors, may store information that we share with them on their networks. If these third parties fail to implement adequate data-security practices or fail to comply with our terms and policies, Pinners' data may be improperly accessed, used or disclosed. Even if these third parties take all the necessary precautions, their networks may still suffer a breach, which could compromise Pinners' data.

Any incidents where Pinners', creators' advertisers' or our information is accessed without authorization or is improperly used, or incidents that violate our privacy policy, terms of service or other policies, or the perception that an incident has occurred, could damage our brand and reputation, adversely impact our competitive position and result in significant costs. We may need to notify government authorities or affected Pinners regarding security incidents, and government authorities or affected Pinners, creators or advertisers could initiate legal or regulatory action against us over those incidents, which could cause us to incur significant expense and liability or result in orders or consent decrees forcing us to modify our business practices. Maintaining the trust of Pinners, creators and advertisers is important to sustain user growth, retention and engagement, and we may incur significant costs in an effort to detect and prevent any security incidents. Concerns over our information security or data privacy practices, whether actual or unfounded, could subject us to negative publicity and damage our brand and reputation and deter Pinners, creators and advertisers from using our service. Any of these occurrences could harm our business, revenue and financial results.

***We generate substantially all of our revenue from advertising. The failure to attract new advertisers, the loss of advertisers or a reduction in how much they spend could harm our business, revenue and financial results.***

Substantially all of our revenue is generated from third-party advertising, a trend that we expect to continue. Most advertisers do not have long-term advertising commitments with us. Many of our advertisers only recently started working with us and spend a relatively small portion of their overall advertising budget with us. In order to increase the number of advertisers and increase the portion of the advertising budget that our existing advertisers spend with us, we must invest in new tools and expand our sales force, and there can be no assurance that those efforts will be successful. The insights on user behavior we provide to advertisers may not yield effective results for the advertisers and may reduce or stop their spend on our platform. In addition, advertisers may view some of our products or our platform as experimental and may devote only a small portion of their advertising spend to our platform unless we improve existing and develop new measurement tools that better demonstrate the effectiveness of our platform. In addition, many advertisers do not have advertising creative content in a format that would be successful on our platform and may be unable or unwilling to devote the technical or financial resources required to develop content for our platform. While we continue to develop and deploy tools to allow advertisers to create content for our platform, we may be unable to develop tools that effectively and efficiently meet the needs of advertisers. Advertisers will not do, or continue to do, business with us if they do not believe that our advertisements are effective in meeting their campaign goals, if we cannot measure the effectiveness of our advertising products or if they do not believe that their investment in advertising with us will generate a competitive return relative to other alternatives.

A substantial portion of our revenue is derived from a small number of advertisers and is currently concentrated in certain verticals, particularly CPG and retail. We either contract directly with advertisers or with advertising agencies on behalf of advertisers. Many of these advertising agencies are owned by large media corporations that exercise varying degrees of control over the agencies. Our business, revenue and financial results could be harmed by the loss



of, or a deterioration in our relationship with, any of our largest advertisers or with any advertising agencies or the large media corporations that control them.

Our advertising revenue could be harmed by many other factors, including:

- changes in the price of advertisements;
- our inability to create new products that sustain or increase the value of our advertisements;
- our inability to meet advertiser demand on our platform if we cannot increase the size and engagement of our user base;
- our inability to find the right balance between brand and performance advertising and provide the right products and platform to support the pricing and demand needed for each of the advertisers;
- changes in Pinner demographics that make us less attractive to advertisers;
- our inability to make our ads more relevant and effective;
- any decision to serve contextually relevant advertisements when the price of relevant advertisements may be lower than other advertisements that we could show Pinner that are less relevant;
- the availability, accuracy and utility of our analytics and measurement solutions that demonstrate the value of our advertisements, or our ability to further improve such tools;
- changes to our data privacy practices (including as a result of changes to laws or regulations or third-party policies) that affect the type or manner of advertising that we are able to provide;
- our inability to collect and share data which new or existing advertisers find useful;
- competitive developments or advertiser perception of the value of our products;
- product changes or advertising inventory management decisions we make that change the type, size or frequency of advertisements on our platform;
- Pinner that upload content or take other actions that are deemed to be hostile, inappropriate, illicit, objectionable, illegal or otherwise not consistent with our advertisers' brands;
- the impact of invalid clicks or click fraud on our advertisements;
- the failure of our advertising auction mechanism to target and price ads effectively;
- difficulty and frustration from advertisers who may need to reformat or change their advertisements to comply with our guidelines or experience challenges uploading and conforming their advertisements with our system requirements;
- the macroeconomic conditions and the status of the advertising industry, such as the global outbreak of the COVID-19 pandemic, its uncertain duration and recovery, which could cause businesses to spend less on advertising and/or direct their advertising spend to larger companies that offer more traditional and widely accepted advertising products; and
- the other risks and uncertainties described in this Annual Report on Form 10-K.

These and other factors could reduce the amount that advertisers spend on our platform, or cause advertisers to stop advertising with us altogether. Any of these events could harm our business, revenue and financial results.

***Our ability to attract and retain advertisers depends on our ability to collect and use data and develop tools to enable us to effectively deliver and accurately measure advertisements on our platform.***

Most advertisers rely on tools that measure the effectiveness of their ad campaigns in order to allocate their advertising spend among various formats and platforms. If we are unable to measure the effectiveness of advertising on our platform or we are unable to convince advertisers that our platform should be part of a larger advertising budget, our ability to increase the demand and pricing of our advertising products and maintain or scale our revenue

may be limited. Our tools may be less developed than those of other platforms with which we compete for advertising spend. Therefore, our ability to develop and offer tools that accurately measure the effectiveness of a campaign on our platform is critical to our ability to attract new advertisers and retain, and increase spend from, our existing advertisers.

We are continually developing and improving these tools and such efforts have and are likely to continue to require significant time and resources and additional investment, and in some cases we have relied on and may in the future rely on third parties to provide data and technology needed to provide certain measurement data to our advertisers. If we cannot continue to develop and improve our advertising tools in a timely fashion, those tools are not reliable, or the measurement results are inconsistent with advertiser goals, our advertising revenue could be adversely affected.

Many existing advertiser tools that measure the effectiveness of advertising do not account for the role of advertising early in a Pinner's decision-making process, which is when many Pinner's come to our service. Instead, these tools measure the last ad or content that was exposed to the Pinner that gets credit for influencing any Pinner's purchase or action. As a result, we may not be able to demonstrate and measure for our advertisers the value of engaging with a Pinner during the early intent phase.

In addition, web and mobile browser developers, such as Apple, Microsoft or Google, have implemented and may continue to implement changes, including requiring additional user permissions, in their browser or device operating system that impair our ability to measure and improve the effectiveness of advertising on our platform. Such changes include, limiting the use of first-party and third-party cookies and related tracking technologies, such as mobile advertising identifiers, and other changes that limit our ability to collect information that allows us to attribute user actions on advertisers' websites to the effectiveness of advertising campaigns run on our platform. For example, Apple launched its Intelligent Tracking Prevention ("ITP") feature in its Safari browser. ITP blocks some or all third-party cookies by default on mobile and desktop and ITP has become increasingly restrictive over time. Apple's related Privacy-Preserving Ad Click attribution (PPAC), intended to preserve some of the functionality lost with ITP, would limit cross-site and cross-device attribution, prevent measurement outside a narrowly-defined attribution window, and prevent ad re-targeting and optimization. Similarly, Google announced that it plans to stop supporting third-party cookies in its Google Chrome browser. Further, Apple implemented certain changes, including introducing an AppTrackingTransparency framework that limits the ability of mobile applications to request an iOS device's advertising identifier and affects our ability to track user actions off our platform and connect their interactions with on-platform advertising.

In addition, third-parties, such as Apple, Microsoft or Google, have implemented and may continue to implement changes and restrictions in browser or device functionality including by limiting the use of cookies, or that limit our ability to communicate with or understand the identity of our Pinner's.

All these restrictions described above make it more difficult for us to provide the most relevant ads to our Pinner's, measure the effectiveness of, and to re-target and optimize, advertising on our platform. This may result in advertisers spending less or not at all, on our platform and prefer larger platforms like Facebook and Google that have more capabilities to help advertisers measure their conversions.

Developers may release additional technology that further inhibits our ability to collect data that allows us to measure the effectiveness of advertising on our platform. Any other restriction, whether by law, regulation, policy (including third-party policies) or otherwise, on our ability to collect and share data which our advertisers find useful, our ability to use or benefit from tracking and measurement technologies, including cookies, or that further reduce our ability to measure the effectiveness of advertising on our platform would impede our ability to attract, grow and retain advertisers. Advertisers and other third parties who provide data that helps us deliver personalized, relevant advertising may restrict or stop sharing this data. If they stop sharing this data with us, it may not be possible for us to collect this data within the product or from another source.

We rely heavily on our ability to collect and share data and metrics for our advertisers to help new and existing advertisers understand the performance of advertising campaigns. If advertisers do not perceive our metrics to be accurate representations of our user base and user engagement, or if we discover inaccuracies in our metrics, they may be less willing to allocate their budgets or resources to our platform, which could harm our business, revenue and financial results.

***Pinner metrics and other estimates are subject to inherent challenges in measurement, and real or perceived inaccuracies in those metrics could harm our business, revenue and financial results.***

We regularly review metrics, including the number of our active users and other measures to evaluate growth trends, measure our performance and make strategic decisions. These metrics are calculated using internal company data and have not been validated by an independent third-party. While these numbers are based on what we currently believe to be reasonable estimates for the applicable period of measurement, there are inherent challenges in measuring how our products are used across large populations globally. Our metrics calculations may be inaccurate, and we may not be able to identify those inaccuracies. In the past, we have relied on other metrics that measure different activities, such as saving a Pin, clicking, searching and other activities, as indicators of user growth and engagement. We have in the past implemented, and may from time to time in the future implement, new methodologies for calculating these metrics which may result in the metrics from prior periods changing, decreasing or not being comparable to prior periods. For example, in the second quarter of 2018, we implemented our current methodology for tracking active users. We have restated our active user data for periods from the fourth quarter of 2016 to the first quarter of 2018 based on the information that was available to us under the prior methodology in a way that we believe is comparable to the current methodology. However, we were not able to restate active users for periods prior to the fourth quarter of 2016 based on the data available to us from those periods. As a result, active user information for the first, second and third quarters of 2016 are based on the prior methodology, although we believe the differences are not material. Our prior methodology for measuring active users relied on different signals depending on the platform where the user activity was measured—iOS, Android, web and mobile web—and inferred user activity in a way that required removal of certain data that would not indicate active use, such as background system requests. Our metrics may also differ from estimates published by third parties or from similarly titled metrics of our competitors due to differences in methodology or data used.

Our MAU metrics may also be impacted by our information quality efforts, which are our overall efforts to reduce malicious activity on our platform, including false, spam and malicious automation accounts in existence on our service. We regularly deactivate false, spam and malicious automation accounts that violate our terms of service, and exclude these users from the calculation of our MAU metrics; however, we will not succeed in identifying and removing all false, spam and malicious accounts from our service. We are continually seeking to improve our ability to estimate the total number of false, spam or malicious accounts and we intend to continue to make such improvements. In addition, users are not prohibited from having more than one account on our service, and we treat multiple accounts held by a single person as multiple users for purposes of calculating our active users.

In addition, some of our Pinner demographic data may be incomplete or inaccurate. For example, because Pinner self-report their date of birth, our age-demographic data may differ from Pinner's actual ages, or be unavailable. We receive age-demographic data for a portion of those Pinner from other third-party accounts that Pinner chose to authenticate with on our service, such as Facebook and Google, but there can be no assurance that those platforms will continue to give us permission to access that data or that the data we receive from those third parties is accurate. In addition, our data regarding the geographic location of Pinner and revenue by user geography is estimated based on a number of factors, which may not always accurately reflect the actual location and may be different depending on the metric we are calculating. If our metrics provide us with incorrect or incomplete information about Pinner and their behavior, we may make inaccurate conclusions about our business.

***Our business depends on our ability to maintain and scale our technology infrastructure, including speed and availability of our service.***

Our reputation and ability to attract, retain and serve Pinner, creators and advertisers is dependent upon the reliable performance of our service and our underlying technology infrastructure and content delivery processes. From time to time, we are subject to interruptions in or disruptions of our systems. If our platform is unavailable when Pinner, creators or advertisers attempt to access it, if it does not load as quickly as they expect or if their content is not saved, Pinner may not return to our platform as often in the future, or at all.

Our advertisers must be able to easily buy, forecast, optimize and measure the performance of ads on a responsive and stable platform. Advertisers will not continue to do business with us if our technology infrastructure is not reliable. Our systems may not be adequately designed with the necessary reliability and redundancy to avoid performance delays or outages that could harm our business. Our systems may not be adequately designed to avoid performance delays or outages. For example, our engineering teams' broad access to our systems is designed for speed and release velocity, which increases the risk of disruptive intentional and unintentional (and potentially premature) updates and changes being made directly to our live platforms and services. As our user, creator and advertiser base and the volume and types of information shared on our service continue to grow, we will need an increasing amount of technology infrastructure, including network capacity and computing power, to continue to satisfy the needs of Pinner, creators and advertisers, which could increase our costs. It is possible that we may fail to effectively scale

and grow our technology infrastructure to accommodate these increased demands, which could harm our business, revenue and financial results. Further, in the event of a systems failure, employee error, failure or interruption of services by AWS, malicious intent by employees or third parties, we may lose all or substantial amounts of data and we may not be able to recover such data quickly or at all. Such loss of data could adversely affect our business and financial results.

In addition, our systems and operations are vulnerable to damage, delays or interruptions from fire, flood, power loss, telecommunications failure, spikes in usage volume, pandemics such as the ongoing COVID-19 pandemic, terrorist attacks, acts of war, earthquakes, the effects of climate change and other events beyond our control. We are particularly vulnerable to these types of events because our cloud computing infrastructure is currently located in one geographic region. In addition, the substantial majority of our employees are located in California, which has historically experienced, and may continue to experience, climate-related events including drought and water scarcity, warmer temperatures, wildfires and air quality impacts and power shut-offs. If there is a catastrophic failure involving our systems or major disruptive event affecting our headquarters or the San Francisco area in general, we may be unable to operate our service. Although we maintain crisis management and disaster response plans, such events could make it difficult or impossible for us to deliver our services and could cause us to incur substantial expense. Climate-related events, including the increasing frequency of extreme weather events and their impact, have the potential to disrupt our business and/or the business of our third-party suppliers and partners.

A substantial portion of our technology infrastructure is provided by third parties. Any disruption or failure in the services we receive from these providers could harm our ability to handle existing or increased traffic or cause our platform to become unavailable, which could harm our business. We exercise little control over these providers and have limited line of sight into their governance, and any financial or other difficulties these providers face may harm our business.

The occurrence of any of the foregoing risks could result in damage to our systems and hardware or could cause them to fail completely, and our insurance may not cover such risks or may be insufficient to compensate us for losses that may occur. These events may result in distraction of management, loss of revenue and costs from litigation and enforcement. In addition, they could also result in significant expense to repair or replace damaged facilities and remedy resultant data loss or corruption. A prolonged interruption in the availability or reduction in the speed or other functionality of our products could materially harm our reputation and business.

***The loss of one or more of our key personnel, or our failure to attract and retain other highly qualified personnel in the future, could harm our business, revenue and financial results.***

We currently depend on the continued services and performance of our key personnel, including Benjamin Silbermann and others. Mr. Silbermann's employment, and the employment of our other key personnel, is at will, which means they may resign or be terminated for any reason at any time. In addition, much of our key technology and systems are custom-made for our business by our personnel. The loss of key personnel, including key members of management as well as our key engineering, design, marketing, sales and product development personnel, could disrupt our operations and harm our business.

In addition, it is important to our business to attract and retain highly talented personnel, particularly engineers with expertise in computer vision, artificial intelligence and machine learning. We have found and may continue to find our recruiting and retention efforts more challenging because the marketplace for talent is highly competitive. The incentives provided by our stock option grants, restricted stock grants and restricted stock unit grants, or by other compensation and benefits arrangements, may not be effective to attract and retain employees, especially as a result of continued fluctuations in our stock price. We may also be required to enhance wages, benefits and non-equity incentives. If we are unable to meet employees and potential employees' expectations, we may experience difficulties attracting and retaining personnel. Following an independent review of our workplace culture, a Special Committee of our Board has made a number of recommendations, which we are working to implement. Our ongoing efforts to address workplace culture (including to meet the goals we set in our Inclusion and Diversity Report that we publish annually), implement our Special Committee's recommendations and resolve certain related allegations or claims have resulted in, and will continue to result in, increased costs, as well as consuming management's time and attention. Further, if our efforts are unsuccessful, we may not be able to attract and retain talent, we may be subject to investigations, litigation and other proceedings and our brand and reputation and stock price may be harmed. Additionally, although we had begun re-opening some of our offices, we have temporarily closed all our offices worldwide in light of the new COVID-19 variants, and there is still uncertainty related to the timing and manner of our workforce returning to the office. Our future work strategy and our continued efforts related to employee onboarding,

training and development and retention may not be successful. Further, our future work strategy is continuing to evolve and may not meet the needs of our existing and potential future employees and they may prefer work models offered by other companies. If we do not succeed in attracting and retaining highly qualified personnel or the financial resources required to do so increase, we may not be able to meet our business objectives, and our business, revenue and financial results could be harmed.

***Risks arising from our reliance on third parties***

***We depend in part on online application stores and internet search engines to direct traffic and refer new Pinners to our service. When these online application stores or search engines' methodologies and policies are modified or enforced in ways we do not anticipate, or when our search results page rankings decline for other reasons, traffic to our service or user growth, retention and engagement has declined and could decline in the future, any of which could harm our business, revenue and financial results.***

We depend in part on internet search engines, such as Bing, Google, Yahoo! and Yandex, to direct a significant amount of traffic to our service. For example, when a Pinner types a query into a search engine, we may receive traffic and acquire new Pinners when those search results include Pins, boards, Pinners and other features of our service that cause the Pinner to click on the Pinterest result or create a Pinterest account. These actions grow our users due to signups of new Pinners and increase retention and engagement of existing Pinners.

Our ability to maintain and increase the number of users directed to our service from search engines is not within our control. Search engines, such as Google, have and may continue to modify their search algorithms (including what content they index) and policies or enforce those policies in ways that are detrimental to us, that we are not able to predict or without prior notice. When that occurs, we have in the past and expect to experience in the future, declines or de-indexing in the organic search ranking of certain Pinterest search results, leading to a decrease in traffic to our service, new user signups and existing user retention and engagement. We have experienced declines in traffic and user growth as a result of these changes in the past, and anticipate fluctuations as a result of such actions in the future. For example, in throughout 2021 and most recently in November 2021, Google made certain changes to their search algorithms which also negatively impacted traffic and user sign-ups. Our ability to appeal these actions is limited, and we may not be able to revise our search engine optimization ("SEO") strategies to recover the loss in traffic or users resulting from such actions. In addition, changes in policies or their enforcement may not apply in the same manner to our competitors, or our competitors' SEO strategies to retain and attract users may be more successful than ours. In addition, some of these search engines are owned by companies that compete with various aspects of our business. When email platforms, such as Google, change their policies related to the placement of our emails in Pinners' inboxes, it can affect the open and click rate of our emails. Such changes have led to and may lead to a decrease in traffic to our service, new user signups and existing user retention and engagement. To offset some of the impact on our user growth, we may increase our investment in other growth strategies, such as paid marketing or other initiatives that drive user acquisition, which may cost more and be less effective. Any significant reduction in the number of Pinners directed to our website or mobile application from search engines or email could harm our business, revenue and financial results.

In addition, we also rely on certain major online stores for distribution of our application. If these application store providers modify or implement new terms, we may be required to modify our product to maintain our ability to remain in that application store. Such requirements or our inability to meet such requirements could harm our business, revenue and financial results.

***We allow users to authenticate with our service through third-party login providers. If these third parties discontinue these tools or experience a breach or outage in their platform or web browser developers make changes that restrict the use of these tools, user retention, growth or engagement could decline, and our business, revenue and financial results could be harmed.***

A significant number of Pinners access their accounts on our service using a third-party login provider such as Facebook, Apple or Google. If security on those platforms is compromised, if Pinners are locked out from their accounts on those platforms or if those platforms experience an outage or otherwise institute policies that prevent Pinners from accessing their accounts on our service through those logins, Pinners may be unable to access our service. In addition, third-party log-in providers may institute policies that restrict us from communicating with Pinners. As a result of these actions, user growth, retention and engagement on our service has been and could be adversely affected in the future, even if for a temporary period. Additionally, if Facebook or Google discontinue their identity services or experience an outage, then we may lose and be unable to recover users previously using this function,

and our user growth or engagement could decline. Any of these events could harm our business, revenue and financial results.

***We depend on Amazon Web Services for the vast majority of our compute, storage, data transfer and other services. Any disruption of, degradation in or interference with our use of Amazon Web Services could negatively affect our operations and harm our business, revenue and financial results.***

Amazon Web Services (“AWS”) provides the cloud computing infrastructure we use to host our website, mobile application and many of the internal tools we use to operate our business. We have a long-term commitment with AWS. Under the agreement with AWS, in return for negotiated concessions, we currently are required to maintain a substantial majority of our monthly usage of certain compute, storage, data transfer and other services on AWS. This agreement is terminable only under certain conditions, including by either party following the other party’s material breach, which may be the result of circumstances that are beyond our control. A material breach of this agreement by us, or early termination of the agreement, could carry substantial penalties, including liquidated damages. If AWS increases pricing terms, terminates or seeks to terminate our contractual relationship, establishes more favorable relationships with our competitors, or changes or interprets its terms of service or policies in a manner that is unfavorable, those actions could harm our business, revenue and financial results.

Any significant disruption of, limitation of our access to or other interference with our use of AWS would negatively impact our operations and our business could be harmed. In addition, any transition of the cloud services currently provided by AWS to another cloud services provider would be difficult to implement and would cause us to incur significant time and expense and could disrupt or degrade our ability to deliver our products and services. The level of service provided by AWS could affect the availability or speed of our services. If Pinners, creators or advertisers are not able to access our service or platform or encounter difficulties in doing so, we may lose Pinners, creators or advertisers and could harm our business and reputation.

We utilize data center hosting facilities operated by AWS, located in various facilities. However, we have implemented a limited disaster recovery program which does not allow us to serve network traffic from back-up data center services. An unexpected disruption of services provided by these data centers could hamper our ability to handle existing or increased traffic, result in the loss of data or cause our platform to become unavailable, which may harm our reputation and business.

***We must effectively operate with mobile operating systems, web browsers, online application stores, networks, regulations and standards, which we do not control. Changes in our products or to those mobile operating systems, web browsers, networks, regulations or standards may harm Pinner retention, growth and engagement.***

Because our service is used on mobile devices and through web browsers, our application must remain interoperable with popular mobile operating systems and browsers, including Android, Chrome, iOS and Safari. We have no control over these operating systems and browsers. Any changes to these operating systems, browsers or the online stores distributing our application that impact the accessibility, speed or functionality of our service or give preferential treatment to competitive products, could harm usage of our service. Some of our competitors that control the operating systems, browsers and online stores that our application runs on, or is distributed through, could make interoperability of our service with those systems, browsers and stores more difficult. In addition, new products we introduce may take longer to function with these systems and browsers.

If we are unable to deliver consistent, high-quality Pinner experiences across different devices with different operating systems, user growth, retention or engagement may decline, which could harm our business, revenue and financial results.

The adoption of any laws or regulations that adversely affect the growth, popularity or use of the internet, including laws governing internet neutrality, could decrease the demand for our products and services and increase our cost of doing business. For example, in June 2018, the Federal Communications Commission repealed the 2015 “open internet rules,” which had prohibited broadband internet access service providers in the United States from impeding access to most content, or otherwise unfairly discriminating against content providers. The impact of this repeal on the way Pinners access the internet and the way we interact with internet service providers remain uncertain. Other countries also have rules requiring equal access to internet content. Regulatory changes could limit Pinners’ ability to access our service or make our service a less attractive alternative to our competitors’ platforms and cause our user growth, retention or engagement to decline, which could harm our business, revenue and financial results.

If it becomes more difficult for Pinners to access and use our service on their browsers or mobile devices, if Pinners choose not to access or use our service on their mobile devices, or if Pinners choose to use mobile products that limit access to our service, user growth, retention and engagement may decline, which could harm our business, revenue and financial results.

***We rely on software, technologies and related services from other parties, and problems in their use, access or performance could increase our costs and harm our business, revenue and financial results.***

We rely on software, technologies and related services from third parties to operate critical functions of our business. Third-party technologies or services that we utilize may become unavailable due to a variety of reasons, including outages, interruptions or failure to perform under our agreement. Unexpected delays in their availability or function can, in turn, affect the use or availability of our service. Further, third-party software and service providers may no longer provide such software and services on commercially reasonable terms or may fail to properly maintain or update their software. In such instances, we may be required to seek licenses to software or services from other parties or to redesign our products to function with new software or services. This could result in delays in the release of new products until equivalent technology can be identified, licensed or developed, and integrated into our platform and services. Furthermore, we might be forced to limit the features available in our current or future products. These occurrences, delays and limitations, if they occur, could harm our business, revenue and financial results.

***Technologies have been developed that can block the display of our ads, which could harm our business, revenue and financial results.***

Technologies have been developed, and will likely continue to be developed, that can block the display of our ads. We generate substantially all of our revenue from advertising, and ad blocking technologies may prevent the display of certain of our ads, which could harm our business, revenue and financial results. Existing ad blocking technologies that have not been effective on our service may become effective as we make certain product changes, and new ad blocking technologies may be developed. More users may choose to use products that block or obscure the display of our ads if we are unable to successfully balance the amount of organic content and paid advertisements, or if users' attitudes toward advertisements become more negative. Further, regardless of their effectiveness, ad blockers may generate concern regarding the health of the digital advertising industry, which could reduce the value of digital advertising and harm our business, revenue and financial results.

#### ***Risks relating to Legal and Regulatory Matters***

***We may be liable as a result of content or information that is published or made available on our service.***

We are subject to many U.S. federal and state and foreign laws and regulations that involve matters central to our business, including laws and regulations that involve data privacy and protection, intellectual property (including copyright and patent laws), content regulation, rights of publicity, advertising, marketing, health and safety, competition, protection of minors, consumer protection, taxation, anti-bribery, anti-money laundering and corruption, economic or other trade prohibitions or sanctions or securities law compliance. We may be sued or face regulatory action for claims relating to content or information that is published or made available on our service. Our systems, tools and personnel that help us to proactively detect potentially policy-violating or otherwise inappropriate content cannot identify all such content on our service, and in many cases this content will appear on our service. This risk may increase as we develop and increase the use of certain products or product features, such as video and live streaming content, for which identifying such content is challenging. Additionally, some controversial content may not be banned on our service and, even if it is not featured in advertisements or recommendations to Pinners, may still appear in search results or be saved on boards. This risk is enhanced in certain jurisdictions outside of the United States where our protection from liability for content published on our platform by third parties may be unclear and where we may be less protected under local laws than we are in the United States. Further, if policy-violating content is found on our service, we may be in violation of the terms of certain of our key agreements, which may result in termination of the agreement and, in some cases, payment of damages. We could incur significant costs in investigating and defending such claims and, if we are found liable, damages. If any of these events occur, our business, revenue and financial results could be harmed.

We rely on a variety of statutory and common-law frameworks and defenses relevant to the content available on our service, including but not limited to, the Digital Millennium Copyright Act ("DMCA"), the Communications Decency Act ("CDA") and the fair-use doctrine in the United States, and the Electronic Commerce Directive in the European Union. The DMCA limits, but does not necessarily eliminate, our potential liability for caching, hosting, listing or linking to third-party content that may include materials that infringe copyrights. The CDA further limits our potential liability for

content uploaded onto our service by third parties. Defenses such as the fair-use doctrine (and related doctrines in other countries) may be available to limit our potential liability for featuring third-party intellectual property content for purposes such as reporting, commentary and parody. In the European Union, the Electronic Commerce Directive offers certain limitations on our potential liability for featuring third-party content. However, each of these statutes and doctrines is subject to uncertain or evolving judicial interpretation and regulatory and legislative amendments, and we cannot guarantee that such frameworks and defenses will be available for our protection. Regulators in the United States and in other countries may introduce new regulatory regimes that increase potential liability for content available on our service, including liability for misleading or manipulative information, hate speech, privacy, copyrighted content and other types of online harm and current protections from liability for third-party content in the United States could decrease or change. For example, there have been various Congressional and regulatory efforts to restrict the scope of the protections available to online platforms under Section 230 of the CDA. Similarly, the EU Directive on Copyright in the Digital Single Market (DSM) has been implemented by a few EU member states that alter the liability scheme for online sharing-content platforms and impose additional requirements for the content uploaded by their users to protect copyright owners against unlicensed use of their work. If amendments to Section 230 of the CDA or other statutory or regulatory changes reduce liability protections for content published on our service, we may be required to make significant changes to our business model, including increasing our content moderation operations and building in additional product features or tools that may not be favorable to our business, add payment obligations or compliance costs. There are also a number of new laws and legislative proposals in the United States, at both the federal and state level, and in the European Union, U.K. and other countries, that further impose new obligations in areas affecting our business, such as liability for copyright infringement, distributing certain advertisements to minors, and other online harm.

We could also face fines or orders restricting or blocking our service in particular countries as a result of content on our platform. For example, Germany, Russia, Austria and Turkey have implemented regulations that impose significant fines or provide for blocking services for failures to comply with certain content removal and disclosure obligations, and other countries may enact similar legislation, which would impose penalties for failure to remove certain content. Additionally, in April 2021, the European Union adopted new regulations that require certain online service providers to remove terrorist-related content within one hour of being flagged. These regulations will begin to apply in June 2022. There can be no assurance that the tools we use for certain removal obligations or any new custom tools we develop will be sufficient to maintain compliance with the new regulations.

Any new legislation or changes to existing legislation may be difficult to comply with in a timely and comprehensive fashion and may expose our business, users, or employees to increased costs. These costs could be prohibitively expensive for a company of our size, which could prevent us from launching a product or require us to restrict access to a product in a particular market. This could disadvantage us relative to our competitors with more resources. If the rules, doctrines or currently available defenses change, if international jurisdictions refuse to apply similar protections that are currently available in the United States or the European Union or if a court were to disagree with our application of those rules to our service, we could be required to expend significant resources to try to comply with the new rules or incur liability and our business, revenue and financial results could be harmed.

***Action by governments to restrict access to our service or certain of our products in their countries could harm our business, revenue and financial results.***

Governmental authorities outside the United States have restricted, and may in the future seek to restrict access to our service if they consider us to be in violation of their laws or for other reasons. For example, access to our service has been or is currently restricted in whole or in part in China, India, Kazakhstan and Turkey. Other governments may seek to restrict access to or block our service, prohibit or block the hosting of certain content available through our service, or impose other restrictions that may affect the accessibility or usability of our service in that country for a period of time or even indefinitely. We may also decide to stop offering our service in a country as a result of these types of restrictions. For example, some countries have enacted laws that allow websites to be blocked for hosting certain types of content or may require websites to remove certain restricted content, to appoint local representatives in the country, or to store user data within that country. It can be challenging or impractical to manage the requirements of multiple jurisdictions governing the type and nature of the content available on our service. If prohibitions or restrictions are imposed on our service, or if our competitors are able to successfully penetrate new geographic markets or capture a greater share of existing geographic markets that we cannot access or where we face other restrictions, our user growth, retention and engagement may be adversely affected, and our business, revenue and financial results could be harmed.



***We receive, process, store, use and share data, some of which contains personal information, which subjects us to complex and evolving governmental regulation and other legal obligations related to data privacy, data protection and other matters, which are subject to change and uncertain interpretation.***

We receive, process, store, use and share data, some of which contains personal information. There are numerous federal, state, local and foreign laws and regulations regarding matters central to our business, data privacy and the collection, storing, sharing, use, processing, disclosure and protection of personal information and other data from users, employees and business partners, the scope of which are regularly changing, subject to uncertain and differing interpretations and may be inconsistent among countries or conflict with other rules.

The application and interpretation of these laws and regulations are often uncertain, particularly in the new and rapidly evolving industry in which we operate, and as the focus on data privacy and data protection increases globally, we are, and will continue to be, subject to varied and evolving data privacy and data protection laws. We are subject to GDPR which expands the rights of individuals to control how their personal data is processed, includes restrictions on the use of personal data of children, creates new regulatory and operational requirements for processing personal data (in particular in case of a data breach), increases requirements for security and confidentiality, restricts transfers of data outside of the European Economic Area and provides for significant penalties for non-compliance, including fines of up to 4% of global annual turnover for the preceding financial year or €20 million (whichever is higher) for the most serious infringements. Additionally, we have historically relied upon multiple legally valid transfer mechanisms to transfer certain personal data outside of the European Economic Area, including the EU-U.S. Privacy Shield Framework and Standard Contractual Clauses (SCCs). The Court of Justice of the European Union ruled that the EU-U.S. Privacy Shield is an invalid transfer mechanism, but upheld the validity of the SCCs subject to future elaboration of additional safeguards by regulators such as specific “supplemental measures” that should be undertaken to protect EU data subjects. The validity of data transfer mechanisms and these additional safeguards remains subject to legal, regulatory, and political developments in both Europe and the U.S. The invalidation of the EU-U.S. Privacy Shield, the potential invalidation of other data transfer mechanisms, or the potential invalidation of additional safeguards could have a significant adverse impact on our ability to process and transfer the personal data of EEA users outside of the European Economic Area. The State of California enacted the CCPA which requires companies that process information on California residents to make new disclosures to consumers about their data collection, use and sharing practices, allows consumers to opt out of certain data sharing with third parties and provides a new cause of action for data breaches. The CCPA is largely untested, and it remains unclear how the CCPA will be interpreted. Additionally, a new privacy law, the CPRA, was approved by California voters in November 2020. The CPRA significantly modifies the CCPA, resulting in further uncertainty and requiring us to incur additional costs and expenses. Additionally, the Federal Trade Commission and many state attorneys general are interpreting federal and state consumer protection laws to impose standards for the online collection, use, dissemination and security of data. The burdens imposed by these and other laws and regulations that may be enacted, or new interpretations of existing laws and regulations, may require us to modify our data storage and data processing practices and policies and to incur substantial costs in order to comply and may disproportionately affect our business in comparison to our peers that have greater resources. These laws and regulations may also impact our ability to expand advertising on our platform internationally, as they may impede our ability to deliver targeted advertising and accurately measure our ad performance.

Any failure or perceived failure by us to comply with our privacy policies, data privacy-related obligations to Pinners or other third parties, or our data privacy-related legal obligations, or any compromise of security that results in the unauthorized release or transfer of personally identifiable information or other user data, or other failure to comply with these laws and regulations, or regulatory scrutiny, may result in governmental enforcement actions or litigation that could expose our business to substantial financial penalties, or other monetary or non-monetary relief, negative publicity, loss of confidence in our products, decline in Pinner or advertiser growth or damage to our brand and reputation. Companies in the technology industry have recently experienced increased regulatory scrutiny relating to data privacy and data protection, and we may become subject to enhanced scrutiny and enforcement actions from regulators to ensure compliance with data privacy and data protection laws and regulations. The GDPR, CCPA and other such laws and regulations impose new and burdensome obligations, and include substantial uncertainty as to their interpretation, and we may face challenges in addressing their requirements, which could result in fines or penalties, lead us to change our data privacy policies and practices and limit our ability to deliver personalized advertising. Public statements against us by consumer advocacy groups or others could also cause Pinners to lose trust in us, which could result in declines in user growth, retention or engagement and have an adverse effect on our brand, reputation and business. Additionally, if third parties that we work with, such as advertisers, service providers or developers, violate applicable laws or our policies, these violations may also put Pinners’ information at risk and could in turn have an adverse effect on our business, revenue and financial results.

Any significant change to applicable laws, regulations or industry practices, or to interpretations of existing laws and regulations, regarding the use or disclosure of Pinners' data, or regarding the manner in which we obtain consent from Pinners for the use and disclosure of such data, could require us to modify our products to allow for limited data use, possibly in a material manner, and may limit our ability to develop new products that make use of the data that Pinners voluntarily share. There currently are a number of proposals pending before federal, state and foreign legislative and regulatory bodies. For example, Member States in the European Union are working to align on a draft of the "ePrivacy Regulation" that would govern data privacy and the protection of personal data in electronic communications, in particular for direct marketing purposes. In addition, some countries are considering or have passed legislation implementing data protection requirements or requiring local storage and processing of data or similar requirements that could increase the cost and complexity of delivering our service, particularly as we expand our operations internationally.

***We could become involved in legal disputes that are expensive to support, and if resolved adversely, could harm our business, revenue and financial results.***

We are currently involved in, and may in the future be involved in, actual and threatened legal proceedings, claims, investigations and government inquiries arising in the ordinary course of our business, including intellectual property, data privacy and data protection, privacy and other torts, illegal or objectionable content, consumer protection, securities, stockholder derivative claims, employment, governance, workplace culture, contractual rights, civil rights infringement, false or misleading advertising, or other legal claims relating to content or information that is provided to us or published or made available on our service. Any proceedings, claims or inquiries involving us, whether successful or not, may be time consuming, result in costly litigation, unfavorable outcomes, high indemnification expenses, increased costs of business, may require us to change our business practices or products, require significant amount of management's time, may harm our reputation or otherwise harm our business and future financial results.

We are currently involved in and have been subject to actual and threatened litigation with respect to third-party patents, trademarks, copyrights and other intellectual property, and may continue to be subject to intellectual property litigation and threats thereof. Companies in the internet, technology and media industries own large numbers of patents, copyrights, trademarks and trade secrets and frequently enter into litigation based on allegations of infringement or other violations of intellectual property rights. As we face increasing competition, grow our business and products, and become increasingly high profile, the possibility of receiving a larger number of intellectual property claims against us grows. In addition, various "non-practicing entities" that own patents and other intellectual property rights have asserted, and may in the future attempt to assert, intellectual property claims against us to extract value through licensing or other settlements.

From time to time, we receive letters from patent holders alleging that some of our products infringe their patent rights and from trademark holders alleging infringement of their trademark rights. We also receive letters from holders of copyrighted content alleging infringement of their intellectual property rights, including DMCA take-down requests. Our technologies and content, including the content that Pinners pin to our service, may not be able to withstand such third-party claims.

With respect to any intellectual property claims, we may have to seek a license to continue using technologies or engaging in practices found to be in violation of a third-party's rights, which may not be available on reasonable terms and may significantly increase our operating expenses. A license to continue such technologies or practices may not be available to us at all and we may be required to discontinue use of such technologies or practices or to develop alternative non-infringing technologies or practices. The development of alternative non-infringing technologies or practices could require significant effort and expense or may not be achievable at all. Our business, revenue and financial results could be harmed as a result.

***If we are unable to protect our intellectual property, the value of our brand and other intangible assets may be diminished, and our business, revenue and financial results could be harmed.***

We rely, and expect to continue to rely, on a combination of confidentiality, invention assignment and license agreements with our employees, consultants and other third parties with whom we have relationships, as well as trademark, copyright, patent and trade secret protection laws, to protect our proprietary rights. We have filed various applications for certain aspects of our intellectual property in the United States and other countries, and we currently hold issued patents in multiple jurisdictions. Further, there can be no assurance that each of our patent applications will result in the issuance of a patent. In addition, any resulting issued patents may have claims narrower than those in

our patent applications. There can be no assurance that each of our trademark applications will result in the issuance of a trademark or that each resulting trademark registration will be able to be maintained. In the future we may acquire additional patents or patent portfolios, license patents from third parties or agree to license the use of our patents to third parties, which could require significant cash expenditures. Additionally, our current and future patents, trademarks and other intellectual property or other proprietary rights may be contested, circumvented or found unenforceable or invalid.

Third parties may knowingly or unknowingly infringe or challenge our proprietary rights. Effective intellectual property protection may not be available in every country in which we operate or intend to operate our business. We may not be able to prevent infringement without incurring substantial time and expense, if at all. There can be no assurance that others will not offer technologies, products, services, features or concepts that are substantially similar to ours and compete with our business. Similarly, particularly as we expand the scope of our business and the countries in which we operate, we may not be able to prevent third parties from infringing, or challenging our use of, our intellectual property rights, including those used to build and distinguish the “Pinterest” brand. If the protection of our proprietary rights is inadequate to prevent unauthorized use or appropriation by third parties, the value of our brand and other intangible assets may be diminished and competitors may be able to more effectively mimic our technologies, products, services or features or methods of operations. Any of these events could harm our business, revenue and financial results.

***Our use of “open source” software could subject us to possible litigation or could prevent us from offering products that include open source software or require us to obtain licenses on unfavorable terms.***

A portion of the technologies we use incorporates “open source” software, and we may incorporate open source software in the future. Open source licenses may subject us to certain unfavorable conditions, including requirements that we offer our products that incorporate the open source software for no cost, that we make publicly available the source code for any modifications or derivative works we create based upon, incorporating or using the open source software, or that we license such modifications or derivative works under the terms of the particular open source license.

We also license to others some of our software through open source projects which requires us to make the source code publicly available, and therefore can affect our ability to protect our intellectual property rights with respect to that software. If an author or other third-party that distributes open source software that we use or license were to allege that we had not complied with the conditions of the applicable license, we could be required to incur significant legal expenses defending against such allegations and could be subject to significant damages, enjoined from offering our products that contained the open source software, required to release proprietary source code, required to obtain licenses from third parties or otherwise required to comply with the unfavorable conditions unless and until we can re-engineer the product so that it complies with the open source license or does not incorporate the open source software. Any of the foregoing could disrupt our ability to offer our products and harm our business, revenue and financial results.

***The interpretation and application of U.S. tax legislations or other changes in U.S. or non-U.S. taxation of our operations could harm our business, revenue and financial results.***

Tax reform has been a priority for governments worldwide and numerous proposals have been proposed or enacted. For example, the 2017 Tax Cuts and Jobs Act (the “Tax Act”) changed how the United States imposes income tax on multinational corporations in a number of ways. The issuance of additional regulatory or accounting guidance may affect our analysis of the impact of the law on us and may harm our operating results and financial condition. Additionally, further regulatory or legislative developments may also arise from the proposed U.S. tax reform under the Biden Administration, the Build Back Better Act, which has proposed a new corporate alternative minimum tax and increased taxation of international business operations. There is uncertainty regarding what changes will be enacted, if any, and the effect on our business and financial results.

Additionally, in October 2020, the Organisation for Economic Co-operation and Development Inclusive Framework, as part of its Base Erosion and Profit Shifting Action Plan, released proposals that provide a long-term, multilateral framework on taxation of the digital economy. Recently, the Inclusive Framework jurisdictions announced they reached agreement on the proposals endorsed by the Group of Twenty inter-governmental political forum, including a global minimum tax to be implemented in 2023. Some jurisdictions have already enacted a tax on technology companies that generate revenues from the provision of digital services, including the United Kingdom, France, Spain

and Italy, to capture tax revenue more immediately. Although we do not know the exact impact, this legislation has and may continue to result in additional tax exposure.

Further changes to the U.S. or non-U.S. taxation of our operations may increase our worldwide effective tax rate, result in additional taxes or other costs or have other material consequences, which could harm our business, revenue and financial results.

***Risks relating to our Financial Statements and Performance***

***We have a limited operating history with the current scale of our business, and, as a result, our past results may not be indicative of future operating performance.***

We have a limited operating history with the current scale of our business, which makes it difficult to forecast our future results. You should not rely on our past results of operations as indicators of future performance. You should consider and evaluate our prospects in light of the risks and uncertainties frequently encountered by companies like ours.

***We have incurred operating losses in the past, anticipate increasing our costs and operating expenses, may incur operating losses in the future and may not maintain profitability.***

We have incurred significant net losses in the past and generated net income only recently. We generated net income of \$316.4 million for the year ended December 31, 2021 and net losses of \$128.3 million and \$1,361.4 million for the years ended December 31, 2020 and 2019, respectively. As of December 31, 2021, we had an accumulated deficit of \$2,018.6 million. We have achieved profitability only recently and may not realize sufficient revenue to maintain profitability in future periods.

We also anticipate that our operating expenses will increase substantially in the foreseeable future as we continue to expand our operations domestically and internationally, enhance our product offerings, broaden our Pinner and advertiser base, expand our marketing channels, hire additional employees and develop our technology. These efforts may prove more expensive than we currently anticipate, and we may not succeed in increasing our revenue sufficiently to offset these higher expenses. We may encounter unforeseen expenses, operating delays or other unknown factors that may result in losses in future periods. We have significant unrecognized share-based compensation expense, which we expect to recognize over the next several years. In addition, we have entered into certain non-cancelable commitments that limit our ability to reduce our cost and expenses in the future. For more information, see "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Notes to Financial Statements." Any failure to increase our revenue as we implement initiatives to grow our business could prevent us from achieving or maintaining profitability on either a quarterly or annual basis.

***Our operating results are likely to fluctuate from quarter to quarter, which makes them difficult to predict.***

Our quarterly operating results are tied to certain key business metrics that have fluctuated in the past and are likely to fluctuate in the future, which makes them difficult to predict. Our operating results depend on numerous factors, many of which are outside of our control, including:

- our ability to generate revenue from our service;
- our ability to improve or maintain gross margins;
- the number and relevancy of advertisements shown to Pinners;
- the relevancy of content shown to Pinners;
- the manner in which Pinners engage with different products, where certain products may cause us to generate less revenue
- downward pressure on the pricing of our advertisements;
- the timing, cost of and mix of new and existing marketing and promotional efforts as we grow and expand our operations to remain competitive;
- fluctuations (seasonal or otherwise) in spending by our advertisers and platform usage and engagement by users, each of which may change as our product offerings and business evolves;

- fluctuations in spending by our advertisers and platform usage and engagement by users due to macroeconomic conditions, such as the COVID-19 pandemic;
- seasonal fluctuations in internet usage generally;
- the success of technologies designed to block the display of ads;
- development and introduction of new product offerings by us or our competitors;
- existing, new and evolving regulations, both in the U.S. and internationally;
- the ability of our third-party providers to scale effectively and provide the necessary technical infrastructure for our service on a timely basis;
- system failures, disruptions, breaches of security or data privacy or internet downtime, whether on our service or on those of third parties;
- the inaccessibility of our service due to third-party actions;
- changes in measurement of our metrics;
- costs associated with the technical infrastructure used to operate our business, including hosting services;
- fluctuations in the amount of share-based compensation expense;
- our ability to anticipate and adapt to the changing internet business or macroeconomic conditions; and the other risks and uncertainties described in this Annual Report on Form 10-K.

***If we are unable to obtain additional financing, if needed, or if we default on our credit obligations, our operations may be interrupted and our business, revenue and financial results could be harmed.***

We may require additional financing to maintain and grow our business. Our ability to obtain financing will depend on, among other things, our development efforts, business plans, operating performance, investor demand and the condition of the capital markets at the time we seek financing. We cannot assure you that additional financing will be available to us on favorable terms when required, or at all. If we raise additional funds through the issuance of equity, equity-linked or debt securities, those securities may have rights, preferences or privileges senior to the rights of our common stock, and our existing stockholders may experience dilution. If our access to capital is restricted or our borrowing costs increase as a result of developments in financial markets, our operations and financial condition could be adversely impacted.

Our revolving credit facility provides our lenders with a first-priority lien against substantially all of our domestic assets, as well as certain domestic intellectual property, and contains financial covenants and other restrictions on our actions that may limit our operational flexibility or otherwise adversely affect our results of operations. It contains a number of covenants that limit our ability and our subsidiaries' ability to, among other things, incur additional indebtedness, pay dividends, make redemptions and repurchases of stock, make investments, loans and acquisitions, incur liens, engage in transactions with affiliates, merge or consolidate with other companies, sell material businesses or assets, or license or transfer certain of our intellectual property. We are also required to maintain certain financial covenants, including a consolidated total assets covenant and a liquidity covenant. Complying with these covenants may make it more difficult for us to successfully execute our business strategy and compete against companies who are not subject to such restrictions.

If we fail to comply with the covenants under the revolving credit facility, lenders would have a right to, among other things, terminate the commitments to provide additional loans under the facility, enforce any liens on collateral securing the obligations under the facility, declare all outstanding loans and accrued interest and fees to be due and payable and require us to post cash collateral to be held as security for any reimbursement obligations in respect of any outstanding letters of credit issued under the facility. If any remedies under the facility were exercised, we may not have sufficient cash or be able to borrow sufficient funds to refinance the debt or sell sufficient assets to repay the debt, which could immediately materially and adversely affect our business, cash flows, operations and financial condition. Even if we were able to obtain new financing, it may not be on commercially reasonable terms or on terms that are acceptable to us.

Additionally, our revolving credit facility utilizes LIBOR or various alternative methods set forth in our revolving credit facility to calculate the amount of accrued interest on any borrowings. In March 2017, regulators in certain jurisdictions

including the United Kingdom and the United States announced that they would phase out the use of LIBOR by the end of 2021. In March 2021, relevant regulators confirmed that the publication of the one-week and two-month U.S. dollar LIBOR would cease after December 31, 2021, and all remaining U.S. dollar LIBOR tenors would cease after June 30, 2023. If a published U.S. dollar LIBOR rate is unavailable, the interest rates on our debt indexed to LIBOR will be determined using one of the alternative methods, any of which could, if the revolver is drawn, result in interest obligations that are more than the current form, which could have a material adverse effect on our financing costs.

***We may have greater than anticipated tax liabilities, which could harm our business, revenue and financial results.***

We operate in a number of tax jurisdictions globally, including in the United States at the federal, state and local levels, and in many other countries, and plan to continue to expand the scale of our operations in the future. Thus, we are subject to review and potential audit by a number of U.S. federal, state, local and non-U.S. tax authorities. Significant judgment is required in determining our worldwide provision for income taxes and other tax liabilities. Further, tax authorities may disagree with tax positions we take and challenge our tax positions. Successful unilateral or multi-jurisdictional actions by various tax authorities, including in the context of our current or future corporate operating structure and third-party and intercompany arrangements (including transfer pricing and the manner in which we develop, value and use our intellectual property), may increase our worldwide effective tax rate, result in additional taxes or other costs or have other material consequences, which could harm our business and financial results. In December 2019, we completed an intra-entity asset transfer of certain of our intellectual property rights to our Irish subsidiary, which resulted in an increase in foreign deferred tax assets. We cannot be certain that this transfer will not lead to any unanticipated tax consequences which could harm our financial results.

Although we do not currently incur significant tax costs due to our history of operating losses, our tax liabilities may increase if our profitability increases in the future. In addition, our effective tax rate may change from year to year based on changes in the mix of activities and income allocated or earned among various jurisdictions, tax laws and the applicable tax rates in these jurisdictions (including future tax laws that may become material), tax treaties between countries, our eligibility for benefits under those tax treaties and the valuation of deferred tax assets and liabilities. Such changes could result in an increase in the effective tax rate applicable to all or a portion of our income, which would negatively affect our financial results.

***Our ability to use or benefit from our net operating loss carryforwards and certain other tax attributes may be limited.***

As of December 31, 2021, we had federal, California and other state net operating loss carryforwards of \$4,314.0 million, \$500.8 million and \$1,677.0 million, respectively. If not utilized, these will begin to expire in 2028, 2028 and 2026, respectively. Utilization of our net operating loss carryforwards and other tax attributes, such as research and development tax credits, may be subject to annual limitations, or could be subject to other limitations on utilization or benefit due to the ownership change limitations provided by Sections 382 and 383 of the Internal Revenue Code of 1986, as amended (the "Code"), and other similar provisions. Further, the Tax Act changed the federal rules governing net operating loss carryforwards. For net operating loss carryforwards arising in tax years beginning after December 31, 2017, the Tax Act limits a taxpayer's ability to utilize such carryforwards to 80% of taxable income. In addition, net operating loss carryforwards arising in tax years ending after December 31, 2017 can be carried forward indefinitely, but carryback is generally prohibited. Net operating loss carryforwards generated before January 1, 2018 will not be subject to the Tax Act's taxable income limitation and will continue to have a twenty-year carryforward period. Nevertheless, our net operating loss carryforwards and other tax assets could expire before utilization and could be subject to limitations, which could harm our business and financial results.

**Risks Related to Ownership of Our Class A Common Stock**

***The dual class structure of our common stock has the effect of concentrating voting control with those stockholders who held our capital stock prior to the completion of our initial public offering ("IPO"), including our co-founders, executive officers, employees and directors, their affiliates, and all of our other pre-IPO stockholders (including those unaffiliated with any of our co-founders, executive officers, employees or directors). This will limit or preclude your ability to influence corporate matters.***

Our Class B common stock has twenty votes per share, and our Class A common stock has one vote per share. Because of the 20-to-1 voting ratio between our Class B and Class A common stock, the holders of our outstanding Class B hold approximately 75.7% of the voting power of our outstanding capital stock as of December 31, 2021.

Because the holders of our Class B common stock hold in the aggregate significantly more than a majority of the combined voting power of our capital stock, such holders (which include our pre-IPO stockholders who have not converted their Class B common stock to Class A common stock, including those holders unaffiliated with any of our executive officers, employees or directors) control all matters submitted to our stockholders for approval. The holders of Class B common stock will no longer hold in the aggregate over 50% of the voting power of our outstanding capital stock once the Class B common stock represents in the aggregate less than approximately 4.76% of our outstanding capital stock.

As a result, for the foreseeable future, holders of our Class B common stock could have significant influence over the management and affairs of our company and over the outcome of all matters submitted to our stockholders for approval, including the election of directors and significant corporate transactions, such as a merger, consolidation or sale of substantially all of our assets, even though their stock holdings were to represent in the aggregate less than 50% of the outstanding shares of our capital stock. In addition, this may prevent or discourage unsolicited acquisition proposals or offers for our capital stock that you may feel are in your best interest as one of our stockholders. These holders of our Class B common stock may have interests that differ from yours and may vote in a way with which you disagree and which may be adverse to your interests. This control may adversely affect the trading price of our Class A common stock. Despite no longer being employed by us, Paul Sciarra, one of our co-founders, remains able to exercise significant voting power. If we terminate our other co-founders' relationship, they would also continue to have the ability to exercise significant voting power to the extent they were to retain their Class B common stock while our other existing holders disposed of their Class B common stock.

Transfers by holders of Class B common stock will generally result in those shares converting to Class A common stock, except certain transfers to entities, including certain charities and foundations, to the extent the transferor retains sole dispositive power and exclusive voting control with respect to the shares of Class B common stock, and certain other transfers described in our amended and restated certificate of incorporation. In addition, all shares of Class B common stock will automatically convert into shares of Class A common stock on (i) the seven-year anniversary of the closing date of our IPO, except with respect to shares of Class B common stock held by any holder that continues to beneficially own at least 50% of the number of shares of Class B common stock that such holder beneficially owned immediately prior to completion of our IPO, and (ii) a date that is between 90 to 540 days, as determined by the board of directors, after the death or permanent incapacity of Mr. Silbermann. Conversions of Class B common stock to Class A common stock have already had and will continue to have the effect, over time, of increasing the relative voting power of those holders of Class B common stock who retain their shares in the long term.

***Our dual class structure may depress the trading price of our Class A common stock.***

We cannot predict whether our dual class structure will result in a lower or more volatile market price of our Class A common stock or in adverse publicity or other adverse consequences. For example, certain index providers have restrictions on including companies with multiple-class share structures in certain of their indexes. In addition, several stockholder advisory firms have announced their opposition to the use of multiple class structures. As a result, the dual class structure of our common stock may cause stockholder advisory firms to publish negative commentary about our corporate governance practices, recommend that stockholders vote against certain company annual stockholder meeting proposals or otherwise seek to cause us to change our capital structure. Any such exclusion from indices or any actions or publications by stockholder advisory firms critical of our corporate governance practices or capital structure could adversely affect the value and trading market of our Class A common stock.

***An active trading market for our Class A common stock may not be sustained.***

Our Class A common is listed on the NYSE under the symbol "PINS." However, we cannot assure you that an active trading market for our Class A common stock will be sustained. Accordingly, we cannot assure you of the likelihood that an active trading market for our Class A common stock will be maintained, the liquidity of any trading market, your ability to sell your shares of our Class A common stock when desired or the prices that you may obtain for your shares.

***The trading price of our Class A common stock has been and may continue to be volatile, and you could lose all or part of your investment.***

The trading price of our Class A common stock has been, and is likely to continue to be volatile and could be subject to fluctuations in response to various factors, some of which are beyond our control. These fluctuations could cause you to lose all or part of your investment in our Class A common stock since you might be unable to sell your shares

at or above the price you paid. Factors that could cause fluctuations in the trading price of our Class A common stock include the following:

- price and volume fluctuations in the overall stock market from time to time;
- volatility in the trading prices and trading volumes of technology stocks;
- changes in operating performance and stock market valuations of other technology companies generally, or those in our industry in particular;
- sales, or anticipated sales, of shares of our Class A common stock by us or our stockholders, including when stockholders sell shares of our Class A common stock into the market to cover taxes due upon the settlement of restricted stock units ("RSUs") or the exercise of stock options, or conversions, or anticipated conversions, of a substantial number of shares of our Class B common stock by our stockholders;
- actions by institutional stockholders;
- failure by industry or securities analysts to maintain coverage of us, downgrade of our Class A common stock by analysts or provision of a more favorable recommendation of our competitors;
- failure by analysts to regularly publish research reports or the publication of an unfavorable or inaccurate report about our business;
- changes by external analysts to their financial and operating estimates for our company or our performance relative to third parties' estimates or the expectations;
- forward-looking financial or operating information or financial projections we may provide to the public, any changes in that information or projections or our failure to meet projections;
- any indebtedness we may incur in the future;
- whether investors or securities analysts view our stock structure unfavorably, particularly our dual class structure and the significant voting control of holders of our Class B common stock;
- announcements by us or our competitors of new products, features, services, technical innovations, acquisitions, strategic partnerships, joint ventures or capital commitments;
- announcements by us or estimates by third parties of actual or anticipated changes in the size of our user base or level of engagement, or those of our competitors;
- the public's perception of the quality and accuracy of our key metrics on our user base and engagement;
- the public's reaction to our press releases, other public announcements and filings with the SEC;
- rumors and market speculation involving us or other companies in our industry;
- actual or anticipated fluctuations in our user growth, retention, engagement, revenue or other operating results;
- actual or anticipated developments in our business, our competitors' businesses or the competitive landscape generally;
- litigation involving us, our industry, or both, or investigations by regulators and other third parties into our operations or those of our competitors;
- developments or disputes concerning our intellectual property or other proprietary rights;
- developments or disputes concerning our culture or other diversity, equity and inclusion practices and initiatives;
- announced or completed acquisitions of businesses, products, services or technologies by us or our competitors;
- existing, new and evolving regulations, both in the U.S. and internationally;



- changes in accounting standards, policies, guidelines, interpretations or principles;
- any significant changes in our management;
- stakeholder dissatisfaction if we are unable to meet stakeholders' expectations and requirements around environmentally friendly, ethical, socially conscious, and sustainable business practices or disclosures;
- if we are unable to address workplace culture related issues (including to meet the goals we set in our Inclusion and Diversity Report that we publish annually or implement our Special Committee's recommendations relating to workplace culture);
- macroeconomic events that are beyond our control, such as the global outbreak of the COVID-19 pandemic; and
- general economic conditions and slow or negative growth of our markets.

In addition, the stock markets have experienced extreme price and volume fluctuations that have affected and continue to affect the market prices of equity securities of many technology companies. Stock prices of many technology companies, including ours, have fluctuated in a manner that may be unrelated or disproportionate to the financial performance of such companies. Following periods of volatility in the overall market and the market price of a particular company's securities, securities class action and derivative litigation has often been instituted against these companies, including against us. Such litigation could result in substantial costs and a diversion of our management's attention and resources. Further, when our revenue, users or operating results fall below the expectations of investors or securities analysts or below any guidance we may provide to the market, the price of our Class A common stock has declined and could likely decline in the future.

***Future offerings of debt or equity securities by us or existing stockholders may adversely affect the market price of our Class A common stock.***

In the future, we may attempt to obtain financing or to further increase our capital resources by issuing additional capital stock or offering debt or other securities, including commercial paper, medium-term notes, senior or subordinated notes, debt securities convertible into equity or shares of preferred stock. Future acquisitions could also require substantial additional capital in excess of cash from operations.

Issuing additional shares of capital stock or other securities, including securities convertible into equity, may dilute the economic and voting rights of our existing stockholders, reduce the market price of our Class A common stock or both. Upon liquidation, holders of debt securities and preferred shares, if issued, and lenders with respect to other borrowings would receive a distribution of our available assets prior to the holders of our common stock. Debt securities convertible into equity could be subject to adjustments in the conversion ratio pursuant to which certain events may increase the number of equity securities issuable upon conversion. Preferred shares, if issued, could have a preference with respect to liquidating distributions or a preference with respect to dividend payments that could limit our ability to pay dividends to the holders of our common stock. Our decision to issue securities in any future offering will depend on market conditions and other factors beyond our control, which may adversely affect the amount, timing or nature of our future offerings. In addition, the large number of shares of our common stock eligible for public sale or subject to rights requiring us to register them for public sale could depress the market price of our Class A common stock. The market price of our Class A common stock could decline as a result of sales of a large number of shares of our Class A common stock in the market, and the perception that these sales could occur may also depress the market price of our Class A common stock. As a result, holders of our Class A common stock bear the risk that our future offerings or future sales of shares may reduce the market price of our Class A common stock and dilute their stockholdings in our company.

***Additional stock issuances, including in connection with settlement of equity awards, could result in significant dilution to our stockholders.***

Future issuances of shares of our Class A common stock or the conversion of a substantial number of shares of our Class B common stock to Class A common stock, or the perception that these sales or conversions may occur, could depress the market price of our Class A common stock and result in significant dilution for holders of our Class A common stock. We currently have Class B common stock that may be issued upon exercise of outstanding stock options or upon settlement of outstanding restricted stock units, shares of Class A common stock that may be issued upon settlement of outstanding RSUs or outstanding restricted stock awards ("RSAs"). For more information, see "Notes to Financial Statements". We have 5,917,451,052 shares of authorized but unissued Class A common stock

that are currently not reserved for issuance under our equity incentive plans or charitable giving program. We may issue all of these shares of Class A common stock without any action or approval by our stockholders, subject to certain exceptions. We also intend to continue to evaluate acquisition opportunities and may issue Class A common stock or other securities in connection with these acquisitions. Any common stock issued in connection with our equity incentive plans, acquisitions, the exercise of outstanding stock options, settlement of RSUs and RSAs or otherwise would dilute the percentage ownership held by our Class A common stockholders.

***Delaware law and provisions in our amended and restated certificate of incorporation and amended and restated bylaws could make a merger, tender offer or proxy contest difficult, thereby depressing the market price of our Class A common stock.***

Our status as a Delaware corporation and the anti-takeover provisions of the Delaware General Corporation Law (the "DGCL") may discourage, delay or prevent a change in control by prohibiting us from engaging in a business combination with an interested stockholder for a period of three years after the person becomes an interested stockholder, even if a change of control would be beneficial to our existing stockholders. In addition, our amended and restated certificate of incorporation and amended and restated bylaws contain provisions that may make the acquisition of our company more difficult, including the following:

- our dual class common stock structure, which provides our holders of Class B common stock with the ability to significantly influence the outcome of matters requiring stockholder approval, even if they own significantly less than a majority of the shares of our outstanding common stock;
- our board of directors is classified into three classes of directors with staggered three-year terms and directors are only able to be removed from office for cause;
- certain amendments to our amended and restated certificate of incorporation will require the approval of 66 $\frac{2}{3}$ % of the then-outstanding voting power of our capital stock;
- approval of 66 $\frac{2}{3}$ % of the then-outstanding voting power of our capital stock, voting as a single class, is required for stockholders to amend or adopt any provision of our bylaws;
- our stockholders can take action only at a meeting of stockholders and not by written consent;
- vacancies on our board of directors can be filled only by our board of directors and not by stockholders;
- no provision in our amended and restated certificate of incorporation or amended and restated bylaws provides for cumulative voting, which limits the ability of minority stockholders to elect director candidates;
- only our chairman of the board of directors, our chief executive officer, our president or another officer selected by a majority of the board of directors are authorized to call a special meeting of stockholders;
- certain litigation against us can only be brought in Delaware;
- nothing in our amended and restated certificate of incorporation precludes future issuances without stockholder approval of the authorized but unissued shares of our Class A common stock;
- our amended and restated certificate of incorporation authorizes undesignated preferred stock, the terms of which may be established and shares of which may be issued, without the approval of the holders of our capital stock; and
- advance notice procedures apply for stockholders to nominate candidates for election as directors or to bring matters before an annual meeting of stockholders.

These anti-takeover defenses could discourage, delay or prevent a transaction involving a change in control of our company. These provisions could also discourage proxy contests and make it more difficult for stockholders to elect directors of their choosing and to cause us to take other corporate actions they desire, any of which, under certain circumstances, could limit the opportunity for our stockholders to receive a premium for their shares of our common stock, and could also affect the price that some investors are willing to pay for our Class A common stock.

***Our amended and restated certificate of incorporation designates a state or federal court located within the State of Delaware as the exclusive forum for substantially all disputes between us and our stockholders,***

***which could limit our stockholders' ability to choose the judicial forum for disputes with us or our directors, officers or employees.***

Our amended and restated certificate of incorporation provides that, unless we consent in writing to the selection of an alternative forum, the sole and exclusive forum for (i) any derivative action or proceeding brought on our behalf, (ii) any action asserting a claim of breach of a fiduciary duty owed by any of our current or former directors, officers or other employees to us or our stockholders, (iii) any action arising pursuant to any provision of the DGCL, or as to which the DGCL confers jurisdiction on the Court of Chancery of the State of Delaware or (iv) any other action asserting a claim that is governed by the internal affairs doctrine shall be the Court of Chancery of the State of Delaware (or, if the Court of Chancery does not have jurisdiction, any state or federal district court in the state of Delaware), in all cases subject to the court's having jurisdiction over indispensable parties named as defendants. Nothing in our amended and restated certificate of incorporation precludes stockholders that assert claims under the Securities Act or Exchange Act from bringing such claims in federal court, subject to applicable law.

Any person or entity purchasing or otherwise acquiring any interest in our securities shall be deemed to have notice of and consented to this provision. This exclusive forum provision may limit a stockholder's ability to bring a claim in a judicial forum of its choosing. If a court were to find the exclusive forum provision in our amended and restated certificate of incorporation to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving the dispute in other jurisdictions, which could harm our results of operations.

***The requirements of being a public company have and may continue to strain our resources, divert management's attention and may result in more litigation.***

As a public company, we are subject to the reporting requirements of the Exchange Act, the Sarbanes-Oxley Act, the Dodd-Frank Wall Street Reform and Consumer Protection Act, the listing requirements of the NYSE and other applicable securities rules and regulations. Complying with these rules and regulations has increased and will continue to increase our legal and financial compliance costs, make some activities more difficult, time-consuming or costly, and increase demand on our systems and resources.

As a public company we are required to publicly disclose additional details about our business and financial condition information, which may result in threatened or actual litigation, including by competitors, regulators and other third parties. If those claims are successful, our business, revenue and financial results could be harmed. Even if the claims do not result in litigation or are resolved in our favor, the time and resources needed to resolve them could divert our management's resources and harm our business, revenue and financial results.

***We do not intend to pay dividends for the foreseeable future.***

We have never declared or paid dividends on our capital stock. We currently intend to retain any future earnings, and we do not expect to declare or pay any dividends in the foreseeable future. As a result, stockholders must rely on sales of their Class A common stock after price appreciation as the only way to realize any future gains on their investment. In addition, our revolving credit facility contains restrictions on our ability to pay dividends.

## **General Risks**

***Adverse global economic and financial conditions could harm our business and financial condition.***

Adverse macroeconomic developments could negatively impact our business and financial condition. Adverse global economic and financial events, such as inflation and the COVID-19 pandemic, have caused, and could, in the future continue to cause disruptions and volatility in global financial markets. Such conditions have resulted in or may result in, among other things, an adverse impact on the ability and willingness of companies to spend on advertising, volatility in our stock price and an adverse impact on the financial condition of the institutions with whom we hold deposits or the credit quality of the issuers of our cash equivalents and marketable securities. We cannot assure you that we will perform well in adverse macroeconomic conditions. Since the majority of our revenue is derived from advertisers within the U.S., economic conditions in the U.S. have a greater impact on us.

***Our financial results may be adversely affected by changes in accounting principles generally accepted in the United States.***

Generally accepted accounting principles in the United States are subject to interpretation by the Financial Accounting Standards Board, the American Institute of Certified Public Accountants, the SEC and various bodies formed to promulgate and interpret appropriate accounting principles. A change in these principles or interpretations could harm our revenue and financial results and could affect the reporting of transactions completed before the announcement of a change.

**Item 1B. Unresolved Staff Comments**

None.

**Item 2. Properties****Facilities**

Our corporate headquarters is located in San Francisco, California. As of December 31, 2021, we maintained offices in various locations in the United States and internationally totaling approximately 677,000 square feet, including approximately 397,000 square feet for our corporate headquarters and in the surrounding areas. We believe that our facilities are sufficient for our existing needs.

**Item 3. Legal Proceedings**

We are currently involved in, and may in the future be involved in, actual and threatened legal proceedings, claims, investigations and government inquiries arising in the ordinary course of our business, including legal proceedings, claims, investigations and government inquiries involving intellectual property, data privacy and data protection, privacy and other torts, illegal or objectionable content, consumer protection, corporate governance, securities, employment, workplace culture, contractual rights, civil rights infringement, false or misleading advertising, or other legal claims relating to content or information that is provided to us or published or made available on our service. This risk is enhanced in certain jurisdictions outside of the United States where our protection from liability for content published on our platform by third parties may be unclear and where we may be less protected under local laws than we are in the United States.

For information on certain litigation we are involved in, see "Legal Matters" in Note 7 of the accompanying notes to our consolidated financial statements, which is incorporated herein by reference.

Although the results of the actual and threatened legal proceedings, claims, investigations and government inquiries in which we currently are involved cannot be predicted with certainty, we do not believe that there is a reasonable possibility that the final outcome of these matters will have a material adverse effect on our business or financial results. Regardless of the final outcome, however, litigation can have an adverse impact on us because of defense and settlement costs, diversion of management resources, harm to our reputation and brand, and other factors.

**Item 4 - Mine Safety Disclosures**

Not applicable.

## PART II

### Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

#### Market Information for Common Stock

Our Class A common stock, par value \$0.00001 per share, is listed on the New York Stock Exchange, under the symbol "PINS" and began trading on April 18, 2019. Prior to that date, there was no public trading market for our Class A common stock. There is no public trading market for our Class B common stock, par value \$0.00001 per share.

#### Holders of Record

As of January 28, 2022, there were 132 stockholders of record of our Class A common stock and 64 stockholders of record of our Class B common stock. The actual number of holders of our Class A and Class B common stock is greater than the number of record holders and includes stockholders who are beneficial owners but whose shares are held in street name by brokers or other nominees. The number of holders of record presented here also does not include stockholders whose shares may be held in trust by other entities.

#### Dividend Policy

We have never declared or paid dividends on our capital stock and do not intend to pay any dividends in the foreseeable future. Any future determination to declare dividends will be made at the discretion of our board of directors, subject to applicable laws, and will depend on then existing conditions, including our financial condition, operating results, capital requirements, general business conditions and other factors that our board of directors may deem relevant. In addition, the terms of our revolving credit facility place certain limitations on the amount of dividends we can pay, even if no amounts are currently outstanding.

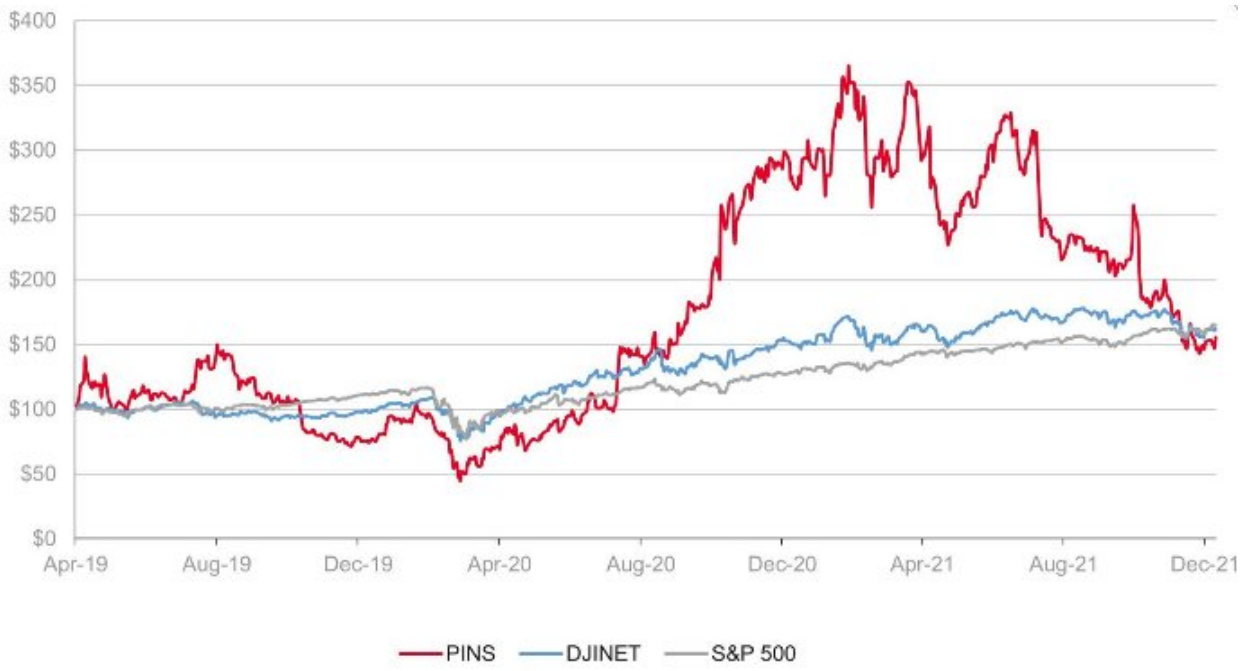
#### Unregistered Sales of Equity Securities

None.

#### Stock Performance Graph

*This performance graph shall not be deemed "soliciting material" or to be "filed" with the SEC for purposes of Section 18 of the Securities Exchange Act of 1934, as amended ("Exchange Act"), or otherwise subject to the liabilities under that Section, and shall not be deemed to be incorporated by reference into any filing of Pinterest, Inc. under the Securities Act of 1933, as amended, or the Exchange Act.*

The following graph shows a comparison of the cumulative total return for our Class A common stock, the Standard & Poor's 500 Stock Index (S&P 500 Index) and the Dow Jones Internet Composite Index (DJINET Composite Index). An investment of \$100 and reinvestment of all dividends is assumed to have been made in our Class A common stock and in each index on April 18, 2019, the date our Class A common stock began trading on the NYSE, and its relative performance is tracked through December 31, 2021. The graph uses the closing market price on April 18, 2019 of \$24.40 per share as the initial value of our common stock. The stock price performance of the following graph is not necessarily indicative of future stock price performance.



Item 6. [Reserved]

## ITEM 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

*The following discussion and analysis of our financial condition and results of operations should be read together with our consolidated financial statements and related notes and other financial information appearing elsewhere in this Annual Report on Form 10-K. This discussion and analysis contains forward-looking statements that involve risks, uncertainties and assumptions, including risks and uncertainties regarding the duration, scope and impact of the COVID-19 pandemic. Our actual results could differ materially from these forward-looking statements as a result of many factors, including those discussed in "Risk Factors" and "Note About Forward-Looking Statements" included elsewhere in this Annual Report on Form 10-K.*

*A discussion regarding our financial condition and results of operations for the year ended December 31, 2021 compared to the year ended December 31, 2020 is presented below. A discussion regarding our financial condition and results of operations for the year ended December 31, 2020 compared to the year ended December 31, 2019 is included under "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report on Form 10-K for the year ended December 31, 2020.*

### Overview of 2021 Results

Our key financial and operating results as of and for the year ended December 31, 2021 are as follows:

- Revenue was \$2,578.0 million, an increase of 52% compared to 2020.
- Monthly active users ("MAUs") were 431 million, a decrease of 6% compared to December 31, 2020.
- Share-based compensation expense was \$415.4 million, an increase of \$94.4 million compared to 2020.
- Total costs and expenses were \$2,251.8 million.
- Income from operations was \$326.2 million.
- Net income was \$316.4 million.
- Adjusted EBITDA was \$814.4 million.
- Cash, cash equivalents and marketable securities were \$2,480.1 million.
- Headcount was 3,225.

### Update on the COVID-19 Pandemic

The COVID-19 pandemic, which resulted in authorities implementing numerous preventative measures to contain or mitigate the outbreak of the virus, such as travel bans and restrictions, limitations on business activity, quarantines and shelter-in-place orders, continues to have an impact globally. These measures have caused, and are continuing to cause, business slowdowns or shutdowns in affected areas, both regionally and worldwide. These measures initially positively impacted Pinner engagement and user growth in both the U.S. and international geographies as people spent more time at home and sought online inspiration for some of our core use cases. Starting in mid-March 2021, the easing of the restrictions related to the COVID-19 pandemic began to slow our global MAU growth and lowered Pinner engagement as compared to 2020 as Pinner began spending less time at home. This behavior reversed some of the MAU gains we saw during 2020, and, as a result, we saw a decline in global MAUs in the fourth quarter as compared to the same period in 2020.

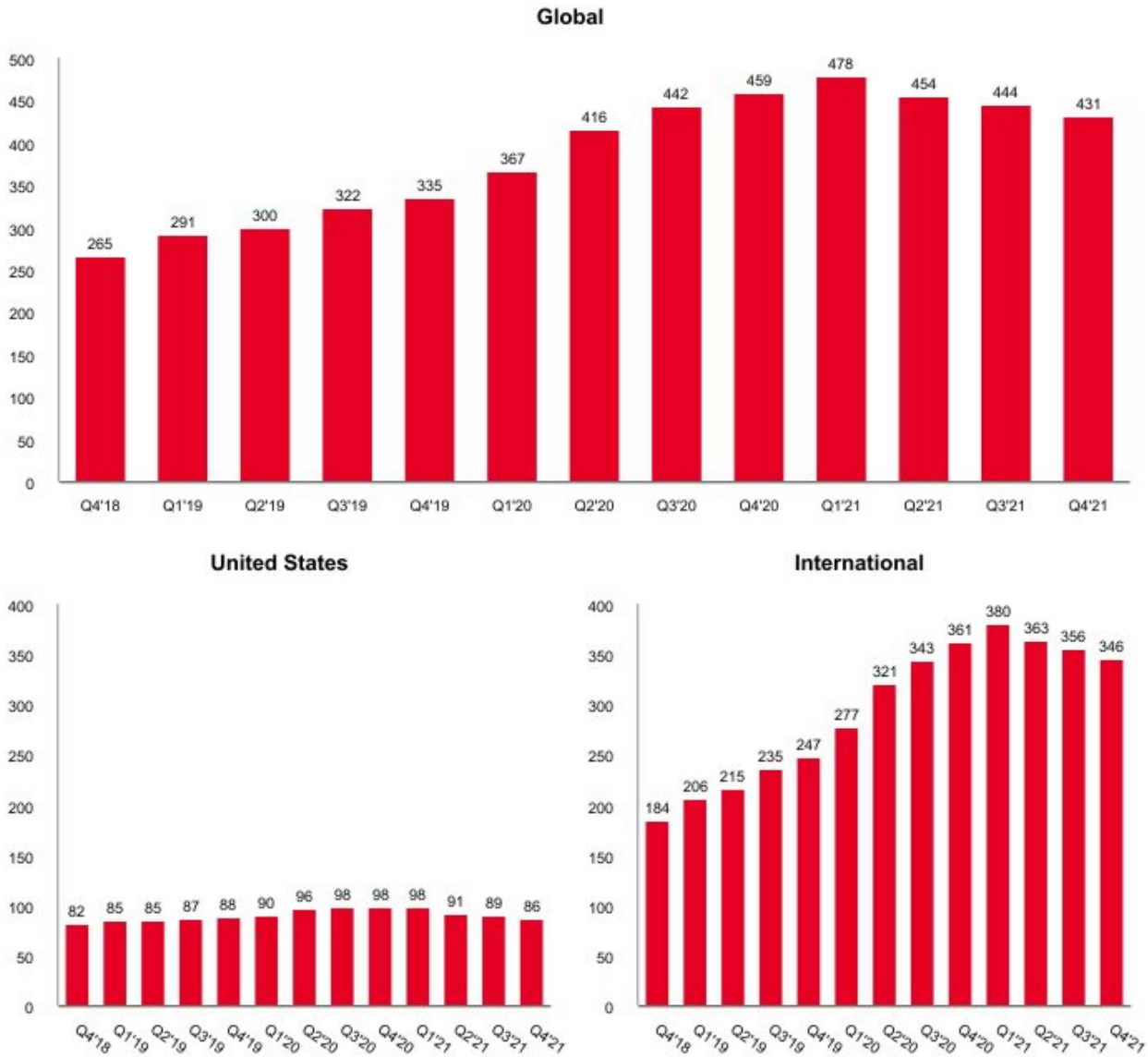
Since the impact of the COVID-19 pandemic on our results of operations and overall financial performance remains unprecedented and unpredictable, our past results may not be indicative of our future performance. Given the uncertainty, we are unable to predict the extent and duration of the impact of the COVID-19 pandemic on advertiser demand, Pinner engagement, and our business, operations and financial results. See "Risk Factors" and "Note About Forward-Looking Statements" for additional details.



**Trends in User Metrics**

**Monthly Active Users.** We define a monthly active user as an authenticated Pinterest user who visits our website, opens our mobile application or interacts with Pinterest through one of our browser or site extensions, such as the Save button, at least once during the 30-day period ending on the date of measurement. We present MAUs based on the number of MAUs measured on the last day of the current period. We calculate average MAUs based on the average of the number of MAUs measured on the last day of the current period and the last day prior to the beginning of the current period. MAUs are the primary metric by which we measure the scale of our active user base.

**Quarterly Monthly Active Users  
(in millions)**



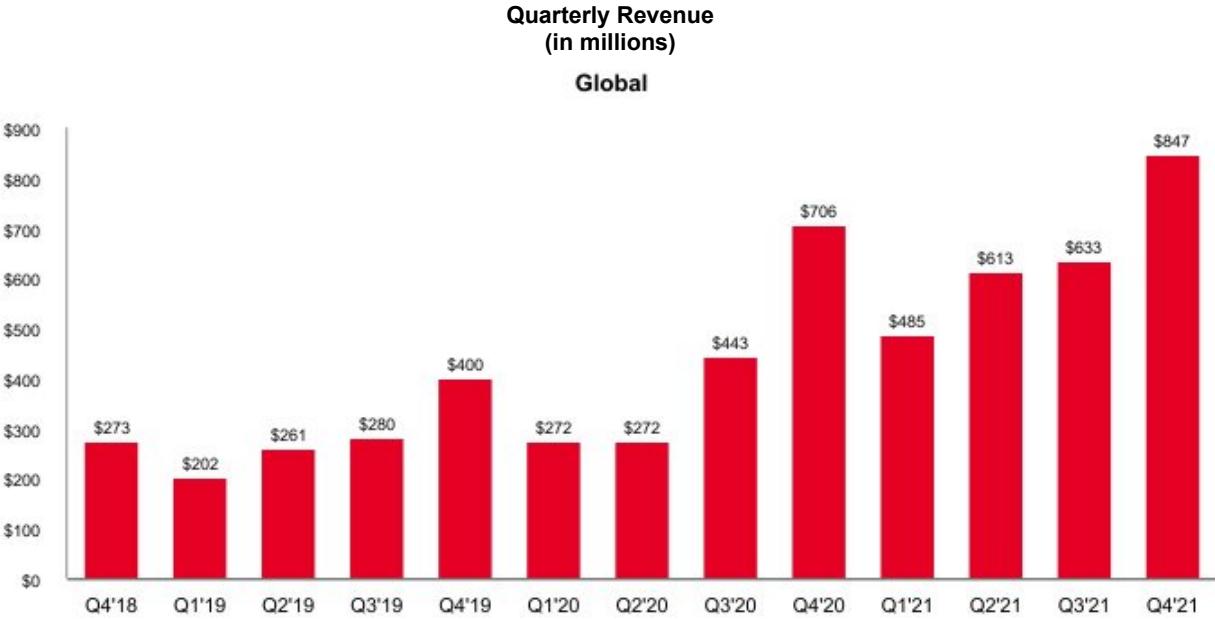
Note: United States and International may not sum to Global due to rounding.

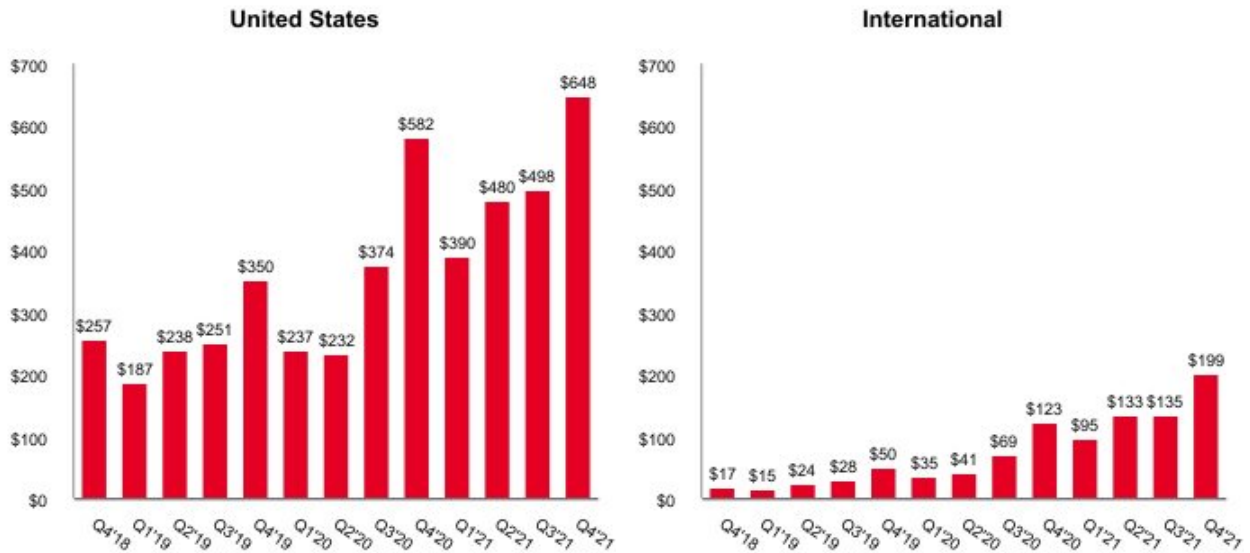
A portion of our MAUs visit Pinterest on a weekly basis. We define a weekly active user (“WAU”) as an authenticated Pinterest user who visits our website, opens our mobile application or interacts with Pinterest through one of our browser or site extensions, such as the Save button, at least once during the seven-day period ending on the date of measurement. We actively monitor the relationship of WAUs to MAUs, which has stayed relatively consistent over time. As of December 31, 2021, the proportion of WAUs to MAUs was 58%.

As of December 31, 2021, we have experienced a decline in our global MAUs as compared to December 31, 2020 due to the easing of the restrictions related to the COVID-19 pandemic and lower search traffic driven by changes in search engine algorithms. As a result, we are unable to predict the extent to which we will be able to attract new Pinners, retain existing Pinners, recover past Pinners or maintain or increase the frequency and duration of Pinners' engagement as uncertainties around restrictions resulting from the COVID-19 pandemic continue.

**Trends in Monetization Metrics**

**Revenue.** We calculate revenue by user geography based on our estimate of the geographic location of our users when they perform a revenue-generating activity. The geography of our users affects our revenue and financial results because we currently only monetize certain countries and currencies and because we monetize different geographies at different average rates. Our revenue in the United States is higher primarily due to our decision to focus our earliest monetization efforts there and also due to the relative size and maturity of the U.S. digital advertising market.

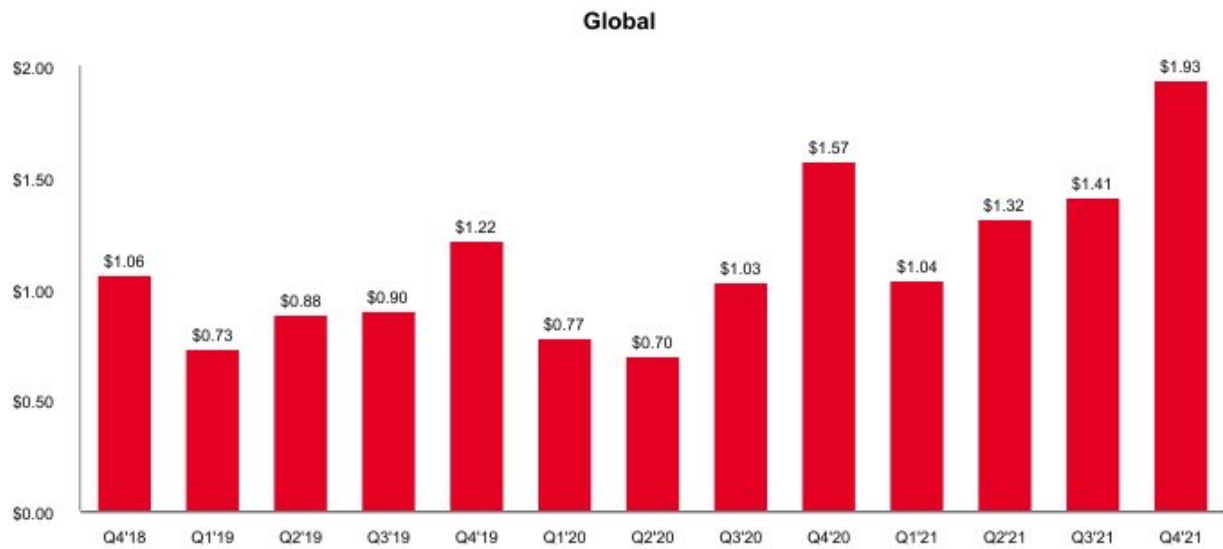


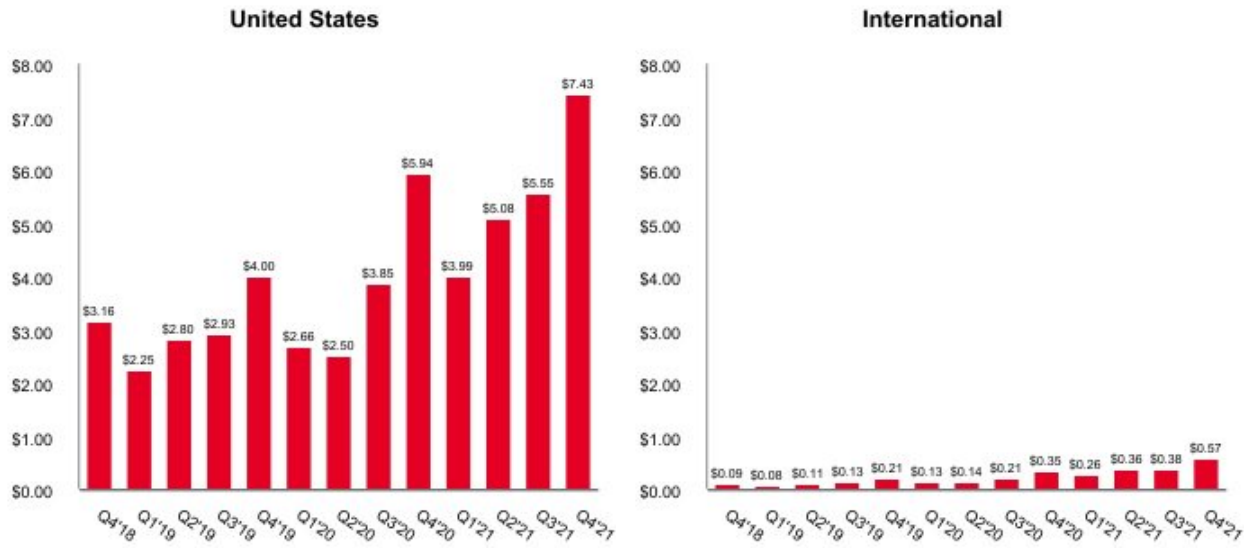


Note: Revenue by geography in the charts above is geographically apportioned based on our estimate of the geographic location of our users when they perform a revenue-generating activity. This allocation differs from our disclosure of revenue disaggregated by geography in the notes to our consolidated financial statements where revenue is geographically apportioned based on our customers' billing addresses. United States and International may not sum to Global and quarterly amounts may not sum to annual due to rounding.

**Average Revenue per User ("ARPU").** We measure monetization of our platform through our average revenue per user metric. We define ARPU as our total revenue in a given geography during a period divided by average MAUs in that geography during the period. We calculate ARPU by geography based on our estimate of the geography in which revenue-generating activities occur. We present ARPU on a U.S. and international basis because we currently monetize users in different geographies at different average rates. U.S. ARPU is higher primarily due to our decision to focus our earliest monetization efforts there and also due to the relative size and maturity of the U.S. digital advertising market.

**Quarterly Average Revenue per User**





For the year ended December 31, 2021, global ARPU was \$5.79, which represents an increase of 36% compared to the year ended December 31, 2020. For the year ended December 31, 2021, U.S. ARPU was \$21.98 and international ARPU was \$1.59, which represent increases of 43% and 80%, respectively, compared to the year ended December 31, 2020.

We use MAUs and ARPU to assess the growth and health of our overall business and believe that these metrics best reflect our ability to attract, retain, engage and monetize our users, and thereby drive revenue.

## Non-GAAP Financial Measure

To supplement our consolidated financial statements presented in accordance with GAAP, we consider Adjusted EBITDA, a financial measure which is not based on any standardized methodology prescribed by GAAP.

We define Adjusted EBITDA as net income (loss) adjusted to exclude depreciation and amortization expense, share-based compensation expense, interest income, interest expense and other income (expense), net, provision for income taxes, non-cash charitable contributions and, for the third quarter of 2020, a one-time payment for the termination of a future lease contract.

We use Adjusted EBITDA to evaluate our operating results and for financial and operational decision-making purposes. We believe Adjusted EBITDA helps identify underlying trends in our business that could otherwise be masked by the effect of the income and expenses that it excludes. We also believe Adjusted EBITDA provides useful information about our operating results, enhances the overall understanding of our past performance and future prospects, and allows for greater transparency with respect to key metrics we use for financial and operational decision-making. We are presenting Adjusted EBITDA to assist investors in seeing our operating results through the eyes of management, and because we believe that this measure provides an additional tool for investors to use in comparing our core business operating results over multiple periods with other companies in our industry. However, our definition of Adjusted EBITDA may not be the same as similarly titled measures used by other companies.

Adjusted EBITDA should not be considered in isolation from, or as a substitute for, financial information prepared in accordance with GAAP. There are a number of limitations related to the use of Adjusted EBITDA rather than net income (loss), the nearest GAAP equivalent. For example, Adjusted EBITDA excludes:

- certain recurring, non-cash charges such as depreciation of fixed assets and amortization of acquired intangible assets, although these assets may have to be replaced in the future; and
- share-based compensation expense, which has been, and will continue to be for the foreseeable future, a significant recurring expense and an important part of our compensation strategy.

Because of these limitations, you should consider Adjusted EBITDA alongside other financial performance measures, including net income (loss) and our other financial results presented in accordance with GAAP. The following table presents a reconciliation of net income (loss), the most directly comparable financial measure calculated and presented in accordance with GAAP, to Adjusted EBITDA (in thousands):

	Year Ended December 31,		
	2021	2020	2019
Net income (loss)	\$ 316,438	\$ (128,323)	\$ (1,361,371)
Depreciation and amortization	27,500	36,988	27,791
Share-based compensation	415,382	321,020	1,377,781
Interest income	(4,204)	(16,119)	(30,164)
Interest expense and other (income) expense, net	9,420	635	2,137
Provision for income taxes	4,533	1,303	532
Non-cash charitable contributions	45,300	—	—
Termination of future lease contract	—	89,500	—
Adjusted EBITDA <sup>(1)</sup>	<u>\$ 814,369</u>	<u>\$ 305,004</u>	<u>\$ 16,706</u>

<sup>(1)</sup> Non-cash charitable contributions of \$2.7 million were not excluded from Adjusted EBITDA for the year ended December 31, 2020 as these were not material.

## Components of Results of Operations

**Revenue.** We generate revenue by delivering ads on our website and mobile application. Advertisers purchase ads directly with us or through their relationships with advertising agencies. We recognize revenue only after transferring control of promised goods or services to customers, which occurs when a user clicks on an ad contracted on a cost per click ("CPC") basis, views an ad contracted on a cost per thousand impressions ("CPM") basis or views a video ad contracted on a cost per view ("CPV") basis.

**Cost of Revenue.** Cost of revenue consists primarily of expenses associated with the delivery of our service, including the cost of hosting our website and mobile application. Cost of revenue also includes personnel-related expense, including salaries, benefits and share-based compensation for employees on our operations teams, payments associated with partner arrangements, credit card and other transaction processing fees, and allocated facilities and other supporting overhead costs.

**Research and Development.** Research and development consists primarily of personnel-related expense, including salaries, benefits and share-based compensation for our engineers and other employees engaged in the research and development of our products, and allocated facilities and other supporting overhead costs.

**Sales and Marketing.** Sales and marketing consists primarily of personnel-related expense, including salaries, commissions, benefits and share-based compensation for our employees engaged in sales, sales support, marketing, and customer service functions, advertising and promotional expenditures, professional services and allocated facilities and other supporting overhead costs. Our marketing efforts also include user- and advertiser-focused marketing expenditures.

**General and Administrative.** General and administrative consists primarily of personnel-related expense, including salaries, benefits and share-based compensation for our employees engaged in finance, legal, human resources and other administrative functions, professional services, including outside legal and accounting services, charitable contributions and allocated facilities and other supporting overhead costs.

**Other Income (Expense), Net.** Other income (expense), net consists primarily of foreign currency exchange gains and losses and interest earned on our cash equivalents and marketable securities.

**Provision for Income Taxes.** Provision for income taxes consists primarily of income taxes in foreign jurisdictions and U.S. federal and state income taxes adjusted for discrete items.

**Adjusted EBITDA.** We define Adjusted EBITDA as net income (loss) adjusted to exclude depreciation and amortization expense, share-based compensation expense, interest income, interest expense and other income (expense), net, provision for income taxes, non-cash charitable contributions and, for the third quarter of 2020, a one-time payment for the termination of a future lease contract. See "Non-GAAP Financial Measure" for more information and for a reconciliation of net income (loss), the most directly comparable financial measure calculated and presented in accordance with GAAP, to Adjusted EBITDA.

## Results of Operations

The following tables set forth our consolidated statements of operations data (in thousands):

	Year Ended December 31,		
	2021	2020	2019
Revenue	\$ 2,578,027	\$ 1,692,658	\$ 1,142,761
Costs and expenses <sup>(1)</sup> :			
Cost of revenue	529,320	449,358	358,903
Research and development	780,264	606,194	1,207,059
Sales and marketing	641,279	442,807	611,590
General and administrative	300,977	336,803	354,075
Total costs and expenses	2,251,840	1,835,162	2,531,627
Income (loss) from operations	326,187	(142,504)	(1,388,866)
Interest income	4,204	16,119	30,164
Interest expense and other income (expense), net	(9,420)	(635)	(2,137)
Income (loss) before provision for income taxes	320,971	(127,020)	(1,360,839)
Provision for income taxes	4,533	1,303	532
Net income (loss)	\$ 316,438	\$ (128,323)	\$ (1,361,371)
Adjusted EBITDA <sup>(2)</sup>	\$ 814,369	\$ 305,004	\$ 16,706

<sup>(1)</sup> Includes share-based compensation expense as follows (in thousands):

	Year Ended December 31,		
	2021	2020	2019
Cost of revenue	\$ 7,438	\$ 7,865	\$ 31,758
Research and development	309,715	218,718	867,191
Sales and marketing	52,691	35,645	239,315
General and administrative	45,538	58,792	239,517
Total share-based compensation	\$ 415,382	\$ 321,020	\$ 1,377,781

<sup>(2)</sup> See "Non-GAAP Financial Measure" for more information and for a reconciliation of net income (loss), the most directly comparable financial measure calculated and presented in accordance with GAAP, to Adjusted EBITDA.

The following table sets forth our consolidated statements of operations data (as a percentage of revenue):

	Year Ended December 31,		
	2021	2020	2019
Revenue	100 %	100 %	100 %
Costs and expenses:			
Cost of revenue	21	27	31
Research and development	30	36	106
Sales and marketing	25	26	54
General and administrative	12	20	31
Total costs and expenses	87	108	222
Income (loss) from operations	13	(8)	(122)
Interest income	—	1	3
Interest expense and other income (expense), net	—	—	—
Income (loss) before provision for income taxes	12	(8)	(119)
Provision for income taxes	—	—	—
Net income (loss)	12 %	(8)%	(119)%

### Years Ended December 31, 2021 and 2020

#### Revenue

	Year Ended December 31,		% change
	2021	2020	
	<i>(in thousands)</i>		
Revenue	\$ 2,578,027	\$ 1,692,658	52 %

Revenue for the year ended December 31, 2021 increased by \$885.4 million compared to the year ended December 31, 2020. Revenue growth was driven by a 36% increase in ARPU supported by a 12% increase in average MAUs for the year ended December 31, 2021 as compared to the year ended December 31, 2020. These resulted in a 13% increase in the number of advertisements served and a 35% increase in the price of advertisements.

For the year ended December 31, 2021 compared to the year ended December 31, 2020, revenue based on our estimate of the geographic location of our users increased by 42% in the United States to \$2,015.9 million driven by a 43% increase in U.S. ARPU offset by a 1% decrease in average U.S. MAUs. International revenue increased by 110% to \$562.1 million driven by an 80% increase in international ARPU supported by a 16% increase in average international MAUs.

#### Cost of Revenue

	Year Ended December 31,		% change
	2021	2020	
	<i>(in thousands)</i>		
Cost of revenue	\$ 529,320	\$ 449,358	18 %
Percentage of revenue	21 %	27 %	

Cost of revenue for the year ended December 31, 2021 increased by \$80.0 million compared to the year ended December 31, 2020. The increase was primarily due to higher absolute hosting costs due to user growth.



### Research and Development

	Year Ended December 31,		% change
	2021	2020	
	<i>(in thousands)</i>		
Research and development	\$ 780,264	\$ 606,194	29 %
Percentage of revenue	30 %	36 %	

Research and development for the year ended December 31, 2021 increased by \$174.1 million compared to the year ended December 31, 2020. The increase was primarily due to a \$91.0 million increase in share-based compensation expense, including \$48.6 million relating to our Co-founder and Chief Design and Creative Officer's transition into a consulting role, a 14% increase in average headcount, which drove higher personnel expenses, as well as higher consulting expenses.

### Sales and Marketing

	Year Ended December 31,		% change
	2021	2020	
	<i>(in thousands)</i>		
Sales and marketing	\$ 641,279	\$ 442,807	45 %
Percentage of revenue	25 %	26 %	

Sales and marketing for the year ended December 31, 2021 increased by \$198.5 million compared to the year ended December 31, 2020. The increase was primarily due to a \$85.9 million increase in marketing expenses, a 26% increase in average headcount, which drove higher personnel expenses, higher consulting expenses and a \$17.0 million increase in share-based compensation expense.

### General and Administrative

	Year Ended December 31,		% change
	2021	2020	
	<i>(in thousands)</i>		
General and administrative	\$ 300,977	\$ 336,803	(11) %
Percentage of revenue	12 %	20 %	

General and administrative for the year ended December 31, 2021 decreased by \$35.8 million compared to the year ended December 31, 2020. The decrease was primarily due to a one-time payment of \$89.5 million for the termination of a future lease contract in August 2020 and a \$13.3 million decrease in share-based compensation, offset by a \$42.6 million increase in non-cash charitable contributions and a 30% increase in average headcount, which drove higher personnel expenses.

### Other Income (Expense, Net)

	Year Ended December 31,		% change
	2021	2020	
	<i>(in thousands)</i>		
Interest income	\$ 4,204	\$ 16,119	(74)%
Interest expense and other income (expense)	(9,420)	(635)	1,383 %
Other income (expense), net	\$ (5,216)	\$ 15,484	(134)%

Other income (expense), net for the year ended December 31, 2021 decreased by \$20.7 million compared to the year ended December 31, 2020. The decrease was primarily due to lower returns on our marketable securities as a result of lower interest rates and foreign currency exchange losses.

**Provision for Income Taxes**

	Year Ended December 31,		% change
	2021	2020	
	<i>(in thousands)</i>		
Provision for income taxes	\$ 4,533	\$ 1,303	248 %

Provision for income taxes was primarily due to income generated in our foreign jurisdictions and U.S. states for each of the periods presented.

**Net Income (Loss) and Adjusted EBITDA**

	Year Ended December 31,		% change
	2021	2020	
	<i>(in thousands)</i>		
Net income (loss)	\$ 316,438	\$ (128,323)	347 %
Adjusted EBITDA	\$ 814,369	\$ 305,004	167 %

Net income (loss) for the year ended December 31, 2021 was \$316.4 million, as compared to \$(128.3) million for the year ended December 31, 2020. Adjusted EBITDA was \$814.4 million for the year ended December 31, 2021, as compared to \$305.0 million for the year ended December 31, 2020, due to the factors described above. See "Non-GAAP Financial Measure" for more information and for a reconciliation of net income (loss), the most directly comparable financial measure calculated and presented in accordance with GAAP, to Adjusted EBITDA.

## Liquidity and Capital Resources

We have historically financed our operations primarily through sales of our stock and payments received from our customers. Our primary uses of cash are personnel-related costs and the cost of hosting our website and mobile application. As of December 31, 2021, we had \$2,480.1 million in cash, cash equivalents and marketable securities. Our cash equivalents and marketable securities are primarily invested in short-duration fixed income securities, including government and investment-grade corporate debt securities and money market funds. As of December 31, 2021, \$95.9 million of our cash and cash equivalents was held by our foreign subsidiaries.

In November 2018, we entered into a five-year \$500.0 million revolving credit facility with an accordion option which, if exercised, would allow us to increase the aggregate commitments by the greater of \$100.0 million and 10% of our consolidated total assets, provided we are able to secure additional lender commitments and satisfy certain other conditions. Interest on any borrowings under the revolving credit facility accrues at either LIBOR plus 1.50% or at an alternative base rate plus 0.50%, at our election, and we are required to pay an annual commitment fee that accrues at 0.15% per annum on the unused portion of the aggregate commitments under the revolving credit facility.

The revolving credit facility also allows us to issue letters of credit, which reduce the amount we can borrow. We are required to pay a fee that accrues at 1.50% per annum on the average aggregate daily maximum amount available to be drawn under any outstanding letters of credit.

The revolving credit facility contains customary conditions to borrowing, events of default and covenants, including covenants that restrict our ability to incur indebtedness, grant liens, make distributions to holders of our stock or the stock of our subsidiaries, make investments or engage in transactions with our affiliates. The revolving credit facility also contains two financial maintenance covenants: a consolidated total assets covenant and a minimum liquidity balance of \$350.0 million, which includes any available borrowing capacity. The obligations under the revolving credit facility are secured by liens on substantially all of our domestic assets, including certain domestic intellectual property assets. We are in compliance with all covenants and there were no amounts outstanding under this facility as of December 31, 2021.

We believe our existing cash, cash equivalents and marketable securities and amounts available under our revolving credit facility will be sufficient to meet our working capital and capital expenditure needs over at least the next 12 months, though we may require additional capital resources in the future. We may elect to raise additional capital through the sale of additional equity to fund our future needs beyond the next 12 months.

Our material cash requirements include our \$2,949.1 million commitment with Amazon Web Services, for which we are not subject to annual purchase commitments, and our \$323.6 million of operating lease obligations, of which \$57.9 million is due within the next 12 months.

For the years ended December 31, 2021, 2020 and 2019, our net cash flows were as follows (in thousands):

	Year Ended December 31,		
	2021	2020	2019
<b>Net cash provided by (used in):</b>			
Operating activities	\$ 752,907	\$ 28,826	\$ 657
Investing activities	\$ (25,858)	\$ (47,623)	\$ (586,501)
Financing activities	\$ 22,162	\$ 19,638	\$ 1,128,198

## Operating Activities

Cash flows from operating activities consist of our net income (loss) adjusted for certain non-cash reconciling items, such as share-based compensation expense, depreciation and amortization, non-cash charitable contributions and changes in our operating assets and liabilities. Net cash provided by operating activities increased by \$724.1 million for the year ended December 31, 2021 compared to the year ended December 31, 2020, primarily due to an increase in our net income (loss) after adjusting for non-cash reconciling items and an increase in collections of accounts receivable.

## **Investing Activities**

Cash flows from investing activities consist of capital expenditures for improvements to new and existing office spaces and acquisitions of businesses. We also actively manage our operating cash and cash equivalent balances and invest excess cash in short-duration marketable securities, sales and maturities of which we use to fund our ongoing working capital requirements. Net cash used in investing activities decreased by \$21.8 million for the year ended December 31, 2021 compared to the year ended December 31, 2020, primarily due to decreased purchases of marketable securities, offset by a decrease in proceeds from maturities of marketable securities.

## **Financing Activities**

Cash flows from financing activities consist of net proceeds from our IPO, tax withholdings on release of RSUs and proceeds from the exercise of stock options. Net cash provided by financing activities increased by \$2.5 million for the year ended December 31, 2021 compared to the year ended December 31, 2020 primarily due to the absence of tax remittances on release of RSUs offset by a decrease in proceeds from the exercise of stock options.

## **Critical Accounting Policies and Estimates**

We prepare our consolidated financial statements in accordance with GAAP. Preparing our consolidated financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenue and expenses as well as related disclosures. Because these estimates and judgments may change from period to period, actual results could differ materially, which may negatively affect our financial condition or results of operations. We base our estimates and judgments on historical experience and various other assumptions that we consider reasonable, and we evaluate these estimates and judgments on an ongoing basis. We refer to such estimates and judgments, discussed further below, as critical accounting policies and estimates.

Refer to Note 1 to our consolidated financial statements for further information on our other significant accounting policies.

## **Revenue Recognition**

We generate revenue by delivering ads on our website and mobile application. We recognize revenue only after transferring control of promised goods or services to customers, which occurs when a user clicks on an ad contracted on a CPC basis, views an ad contracted on a CPM basis or views a video ad contracted on a CPV basis. We typically bill customers on a CPC, CPM or CPV basis, and our payment terms vary by customer type and location. The term between billing and payment due dates is not significant.

We occasionally offer customers free ad inventory, and revenue is recognized only after satisfying our contractual performance obligations. When contracts with our customers contain multiple performance obligations, we allocate the overall transaction price, which is the amount of consideration to which we expect to be entitled in exchange for promised goods or services, to each of the distinct performance obligations based on their relative standalone selling prices. We generally determine standalone selling prices based on the effective price charged per contracted click, impression or view, and we do not disclose the value of unsatisfied performance obligations because the original expected duration of our contracts is generally less than one year.

## **Leases and Operating Lease Incremental Borrowing Rate**

We lease office space under operating leases with expiration dates through 2033. We determine whether an arrangement constitutes a lease at inception and record lease liabilities and right-of-use assets on our consolidated balance sheets at lease commencement. We measure lease liabilities based on the present value of the total lease payments not yet paid discounted based on the more readily determinable of the rate implicit in the lease or our incremental borrowing rate, which is the estimated rate we would be required to pay for a collateralized borrowing equal to the total lease payments over the term of the lease. We estimate our incremental borrowing rate based on an analysis of publicly traded debt securities of companies with credit and financial profiles similar to our own. We measure right-of-use assets based on the corresponding lease liability adjusted for (i) payments made to the lessor at or before the commencement date, (ii) initial direct costs we incur and (iii) tenant incentives under the lease. We begin recognizing rent expense when the lessor makes the underlying asset available to us, we do not assume renewals or early terminations unless we are reasonably certain to exercise these options at commencement, and we do not allocate consideration between lease and non-lease components.

**Item 7a. Quantitative and Qualitative Disclosures About Market Risk**

We are exposed to market risks, including changes in foreign currency exchange and interest rates, in the ordinary course of our business.

***Foreign Currency Exchange Risk***

Our reporting currency is the U.S. dollar, and the functional currency of our subsidiaries is either their local currency or the U.S. dollar, depending on the circumstances. While the majority of our revenue and operating expenses are denominated in U.S. dollars, we have foreign currency risks related to our revenue and operating expenses denominated in currencies other than the U.S. dollar. We have experienced and will continue to experience fluctuations in our net income (loss) as a result of transaction gains or losses related to revaluing certain current asset and current liability balances denominated in currencies other than the functional currency of the subsidiaries in which they are recorded. To date, these fluctuations have not been material. We have not engaged in hedging activities relating to our foreign currency exchange risk, although we may do so in the future. We do not believe a 10% increase or decrease in the relative value of the U.S. dollar would have materially affected our consolidated financial statements as of and for the years ended December 31, 2021, 2020 and 2019.

***Interest Rate Risk***

As of December 31, 2021, we held cash, cash equivalents and marketable securities of \$2,480.1 million. Our cash equivalents and marketable securities primarily consist of short-duration fixed income securities, including government and investment-grade corporate debt securities and money market funds, and our investment policy is meant to preserve capital and maintain liquidity. Changes in interest rates affect the interest income we earn on our cash, cash equivalents and marketable securities and the fair value of our cash equivalents and marketable securities. A hypothetical 100 basis point increase in interest rates would have decreased the market value of our cash equivalents and marketable securities by \$8.1 million and \$7.6 million as of December 31, 2021 and 2020, respectively.

**Item 8. Financial Statements and Supplementary Data**

**PINTEREST, INC.  
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## Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of Pinterest, Inc.

### Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Pinterest, Inc. (the Company) as of December 31, 2021 and 2020, the related consolidated statements of operations, comprehensive income (loss), redeemable convertible preferred stock and stockholders' equity (deficit) and cash flows for each of the three years in the period ended December 31, 2021, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2021 and 2020, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2021, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2021, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated February 3, 2022, expressed an unqualified opinion thereon.

### Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

### Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

## **Revenue Recognition**

### *Description of the Matter*

As described in Note 1 to the consolidated financial statements, the Company generates substantially all of its revenues by delivering ads on the Pinterest website and mobile application. Revenue is recognized after transferring control of the promised goods or services to customers, which occurs when a user clicks on an ad contracted on a cost per click basis, views an ad contracted on a cost per thousand impressions basis or views a video ad contracted on a cost per view basis.

The Company's revenue recognition process utilizes complex proprietary systems and tools for the initiation, processing, delivery and recording of advertising transactions which includes a high volume of transactions. This process is dependent on the effective design and operation of multiple systems, processes, data sources and controls which require significant audit effort. Also, the identification and evaluation of non-standard terms and conditions requires incremental judgements to determine the distinct performance obligations and potential impact to the timing of revenue recognition.

### *How We Addressed the Matter in Our Audit*

With the support of our information technology professionals, we identified and tested the relevant systems and tools used for the determination of initiation, processing, delivery of advertisements and recording of revenue, which included processes and controls related to access to the relevant systems and data, changes to the relevant systems and interfaces, and configuration of the relevant systems. We further obtained an understanding, evaluated the design, and tested the operating effectiveness of the Company's internal controls over the identification and evaluation of non-standard terms and conditions and the resulting impact on timing and amount of revenue recognition.

To test the Company's recognition of revenue, our audit procedures included, among others, testing the completeness and accuracy of the underlying data within the Company's revenue systems, and comparing revenue recognized to accounts receivables and cash receipts. Additionally, we examined standard customer terms and conditions and we selected a sample of non-standard contractual arrangements to test that all material distinct performance obligations were identified and to test the timing and amount of revenue recognition.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 2013.

San Francisco, California

February 3, 2022



## Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of Pinterest, Inc.

### Opinion on Internal Control Over Financial Reporting

We have audited Pinterest, Inc.'s internal control over financial reporting as of December 31, 2021, based on criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission 2013 framework (the COSO criteria). In our opinion, Pinterest, Inc. (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2021, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2021 and 2020, the related consolidated statements of operations, comprehensive income (loss), redeemable convertible preferred stock and stockholders' equity (deficit), and cash flows for each of the three years in the period ended December 31, 2021, and the related notes and our report dated February 3, 2022 expressed an unqualified opinion thereon.

### Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

### Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP

San Francisco, California

February 3, 2022

**PINTEREST, INC.**  
**CONSOLIDATED BALANCE SHEETS**  
*(In thousands, except par value)*

	December 31,	
	2021	2020
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 1,419,630	\$ 669,230
Marketable securities	1,060,488	1,091,076
Accounts receivable, net of allowances of \$8,282 and \$8,811 as of December 31, 2021 and 2020, respectively	653,355	563,733
Prepaid expenses and other current assets	48,090	33,502
Total current assets	3,181,563	2,357,541
Property and equipment, net	53,401	69,375
Operating lease right-of-use assets	227,912	155,916
Goodwill and intangible assets, net	61,115	13,562
Other assets	13,247	13,065
Total assets	\$ 3,537,238	\$ 2,609,459
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 17,675	\$ 49,491
Accrued expenses and other current liabilities	242,131	155,340
Total current liabilities	259,806	204,831
Operating lease liabilities	209,181	139,321
Other liabilities	29,508	22,936
Total liabilities	498,495	367,088
Commitments and contingencies		
Stockholders' equity:		
Class A common stock, \$0.00001 par value, 6,666,667 shares authorized, 568,228 and 530,140 shares issued and outstanding as of December 31, 2021 and 2020, respectively; Class B common stock, \$0.00001 par value, 1,333,333 shares authorized, 88,644 and 96,232 shares issued and outstanding as of December 31, 2021 and 2020, respectively	7	6
Additional paid-in capital	5,059,528	4,574,934
Accumulated other comprehensive income (loss)	(2,181)	2,480
Accumulated deficit	(2,018,611)	(2,335,049)
Total stockholders' equity	3,038,743	2,242,371
Total liabilities and stockholders' equity	\$ 3,537,238	\$ 2,609,459

*The accompanying notes are an integral part of these consolidated financial statements.*

**PINTEREST, INC.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
*(In thousands, except per share amounts)*

	Year Ended December 31,		
	2021	2020	2019
Revenue	\$ 2,578,027	\$ 1,692,658	\$ 1,142,761
Costs and expenses:			
Cost of revenue	529,320	449,358	358,903
Research and development	780,264	606,194	1,207,059
Sales and marketing	641,279	442,807	611,590
General and administrative	300,977	336,803	354,075
Total costs and expenses	<u>2,251,840</u>	<u>1,835,162</u>	<u>2,531,627</u>
Income (loss) from operations	326,187	(142,504)	(1,388,866)
Interest income	4,204	16,119	30,164
Interest expense and other income (expense), net	(9,420)	(635)	(2,137)
Income (loss) before provision for income taxes	320,971	(127,020)	(1,360,839)
Provision for income taxes	4,533	1,303	532
Net income (loss)	<u>\$ 316,438</u>	<u>\$ (128,323)</u>	<u>\$ (1,361,371)</u>
Net income (loss) per share attributable to common stockholders:			
Basic	<u>\$ 0.49</u>	<u>\$ (0.22)</u>	<u>\$ (3.24)</u>
Diluted	<u>\$ 0.46</u>	<u>\$ (0.22)</u>	<u>\$ (3.24)</u>
Weighted-average shares used in computing net income (loss) per share attributable to common stockholders:			
Basic	<u>640,030</u>	<u>596,264</u>	<u>420,473</u>
Diluted	<u>691,651</u>	<u>596,264</u>	<u>420,473</u>

*The accompanying notes are an integral part of these consolidated financial statements.*

**PINTEREST, INC.**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)**  
*(In thousands)*

	<b>Year Ended December 31,</b>		
	<b>2021</b>	<b>2020</b>	<b>2019</b>
Net income (loss)	\$ 316,438	\$ (128,323)	\$ (1,361,371)
Other comprehensive income (loss), net of taxes:			
Change in unrealized gain (loss) on available-for-sale marketable securities	(4,252)	1,670	2,057
Change in foreign currency translation adjustment	(409)	163	11
Comprehensive income (loss)	<u>\$ 311,777</u>	<u>\$ (126,490)</u>	<u>\$ (1,359,303)</u>

*The accompanying notes are an integral part of these consolidated financial statements.*

**PINTEREST, INC.**  
**CONSOLIDATED STATEMENTS OF REDEEMABLE CONVERTIBLE PREFERRED STOCK AND STOCKHOLDERS' EQUITY (DEFICIT)**  
*(in thousands, except per share amounts)*

	Redeemable Convertible Preferred Stock		Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Stockholders' Equity (Deficit)
	Shares	Amount	Shares	Amount				
Balance as of December 31, 2018	308,373	\$ 1,465,399	127,298	\$ 1	\$ 252,212	\$ (1,421)	\$ (845,355)	\$ (594,563)
Release of restricted stock units	—	—	28,084	1	—	—	—	1
Shares repurchased for tax withholdings on release of restricted stock units	—	—	—	—	(475,015)	—	—	(475,015)
Conversion of redeemable convertible preferred stock and redeemable convertible preferred stock warrants to common stock in connection with initial public offering	(308,373)	(1,465,399)	308,622	3	1,470,074	—	—	1,470,077
Issuance of common stock in connection with initial public offering net of underwriters' discounts and commissions and offering costs	—	—	86,250	1	1,563,382	—	—	1,563,383
Issuance of common stock for cash upon exercise of stock options, net	—	—	19,650	—	41,344	—	—	41,344
Share-based compensation	—	—	—	—	1,377,781	—	—	1,377,781
Other comprehensive income	—	—	—	—	—	2,068	—	2,068
Net loss	—	—	—	—	—	—	(1,361,371)	(1,361,371)
Balance as of December 31, 2019	—	\$ —	569,904	\$ 6	\$ 4,229,778	\$ 647	\$ (2,206,726)	\$ 2,023,705
Release of restricted stock units	—	—	19,890	—	—	—	—	—
Shares repurchased for tax withholdings on release of restricted stock units	—	—	—	—	(56,894)	—	—	(56,894)
Issuance of common stock for cash upon exercise of stock options, net	—	—	34,149	—	78,282	—	—	78,282
Issuance of common stock related to charitable contributions	—	—	150	—	2,748	—	—	2,748
Issuance of restricted stock awards, net	—	—	2,279	—	—	—	—	—
Share-based compensation	—	—	—	—	321,020	—	—	321,020
Other comprehensive income	—	—	—	—	—	1,833	—	1,833
Net loss	—	—	—	—	—	—	(128,323)	(128,323)
Balance as of December 31, 2020	—	\$ —	626,372	\$ 6	\$ 4,574,934	\$ 2,480	\$ (2,335,049)	\$ 2,242,371
Release of restricted stock units	—	—	21,724	1	—	—	—	1
Issuance of common stock for cash upon exercise of stock options, net	—	—	7,806	—	23,912	—	—	23,912
Issuance of common stock related to charitable contributions	—	—	750	—	45,300	—	—	45,300
Issuance of restricted stock awards, net	—	—	220	—	—	—	—	—
Share-based compensation	—	—	—	—	415,382	—	—	415,382
Other comprehensive loss	—	—	—	—	—	(4,661)	—	(4,661)
Net income	—	—	—	—	—	—	316,438	316,438
Balance as of December 31, 2021	—	\$ —	656,872	\$ 7	\$ 5,059,528	\$ (2,181)	\$ (2,018,611)	\$ 3,038,743

*The accompanying notes are an integral part of these consolidated financial statements.*

**PINTEREST, INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
*(In thousands)*

	Year Ended December 31,		
	2021	2020	2019
<b>Operating activities</b>			
Net income (loss)	\$ 316,438	\$ (128,323)	\$ (1,361,371)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and amortization	27,500	36,988	27,791
Share-based compensation	415,382	321,020	1,377,781
Non-cash charitable contributions	45,300	2,748	—
Other	9,607	8,332	(3,990)
Changes in assets and liabilities:			
Accounts receivable	(88,862)	(253,173)	(94,224)
Prepaid expenses and other assets	(14,727)	4,128	7,161
Operating lease right-of-use assets	43,995	41,898	32,378
Accounts payable	(33,451)	15,721	11,636
Accrued expenses and other liabilities	82,435	23,647	31,890
Operating lease liabilities	(50,710)	(44,160)	(28,395)
Net cash provided by operating activities	<u>752,907</u>	<u>28,826</u>	<u>657</u>
<b>Investing activities</b>			
Purchases of property and equipment and intangible assets	(9,031)	(17,401)	(33,783)
Purchases of marketable securities	(1,104,087)	(1,216,260)	(1,075,875)
Sales of marketable securities	274,654	265,422	162,198
Maturities of marketable securities	849,520	920,300	360,959
Acquisition of business, net of cash acquired	(36,914)	—	—
Other investing activities	—	316	—
Net cash used in investing activities	<u>(25,858)</u>	<u>(47,623)</u>	<u>(586,501)</u>
<b>Financing activities</b>			
Proceeds from initial public offering, net of underwriters' discounts and commissions	—	—	1,573,200
Proceeds from exercise of stock options, net	23,912	78,282	41,344
Shares repurchased for tax withholdings on release of restricted stock units	—	(56,894)	(475,015)
Payment of deferred offering costs and other financing activities	(1,750)	(1,750)	(11,331)
Net cash provided by financing activities	<u>22,162</u>	<u>19,638</u>	<u>1,128,198</u>
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(1,058)	327	99
Net increase in cash, cash equivalents and restricted cash	748,153	1,168	542,453
Cash, cash equivalents and restricted cash, beginning of period	678,911	677,743	135,290
Cash, cash equivalents and restricted cash, end of period	<u>\$ 1,427,064</u>	<u>\$ 678,911</u>	<u>\$ 677,743</u>
<b>Supplemental cash flow information</b>			
Accrued property and equipment	\$ 2,875	\$ 820	\$ 4,772
Operating lease right-of-use assets obtained in exchange for operating lease liabilities	\$ 118,977	\$ 15,089	\$ 76,387
<b>Reconciliation of cash, cash equivalents and restricted cash to consolidated balance sheets</b>			
Cash and cash equivalents	\$ 1,419,630	\$ 669,230	\$ 649,666
Restricted cash included in prepaid expenses and other current assets	1,137	571	2,738
Restricted cash included in other assets	6,297	9,110	25,339
Total cash, cash equivalents and restricted cash	<u>\$ 1,427,064</u>	<u>\$ 678,911</u>	<u>\$ 677,743</u>

*The accompanying notes are an integral part of these consolidated financial statements.*

**PINTEREST, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**1. Description of Business and Summary of Significant Accounting Policies**

***Description of Business***

Pinterest was incorporated in Delaware in 2008 and is headquartered in San Francisco, California. Pinterest is a visual discovery engine that people around the globe use to find the inspiration to create a life they love. We generate revenue by delivering ads on our website and mobile application.

***Basis of Presentation and Consolidation***

We prepared the accompanying consolidated financial statements in accordance with generally accepted accounting principles in the United States ("GAAP"). The consolidated financial statements include the accounts of Pinterest, Inc. and its wholly owned subsidiaries. We have eliminated all intercompany balances and transactions.

***Reclassifications***

We have reclassified certain amounts in prior periods to conform with current presentation.

***Use of Estimates***

Preparing our consolidated financial statements in conformity with GAAP requires us to make estimates and judgments that affect amounts reported in the consolidated financial statements and accompanying notes. We base these estimates and judgments on historical experience and various other assumptions that we consider reasonable. GAAP requires us to make estimates and assumptions in several areas, including the fair values of financial instruments, assets acquired and liabilities assumed through business combinations, common stock prior to our IPO, share-based awards, and contingencies as well as the collectability of our accounts receivable, the useful lives of our intangible assets and property and equipment, the incremental borrowing rate we use to determine our operating lease liabilities, and revenue recognition, among others. Actual results could differ materially from these estimates and judgments.

***Segments***

We operate as a single operating segment. Our chief operating decision maker is our Chief Executive Officer ("CEO"), who reviews financial information presented on a consolidated basis, accompanied by disaggregated information about our revenue, for purposes of making operating decisions, assessing financial performance and allocating resources.

***Revenue Recognition***

We generate revenue by delivering ads on our website and mobile application. We recognize revenue only after transferring control of promised goods or services to customers, which occurs when a user clicks on an ad contracted on a cost per click ("CPC") basis, views an ad contracted on a cost per thousand impressions ("CPM") basis or views a video ad contracted on a cost per view ("CPV") basis. We typically bill customers on a CPC, CPM or CPV basis, and our payment terms vary by customer type and location. The term between billing and payment due dates is not significant.

We occasionally offer customers free ad inventory, and revenue is recognized only after satisfying our contractual performance obligations. When contracts with our customers contain multiple performance obligations, we allocate the overall transaction price, which is the amount of consideration to which we expect to be entitled in exchange for promised goods or services, to each of the distinct performance obligations based on their relative standalone selling prices. We generally determine standalone selling prices based on the effective price charged per contracted click, impression or view, and we do not disclose the value of unsatisfied performance obligations because the original expected duration of our contracts is generally less than one year.

We record sales commissions in sales and marketing as incurred because we would amortize these over a period of less than one year.

Deferred revenue was not material as of December 31, 2021 and 2020.

**PINTEREST, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

***Cost of Revenue***

Cost of revenue consists primarily of expenses associated with the delivery of our service, including the cost of hosting our website and mobile application. Cost of revenue also includes personnel-related expense, including salaries, benefits and share-based compensation, for employees on our operations teams, payments associated with partner arrangements, credit card and other transaction processing fees, and allocated facilities and other supporting overhead costs.

***Share-Based Compensation***

Restricted stock units ("RSUs") granted under our 2009 Stock Plan (the "2009 Plan") are subject to both a service condition, which is typically satisfied over four years, and a performance condition, which was deemed satisfied upon the pricing of our initial public offering ("IPO"). We did not record any share-based compensation expense for our RSUs prior to our IPO because the performance condition had not yet been satisfied. Upon pricing our IPO, we recorded cumulative share-based compensation expense using the accelerated attribution method for those RSUs granted under our 2009 Plan for which the service condition had been satisfied at that date. We will record the remaining unrecognized share-based compensation expense over the remainder of the requisite service period.

RSUs and restricted stock awards ("RSAs") granted under our 2019 Omnibus Incentive Plan (the "2019 Plan") are subject only to a service condition, which is typically satisfied over four years. We record share-based compensation expense for these RSUs and RSAs on a straight-line basis over the requisite service period.

We measure RSUs and RSAs based on the fair market value of our common stock on the grant date, and we account for forfeitures as they occur.

***Income Taxes***

We account for income taxes using the asset and liability method. We recognize deferred tax assets and liabilities for temporary differences between the financial reporting and tax bases of assets and liabilities using the enacted statutory tax rates in effect for the years in which we expect the differences to reverse. We establish valuation allowances to reduce deferred tax assets to the amounts we believe it is more likely than not we will be able to realize. We recognize tax benefits from uncertain tax positions when we believe it is more likely than not that the tax position is sustainable on examination by tax authorities based on its technical merits. We recognize taxes on Global Intangible Low-Taxed Income ("GILTI") as a current period expense when incurred.

***Advertising Expenses***

We record advertising expenses as incurred and include these in sales and marketing in the consolidated statements of operations. Advertising expenses were \$94.7 million, \$30.3 million and \$55.0 million for the years ended December 31, 2021, 2020 and 2019, respectively.

***Marketable Securities***

We invest in highly liquid corporate debt securities, U.S. treasury securities, asset-backed securities, U.S. government agency securities, municipal securities, non-U.S. government and supranational bonds and certificates of deposit. We classify marketable investments with stated maturities of ninety days or less from the date of purchase as cash equivalents and those with stated maturities greater than ninety days from the date of purchase as marketable securities.

We classify our marketable securities as available-for-sale investments in our current assets because they are available for use to support current operations. We carry our marketable investments at fair value and record unrealized gains or losses, net of taxes, in accumulated other comprehensive income (loss) in stockholders' equity (deficit). We determine realized gains and losses on the sale of marketable investments using a specific identification method and record these and any expected credit losses in interest expense and other income (expense), net.



**PINTEREST, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Restricted Cash**

Our restricted cash primarily consists of certificates of deposit underlying secured letters of credit issued in connection with our operating leases. Restrictions typically lapse at the end of the lease term, and we classify restricted cash as current or non-current based on the remaining term of the restriction.

**Fair Value Measurements**

We account for certain assets and liabilities at fair value, which is the amount we believe market participants would receive to sell an asset or pay to transfer a liability in an orderly transaction. We categorize these assets and liabilities into the three levels below based on the degree to which the inputs we use to measure their fair values are observable in active markets. We use the most observable inputs available to us when measuring fair value.

- Level 1: Observable inputs such as quoted prices for identical assets or liabilities in active markets
- Level 2: Observable inputs such as quoted prices for similar assets or liabilities in active markets, quoted prices for identical assets or liabilities in inactive markets, or inputs that are derived principally from or corroborated by observable market data or other means
- Level 3: Unobservable inputs that are supported by little or no market activity and are significant to the fair value of the assets or liabilities

**Accounts Receivable, Net of Allowances**

We record accounts receivable at the original invoiced amount. We maintain an allowance for credit losses for any receivables we may be unable to collect. We estimate uncollectible receivables based on our receivables' age, our customers' credit quality and current economic conditions, among other factors that may affect our customers' ability to pay. We also maintain an allowance for sales credits, which we determine based on historical credits issued to customers. We include the allowances for credit losses and sales credits in accounts receivable, net in the consolidated balance sheets.

**Property and Equipment**

We carry property and equipment at cost less accumulated depreciation and calculate depreciation using the straight-line method over our assets' estimated useful lives, which are generally:

<b>Property and Equipment</b>	<b>Useful Life</b>
Computer and network equipment	3 years
Furniture and fixtures	4 years
Leasehold improvements	Lesser of estimated useful life or remaining lease term

**Leases and Operating Lease Incremental Borrowing Rate**

We lease office space under operating leases with expiration dates through 2033. We determine whether an arrangement constitutes a lease at inception and record lease liabilities and right-of-use assets on our consolidated balance sheets at lease commencement. We measure lease liabilities based on the present value of the total lease payments not yet paid discounted based on the more readily determinable of the rate implicit in the lease or our incremental borrowing rate, which is the estimated rate we would be required to pay for a collateralized borrowing equal to the total lease payments over the term of the lease. We estimate our incremental borrowing rate based on an analysis of publicly traded debt securities of companies with credit and financial profiles similar to our own. We measure right-of-use assets based on the corresponding lease liability adjusted for (i) payments made to the lessor at or before the commencement date, (ii) initial direct costs we incur and (iii) tenant incentives under the lease. We begin recognizing rent expense when the lessor makes the underlying asset available to us, we do not assume renewals or early terminations unless we are reasonably certain to exercise these options at commencement, and we do not allocate consideration between lease and non-lease components.

For short-term leases, we record rent expense in our consolidated statements of operations on a straight-line basis over the lease term and record variable lease payments as incurred.

**PINTEREST, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

***Business Combinations***

We include the results of operations of businesses that we acquire in our consolidated financial statements beginning on their respective acquisition dates. We allocate the fair value of the purchase consideration to the assets acquired and liabilities assumed based on their estimated fair values. When the fair value of the purchase consideration exceeds the fair values of the identifiable assets and liabilities acquired, we record the excess as goodwill. Our estimates of fair value are based on assumptions we believe to be reasonable but which are inherently uncertain and unpredictable, and as a result, actual results may differ from estimates. During the measurement period, which is one year from the acquisition date, we may record adjustments to the assets and liabilities acquired with the corresponding offset to goodwill. Any adjustments after the measurement period are reflected in our consolidated statements of operations.

***Long-Lived Assets, Including Goodwill and Intangible Assets***

We record definite-lived intangible assets at fair value less accumulated amortization. We calculate amortization using the straight-line method over the assets' estimated useful lives of up to ten years.

We review our property and equipment and intangible assets for impairment whenever events or circumstances indicate that an asset's carrying value may not be recoverable. We measure recoverability by comparing an asset's carrying value to the future undiscounted cash flows that we expect it to generate. If this test indicates that the asset's carrying value is not recoverable, we record an impairment charge to reduce the asset's carrying value to its fair value. We did not record material property and equipment or intangible asset impairments during the periods presented.

We review goodwill for impairment at least annually or more frequently if current circumstances or events indicate that the fair value of our single reporting unit may be less than its carrying value. We did not record any goodwill impairment during the periods presented.

***Website Development Costs***

We capitalize costs to develop our website and mobile application when preliminary development efforts are successfully completed, management has authorized and committed project funding, and it is probable that the project will be completed and the software will be used as intended. Due to the iterative process by which we perform upgrades and the relatively short duration of our development projects, development costs meeting our capitalization criteria were not material during the periods presented.

***Loss Contingencies***

We are involved in various lawsuits, claims and proceedings that arise in the ordinary course of business. We record a liability for these when we believe it is probable that we have incurred a loss and can reasonably estimate the loss. We regularly evaluate current information to determine whether we should adjust a recorded liability or record a new one.

***Foreign Currency***

The functional currency of our international subsidiaries is generally their local currency. We translate these subsidiaries' financial statements into U.S. dollars using month-end exchange rates for assets and liabilities and average exchange rates for revenue and costs and expenses. We record translation gains and losses in accumulated other comprehensive income (loss) in stockholders' equity (deficit). We record foreign exchange gains and losses in interest expense and other income (expense), net. Our net foreign exchange gains and losses were not material for the periods presented.

***Concentration of Business Risk***

We have an agreement with Amazon Web Services ("AWS") to provide the cloud computing infrastructure we use to host our website, mobile application and many of the internal tools we use to operate our business. We are currently required to maintain a substantial majority of our monthly usage of certain compute, storage, data transfer and other services on AWS. Any transition of the cloud services currently provided by AWS to another cloud services provider would be difficult to implement and would cause us to incur significant time and expense.

**PINTEREST, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Concentration of Credit Risk**

Financial instruments that may potentially expose us to concentrations of credit risk primarily consist of cash, cash equivalents, marketable securities and restricted cash. Our investment policy is meant to preserve capital and maintain liquidity. The policy limits our marketable investments to investment-grade securities and limits our credit exposure by limiting our concentration in any one corporate issuer or sector and by establishing a minimum credit rating for marketable investments we purchase. Although we deposit cash and marketable investments with multiple financial institutions, our deposits may exceed insurable limits.

No customer accounted for more than 10% of our revenue for the years ended December 31, 2021 and December 31, 2020. One customer accounted for 10% of our revenue for the year ended December 31, 2019.

Our accounts receivable are generally unsecured. We monitor our customers' credit quality on an ongoing basis and maintain reserves for estimated credit losses. Bad debt expense was not material for the years ended December 31, 2021, 2020 and 2019.

**Recently Adopted Accounting Pronouncements**

In October 2021, the Financial Accounting Standards Board issued ASU No. 2021-08, *Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers*, which requires an entity to recognize and measure contract assets and contract liabilities acquired in a business combination in accordance with Topic 606, *Revenue from Contracts with Customers*. We elected to early adopt ASU 2021-08 prospectively as of October 1, 2021, and the effects of adoption on our consolidated financial statements were not material.

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**2. Cash, Cash Equivalents and Marketable Securities**

Cash, cash equivalents and marketable securities consist of the following (in thousands):

	<b>December 31, 2021</b>			
	<b>Amortized Cost</b>	<b>Unrealized Gains</b>	<b>Unrealized Losses</b>	<b>Fair Value</b>
<b>Cash and cash equivalents:</b>				
Cash	\$ 589,156	\$ —	\$ —	\$ 589,156
Money market funds	711,188	—	—	711,188
Commercial paper	114,972	4	—	114,976
Corporate bonds	4,310	—	—	4,310
Total cash and cash equivalents	<u>1,419,626</u>	<u>4</u>	<u>—</u>	<u>1,419,630</u>
<b>Marketable securities:</b>				
Corporate bonds	450,746	181	(1,510)	449,417
Commercial paper	247,623	15	(78)	247,560
U.S. treasury securities	189,325	19	(334)	189,010
Certificates of deposit	82,504	19	(37)	82,486
Municipal securities	49,470	11	(150)	49,331
Non-U.S. government and supranational bonds	41,812	3	(131)	41,684
U.S. agency bonds	1,000	—	—	1,000
Total marketable securities	<u>1,062,480</u>	<u>248</u>	<u>(2,240)</u>	<u>1,060,488</u>
<b>Total</b>	<u>\$ 2,482,106</u>	<u>\$ 252</u>	<u>\$ (2,240)</u>	<u>\$ 2,480,118</u>

	<b>December 31, 2020</b>			
	<b>Amortized Cost</b>	<b>Unrealized Gains</b>	<b>Unrealized Losses</b>	<b>Fair Value</b>
<b>Cash and cash equivalents:</b>				
Cash	\$ 352,061	\$ —	\$ —	\$ 352,061
Money market funds	225,643	—	—	225,643
Commercial paper	48,530	2	—	48,532
U.S. treasury securities	39,997	1	—	39,998
Certificates of deposit	2,996	—	—	2,996
Total cash and cash equivalents	<u>669,227</u>	<u>3</u>	<u>—</u>	<u>669,230</u>
<b>Marketable securities:</b>				
Corporate bonds	452,723	1,782	(18)	454,487
U.S. treasury securities	202,795	260	(1)	203,054
Commercial paper	234,170	86	(3)	234,253
Certificates of deposit	134,828	57	(3)	134,882
Municipal securities	17,604	22	(7)	17,619
U.S. agency bonds	16,012	6	—	16,018
Non-U.S. government and supranational bonds	15,938	13	(1)	15,950
Asset-backed securities	14,752	61	—	14,813
Total marketable securities	<u>1,088,822</u>	<u>2,287</u>	<u>(33)</u>	<u>1,091,076</u>
<b>Total</b>	<u>\$ 1,758,049</u>	<u>\$ 2,290</u>	<u>\$ (33)</u>	<u>\$ 1,760,306</u>

Our allowance for credit losses for our marketable securities was not material as of December 31, 2021 and 2020.

**PINTEREST, INC.**  
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The fair value of our marketable securities by contractual maturity is as follows (in thousands):

	<b>December 31, 2021</b>	
Due in one year or less	\$	716,132
Due after one to five years		344,356
Total	\$	<u>1,060,488</u>

Net realized gains and losses from sales of available-for-sale securities were not material for any period presented.

**3. Fair Value of Financial Instruments**

The fair values of the financial instruments we measure at fair value on a recurring basis are as follows (in thousands):

	<b>December 31, 2021</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Cash equivalents:</b>				
Money market funds	\$ 711,188	\$ —	\$ —	\$ 711,188
Commercial paper	—	114,976	—	114,976
Corporate bonds	—	4,310	—	4,310
<b>Marketable securities:</b>				
Corporate bonds	—	449,417	—	449,417
Commercial paper	—	247,560	—	247,560
U.S. treasury securities	189,010	—	—	189,010
Certificates of deposit	—	82,486	—	82,486
Municipal securities	—	49,331	—	49,331
Non-U.S. government and supranational bonds	—	41,684	—	41,684
U.S. agency bonds	—	1,000	—	1,000
<b>Prepaid expenses and other current assets:</b>				
Certificates of deposit	—	1,137	—	1,137
<b>Restricted cash:</b>				
Certificates of deposit	\$ —	\$ 6,297	\$ —	\$ 6,297

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	December 31, 2020			
	Level 1	Level 2	Level 3	Total
<b>Cash equivalents:</b>				
Money market funds	\$ 225,643	\$ —	\$ —	\$ 225,643
Commercial paper	—	48,532	—	48,532
U.S. treasury securities	39,998	—	—	39,998
Certificates of deposit	—	2,996	—	2,996
<b>Marketable securities:</b>				
Corporate bonds	—	454,487	—	454,487
Commercial paper	—	234,253	—	234,253
U.S. treasury securities	203,054	—	—	203,054
Certificates of deposit	—	134,882	—	134,882
Municipal securities	—	17,619	—	17,619
U.S. agency bonds	—	16,018	—	16,018
Non-U.S. government and supranational bonds	—	15,950	—	15,950
Asset-backed securities	—	14,813	—	14,813
<b>Prepaid expenses and other current assets:</b>				
Certificates of deposit	—	571	—	571
<b>Restricted cash:</b>				
Certificates of deposit	\$ —	\$ 9,110	\$ —	\$ 9,110

We classify our marketable securities within Level 1 or Level 2 because we determine their fair values using quoted market prices or alternative pricing sources and models utilizing market observable inputs.

#### **4. Other Balance Sheet Components**

##### ***Property and Equipment, Net***

Property and equipment, net consists of the following (in thousands):

	December 31,	
	2021	2020
Leasehold improvements	\$ 101,214	\$ 101,242
Furniture and fixtures	25,956	24,516
Computer and network equipment	32,020	27,230
Total property and equipment	159,190	152,988
Less: accumulated depreciation	(108,159)	(83,770)
Construction in progress	2,370	157
Property and equipment, net	\$ 53,401	\$ 69,375

Depreciation expense was \$26.2 million, \$36.0 million and \$26.3 million for the years ended December 31, 2021, 2020 and 2019, respectively.

**PINTEREST, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Accrued Expenses and Other Current Liabilities**

Accrued expenses and other current liabilities consists of the following (in thousands):

	December 31,	
	2021	2020
Accrued hosting expenses	\$ 84,105	\$ 39,233
Accrued compensation	37,154	33,215
Operating lease liabilities	41,693	43,633
Other accrued expenses	79,179	39,259
Accrued expenses and other current liabilities	<u>\$ 242,131</u>	<u>\$ 155,340</u>

**5. Acquisition**

On December 3, 2021, we acquired all outstanding shares of BLBW Limited ("Vochi"), a video creation and editing app that offers tools for creators. The acquisition of Vochi is expected to bring more video creation tools and quality content to our Pinners and help us further our vision to create a place where Pinners can go from inspiration to realization.

The total purchase consideration was \$45.9 million in cash, including an indemnification holdback of \$8.6 million. Of the total purchase consideration, \$14.8 million was attributed to developed technology and other related intangible assets, which will be amortized over their useful lives of 5 years, and the remaining \$33.3 million was attributed to goodwill. Goodwill represents the synergies we expect to realize from the acquisition and the assembled workforce. Goodwill is not deductible for tax purposes.

We included the results of Vochi's operations in our consolidated financial statements beginning on the acquisition date. The acquisition did not have a material impact on our consolidated financial statements so we have not presented historical and pro forma disclosures.

**6. Goodwill and Intangible Assets, Net**

Changes in goodwill for the periods presented are as follows (in thousands):

Balance as of December 31, 2020	\$ 6,905
Acquisitions	33,303
Balance as of December 31, 2021	<u>\$ 40,208</u>

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Intangible assets, net consists of the following (in thousands):

	December 31, 2021			Weighted-Average Useful Life <sup>(1)</sup>
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	
Acquired patents	\$ 9,037	\$ (3,389)	\$ 5,648	9.1 years
Acquired technology and other intangibles	19,970	(4,711)	15,259	4.2 years
Total intangible assets, net	<u>\$ 29,007</u>	<u>\$ (8,100)</u>	<u>\$ 20,907</u>	

	December 31, 2020			Weighted-Average Useful Life <sup>(1)</sup>
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	
Acquired patents	\$ 9,037	\$ (2,380)	\$ 6,657	9.1 years
Acquired technology and other intangibles	4,385	(4,385)	—	1.5 years
Total intangible assets, net	<u>\$ 13,422</u>	<u>\$ (6,765)</u>	<u>\$ 6,657</u>	

<sup>(1)</sup> Based on the weighted-average useful life established as of acquisition date.

Amortization expense was \$1.3 million, \$1.0 million and \$1.5 million for the years ended December 31, 2021, 2020 and 2019, respectively. Estimated future amortization expense as of December 31, 2021, is as follows (in thousands):

	Intangible Asset Amortization
2022	\$ 4,126
2023	4,126
2024	4,126
2025	4,116
2026	3,424
Thereafter	989
Total	<u>\$ 20,907</u>

## 7. Commitments and Contingencies

As of December 31, 2021, our non-cancelable contractual commitments are as follows (in thousands):

	Purchase Commitments	Operating Leases	Total Commitments
2022	\$ —	\$ 57,877	\$ 57,877
2023	—	56,601	56,601
2024	—	34,520	34,520
2025	—	29,736	29,736
2026	—	30,382	30,382
Thereafter	2,949,100	114,511	3,063,611
Total	<u>\$ 2,949,100</u>	<u>\$ 323,626</u>	<u>\$ 3,272,727</u>

### Purchase Commitments

In April 2021, we entered into a new private pricing addendum with AWS, which governs our use of cloud computing infrastructure provided by AWS. Under the new pricing addendum, we are required to purchase at least \$3,250.0 million of cloud services from AWS through April 2029. If we fail to do so, we are required to pay the difference between the amount we spend and the required commitment amount. As of December 31, 2021, our remaining contractual commitment is \$2,949.1 million. We expect to meet our remaining commitment.



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***Legal Matters***

We are involved in various lawsuits, claims and proceedings that arise in the ordinary course of business, including those described below. While the results of legal matters are inherently uncertain, we do not believe there is a reasonable possibility that the ultimate resolution of these matters, either individually or in aggregate, will have a material adverse effect on our business, financial position, results of operations or cash flows.

On November 23, 2020, Pinterest and our Chief Executive Officer and Chief Financial Officer were named as defendants in a putative securities class action filed in the U.S. District Court for the Northern District of California. The lawsuit alleged claims under Sections 10(b) and 20(a) of the Exchange Act and alleged that defendants made material false and misleading public statements about our revenue and user growth in 2019. The complaint sought damages, litigation costs, and interest. On September 23, 2021, the court granted Pinterest's motion to dismiss plaintiff's complaint with leave to amend and plaintiff notified the court on October 12, 2021 that they do not intend to file an amended complaint. The court entered judgment on behalf of Pinterest and other defendants on October 12, 2021 and this matter is no longer pending.

In November and December 2020, certain of our executives and members of our board of directors were named as defendants in shareholder derivative lawsuits filed in the U.S. District Court for the Northern District of California. Pinterest was also named as a nominal defendant. The lawsuits purport to assert claims for breach of fiduciary duty in connection with allegations of gender and racial discrimination at Pinterest. In addition, the lawsuits purport to assert claims for waste, abuse of control, aiding and abetting breaches of fiduciary duties, unjust enrichment, and violations of Section 14(a) of the Exchange Act. The complaints seek declaratory and injunctive relief, corporate governance changes, monetary damages, interest, disgorgement, and fees and costs. On April 22, 2021, the defendants moved to dismiss this complaint. On July 14, 2021, another shareholder derivative complaint with similar allegations was filed in the same court and was subsequently related to the earlier action. The cases were referred to a magistrate judge for mediation, and the proceedings were stayed during the pendency of that mediation. On November 24, 2021, the parties entered into a stipulation of settlement and plaintiffs filed a motion for preliminary settlement approval. We continue to evaluate these claims but do not believe this litigation will have a material impact on our financial position or results of operations.

In March 2021, certain of our executives and members of our board of directors were named as defendants in a shareholder derivative lawsuit filed in the Delaware Chancery Court. Pinterest was also named as a nominal defendant. The complaint alleges that executives and members of the board breached their fiduciary duties to the company in connection with allegations of gender and racial discrimination at Pinterest. On May 10, 2021, the court stayed this lawsuit in light of the related pending case in the Northern District of California. The complaint seeks damages, litigation costs, and interest. We continue to evaluate these claims but do not believe this litigation will have a material impact on our financial position or results of operations.

***Revolving Credit Facility***

In November 2018, we entered into a five-year \$500.0 million revolving credit facility with an accordion option which, if exercised, would allow us to increase the aggregate commitments by the greater of \$100.0 million and 10% of our consolidated total assets, provided we are able to secure additional lender commitments and satisfy certain other conditions. Interest on any borrowings under the revolving credit facility accrues at either LIBOR plus 1.50% or at an alternative base rate plus 0.50%, at our election, and we are required to pay an annual commitment fee that accrues at 0.15% per annum on the unused portion of the aggregate commitments under the revolving credit facility.

The revolving credit facility also allows us to issue letters of credit, which reduce the amount we can borrow. We are required to pay a fee that accrues at 1.50% per annum on the average aggregate daily maximum amount available to be drawn under any outstanding letters of credit.

The revolving credit facility contains customary conditions to borrowing, events of default and covenants, including covenants that restrict our ability to incur indebtedness, grant liens, make distributions to holders of our stock or the stock of our subsidiaries, make investments or engage in transactions with our affiliates. The revolving credit facility also contains two financial maintenance covenants: a consolidated total assets covenant and a minimum liquidity balance of \$350.0 million, which includes any available borrowing capacity. The obligations under the revolving credit facility are secured by liens on substantially all of our domestic assets, including certain domestic intellectual property assets.

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Our total borrowing capacity under the revolving credit facility is \$500.0 million as of December 31, 2021. We have not issued any letters of credit against the revolving credit facility and are in compliance with all covenants under the revolving credit facility as of December 31, 2021.

**8. Leases**

We have entered into various non-cancelable office space operating leases with original lease periods expiring between 2022 and 2033. These do not contain material variable rent payments, residual value guarantees, covenants or other restrictions. Operating lease costs for the years ended December 31, 2021, 2020 and 2019, are as follows (in thousands):

	Year Ended December 31,		
	2021	2020	2019
Lease cost:			
Operating lease cost	\$ 53,691	\$ 51,285	\$ 40,257
Short-term lease cost	1,434	3,933	3,456
Total	\$ 55,125	\$ 55,218	\$ 43,713

The weighted-average remaining term of our operating leases was 7.5 years and 8.1 years, and the weighted-average discount rate used to measure the present value of our operating lease liabilities was 4.2% and 4.8% as of December 31, 2021 and 2020, respectively.

Maturities of our operating lease liabilities, which do not include short-term leases, as of December 31, 2021, are as follows (in thousands):

	<b>Operating Leases</b>
2022	\$ 57,393
2023	56,601
2024	34,520
2025	29,736
2026	30,382
Thereafter	114,511
Total lease payments	323,143
Less imputed interest	(72,269)
Total operating lease liabilities	\$ 250,874

Cash payments included in the measurement of our operating lease liabilities were \$59.0 million, \$54.3 million and \$38.4 million for the years ended December 31, 2021, 2020 and 2019, respectively.

As of December 31, 2021, we have \$20.8 million of undiscounted future payments under operating leases that have not yet commenced, which are excluded from the table above.

**9. Share-Based Compensation**

***Equity Incentive Plan***

In June 2009, our board of directors adopted and approved our 2009 Plan, which provides for the issuance of stock options, RSAs and RSUs to qualified employees, directors and consultants. Stock options granted under our 2009 Plan have a maximum life of 10 years and an exercise price not less than 100% of the fair market value of our common stock on the date of grant. RSUs granted under our 2009 Plan have a maximum life of seven years. No shares of our common stock were reserved for future issuance under our 2009 Plan as of December 31, 2021.

Our 2019 Plan became effective upon closing of our IPO and succeeds our 2009 Plan. Our 2019 Plan provides for the issuance of stock options, RSAs, RSUs and other equity- or cash-based awards to qualified employees, directors and consultants. Stock options granted under our 2019 Plan have a maximum life of 10 years and an exercise price not

**PINTEREST, INC.**  
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less than 100% of the fair market value of our common stock on the date of grant. 126,949,622 shares of our Class A common stock were reserved for future issuance under our 2019 Plan as of December 31, 2021.

The number of shares of our Class A common stock available for issuance under the 2019 Plan will be increased by the number of shares of our Class B common stock subject to awards outstanding under our 2009 Plan that would, but for the terms of the 2019 Plan, have returned to the share reserves of the 2009 Plan pursuant to the terms of such awards, including as the result of forfeiture, repurchase, expiration or retention by us in order to satisfy an award's exercise price or tax withholding obligations. In addition, the number of shares of our Class A common stock reserved for issuance under our 2019 Plan will automatically increase on the first day of each fiscal year through and including January 1, 2029, in an amount equal to 5% of the total number of shares of our Class A common stock and our Class B common stock outstanding on the last day of the calendar month before the date of each automatic increase, or a lesser number of shares determined by our board of directors.

**Stock Option Activity**

Stock option activity during the year ended December 31, 2021, was as follows (in thousands, except per share amounts):

	<b>Stock Options Outstanding</b>			
	<b>Shares</b>	<b>Weighted-Average Exercise Price</b>	<b>Weighted-Average Remaining Contractual Term</b> <i>(in years)</i>	<b>Aggregate Intrinsic Value <sup>(1)</sup></b>
Outstanding as of December 31, 2020	23,947	\$ 3.15	2.9	\$ 1,502,604
Exercised	(7,806)	3.06		
Outstanding as of December 31, 2021	16,141	\$ 3.19	1.9	\$ 535,118
Exercisable as of December 31, 2021	15,576	\$ 2.50	1.7	\$ 527,204

<sup>(1)</sup> We calculate intrinsic value based on the difference between the exercise price of in-the-money-stock options and the fair value of our common stock as of the respective balance sheet date.

The total grant-date fair value of stock options vested during the years ended December 31, 2021, 2020 and 2019, was \$3.2 million, \$3.3 million and \$2.2 million, respectively. The aggregate intrinsic value of stock options exercised during the years ended December 31, 2021, 2020 and 2019, was \$511.4 million, \$1,023.9 million and \$425.1 million, respectively.

No stock options were granted during the years ended December 31, 2021 and December 31, 2019. The total grant-date fair value of stock options granted during the year ended December 31, 2020 was not material.

**Restricted Stock Unit and Restricted Stock Award Activity**

RSU and RSA activity during the year ended December 31, 2021, was as follows (in thousands, except per share amounts):

	<b>Restricted Stock Units and Restricted Stock Awards Outstanding</b>	
	<b>Shares</b>	<b>Weighted Average Grant Date Fair Value</b>
Outstanding as of December 31, 2020	54,079	\$ 20.45
Granted <sup>(1)</sup>	9,931	67.27
Released	(21,991)	23.28
Forfeited <sup>(1)</sup>	(5,761)	25.02
Outstanding as of December 31, 2021	36,258	\$ 30.84

<sup>(1)</sup> Includes the effects of awards modified during the year ended December 31, 2021.

**PINTEREST, INC.**  
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**Share-Based Compensation**

Share-based compensation expense during the years ended December 31, 2021, 2020 and 2019, was as follows (in thousands):

	Year Ended December 31,		
	2021	2020	2019
Cost of revenue	\$ 7,438	\$ 7,865	\$ 31,758
Research and development	309,715	218,718	867,191
Sales and marketing	52,691	35,645	239,315
General and administrative	45,538	58,792	239,517
Total share-based compensation	<u>\$ 415,382</u>	<u>\$ 321,020</u>	<u>\$ 1,377,781</u>

As of December 31, 2021, we had \$851.2 million of unrecognized share-based compensation expense, which we expect to recognize over a weighted-average period of 2.7 years.

On October 15, 2021, our Co-founder and Chief Design and Creative Officer transitioned into a consulting role pursuant to a consulting agreement dated October 13, 2021. He will also continue to serve on our Board of Directors, and his existing RSU award will continue vesting after the transition to the consulting role. For accounting purposes, we treated this as a modification of his RSU award and recorded a one-time charge of \$48.6 million, including incremental compensation cost of \$40.8 million, in share-based compensation expense for the year ended December 31, 2021.

**10. Net Income (Loss) Per Share Attributable to Common Stockholders**

We present net income (loss) per share attributable to common stockholders using the two-class method required for multiple classes of common stock. Holders of our Class A and Class B common stock have identical rights except with respect to voting, conversion and transfer rights and therefore share equally in our net income or losses. Prior to our IPO, we considered all series of our redeemable convertible preferred stock participating securities. We have not allocated net loss attributable to common stockholders to our redeemable convertible preferred stock because the holders of our redeemable convertible preferred stock are not contractually obligated to share in our losses.

We calculate basic net income (loss) per share attributable to common stockholders by dividing net income (loss) attributable to common stockholders by the weighted-average number of shares of common stock outstanding during the period.

Diluted net income (loss) per share gives effect to all potential shares of common stock, including common stock issuable upon conversion of our redeemable convertible preferred stock and redeemable convertible preferred stock warrants, stock options, RSAs and RSUs to the extent these are dilutive. The calculation of diluted net income (loss) of Class A common stock assumes the conversion of our Class B common stock to Class A common stock, while the diluted net income (loss) of Class B common stock does not assume the conversion of those shares to Class A common stock.

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We calculated basic and diluted net income (loss) per share attributable to common stockholders as follows (in thousands, except per share amounts):

	Year Ended December 31,					
	2021		2020		2019	
	Class A	Class B	Class A	Class B	Class A	Class B
Basic net income (loss) per share attributable to common stockholders:						
Numerator:						
Net income (loss) attributable to common stockholders	\$ 274,699	\$ 41,739	\$ (96,499)	\$ (31,824)	\$ (459,412)	\$ (901,959)
Denominator:						
Weighted-average shares used in computing net income (loss) per share attributable to common stockholders, basic	555,608	84,422	448,392	147,872	141,894	278,579
Basic net income (loss) per share attributable to common stockholders	\$ 0.49	\$ 0.49	\$ (0.22)	\$ (0.22)	\$ (3.24)	\$ (3.24)
Diluted net income (loss) per share attributable to common stockholders:						
Numerator:						
Net income (loss) attributable to common stockholders	\$ 274,699	\$ 41,739	\$ (96,499)	\$ (31,824)	\$ (459,412)	\$ (901,959)
Reallocation of net income as a result of conversion of Class B to Class A common stock	41,739	—	—	—	—	—
Reallocation of net income to Class B common stock	—	(3,115)	—	—	—	—
Diluted net income (loss) attributable to common stockholders	\$ 316,438	\$ 38,624	\$ (96,499)	\$ (31,824)	\$ (459,412)	\$ (901,959)
Denominator:						
Weighted-average shares used in computing net income (loss) per share	555,608	84,422	448,392	147,872	141,894	278,579
Conversion of Class B to Class A common stock	84,422	—	—	—	—	—
Weighted average effect of dilutive potential common stock	51,621	—	—	—	—	—
Weighted-average shares used in computing net income (loss) per share attributable to common stockholders, diluted	691,651	84,422	448,392	147,872	141,894	278,579
Diluted net income (loss) per share attributable to common stockholders	\$ 0.46	\$ 0.46	\$ (0.22)	\$ (0.22)	\$ (3.24)	\$ (3.24)

Basic net loss per share is the same as diluted net loss per share for the periods we reported net losses. We excluded the following weighted-average potential shares of common stock from our calculation of diluted net income (loss) per share attributable to common stockholders because these would be anti-dilutive (in thousands):

	Year Ended December 31,		
	2021	2020	2019
Redeemable convertible preferred stock	—	—	95,469
Outstanding stock options	—	40,067	72,999
Unvested restricted stock units and restricted stock awards	3,271	63,603	69,800
Redeemable convertible preferred stock warrants	—	—	77
Total	3,271	103,670	238,345

**PINTEREST, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**11. Income Taxes**

The components of income (loss) before provision for income taxes are as follows (in thousands):

	Year Ended December 31,		
	2021	2020	2019
United States	\$ 331,447	\$ 49,973	\$ (1,266,677)
Foreign	(10,476)	(176,993)	(94,162)
Income (loss) before provision for income taxes	<u>\$ 320,971</u>	<u>\$ (127,020)</u>	<u>\$ (1,360,839)</u>

Provision for income taxes consists of the following (in thousands):

	Year Ended December 31,		
	2021	2020	2019
Current:			
Federal	\$ —	\$ —	\$ —
State	2,303	79	—
Foreign	2,957	691	1,677
Total current tax expense	<u>5,260</u>	<u>770</u>	<u>1,677</u>
Deferred:			
Federal	6	654	(555)
State	6	5	(76)
Foreign	(739)	(126)	(514)
Total deferred tax expense (benefit)	<u>(727)</u>	<u>533</u>	<u>(1,145)</u>
Provision for income taxes	<u>\$ 4,533</u>	<u>\$ 1,303</u>	<u>\$ 532</u>

The difference between income taxes computed at the statutory federal income tax rate and the provision for income taxes is attributable to the following (in thousands):

	Year Ended December 31,		
	2021	2020	2019
Tax at U.S. statutory rate	\$ 67,404	\$ (26,674)	\$ (285,776)
State income taxes, net of benefit	2,307	84	(77)
Foreign losses not benefited	4,448	37,716	20,932
Permanent book/tax differences	954	1,051	2,453
Legal settlement	—	2,290	—
Share-based compensation	(269,009)	(303,245)	(84,366)
Change in valuation allowance	278,761	352,410	422,315
Tax credits	(79,787)	(63,205)	(74,399)
Other	(545)	876	(550)
Provision for income taxes	<u>\$ 4,533</u>	<u>\$ 1,303</u>	<u>\$ 532</u>

The primary difference between our effective tax rate and the federal statutory rate is the full valuation allowance we have established on our federal, state and foreign net operating losses and credits.

**PINTEREST, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

Significant components of our deferred tax assets and liabilities are as follows (in thousands):

	December 31,	
	2021	2020
Deferred tax assets:		
Net operating loss carryforwards	\$ 1,036,254	\$ 784,721
Research tax credits	401,219	269,658
Reserves, accruals, and other	29,641	18,106
Lease obligation	58,860	44,446
Share-based compensation	63,798	96,932
Total deferred tax assets	1,589,772	1,213,863
Less: valuation allowance	(1,539,889)	(1,176,910)
Deferred tax assets, net of valuation allowance	49,883	36,953
Deferred tax liabilities:		
Depreciation and amortization	(47,952)	(34,576)
Prepaid expenses	(2,036)	(1,523)
Total deferred tax liabilities	(49,988)	(36,099)
Deferred tax assets (liabilities)	\$ (105)	\$ 854

Due to our history of losses we believe it is more likely than not that our U.S. and Irish deferred tax assets will not be realized as of December 31, 2021. Accordingly, we have established a full valuation allowance on our U.S. and Irish deferred tax assets. Our valuation allowance increased by \$363.0 million and \$439.9 million during the years ended December 31, 2021 and 2020, respectively, primarily due to U.S. federal and state tax losses and credits incurred during the period.

As of December 31, 2021, we had federal, California and other state net operating loss carryforwards of \$4,314.0 million, \$500.8 million and \$1,677.0 million, respectively. If not utilized, these will begin to expire in 2028, 2028 and 2026, respectively. Utilization of our net operating loss carryforwards may be subject to annual limitations due to the ownership change limitations provided by Section 382 of the Internal Revenue Code and similar state provisions. Our net operating loss carryforwards could expire before utilization if subject to annual limitations. As of December 31, 2021, we had \$51.9 million and \$2.0 million of Irish and Other Foreign net operating loss carryforwards, respectively that can be carried forward indefinitely.

As of December 31, 2021, we had federal and California research and development credit carryforwards of \$355.6 million and \$275.4 million, respectively. If not utilized, our federal carryforwards will begin to expire in 2030. Our California carryforwards do not expire.

Changes in gross unrecognized tax benefits were as follows (in thousands):

	Gross Unrecognized Tax Benefits
Balance as of December 31, 2019	\$ 129,185
Increases for tax positions of prior years	886
Decreases for tax positions of prior years	(37,250)
Increases for tax positions of current year	47,339
Balance as of December 31, 2020	\$ 140,160
Increases for tax positions of prior years	2,906
Increases for tax positions of current year	61,993
Balance as of December 31, 2021	\$ 205,059

Recognizing the \$205.1 million of gross unrecognized tax benefits we had as of December 31, 2021 would affect our effective tax rate by \$2.6 million. The remaining \$202.5 million of gross unrecognized tax benefits would be offset by

**PINTEREST, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

the reversal of related deferred tax assets, which are subject to a full valuation allowance. We do not expect our gross unrecognized tax benefits to change significantly within the next 12 months. We recognize interest and penalties related to uncertain tax positions in provision for income taxes. Accrued interest and penalties are not material as of December 31, 2021 and 2020.

We are subject to taxation in the U.S. and various other state and foreign jurisdictions. As we have net operating loss carryforwards for U.S. federal and state jurisdictions, the statute of limitations is open for all tax years. For material foreign jurisdictions, the tax years open to examination include the years 2016 and forward. We are currently under examination of our U.S. consolidated federal income tax return by the Internal Revenue Service for calendar years 2018 and 2019. We believe that we have adequately reserved for any adjustments to the provision for income taxes or other tax items that may ultimately result from these examinations.

We have not recognized deferred taxes for the difference between the financial reporting basis and the tax basis of our investment in our foreign subsidiaries because we have the ability and intent to maintain our investments for the foreseeable future. If we were to remit earnings as of December 31, 2021, the residual taxes would not be material.

**12. Geographical Information**

Revenue disaggregated by geography based on our customers' billing addresses is as follows (in thousands):

	Year Ended December 31,		
	2021	2020	2019
United States	\$ 2,003,642	\$ 1,404,282	\$ 1,010,186
International <sup>(1)</sup>	574,385	288,376	132,575
Total revenue	\$ 2,578,027	\$ 1,692,658	\$ 1,142,761

<sup>(1)</sup> No individual country other than the United States exceeded 10% of our total revenue for any period presented.

Property and equipment, net and operating lease right-of-use assets by geography is as follows (in thousands):

	December 31,	
	2021	2020
United States	\$ 247,975	\$ 213,831
International <sup>(1)</sup>	33,338	11,460
Total property and equipment, net and operating lease right-of-use assets	\$ 281,313	\$ 225,291

<sup>(1)</sup> No individual country other than the United States exceeded 10% of our total property and equipment, net and operating lease right-of-use assets for any period presented.



**Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure**

None.

**Item 9A. Controls and Procedures****Evaluation of Disclosure Controls and Procedures**

Our management, with the participation of our chief executive officer ("CEO") and chief financial officer ("CFO"), has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended ("Exchange Act"), as of the end of the period covered by this Annual Report on Form 10-K. Based on such evaluation, our CEO and CFO have concluded that as of December 31, 2021, our disclosure controls and procedures are effective to provide reasonable assurance that information we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission ("SEC"), and that such information is accumulated and communicated to our management, including our CEO and CFO, as appropriate, to allow timely decisions regarding required disclosure.

**Management's Report on Internal Control Over Financial Reporting**

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act). Management conducted an assessment of the effectiveness of our internal control over financial reporting based on the criteria set forth in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework). Based on the assessment, management has concluded that its internal control over financial reporting was effective as of December 31, 2021 to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with U.S. GAAP. Our independent registered public accounting firm, Ernst & Young LLP, has issued an audit report with respect to our internal control over financial reporting, which appears in Part II, Item 8 of this Annual Report on Form 10-K.

**Changes in Internal Control over Financial Reporting**

There was no change in our internal control over financial reporting (as defined in Rules 13a-15(d) and 15d-15(d) under the Exchange Act) during the period covered by this Annual Report on Form 10-K that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting. Further, while the majority of our employees are working remotely, we have not experienced any material impact in our internal control over financial reporting as a result of the COVID-19 pandemic. We continue to monitor for and assess any effects the COVID-19 pandemic may have on the design or operating effectiveness of our internal control over financial reporting.

**Limitations on Effectiveness of Controls and Procedures**

In designing and evaluating the disclosure controls and procedures and internal control over financial reporting, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures and internal control over financial reporting must reflect the fact that there are resource constraints and that management is required to apply judgment in evaluating the benefits of possible controls and procedures relative to their costs.

**Item 9B. Other Information**

None.

**Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections**

None.

## **PART III**

### **Item 10. Directors, Executive Officers and Corporate Governance**

The information required by this item is incorporated by reference to the sections titled "Proposal 1 - Election of Directors" and "Other Matters" that will be included in our Definitive Proxy Statement for the 2022 Annual Meeting of Stockholders to be filed with the Securities and Exchange Commission (SEC) within 120 days of December 31, 2021 (the "2022 Proxy Statement").

### **Item 11. Executive Compensation**

The information required by this item is incorporated by reference to the section titled "Proposal 3 – Advisory Non-Binding Vote on our Named Executive Officers' Compensation" that will be included in our 2022 Proxy Statement.

### **Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters**

The information required by this item is incorporated by reference to the section titled "Other Matters" that will be included in our 2022 Proxy Statement.

### **Item 13. Certain Relationships and Related Transactions, and Director Independence**

The information required by this item is incorporated by reference to the sections titled "Proposal 1 – Election of Directors" and "Other Matters" that will be included in our 2022 Proxy Statement.

### **Item 14. Principal Accountant Fees and Services**

The information required by this item is incorporated by reference to the sections titled "Proposal 2 – Ratification of Selection of Independent Auditor" that will be included in our 2022 Proxy Statement.

## PART IV

### Item 15. Exhibits and Financial Statement Schedules

The following documents are filed as part of this Annual Report on Form 10-K:

1. Consolidated Financial Statements

The consolidated financial statements are filed as part of this Annual Report on Form 10-K under “Item 8. Financial Statements and Supplementary Data.”

2. Financial Statement Schedules

The financial statement schedules are omitted because they are either not applicable or the information required is presented in the financial statements and notes thereto under “Item 8. Financial Statements and Supplementary Data.”

3. Exhibits

The exhibits listed in the following Exhibit Index are filed, furnished, or incorporated by reference as part of this Annual Report on Form 10-K.

Exhibit Number	Exhibit Description	Incorporated by Reference			
		Form	File No.	Exhibit	Filing Date
3.1	<a href="#">Amended and Restated Certificate of Incorporation of the Company.</a>	8-K	001-38872	3.2	April 23, 2019
3.2	<a href="#">Amended and Restated Bylaws of the Company.</a>	8-K	001-38872	3.2	December 15, 2021
3.3	<a href="#">Certificate of Change of Registered Agent</a>	8-K	001-38872	3.1	December 15, 2021
4.1	<a href="#">Amended and Restated Investor Rights Agreement among the Company and certain holders of its capital stock, dated as of June 2, 2017.</a>	S-1	333-230458	4.2	March 22, 2019
4.2	<a href="#">Description of our Common Stock.</a>	10-K	001-38872	4.2	February 7, 2020
4.3	<a href="#">Form of Indenture.</a>				
10.1	<a href="#">Form of Indemnification Agreement between the Company and each of its directors and executive officers.</a>	S-1/A	333-230458	10.1	April 8, 2019
10.2+	<a href="#">Form of Executive Severance &amp; Change in Control Agreement (CEO).</a>	S-1/A	333-230458	10.14	April 8, 2019
10.3+	<a href="#">Form of Amended and Restated Executive Severance &amp; Change in Control Agreement (Non-CEO).</a>				
10.4	<a href="#">Revolving Credit Agreement, by and among the Company, the Guarantors and JP Morgan Chase Bank, N.A., as administrative agent, dated as of November 15, 2018.</a>	S-1	333-230458	10.2	March 22, 2019
10.5+	<a href="#">Employment Agreement by and between Cold Brew Labs Inc. and Benjamin Silbermann, dated as of July 14, 2009.</a>	S-1/A	333-230458	10.3	March 29, 2019
10.6+	<a href="#">Confidential Information and Invention Assignment Agreement by and between Cold Brew Labs Inc. and Benjamin Silbermann, dated as of October 28, 2008.</a>	S-1/A	333-230458	10.4	March 29, 2019
10.7+	<a href="#">Offer Letter and Confidential Agreement and Invention Assignment Agreement by and between the Company and Todd Morgenfeld, dated as of September 19, 2016.</a>	S-1/A	333-230458	10.5	March 29, 2019
10.8+	<a href="#">Pinterest, Inc. 2009 Stock Plan, as amended.</a>	S-1	333-230458	10.7	March 22, 2019
10.9+	<a href="#">Pinterest, Inc. 2009 Stock Plan Notice of Stock Option Grant and Stock Option Agreement by and between the Company and Benjamin Silbermann, dated as of April 25, 2013.</a>	S-1	333-230458	10.8	March 22, 2019

10.10+	<a href="#">Form of Pinterest, Inc. 2009 Stock Plan Restricted Stock Unit Grant Notice and Restricted Stock Unit Agreement</a>	S-1	333-230458	10.9	March 22, 2019
10.11+	<a href="#">Acceleration Addendum to Pinterest, Inc. 2009 Stock Plan Restricted Stock Unit Grant Notice and Agreement by and between the Company and Todd Morgenfeld, dated as of December 20, 2017.</a>	S-1	333-230458	10.10	March 22, 2019
10.12+	<a href="#">Pinterest, Inc. 2019 Omnibus Incentive Plan.</a>	S-1/A	333-230458	10.11	March 29, 2019
10.13+	<a href="#">Form of Pinterest, Inc. 2019 Omnibus Incentive Plan Restricted Stock Unit Grant Notice and Agreement.</a>	S-1/A	333-230458	10.12	April 8, 2019
10.14+	<a href="#">Form of Pinterest, Inc. 2019 Omnibus Incentive Plan Restricted Stock Grant Notice and Agreement.</a>	10-K	001-38872	10.14	February 7, 2020
10.15+	<a href="#">Form of Pinterest, Inc. 2019 Omnibus Incentive Plan Stock Option Grant Notice and Agreement.</a>	10-K	001-38872	10.15	February 7, 2020
10.16+	<a href="#">Non-Employee Director Compensation Policy.</a>	10-Q	001-38872	10.1	April 28, 2021
10.17+	<a href="#">Pinterest, Inc. 2009 Stock Plan Notice of Stock Option Grant and Stock Option Agreement.</a>	S-8	333-230999	4.3	April 23, 2019
10.18+	<a href="#">Employment Agreement between Pinterest, Inc. and Christine Flores dated as of February 27, 2017</a>	10-Q	001-38872	10.2	April 28, 2021
10.19+	<a href="#">Employment Agreement between Cold Brew Labs Inc. and Evan Sharp dated as of May 13, 2011</a>	10-Q	001-38872	10.3	April 28, 2021
10.20+	<a href="#">Consulting Agreement dated October 13th, 2021 and effective October 15, 2021, Evan Sharp</a>	10-Q	001-38872	10.2	November 4, 2021
21.1	<a href="#">List of Subsidiaries of Pinterest, Inc.</a>				
23.1	<a href="#">Consent of Ernst &amp; Young LLP, Independent Registered Public Accounting Firm.</a>				
24.1	<a href="#">Power of Attorney.</a>				
31.1	<a href="#">Certification of Principal Executive Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>				
31.2	<a href="#">Certification of Principal Financial Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.(a) and 15d-14(a).</a>				
32.1	<a href="#">Certifications of Principal Executive Officer and Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>				
101.INS	Inline XBRL Instance Document (the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document)				
101.SCH	Inline XBRL Taxonomy Extension Schema Document				
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document				
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document				
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document				
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document				
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)				

+ Indicates a management contract or compensatory plan

## Item 16. Form 10-K Summary

None.

## SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this Annual Report on Form 10-K to be signed on its behalf by the undersigned, thereunto duly authorized.

### PINTEREST, INC.

Date: February 3, 2022

By: /s/ Todd Morgenfeld  
Todd Morgenfeld  
Chief Financial Officer and Head of Business Operations  
*(Principal Financial Officer and Principal Accounting Officer)*

## POWER OF ATTORNEY

The undersigned directors and officers of Pinterest, Inc. hereby constitute and appoint Benjamin Silbermann, Todd Morgenfeld and Christine Flores, and each of them, any of whom may act without joinder of the other, the individual's true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for the person and in his or her name, place and stead, in any and all capacities, to sign any or all amendments to this Annual Report on Form 10-K, and to file the same, with all exhibits thereto, and all other documents in connection therewith with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or their or his or her substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this report has been signed below by the following persons on behalf of the registrant in the capacities and on the dates indicated.

Name	Title	Date
<u>/s/ Benjamin Silbermann</u> Benjamin Silbermann	Chairman, Co-Founder, President and Chief Executive Officer (Principal Executive Officer)	February 3, 2022
<u>/s/ Jeffrey Jordan</u> Jeffrey Jordan	Director	February 3, 2022
<u>/s/ Leslie J. Kilgore</u> Leslie J. Kilgore	Director	February 3, 2022
<u>/s/ Jeremy S. Levine</u> Jeremy S. Levine	Director	February 3, 2022
<u>/s/ Evan Sharp</u> Evan Sharp	Director	February 3, 2022
<u>/s/ Fredric G. Reynolds</u> Fredric G. Reynolds	Director	February 3, 2022
<u>/s/ Gokul Rajaram</u> Gokul Rajaram	Director	February 3, 2022
<u>/s/ Andrea Wishom</u> Andrea Wishom	Director	February 3, 2022
<u>/s/ Salaam Coleman Smith</u> Salaam Coleman Smith	Director	February 3, 2022
<u>/s/ Todd Morgenfeld</u> Todd Morgenfeld	Chief Financial Officer and Head of Business Operations (Principal Financial Officer and Principal Accounting Officer)	February 3, 2022

**Pinterest Inc.**

Debt Securities

Form of Indenture

Dated as of

,

as Trustee

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## CROSS-REFERENCE TABLE

This Cross-Reference Table is not a part of the Indenture

### TIA Section    Indenture Section

310(a)(1) 7.10

(a)(2) 7.10

(a)(3) N.A.

(a)(4) N.A.

(b) 7.08; 7.10; 11.02

311(a) 7.11

(b) 7.11

(c) N.A.

312(a) 2.05

(b) 11.03

(c) 11.03

313(a) 7.06

(b)(1) N.A.

(b)(2) 7.06

(c) 11.02

(d) 7.06

314(a) 4.03; 11.02

(b) N.A.

(c)(1) 11.04

(c)(2) 11.04

(c)(3) N.A.

(d) N.A.

(e) 11.05

315(a) 7.01(b)

(b) 7.05; 11.02

(c) 7.01(a)

(d) 7.01(c)

(e) 6.11

316(a)(last sentence) 11.06

(a)(1)(A) 6.05

(a)(1)(B) 6.04

(a)(2) N.A.

(b) 6.07

317(a)(1) 6.08



(a)(2) 6.09

(b)d 2.04

318(a) 11.01

N.A. means Not Applicable.

## TABLE OF CONTENTS

This Table of Contents is not a part of the Indenture

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SIGNATURES

EXHIBIT A – Form of Security

INDENTURE dated as of , (the “**Base Indenture**”), by and between **Pinterest, Inc.**, a Delaware corporation (the “**Company**”) and , as trustee (the “**Trustee**”).

Each party agrees as follows for the benefit of the other party and for the equal and ratable benefit of the Holders of the Company’s debt securities issued under this Base Indenture:

**Article 1.**  
**DEFINITIONS AND INCORPORATION BY REFERENCE**

**Article 1.        Definitions.**

“**Affiliate**” means, when used with reference to a specified person, any Person directly or indirectly controlling or controlled by or under direct or indirect common control with the Person specified.

“**Agent**” means any Registrar, Paying Agent or co-Registrar or agent for service of notices and demands.

“**Authorizing Resolution**” means a resolution adopted by the Board of Directors or by an Officer or committee of Officers pursuant to delegation by the Board of Directors authorizing a Series of Securities.

“**Bankruptcy Law**” means Title 11 of the United States Code, as amended, or any similar federal or state law for the relief of debtors.

“**Board of Directors**” means the Board of Directors of the Company or any duly authorized committee thereof.

“**Business Day**” means any calendar day that is not a Saturday or Sunday and that is not a day on which banking institutions in the City of New York (or any other place of payment) are authorized or required by law or executive order to close.

“**capital stock**” means, with respect to any Person, any and all shares, interests, participations or other equivalents (however designated) of or in such Person’s capital stock or other equity interests.

“**Company**” means the party named as such in this Indenture until a successor replaces it pursuant to the Indenture and thereafter means the successor.

“**control**” means, when used with respect to any Person, the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms “controlling” and “controlled” have meanings correlative to the foregoing.

“**Default**” means any event, act or condition that is, or after notice or the passage of time or both would be, an Event of Default.

“**Definitive Security**” means a certificated Security registered in the name of the Securityholder thereof.

“**Depositary**” means, with respect to Securities of any Series which the Company shall determine will be issued in whole or in part as a Global Security, DTC, another clearing agency, or any successor registered as a clearing agency under the Exchange Act, and any other applicable U.S. or foreign statute or regulation, which, in each case, shall be designated by the Company pursuant to Section 2.01.

“**Dollars**” and “**\$**” means United States Dollars.

“**DTC**” means The Depository Trust Company.

“**Exchange Act**” means the Securities Exchange Act of 1934, as amended.

“**Foreign Currency**” means any currency, currency unit or composite currency, including, without limitation, the euro, issued by the government of one or more countries other than the United States of America or by any recognized confederation or association of such governments.

“**GAAP**” means generally accepted accounting principles in the United States of America, as in effect from time to time.

“**Global Security**” means, with respect to any Series of Securities, a Security executed by the Company and delivered by the Trustee to the Depository or pursuant to the Depository’s instruction, all in accordance with the Indenture, which shall be registered in the name of the Depository or its nominee.

“**Government Obligations**” means securities which are (i) direct obligations of the United States or the other government or governments in the confederation which issued the Foreign Currency in which the principal of or any interest on the Security of the applicable Series shall be payable, in each case for the payment of which its full faith and credit is pledged or (ii) obligations of a Person controlled or supervised by and acting as an agency or instrumentality of the United States or such other government or governments, in each case the payment of which is unconditionally guaranteed as a full faith and credit obligation by the United States or such other government or governments, which, in either case are not callable or redeemable at the option of the issuer or issuers thereof, and shall also include a depositary receipt issued by a bank or trust company as custodian with respect to any such Government Obligations or a specific payment of interest on or principal of any such Government Obligation held by such custodian for the account of the holder of a depositary receipt; *provided* that (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depositary receipt from any amount received by the custodian in respect of the Government Obligation or the specific payment of interest on or principal of the Government Obligation evidenced by such depositary receipt.

“**Holder**” or “**Securityholder**” means the Person in whose name a Security is registered on the Registrar’s books.

“**Indenture**” means this Base Indenture as amended or supplemented from time to time, including pursuant to any Authorizing Resolution or supplemental indenture pertaining to any Series, and including, for all purposes of this instrument and any such Authorizing Resolution or supplemental indenture, the provisions of the TIA that are deemed to be a part of and govern this Base Indenture and any such Authorizing Resolution or supplemental indenture, respectively.

“**Issue Date**” means, with respect to any Series of Securities, the date on which the Securities of such Series are originally issued under this Indenture.

“**NYUCC**” means the New York Uniform Commercial Code, as in effect from time to time.

“**Officer**” means the Chairman of the Board, the Chief Executive Officer, the Chief Financial Officer, the Chief Accounting Officer, the President, any Vice President, the Treasurer, the Controller or the Secretary of the Company.



“**Officer’s Certificate**” means a certificate signed by an Officer of the Company.

“**Opinion of Counsel**” means a written opinion of counsel, which may be may be an employee of or counsel to the Company, any Subsidiary of the Company or any Person of which the Company is a Subsidiary.

“**Person**” means any individual, corporation, partnership, limited liability company, joint venture, association, joint stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

“**principal**” of a debt security means the principal of the security *plus*, when appropriate, the premium, if any, on the security.

“**Property**” of any Person means all types of real, personal, tangible, intangible or mixed property owned by such Person, whether or not included in the most recent consolidated balance sheet of such Person and its Subsidiaries under GAAP.

“**SEC**” means the Securities and Exchange Commission or any successor agency performing the duties now assigned to it under the TIA.

“**Securities**” means any securities that are issued under this Base Indenture.

“**Series**” means a series of Securities established under this Base Indenture.

“**Subsidiary**” of any Person means any corporation or other entity of which at least majority of the outstanding capital stock or other equity interests having by the terms thereof ordinary voting power to elect a majority of the directors, managers or trustees of such corporation or other entity, irrespective of whether or not at the time capital stock or other equity securities of any other class or classes of such corporation or other entity shall have or might have voting power by reason of the happening of any contingency, is at the time, directly or indirectly, owned, or controlled by such Person or by one or more of its Subsidiaries, or by such Person and one or more of its Subsidiaries.

“**TIA**” means the Trust Indenture Act of 1939, as amended.

“**Trust Officer**” means, when used with respect to the Trustee, any officer within the corporate trust department of the Trustee, including any vice president, assistant vice president, assistant secretary, senior associate, associate, trust officer or any other officer of the Trustee who customarily performs functions similar to those performed by the Persons who at the time shall be such officers, respectively, or to whom any corporate trust matter is referred because of such person’s knowledge of and familiarity with the particular subject and who, in each case, shall have direct responsibility for the administration of this Indenture.

“**Trustee**” means the party named as such in this Base Indenture until a successor replaces it pursuant to this Base Indenture and thereafter means the successor serving hereunder; *provided, however*, that if at any time there is more than one such Person, “Trustee” as used with respect to the Securities of any Series shall mean only the Trustee with respect to Securities of that Series.

“**United States**” means the United States of America.

**Section a. Other Definitions.**

<b><u>Term</u></b>		<b><u>Defined in Section</u></b>
Agent Members	2.15	
Base Indenture		Preamble
Covenant Defeasance	8.01	
Custodian	6.01	
Event of Default	6.01	
Legal Defeasance	8.01	
Legal Holiday	11.07	
Paying Agent	2.03	
Registrar	2.03	
Security Register	2.03	
Successor	5.01	

**Section b. Incorporation by Reference of Trust Indenture Act.**

Whenever this Indenture refers to a provision of the TIA, the provision is incorporated by reference in and made a part of this Indenture. The following TIA terms used in this Indenture have the following meanings:

“Commission” means the SEC.

“indenture securities” means the Securities of a particular Series.

“indenture security holder” means a Securityholder.

“indenture to be qualified” means this Indenture.

“indenture trustee” or “institutional trustee” means the Trustee.

“obligor” on the indenture securities means the Company or any other obligor on the Securities of a Series.

All other TIA terms used in this Indenture that are defined by the TIA, defined by TIA reference to another statute or defined by SEC rule have the meanings so assigned to them.

**Section c. Rules of Construction.**

Unless the context otherwise requires:

- (1) a term has the meaning assigned to it herein;
- (2) an accounting term not otherwise defined has the meaning assigned to it in accordance with GAAP and all accounting determinations shall be made in accordance with GAAP;
- (3) “or” is not exclusive and “including” means “including without limitation”;
- (4) words in the singular include the plural, and in the plural include the singular;

- (5) “herein,” “hereof” and “hereunder,” and other words of similar import, refer to this Indenture as a whole (including any Authorizing Resolution or supplemental indenture relating to the relevant Series) and not to any particular Article, Section or other subdivision;
- (6) all exhibits are incorporated by reference herein and expressly made a part of this Indenture; and
- (7) any transaction or event shall be considered “permitted by” or made “in accordance with” or “in compliance with” this Indenture or any particular provision thereof if such transaction or event is not expressly prohibited by this Indenture or such provision, as the case may be.

**Article 2.**  
**THE SECURITIES**

**Section d. Form and Dating.**

The aggregate principal amount of Securities that may be issued under this Base Indenture is unlimited. The Securities may be issued from time to time in one or more Series. Each Series shall be created by an Authorizing Resolution, an Officer’s Certificate or a supplemental indenture that establishes the terms of the Series, which may include the following:

- (1) the title of the Series;
- (2) the aggregate principal amount (or any limit on the aggregate principal amount) of the Series and, if any Securities of a Series are to be issued at a discount from their face amount, or with a premium, the method of computing the accretion of such discount or computing such premium;
- (3) the interest rate or method of calculation of the interest rate;
- (4) the date from which interest will accrue;
- (5) the record dates for interest payable on Securities of the Series;
- (6) the dates when, places where and manner in which principal and interest are payable;
- (7) if there is more than one Trustee or a Trustee other than , the identity of the Trustee and, if not the Trustee, the identity of each Registrar, Paying Agent or authenticating agent with respect to such Securities
- (8) the terms of any mandatory (including any sinking fund requirements) or optional redemption by the Company;
- (9) the terms of any redemption at the option of Holders;
- (10) the permissible denominations in which Securities of such Series are issuable, if different from \$2,000 and multiples of \$1,000 in excess thereof;
- (11) whether Securities of such Series will be issued in registered or bearer form and the terms of any such forms of Securities;

- (12) whether the Securities of the Series shall be issued in whole or in part in the form of a Global Security or Securities, the terms and conditions, if different from those contained in this Base Indenture, upon which such Global Security or Securities may be exchanged in whole or in part for Definitive Securities; the Depositary for such Global Security or Securities; the form of any legend or legends, if any, to be borne by any such Global Security or Securities in addition to or in lieu of the legends referred to in Section 2.15;
- (13) the currency or currencies (including any composite currency) in which principal or interest or both may be paid and the agency or organization, if any, responsible for overseeing any composite currency;
- (14) if payments of principal or interest may be made in a currency other than that in which Securities of such Series are denominated, the manner for determining such payments, including the time and manner of determining the exchange rate between the currency in which such Securities are denominated and the currency in which such Securities or any of them may be paid, and any deletions from or modifications of or additions to the terms of this Indenture to provide for or to facilitate the issuance of Securities denominated or payable, at the election of the Company or a Holder thereof or otherwise, in a Foreign Currency;
- (15) whether the amount of payments of principal of or any interest on, such Securities may be determined with reference to an index, formula, financial or economic measure or other method or methods (which index, formula, measure or method or methods may be based, without limitation, on one or more currencies, commodities, equity indices or other indices) and if so, the terms and conditions upon which and the manner in which such amounts shall be determined and paid or be payable;
- (16) provisions for electronic issuance of Securities or issuance of Securities of such Series in uncertificated form;
- (17) any Events of Default, covenants, defined terms and/or other terms in addition to or in lieu of those set forth in this Base Indenture;
- (18) whether and upon what terms Securities of such Series may be defeased or discharged if different from the provisions set forth in this Base Indenture;
- (19) the form of the Securities of such Series, which, unless the Authorizing Resolution, Officer's Certificate or supplemental indenture otherwise provides, shall be in the form of Exhibit A;
- (20) any terms that may be required by or advisable under applicable law;
- (21) the percentage of the principal amount of the Securities of such Series which is payable if the maturity of the Securities of such Series is accelerated in the case of Securities issued at a discount from their face amount;
- (22) whether Securities of such Series will or will not have the benefit of guarantees and, if applicable, the terms and conditions upon which such guarantees may be subordinated to other indebtedness of the respective guarantors;

- (23) whether the Securities of such Series are senior or subordinated debt securities, and if subordinated debt securities, the terms of such subordination;
- (24) whether the Securities of the Series will be convertible into or exchangeable for other Securities, shares of common stock, other securities, cash or other Property of any kind of the Company or another Person or Persons, and, if so, the terms and conditions upon which such Securities will be so convertible or exchangeable, including the initial conversion or exchange price or rate or the method of calculation, how and when the conversion price or exchange ratio may be adjusted, whether conversion or exchange is mandatory, at the option of the holder or at the Company's option, the conversion or exchange period, and any other provision in relation thereto; and
- (25) any other terms in addition to or different from those contained in this Base Indenture applicable to such Series (including, without limitation, whether and which terms of the TIA shall be applicable to such Series).

All Securities of one Series need not be issued at the same time and, unless otherwise provided, a Series may be reopened for issuances of additional Securities of such Series pursuant to an Authorizing Resolution, an Officer's Certificate or in any indenture supplemental hereto.

The creation and issuance of a Series and the authentication and delivery thereof are not subject to any conditions precedent.

**Section e. Execution and Authentication.**

One Officer shall sign the Securities for the Company by manual, electronic or facsimile signature.

If an Officer whose signature is on a Security no longer holds that office at the time the Trustee authenticates the Security, the Security shall nevertheless be valid.

A Security shall not be valid until the Trustee signs the certificate of authentication on the Security by manual, electronic or facsimile signature. The signature shall be conclusive evidence that the Security has been authenticated under this Base Indenture.

At any time and from time to time after the execution and delivery of this Indenture, the Company may deliver Securities of any series executed by the Company to the Trustee for authentication. Each Security shall be dated the date of its authentication. The Trustee shall authenticate Securities for original issue upon receipt of, and shall be fully protected in relying upon:

- (i) an order to the Trustee signed by an Officer of the Company directing the Trustee to authenticate the Securities;
- (ii) an Officer's Certificate of the Company delivered in accordance with Section 11.04; and
- (iii) an Opinion of Counsel delivered in accordance with Section 11.04.

The Trustee shall have the right to decline to authenticate and deliver any Securities under this Section if the Trustee, being advised by counsel, determines that such action may not lawfully be taken or if the Trustee in good faith shall determine that such action would expose the Trustee to personal liability to existing Holders.

**Section f. Registrar and Paying Agent.**

The Company shall maintain an office or agency where Securities may be presented for registration of transfer or where Securities of a Series that are convertible or exchangeable may be surrendered for conversion or exchange (“**Registrar**”), an office or agency where Securities may be presented for payment (“**Paying Agent**”) and an office or agency where notices and demands to or upon the Company in respect of the Securities and this Indenture may be served. The Registrar shall keep a register of the Securities and of their transfer and exchange (the “**Security Register**”). The Company may have one or more co-Registrars and one or more additional paying agents. The term “Paying Agent” includes any additional paying agent. The Company may at any time rescind the designation of any Registrar or Paying Agent or approve a change in the office through which the Registrar or Paying Agent acts.

The Company shall enter into an appropriate agency agreement with any Agent not a party to this Base Indenture. The agreement shall implement the provisions of this Indenture that relate to such Agent. The Company shall promptly notify the Trustee in writing of the name and address of any such Agent and the Trustee shall have the right to inspect the Securities Register at all reasonable times to obtain copies thereof, and the Trustee shall have the right to rely upon such register as to the names and addresses of the Holders and the principal amounts and certificate numbers thereof. If the Company fails to maintain a Registrar or Paying Agent or fails to give the foregoing notice, the Trustee shall act as such.

The Company initially appoints the Trustee as Registrar and Paying Agent.

**Section g. Paying Agent to Hold Money in Trust.**

Each Paying Agent shall hold in trust for the benefit of Securityholders and the Trustee all money held by the Paying Agent for the payment of principal of or interest on the Securities, and shall notify the Trustee of any default by the Company in making any such payment. If the Company or a Subsidiary acts as Paying Agent, it shall segregate the money and hold it as a separate trust fund. The Company at any time may require a Paying Agent to pay all money held by it to the Trustee. Upon doing so the Paying Agent shall have no further liability for the money. Upon an Event of Default under Section 6.01(4) or (5) the Trustee shall automatically be the Paying Agent.

**Section h. Securityholder Lists.**

The Trustee shall preserve in as current a form as is reasonably practicable the most recent list available to it of the names and addresses of Securityholders. If the Trustee is not the Registrar, the Company shall furnish to the Trustee at least five Business Days before each semiannual interest payment date and at such other times as the Trustee may request in writing a list in such form and as of such date as the Trustee may reasonably require of the names and addresses of Securityholders.

**Section i. Transfer and Exchange.**

Where a Security is presented to the Registrar or a co-Registrar with a request to register a transfer, the Registrar shall register the transfer as requested if the requirements of Section 8-401(a) of the NYUCC are met and the other provisions of this Section 2.06 and, to the extent applicable, Section 2.15, are satisfied. Where Securities are presented to the Registrar or a co-Registrar with a request to exchange them for an equal principal amount of Securities of other denominations, the Registrar shall make the exchange as requested if the same requirements are met. To permit transfers and exchanges, the Trustee shall authenticate Securities at the Registrar’s request. The Registrar need not transfer or exchange any Security selected for redemption or repurchase, or transfer or exchange

any Security for a period of 15 days before a selection of Securities to be redeemed or repurchased. Any exchange or transfer shall be without charge, except that the Company may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto except in the case of exchanges pursuant to Section 2.09, Section 3.06, or Section 9.05 not involving any transfer. In connection with the foregoing, the Registrar may require a Holder to furnish appropriate endorsements and transfer documents.

Any Holder of a Global Security shall, by acceptance of such Global Security, agree that transfers of beneficial interests in such Global Security may be effected only through a book entry system maintained by the Holder of such Global Security (or its agent), and that ownership of a beneficial interest in the Security shall be required to be reflected in a book entry.

**Section j. Replacement Securities.**

If the Holder of a Security claims that the Security has been lost, destroyed, mutilated or wrongfully taken, the Company shall issue and execute a replacement security and, upon written request of any Officer of the Company, the Trustee shall authenticate such replacement Security, *provided*, in the case of a lost, destroyed or wrongfully taken Security, that the requirements of Section 8-405 of the NYUCC are met. If any such lost, destroyed, mutilated or wrongfully taken Security shall have matured or shall be about to mature, the Company may, instead of issuing a substitute Security therefor, pay such Security without requiring (except in the case of a mutilated Security) the surrender thereof. An indemnity bond must be sufficient in the judgment of the Trustee to protect the Trustee and in the judgment of the Company to protect the Company, the Trustee and any Agent from any loss which any of them may suffer if a Security is replaced, including the acquisition of such Security by a bona fide purchaser. The Company and the Trustee may charge for their expenses in replacing a Security.

**Section k. Outstanding Securities.**

Securities outstanding at any time are all Securities authenticated by the Trustee except for those cancelled by it and those described in this Section. A Security does not cease to be outstanding because the Company or one of its Affiliates holds the Security.

If a Security is replaced pursuant to Section 2.07, it ceases to be outstanding unless the Trustee receives proof satisfactory to it that the replaced Security is held by a “protected purchaser” (as such term is defined in the NYUCC).

If the Paying Agent holds on a redemption date, purchase date or maturity date money sufficient to pay Securities payable on that date, then on and after that date such Securities cease to be outstanding and interest on them ceases to accrue.

Subject to the foregoing provisions of this Section, each Security delivered under this Indenture upon registration of transfer of or in exchange for or in lieu of any other Security shall carry the rights to interest accrued and unpaid, and to accrue, which were carried by such other Security.

**Section l. Temporary Securities.**

Until Definitive Securities are ready for delivery, the Company may execute and the Trustee shall (upon receipt of an order from the Company) authenticate temporary Securities. Temporary Securities shall be substantially in the form of Definitive Securities but may have variations that the Company considers appropriate for temporary Securities. Without unreasonable delay, the Company shall prepare and, upon surrender for cancellation

of the temporary Security, the Company shall execute and the Trustee shall authenticate Definitive Securities in exchange for temporary Securities. Until so exchanged, the temporary Securities shall in all respects be entitled to the same benefits under this Indenture as Definitive Securities authenticated and delivered hereunder.

**Section m. Cancellation.**

The Company at any time may deliver Securities to the Trustee for cancellation. The Registrar and Paying Agent shall forward to the Trustee any Securities surrendered to them for registration of transfer, exchange, redemption, purchase or payment. The Trustee and no one else shall cancel and dispose of such cancelled or tendered Securities, or retain in accordance with its standard retention policy, all Securities surrendered for registration of transfer, exchange, redemption, purchase, payment or cancellation. Unless the Authorizing Resolution, Officer's Certificate or supplemental indenture so provides, the Company may not issue new Securities to replace Securities that it has previously paid or delivered to the Trustee for cancellation.

**Section n. Defaulted Interest.**

If the Company defaults in a payment of interest on the Securities of any Series, it shall pay the defaulted interest *plus* any interest payable on the defaulted interest to the persons who are Securityholders of such Series on a subsequent special record date. The Company shall fix such special record date and a payment date. At least 15 days before such special record date, the Company shall send to each Securityholder of the relevant Series (with a copy to the Trustee) a notice that states the record date, the payment date and the amount of defaulted interest to be paid. On or before the date such notice is sent, the Company shall deposit with the Paying Agent money sufficient to pay the amount of defaulted interest to be so paid. The Company may pay defaulted interest in any other lawful manner if, after notice given by the Company to the Trustee of the proposed payment, such manner of payment shall be deemed practicable by the Trustee.

**Section o. Treasury Securities.**

In determining whether the Holders of the required principal amount of Securities of a Series have concurred in any direction, waiver, consent or notice, Securities owned by the Company or any of its Affiliates shall be considered as though they are not outstanding, except that for the purposes of determining whether the Trustee shall be protected in relying on any such direction, waiver or consent, only Securities which a Trust Officer of the Trustee actually knows are so owned shall be so considered.

**Section p. CUSIP/ISIN Numbers.**

The Company in issuing the Securities of any Series may use a "CUSIP" and/or "ISIN" or other similar number, and if so, the Trustee shall use the CUSIP and/or ISIN or other similar number in notices of redemption or exchange as a convenience to Holders of such Securities; *provided* that no representation is hereby deemed to be made by the Trustee as to the correctness or accuracy of any such CUSIP and/or ISIN or other similar number printed in the notice or on such Securities, and that reliance may be placed only on the other identification numbers printed on such Securities. The Company shall promptly notify the Trustee of any change in any CUSIP and/or ISIN or other similar number.

**Section q. Deposit of Moneys.**

Prior to 1:00 p.m. New York City time on each interest payment date and maturity date with respect to each Series of Securities, the Company shall have deposited with the Paying Agent in immediately available funds money



in the applicable currency sufficient to make cash payments due on such interest payment date or maturity date, as the case may be, in a timely manner which permits the Paying Agent to remit payment to the Holders of such Series on such interest payment date or maturity date, as the case may be.

**Section r. Book-Entry Provisions for Global Security.**

(i) Any Global Security of a Series initially shall (i) be registered in the name of the Depositary or the nominee of such Depositary, (ii) be delivered to the Trustee as custodian for such Depositary and (iii) bear any required legends.

Members of, or participants in, the Depositary (“**Agent Members**”) shall have no rights under this Indenture with respect to any Global Security held on their behalf by the Depositary, or the Trustee as its custodian, or under the Global Security, and the Depositary may be treated by the Company, the Trustee and any agent of the Company or the Trustee as the absolute owner of the Global Security for all purposes whatsoever. Notwithstanding the foregoing, nothing herein shall prevent the Company, the Trustee or any agent of the Company or the Trustee from giving effect to any written certification, proxy or other authorization furnished by the Depositary or impair, as between the Depositary and its Agent Members, the operation of customary practices governing the exercise of the rights of a Holder of any Security.

(ii) Transfers of any Global Security shall be limited to transfers in whole, but not in part, to the Depositary, its successors or their respective nominees. Global Securities of a Series will be exchangeable for Definitive Securities of such Series without interest coupons only in the following limited circumstances: (i) the Depositary (1) notifies the Company that it is unwilling or unable to continue as depositary for such Global Securities of such Series or (2) has ceased to be a clearing agency registered under the Exchange Act, and in either case, the Company fails to appoint a successor Depositary within 90 days; (ii) the Company notifies the Trustee in writing that the Company has elected to cause the issuance of such Definitive Securities of such Series under the Indenture or (iii) an Event of Default has occurred and is continuing with respect to Securities of such Series and the Registrar has received a request from the Depositary to issue Definitive Securities of such Series. In all such cases, Definitive Securities delivered in exchange for any Global Securities or beneficial interests therein will be registered in the names, and issued in any approved denominations, requested by or on behalf of the Depositary (in accordance with its customary procedures).

(iii) In connection with any transfer or exchange of a portion of the beneficial interest in any Global Security to beneficial owners pursuant to paragraph (b), the Registrar shall (if one or more Definitive Securities are to be issued) reflect on its books and records the date and a decrease in the principal amount of the Global Security in an amount equal to the principal amount of the beneficial interest in the Global Security to be transferred, and the Company shall execute, and the Trustee shall authenticate and deliver, one or more Definitive Securities of like Series and amount.

(iv) In connection with the transfer of an entire Global Security to beneficial owners pursuant to paragraph (b), the Global Security shall be deemed to be surrendered to the Trustee for cancellation, and the Company shall execute, and the Trustee shall authenticate and deliver, to each beneficial owner identified by the Depositary in exchange for its beneficial interest in the Global Security, an equal aggregate principal amount of Definitive Securities of the same Series in authorized denominations.

(v) The Holder of any Global Security may grant proxies and otherwise authorize any person, including Agent Members and persons that may hold interests through Agent Members, to take any action which a Holder is entitled to take under this Indenture or the Securities of such Series.

(vi) Unless otherwise provided in the Authorizing Resolution or supplemental indenture for a particular Series of Securities, each Global Security of such Series shall bear legends in substantially the following forms:

“THIS GLOBAL SECURITY IS HELD BY THE DEPOSITARY (AS DEFINED IN THE INDENTURE GOVERNING THIS SECURITY) OR ITS NOMINEE IN CUSTODY FOR THE BENEFIT OF THE HOLDERS OF BENEFICIAL INTERESTS HEREIN, AND IS NOT TRANSFERABLE TO ANY PERSON UNDER ANY CIRCUMSTANCES EXCEPT THAT (I) THE TRUSTEE MAY MAKE ANY SUCH NOTATIONS HEREON AS MAY BE REQUIRED PURSUANT TO THE INDENTURE, (II) THIS GLOBAL SECURITY MAY BE EXCHANGED IN WHOLE BUT NOT IN PART PURSUANT TO SECTION 2.06 OF THE BASE INDENTURE, (III) THIS GLOBAL SECURITY MAY BE DELIVERED TO THE TRUSTEE FOR CANCELLATION PURSUANT TO THE INDENTURE AND (IV) THIS GLOBAL SECURITY MAY BE TRANSFERRED AS A WHOLE, BUT NOT IN PART, TO THE DEPOSITARY, ITS SUCCESSORS OR THEIR RESPECTIVE NOMINEES.”

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION (“DTC”), TO ISSUER OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT, ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.”

**Section s. No Duty to Monitor.**

The Trustee shall have no obligation or duty to monitor, determine or inquire as to compliance with any restrictions on transfer imposed under this Indenture or under applicable law with respect to any transfer of any interest in any Security (including any transfers between or among Agent Members or beneficial owners of interests in any Global Security) other than to require delivery of such certificates and other documentation or evidence as are expressly required by, and to do so if and when expressly required by the terms of, this Indenture, and to examine the same to determine substantial compliance as to form with the express requirements hereof.

Neither the Trustee nor any Agent shall have any responsibility for any actions taken or not taken by the Depositary.

**Article 3.**  
**REDEMPTION; Repurchase**

**Section t.     Notices to Trustee.**

Securities of a Series that are redeemable prior to maturity shall be redeemable in accordance with their terms and, unless the Authorizing Resolution or supplemental indenture provides otherwise, in accordance with this Article Three.

If the Company wants to redeem Securities pursuant to any provisions of such Securities permitting the Company to redeem such Securities at its option, it shall notify the Trustee in writing of the redemption date and the principal amount of Securities to be redeemed. Any such notice may be cancelled at any time prior to notice of such redemption being sent to Holders. Any such cancelled notice shall be void and of no effect.

If the Company wants to credit any Securities previously redeemed, retired or acquired against any redemption pursuant to any provisions of such Securities, it shall notify the Trustee of the amount of the credit and it shall deliver any Securities not previously delivered to the Trustee for cancellation with such notice.

The Company shall give each notice provided for in this Section 3.01 at least two days before the notice of any such redemption is to be delivered to Holders (unless a shorter notice shall be satisfactory to the Trustee).

**Section u.     Selection of Securities to be Redeemed.**

If fewer than all of the Securities of a Series are to be redeemed, the Trustee (or Depositary, as applicable) shall select the Securities to be redeemed pro rata, by lot, or such other method the Trustee (or Depositary, as applicable) considers fair and appropriate and in a manner that complies with applicable requirements of the Depositary. The Trustee (or Depositary, as applicable) shall make the selection from Securities outstanding not previously called for redemption and shall promptly notify the Company of the serial numbers or other identifying attributes of the Securities so selected. The Trustee (or Depositary, as applicable) may select for redemption portions of the principal of Securities that have denominations larger than the minimum denomination for the Series. Securities and portions of them it selects shall be in amounts equal to a permissible denomination for the Series. Provisions of this Indenture that apply to Securities called for redemption also apply to portions of Securities called for redemption.

Unless otherwise provided in the Authorizing Resolution, Officer's Certificate or supplemental indenture relating to a Series, if any Security selected for partial redemption is converted into or exchanged for common stock or other securities, cash or other Property in part before termination of the conversion or exchange right with respect to the portion of the Security so selected, the converted portion of such Security shall be deemed (so far as may be) to be the portion selected for redemption. Securities which have been converted or exchanged during a selection of Securities to be redeemed shall be treated by the Trustee as outstanding for the purpose of such selection.

**Section v.     Notice of Redemption.**

At least 10 days but not more than 60 days before a redemption date, the Company shall send a notice of redemption by first-class mail, postage prepaid (or in the case of Global Securities, deliver electronically in accordance with the applicable procedures of the Depositary), to each Holder of Securities to be redeemed (with a copy to the Trustee).

The notice shall identify the Securities to be redeemed and shall state:

- (1) the redemption date;
- (2) the redemption price or the formula pursuant to which such price will be calculated;
- (3) if any Security is being redeemed in part, the portion of the principal amount of such Security to be redeemed and that, after the redemption date, upon surrender of such Security, a new Security or Securities in principal amount equal to the unredeemed portion shall be issued upon cancellation of the original Security;
- (4) in the case of Securities of a Series that are convertible or exchangeable into shares of the Company's common stock or other securities, cash or other Property, the conversion or exchange price or rate, the date or dates on which the right to convert or exchange the principal of the Securities of such Series to be redeemed will commence or terminate and the place or places where such Securities may be surrendered for conversion or exchange;
- (5) the name and address of the Paying Agent;
- (6) that Securities called for redemption must be surrendered to the Paying Agent to collect the redemption price;
- (7) that, unless the Company defaults in payment of the redemption price, interest on Securities called for redemption ceases to accrue on and after the redemption date;
- (8) that the Securities are being redeemed pursuant to the mandatory redemption or the optional redemption provisions, as applicable; and
- (9) the CUSIP number and that no representation is hereby deemed to be made by the Trustee as to the correctness or accuracy of any such CUSIP and/or ISIN or other similar number printed in the notice or on such Securities, and that reliance may be placed only on the other identification numbers printed on such Securities.

At the Company's request, the Trustee shall give the notice of redemption in the Company's name and at its expense; *provided, however*, that the Company shall deliver to the Trustee at least five days prior to the date on which notice of redemption is to be sent or such shorter period as may be satisfactory to the Trustee, an Officer's Certificate requesting that the Trustee give such notice and setting forth the information to be stated in such notice as provided in the preceding paragraph and the form of such notice.

**Section w. Effect of Notice of Redemption.**

Once notice of redemption is sent, Securities called for redemption become due and payable on the redemption date and at the redemption price as set forth in the notice of redemption. Upon surrender to the Paying Agent, such Securities shall be paid at the redemption price, *plus* accrued and unpaid interest to the redemption date. Notices of redemption may be subject to one or more conditions. In the event that any such conditions are not satisfied the Company may amend or revoke such notice of redemption by sending notice to Securityholders (with a copy to the Trustee) in accordance with the applicable procedures of the Depository.

**Section x. Deposit of Redemption Price.**

On or before the redemption date, the Company shall deposit with the Paying Agent immediately available funds in the applicable currency sufficient to pay the redemption price of and accrued interest on all Securities to be redeemed on that date.

**Section y. Securities Redeemed in Part.**

Upon surrender of a Security that is redeemed in part, the Company shall execute and the Trustee shall authenticate for each Holder a new Security of the same Series equal in principal amount to the unredeemed portion of the Security surrendered.

**Section a. Repurchases in the Open Market.**

The Company or any Affiliate of the Company may at any time or from time to time repurchase any of the Securities in the open market or otherwise, whether from one Noteholder or several Noteholders, or whether in one repurchase or a series of repurchases. Such Securities may, at the option of the Company or the relevant Affiliate of the Company, be held, resold or surrendered to the Trustee for cancellation.

**Article 4.  
COVENANTS**

**Section b. Payment of Securities.**

The Company shall pay the principal of and interest on a Series on the dates, in the currency and in the manner provided in the Securities of the Series. An installment of principal or interest shall be considered paid on the date it is due if the Paying Agent holds on that date money in the applicable currency designated for and sufficient to pay the installment.

The Company shall pay interest on overdue principal at the rate borne by the Series; it shall pay interest on overdue installments of interest at the same rate.

**Section c. Maintenance of Office or Agency.**

The Company shall maintain the office or agency required under Section 2.03. The Company shall give prior written notice to the Trustee of the location, and any change in the location, of such office or agency. If at any time the Company shall fail to maintain any such required office or agency or shall fail to furnish the Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served at the address of the Trustee, provided that the Trustee shall not be the agent for service of legal process on the Company.

**Section d. Compliance Certificate.**

The Company shall deliver to the Trustee within 120 days after the end of each fiscal year of the Company an Officer's Certificate stating whether or not the signer knows of any continuing Event of Default by the Company in performing any of its obligations under this Indenture. If the signer does know of such an Event of Default, the certificate shall describe such Event of Default.

**Section e. Waiver of Stay, Extension or Usury Laws.**

The Company covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay or extension law or any usury law or other law that would prohibit or forgive the Company from paying all or any portion of the principal of or interest on the Securities of any Series as contemplated herein, wherever enacted, now or at any time hereafter in force, or which may affect the covenants or the performance of this Indenture; and (to the extent that it may lawfully do so) the Company expressly waives all benefit or advantage of any such law, and covenants that it will not hinder, delay or impede the execution of any power herein granted to the Trustee, but will suffer and permit the execution of every such power as though no such law had been enacted.

**Section f. SEC Reports.**

The Company covenants to comply with Section 314 of the TIA. Delivery of such information and documents to the Trustee under this Section 4.05 is for informational purposes only and the Trustee's receipt of such shall not constitute actual or constructive knowledge of any information contained therein or determinable from information contained therein, including the Company's compliance with any of its covenants hereunder (as to which the Trustee is entitled to rely exclusively on Officer's Certificates).

**Article 5.  
SUCCESSOR CORPORATION**

**Section g. When Company May Merge, etc.**

The Company will not consolidate or merge with or into, or sell, lease, convey or otherwise dispose of all or substantially all of its assets (including by way of liquidation or dissolution) to, any Person (in each case other than in a transaction in which the Company is the survivor of a consolidation or merger, or the transferee in a sale, lease, conveyance or other disposition) unless:

- (1) the Person formed by or surviving such consolidation or merger (if other than the Company), or to which such sale, lease, conveyance or other disposition will be made (collectively, the "**Successor**"), is a corporation or other legal entity organized and existing under the laws of the United States or any state thereof or the District of Columbia, and the Successor assumes by supplemental indenture all of the obligations of the Company under any outstanding Securities and the Indenture as it relates to such outstanding Securities, and
- (2) immediately after giving effect to such transaction, no Event of Default has occurred and is continuing.

The foregoing provisions shall not apply to a transaction the purpose of which is to change the state of incorporation of the Company.

The Company shall deliver to the Trustee prior to the consummation of the proposed transaction an Officer's Certificate and an Opinion of Counsel stating that the proposed transaction and any supplemental indenture comply with this Indenture.

Upon any such consolidation, merger, sale, lease, conveyance or other disposition, the Successor will be substituted for the Company under the Indenture. The Successor may then exercise every power and right of the

Company under this Indenture, and except in the case of a lease, the Company will be released from all of its liabilities and obligations in respect of the Securities and the Indenture. If the Company leases all or substantially all of its assets the Company will not be released from its obligations to pay the principal of and interest, if any, on the Securities.

**Article 6.**  
**DEFAULTS AND REMEDIES**

**Section h. Events of Default.**

An “**Event of Default**” on a Series occurs if, voluntarily or involuntarily, whether by operation of law or otherwise, any of the following occurs:

- (1) the failure by the Company to pay interest on any Security of such Series when the same becomes due and payable and the continuance of any such failure for a period of 30 days;
- (2) the failure by the Company to pay the principal of any Security of such Series when the same becomes due and payable at maturity, upon acceleration, redemption or otherwise;
- (3) the failure by the Company to comply with any of its agreements or covenants in, or provisions of, the Securities of such Series or this Indenture (as they relate thereto) and such failure continues for the period and after the notice specified below;
- (4) the Company pursuant to or within the meaning of any Bankruptcy Law:
  - (A) commences a voluntary case,
  - (B) consents to the entry of an order for relief against it in an involuntary case,
  - (C) consents to the appointment of a Custodian of it or for all or substantially all of its Property, or
  - (D) makes a general assignment for the benefit of its creditors;
- (5) a court of competent jurisdiction enters an order or decree under any Bankruptcy Law that:
  - (A) is for relief against the Company as debtor in an involuntary case,
  - (B) appoints a Custodian of the Company or a Custodian for all or substantially all of the Property of the Company, or
  - (C) orders the liquidation of the Company, and the order or decree remains unstayed and in effect for 60 days.

A Default described in subclause (3) above will not be deemed an Event of Default until the Trustee notifies the Company, or the Holders of at least 25 percent in principal amount of the then outstanding Securities of the applicable Series notify the Company and the Trustee, of the Default and the Company does not cure the Default within 90 days after receipt of the notice. The notice must specify the Default, demand that it be remedied and state

that the notice is a "Notice of Default." If such a Default is cured within such time period, such Default ceases to exist, without any action by the Trustee or any other Person.

The term "**Custodian**" means any receiver, trustee, assignee, liquidator, custodian or similar official under any Bankruptcy Law.

**Section i. Acceleration.**

If an Event of Default (other than an Event of Default with respect to the Company resulting from subclause (4) or (5) of Section 6.01), shall have occurred and be continuing under the Indenture, the Trustee by notice to the Company, or the Holders of at least 25 percent in principal amount of the Securities of the applicable Series then outstanding by notice to the Company and the Trustee, may declare all Securities of such Series to be due and payable immediately. Upon such declaration of acceleration, the amounts due and payable on the Securities of such Series will be due and payable immediately. If an Event of Default with respect to the Company specified in subclause (4) or (5) of Section 6.01 occurs, all unpaid principal and accrued interest of the Securities of such Series will become and be immediately due and payable without any declaration, notice or other act on the part of the Trustee and the Company or any Holder.

At any time after such a declaration of acceleration with respect to any Series has been made, the Holders of a majority in principal amount of the outstanding Securities of that Series, by written notice to the Company and the Trustee, may rescind and annul such declaration and its consequences, if the rescission would not conflict with any judgment or decree and if:

(1) the Company has paid or deposited with the Trustee a sum sufficient to pay:

(A) all overdue interest on all Securities of that Series,

(B) the principal of (and premium, if any, on) any Securities of that Series which have become due otherwise than by such declaration of acceleration and any interest thereon at the rate or rates prescribed therefor in such Securities,

(C) to the extent that payment of such interest is lawful, interest upon overdue interest at the rate or rates prescribed therefor in such Securities, and

(D) all sums paid or advanced by the Trustee hereunder and the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel; and

(2) all Events of Default with respect to the Securities of that Series, other than the non-payment of the principal and interest, if any, of the Securities of that Series which have become due solely by such declaration of acceleration, have been cured or waived as provided in Section 6.04.

No such rescission shall extend to or shall affect any subsequent Event of Default, or shall impair any right or power consequent thereon.



**Section j. Other Remedies.**

If an Event of Default on a Series occurs and is continuing, the Trustee may pursue any available remedy by proceeding at law or in equity to collect the payment of principal of or interest on the Series or to enforce the performance of any provision in the Securities or this Indenture applicable to the Series.

The Trustee may maintain a proceeding even if it does not possess any of the Securities or does not produce any of them in the proceeding. A delay or omission by the Trustee or any Securityholder in exercising any right or remedy accruing upon an Event of Default shall not impair the right or remedy or constitute a waiver of or acquiescence in the Event of Default. No remedy is exclusive of any other remedy. All available remedies are cumulative.

**Section k. Waiver of Existing Defaults.**

Subject to the last sentence of the first paragraph of Section 9.02, the Holders of a majority in aggregate principal amount of the outstanding Securities of all Series affected by a waiver, on behalf of all the Holders of all such Series by notice to the Trustee have the waive an existing Default on all such Series and its consequences (other than a Default in respect of a covenant or a provision of the Indenture that cannot be modified or amended without the consent of all Holders of the applicable Series). When a Default is waived, it is cured and stops continuing, and any Event of Default arising therefrom shall be deemed to have been cured; but no such waiver shall extend to any subsequent or other Default or impair any right consequent thereon.

**Section l. Control by Majority.**

The Holders of a majority in principal amount of the outstanding Securities of a Series may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on it with respect to such Series. The Trustee, however, may refuse to follow any direction (i) that conflicts with law or this Indenture, (ii) that, subject to Section 7.01, the Trustee determines is unduly prejudicial to the rights of other Securityholders, (iii) that would involve the Trustee in personal liability, if there shall be reasonable grounds for believing that adequate indemnity against such liability is not reasonably assured to it, or (iv) if the Trustee shall not have been provided with indemnity satisfactory to it.

**Section m. Limitation on Suits.**

A Securityholder of a Series may not pursue any proceeding, judicial or otherwise, with respect to the Indenture, such Series, or Securities in respect of any such Series, or for the appointment of a receiver or trustee, or for any remedy with respect to this Indenture or the Series unless:

- (1) the Holder has previously given to the Trustee written notice of a continuing Event of Default on the Series;
- (2) the Holders of at least 25% in aggregate principal amount of the outstanding Securities of the Series have made a written request to the Trustee to institute such proceeding as Trustee;
- (3) such Holder or Holders offer to the Trustee indemnity reasonably satisfactory to the Trustee against any loss, liability or expense;

- (4) the Trustee does not comply with the request within 60 days after receipt of the request and the offer of indemnity; and
- (5) no written request inconsistent with such written request shall have been given to the Trustee by the Holders of a majority in aggregate principal amount of the outstanding Securities of such Series.

A Securityholder may not use this Indenture to prejudice the rights of another Holder of Securities of the same Series or to obtain a preference or priority over another Holder of Securities of the same Series (it being understood that the Trustee does not have an affirmative duty to ascertain whether or not such actions or forbearances by such Holder are unduly prejudicial to another Holder).

**Section n. Rights of Holders to Receive Payment.**

Notwithstanding any other provision of this Indenture, if applicable by the terms of any such Security, the right of any Holder to receive payment of principal of and interest on any Security, on or after the respective due dates expressed in the Security, or to bring suit for the enforcement of any such payment on or after such respective dates, is absolute and unconditional and shall not be impaired or affected without the consent of the Holder.

**Section o. Collection Suit by Trustee.**

If an Event of Default in payment of interest or principal specified in Section 6.01(1) or (2) occurs and is continuing, the Trustee may recover judgment in its own name and as trustee of an express trust against the Company for the whole amount of principal and interest remaining unpaid.

**Section p. Trustee May File Proofs of Claim.**

The Trustee may file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the reasonable compensation, expenses, disbursements, and advances of the Trustee, its agents and counsel) and the Securityholders allowed in any judicial proceedings relative to the Company or its creditors or Property, and unless prohibited by applicable law or regulation, may vote on behalf of the Holders in any election of a Custodian, and shall be entitled and empowered to collect and receive any moneys or other Property payable or deliverable on any such claims and to distribute the same and any Custodian in any such judicial proceeding is hereby authorized by each Securityholder to make such payments to the Trustee. Nothing herein shall be deemed to authorize the Trustee to authorize or consent to or vote for or accept or adopt on behalf of any Securityholder any plan of reorganization, arrangement, adjustment or composition affecting the Securities or the rights of any Holder or to authorize the Trustee to vote in respect of the claim of any Securityholder except as aforesaid for the election of the Custodian.

**Section q. Priorities.**

If the Trustee collects any money or Property pursuant to this Article with respect to Securities of any Series, it shall pay out the money in the following order:

*First:* to the Trustee for amounts due under Section 7.07;

*Second:* to Securityholders of the Series for amounts due and unpaid on the Series for principal and interest, ratably, without preference or priority of any kind, according to the amounts due and payable on the Series for principal and interest, respectively; and

*Third:* to the Company or as a court of competent jurisdiction shall direct.

The Trustee may fix a record date and payment date for any payment to Securityholders pursuant to this Section 6.10.

**Section r. Undertaking for Costs.**

In any suit for the enforcement of any right or remedy under this Indenture or in any suit against the Trustee for any action taken or omitted by it as Trustee, a court in its discretion may require the filing by any party litigant in the suit of an undertaking to pay the costs of the suit, and the court in its discretion may assess reasonable costs, including reasonable attorneys' fees and expenses, against any party litigant in the suit, having the due regard to the merits and good faith of the claims or defenses made by the party litigant. This Section does not apply to a suit by the Trustee, a suit by a Holder pursuant to Section 6.07 or a suit by Holders of more than 10% in principal amount of the Series.

**Article 7.  
TRUSTEE**

**Section s. Duties of Trustee.**

(1) If an Event of Default has occurred and is continuing with respect to Securities of any Series, the Trustee shall, prior to the receipt of directions from the Holders of a majority in principal amount of the Securities of the Series, exercise its rights and powers and use the same degree of care and skill in their exercise as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

(2) Except during the continuance of an Event of Default:

1. The Trustee need perform only those duties that are specifically set forth in this Indenture and no others and no implied covenants or obligations shall be read into this Indenture against the Trustee.

2. In the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture. The Trustee, however, in the case of certificates or opinions specifically required by any provision hereof to be furnished to it, shall examine the certificates and opinions to determine whether or not they conform to the requirements of this Indenture but need not confirm or investigate the accuracy of mathematical calculations or other facts or matters stated therein.

(3) The Trustee may not be relieved from liability for its own negligent action, its own negligent failure to act or its own willful misconduct, except that:

1. This paragraph does not limit the effect of paragraph (b) of this Section.

2. The Trustee shall not be liable for any error of judgment made in good faith by a Trust Officer, unless it is proved that the Trustee was negligent in ascertaining the pertinent facts.

3. The Trustee shall not be liable with respect to any action it takes or omits to take in good faith in accordance with a direction received by it pursuant to Section 6.05 or any other direction of the Holders permitted hereunder.

(4) Every provision of this Indenture that in any way relates to the Trustee is subject to paragraphs (a), (b) and (c) of this Section.

(5) The Trustee may refuse to perform any duty or exercise any right or power if the Trustee has reasonable grounds to believe that such performance or exercise would require the Trustee to expend or risk its own funds or otherwise incur any financial liability for the performance, unless it receives indemnity satisfactory to it against any loss, liability or expense.

(6) The Trustee shall not be liable for interest on any money received by it except as the Trustee may agree with the Company. Money held in trust by the Trustee need not be segregated from other funds except to the extent required by law.

(7) None of the provisions contained in this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers, if there shall be reasonable grounds for believing that the repayment of such funds or adequate indemnity against such liability is not reasonably assured to it.

**Section t. Rights of Trustee.**

Subject to Section 7.01:

(1) The Trustee may conclusively rely and shall be fully protected in acting or refraining from acting on any document, resolution, certificate, instrument, report, or direction believed by it to be genuine and to have been signed or presented by the proper person. The Trustee need not investigate any fact or matter stated in the document, resolution, certificate, instrument, report, or direction.

(2) Before the Trustee acts or refrains from acting at the request of the Company, it may require an Officer's Certificate or an Opinion of Counsel or both, which shall conform to Sections 11.04 and 11.05 hereof. The Trustee shall not be liable for any action it takes or omits to take in good faith in reliance on the Officer's Certificate, Opinion of Counsel or any other direction of the Company permitted hereunder.

(3) The Trustee may act through agents and shall not be responsible for the misconduct or negligence of any agent appointed with due care.

(4) The Trustee shall not be liable for any action taken, suffered or omitted by it in good faith and believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Indenture.

(5) The Trustee may consult with counsel of its selection, and the advice of such counsel or any Opinion of Counsel as to matters of law shall be full and complete authorization and protection in respect of any action taken, omitted or suffered by it hereunder in good faith and in accordance with the advice or opinion of such counsel.

(6) Unless otherwise specifically provided in the Indenture, any demand, request, direction or notice from the Company shall be sufficient if signed by an Officer of the Company.

(7) For all purposes under this Indenture, the Trustee shall not be deemed to have notice or knowledge of any Event of Default unless written notice of any Event of Default is received by a Trust Officer of the Trustee at its address specified in Section 11.02 hereof and such notice references the Securities generally, the Company and this Indenture.

(8) The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Holders pursuant to this Indenture, unless the Trustee receives indemnity satisfactory to the Trustee against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction.

(9) The Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness or other paper or document, but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books, records and premises of the Company, personally or by agent or attorney at the sole cost of the Company and shall incur no liability or additional liability of any kind by reason of such inquiry or investigation.

(10) In no event shall the Trustee be responsible or liable for special, indirect, or consequential loss or damage of any kind whatsoever (including, but not limited to, loss of profit) irrespective of whether the Trustee has been advised of the likelihood of such loss or damage and regardless of the form of action.

(11) The rights, privileges, protections, immunities and benefits given to the Trustee, including, without limitation, its right to be indemnified, are extended to, and shall be enforceable by, the Trustee in each of its capacities hereunder, and each agent, custodian and other Person employed to act hereunder.

(12) The Trustee may request that the Company deliver a certificate setting forth the names of individuals and/or titles of officers authorized at such time to take specified actions pursuant to this Indenture.

(13) In no event shall the Trustee be responsible or liable for any failure or delay in the performance of its obligations hereunder arising out of or caused by, directly or indirectly, forces beyond its control, including, without limitation, strikes, work stoppages, accidents, acts of war or terrorism, civil or military disturbances, nuclear or natural catastrophes or acts of God, and interruptions, loss or malfunctions of utilities, communications or computer (software and hardware) services; it being understood that the Trustee shall use reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.

(14) The permissive rights of the Trustee enumerated herein shall not be construed as duties.

(15) The Trustee shall not be required to give any bond or surety in respect of the performance of its powers and duties hereunder.

**Section u. Individual Rights of Trustee.**

The Trustee in its individual or any other capacity may become the owner or pledgee of Securities and may otherwise deal with the Company or its affiliates with the same rights it would have if it were not Trustee. Any Agent may do the same with like rights. The Trustee, however, must comply with Sections 7.10 and 7.11.

**Section v. Trustee's Disclaimer.**

The Trustee makes no representation as to the validity or adequacy of this Indenture, the Securities or of any prospectus used to sell the Securities of any Series; it shall not be accountable for the Company's use of the proceeds from the Securities; it shall not be accountable for any money paid to the Company, or upon the Company's direction, if made under and in accordance with any provision of this Indenture; it shall not be responsible for the use or application of any money received by any Paying Agent other than the Trustee; and it shall not be responsible for any statement of the Company in this Indenture or in the Securities other than its certificate of authentication.

**Section w. Notice of Defaults.**

If a Default occurs hereunder with respect to a Series of Securities, the Trustee shall give the Holders of Securities of such Series notice of all Defaults known to the Trustee which have occurred with respect to such Securities, such notice to be transmitted within 90 days after the occurrence thereof, unless such Defaults shall have been cured before the giving of such notice; provided, however, that except in the case of a Default in the payment of principal or redemption price of (or premium, if any) or interest on any Securities, the Trustee shall be protected in withholding such notice if and so long as its board of directors, executive committee, or trust committee of directors or trustees and/or Trust Officers of the Trustee in good faith determine that the withholding of such notice is in the interests of the Holders of Securities of such Series.

**Section x. Reports by Trustee to Holders.**

Within 60 days after each May 15 beginning with the May 15 following the date of this Base Indenture, the Trustee shall send to each Securityholder a brief report dated as of such May 15 that complies with TIA § 313(a) (but if no event described in TIA §§ 313(a)(1) through (8) has occurred within the twelve months preceding the reporting date no report in relation thereto need be transmitted). The Trustee also shall comply with TIA § 313(b).

A copy of each report at the time of its sending to Securityholders shall be delivered to the Company and filed by the Trustee with the SEC and each national securities exchange on which the Securities are listed. The Company agrees to notify the Trustee of each national securities exchange on which the Securities are listed.

**Section y. Compensation and Indemnity.**

The Company shall pay to the Trustee from time to time reasonable compensation for its services subject to any written agreement between the Trustee and the Company (which compensation shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust). The Company shall reimburse the Trustee upon request for all reasonable out-of-pocket expenses incurred by it. Such expenses shall include the reasonable compensation and expenses of the Trustee's agents and counsel. The Company shall indemnify the Trustee, its officers, directors, employees and agents and hold it harmless against any loss, liability or expense incurred or made by or on behalf of it in connection with the administration of this Indenture or the trust hereunder and its duties hereunder including the costs and expenses of defending itself against or investigating any claim in the premises. The Trustee shall notify the Company promptly of any claim of which it has received written notice and for which it may seek indemnity. The Company need not reimburse any expense or indemnify against any loss or liability incurred by the Trustee through the Trustee's, or its Officers', directors', or employees' gross negligence or willful misconduct as determined by a final non-appealable order of competent jurisdiction.

Unless otherwise provided in any supplemental indenture or Authorizing Resolution relating to any Series, to ensure the Company's payment obligations in this Section, the Trustee shall have a lien prior to the Securities of all Series on all money or Property held or collected by the Trustee, except that held in trust to pay principal of or interest on particular Securities. When the Trustee incurs expenses or renders services in connection with an Event of Default specified in Section 6.01 or in connection with Article Six hereof, the expenses (including the reasonable fees and expenses of its counsel) and the compensation for services in connection therewith are to constitute expenses of administration under any Bankruptcy Law. This Section 7.07 shall survive the discharge of the Indenture or resignation of Trustee.

**Section z. Replacement of Trustee.**

The Trustee may resign with respect to Securities of any or all Series by so notifying the Company. The Holders of a majority in principal amount of the outstanding Securities (or of the relevant Series) may remove the Trustee by so notifying the removed Trustee in writing and may appoint a successor trustee with the Company's consent. The Trustee for one or more Series of Securities may be removed by the Company, so long as no Event of Default has occurred and is continuing with respect to such Series. The Trustee may also be removed by the Company for purposes of the Base Indenture. Such resignation or removal shall not take effect until the appointment by the Securityholders of the relevant Series or the Company as hereinafter provided of a successor trustee and the acceptance of such appointment by such successor trustee. The Company may remove the Trustee and appoint a successor trustee, and any Securityholder may petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor trustee if:

- (1) the Trustee fails to comply with Section 7.10;
- (2) the Trustee is adjudged a bankrupt or an insolvent;
- (3) a receiver or other public officer takes charge of the Trustee or its Property; or
- (4) the Trustee becomes incapable of acting.

If the Trustee resigns or is removed or if a vacancy exists in the office of Trustee for any reason, the Company shall promptly appoint a successor trustee with respect to the Securities of the relevant Series. If a successor trustee does not take office within 30 days after the retiring Trustee resigns or is removed, the retiring Trustee at the expense of the Company, the Company or any Holder may petition any court of competent jurisdiction for the appointment of a successor trustee.

A successor trustee shall deliver a written acceptance of its appointment to the retiring Trustee and to the Company. Immediately after that, the retiring Trustee shall, upon payment of its charges hereunder, transfer all Property held by it as Trustee to the successor trustee, the resignation or removal of the retiring Trustee shall become effective, and the successor trustee shall have all the rights, powers and duties of the Trustee under this Indenture. A successor trustee shall send notice of its succession to each Securityholder.

**Section aa. Successor Trustee by Merger, etc.**

If the Trustee consolidates with, merges with or into or converts into, or transfers all or substantially all of its corporate trust business to, another corporation, the successor corporation without any further act shall be the successor trustee.

**Section ab. Eligibility; Disqualification.**

This Indenture shall always have a Trustee who satisfies the requirements of TIA § 310(a)(1). The Trustee shall have a combined capital and surplus of at least \$10,000,000 as set forth in its most recent published annual report of condition. The Trustee shall comply with TIA § 310(b).

**Section ac. Preferential Collection of Claims Against Company.**

The Trustee shall comply with TIA § 311(a), excluding any creditor relationship listed in TIA § 311(b). A Trustee who has resigned or been removed shall be subject to TIA § 311(a) to the extent indicated therein.

**Article 8.  
DISCHARGE OF INDENTURE**

**Section ad. Defeasance upon Deposit of Moneys or Government Obligations; Satisfaction and Discharge.**

(1) The Company may, at its option and at any time, elect to have either paragraph (b) or paragraph (c) below be applied to the outstanding Securities of any Series upon compliance with the applicable conditions set forth in paragraph (d).

(2) Upon the Company's exercise under paragraph (a) of the option applicable to this paragraph (b) with respect to any Series, the Company shall be deemed to have been released and discharged from its obligations with respect to the outstanding Securities of the Series on the date the applicable conditions set forth below are satisfied (hereinafter, "**Legal Defeasance**"). For this purpose, such Legal Defeasance means that the Company shall be deemed to have paid and discharged the entire indebtedness represented by the outstanding Securities of a Series, which shall thereafter be deemed to be "outstanding" only for the purposes of the Sections and matters under this Indenture referred to in (i) and (ii) below, and the Company shall be deemed to have satisfied all its other obligations under such Securities and this Indenture insofar as such Securities are concerned, except for the following which shall survive until otherwise terminated or discharged hereunder: (i) the rights of Holders of outstanding Securities of a Series to receive solely from the trust fund described in paragraph (d) below and as more fully set forth in such paragraph, payments in respect of the principal of and interest on such Securities when such payments are due and (ii) the Company's obligations with respect to such Securities under Section 2.06, Section 2.07, Section 2.09 and Section 4.02, (iii) the rights, powers, trusts, duties, immunities and other provisions in respect of the Trustee hereunder and (iv) this Article Eight. The Company may exercise its option under this paragraph (b) with respect to a Series notwithstanding the prior exercise of its option under paragraph (c) below with respect to the Securities of the Series.

(3) Upon the Company's exercise under paragraph (a) of the option applicable to this paragraph (c) with respect to a Series, the Company shall be released and discharged from the obligations under any covenant contained in Article Four (except for Sections 4.01 or 4.02) or Article Five and any other covenant contained in or referenced in the Authorizing Resolution or supplemental indenture relating to such Series (to the extent such release and discharge shall not be prohibited thereby), on and after the date the conditions set forth below are satisfied (hereinafter, "**Covenant Defeasance**"), and the Securities of such Series shall thereafter be deemed to be not "outstanding" for the purpose of any direction, waiver, consent or declaration or act of Holders (and the consequences of any thereof) in connection with such covenants, but shall continue to be deemed "outstanding" for all other purposes hereunder. For this purpose, such Covenant Defeasance means that, with respect to the outstanding Securities of a Series, the Company may omit to comply with and shall have no liability in respect of any term, condition or limitation set forth in any such covenant, whether directly or indirectly, by reason of any



reference elsewhere herein to any such covenant or by reason of any reference in any such covenant to any other provision herein or in any other document and such omission to comply shall not constitute a Default or an Event of Default under Section 6.01(3) or otherwise, but, except as specified above, the remainder of this Indenture and such Securities shall be unaffected thereby.

(4) The following shall be the conditions to application of either paragraph (b) or paragraph (c) above to the outstanding Securities of the applicable Series:

1. The Company shall have irrevocably deposited in trust with the Trustee (or another qualifying trustee) money in the currency in which the Securities of such Series are payable or Government Obligations or a combination thereof in such amounts and at such times as are sufficient, in the opinion of a nationally recognized firm of independent public accountants, to pay the principal of and interest on the outstanding Securities of such Series to maturity or redemption; *provided, however*, that the Trustee (or other qualifying trustee) shall have received an irrevocable written order from the Company instructing the Trustee (or other qualifying trustee) to apply such money or the proceeds of such Government Obligations to said payments with respect to the Securities of such Series to maturity or redemption;

2. No Event of Default (other than an Event of Default resulting from non-compliance with any covenant from which the Company is released upon effectiveness of such Legal Defeasance or Covenant Defeasance pursuant to paragraph (b) or (c) hereof, as applicable) shall have occurred and be continuing on the date of such deposit or result therefrom;

3. Such deposit will not result in a breach or violation of, or constitute a default under, any other material instrument or agreement to which the Company or any of its Restricted Subsidiaries is a party or by which it or any of their Property is bound;

4. (i) In the event the Company elects paragraph (b) hereof, the Company shall deliver to the Trustee an Opinion of Counsel in the United States to the effect that (A) the Company has received from, or there has been published by, the Internal Revenue Service a ruling or (B) since the Issue Date pertaining to such Series, there has been a change in the applicable federal income tax law, in either case to the effect that, and based thereon such Opinion of Counsel shall state that, or (ii) in the event the Company elects paragraph (c) hereof, the Company shall deliver to the Trustee an Opinion of Counsel in the United States to the effect that, in the case of clauses (i) and (ii), and subject to customary assumptions and exclusions, Holders of the Securities of such Series will not recognize income, gain or loss for federal income tax purposes as a result of such deposit and the defeasance contemplated hereby and will be subject to federal income tax in the same amounts and in the same manner and at the same times as would have been the case if such deposit and defeasance had not occurred;

5. The Company shall have delivered to the Trustee an Officer's Certificate, stating that the deposit under clause (1) was not made by the Company with the intent of preferring the Holders of the Securities of such Series over any other creditors of the Company or with the intent of defeating, hindering, delaying or defrauding any other creditors of the Company or others; and

6. The Company has delivered to the Trustee an Officer's Certificate and an Opinion of Counsel, each stating that all conditions precedent specified herein relating to the defeasance contemplated by this Section 8.01 have been complied with.

In the event all or any portion of the Securities of a Series are to be redeemed through such irrevocable trust, the Company must make arrangements satisfactory to the Trustee, at the time of such deposit, for the giving of the notice of such redemption or redemptions by the Trustee in the name and at the expense of the Company.

(5) The Indenture will be discharged and will cease to be of further effect as to all outstanding Securities of any Series (except as to any surviving rights of conversion or transfer or exchange of Securities of such Series expressly provided for herein or in the form of Security for such Series), and the Trustee, at the expense of the Company, shall execute instruments reasonably requested by the Company acknowledging such satisfaction and discharge of the Indenture with respect to such Series, when:

1. All Securities of such Series theretofore authenticated and delivered (other than Securities which have been destroyed, lost or stolen and which have been replaced or paid as provided in Section 2.07 and Securities for whose payment money has theretofore been deposited in trust or segregated and held in trust by the Company and thereafter repaid to the Company or discharged from such trust) have been delivered to the Trustee for cancellation or all such Securities not theretofore delivered to the Trustee for cancellation (A) have become due and payable, (B) will become due and payable at maturity within one year or (C) are to be called for redemption within one year under arrangements satisfactory to the Trustee for the giving of notice of redemption by the Trustee in the name, and at the expense, of the Company, and in each such case, the Company has irrevocably deposited or caused to be deposited with the Trustee (or another qualifying trustee) as trust funds in trust solely for that purpose an amount of money in the currency in which the Securities of such Series are payable or Government Obligations or a combination thereof sufficient, in the opinion of a nationally recognized firm of independent public accountants, to pay and discharge the entire indebtedness on the Securities of such Series not theretofore delivered to the Trustee for cancellation, for principal of and interest on the Securities of such Series, on the date of such deposit or to the maturity or redemption date, as the case may be;

2. The Company has paid or caused to be paid all other sums payable hereunder by the Company;

3. The Company has delivered irrevocable instructions to the Trustee (or such other qualifying trustee), to apply the deposited money toward the payment of the Securities of such Series at maturity or redemption, as the case may be; and

4. The Company has delivered to the Trustee an Officer's Certificate and an Opinion of Counsel, stating that all conditions precedent specified in this Section 8.01(e) relating to the satisfaction and discharge of this Indenture have been complied with.

**Section ac. Survival of the Company's Obligations.**

Notwithstanding the satisfaction and discharge of this Indenture with respect to any Series under Section 8.01(e), the obligations of the Company to the Trustee under Section 7.07, and, if money shall have been deposited with the Trustee pursuant to Section 8.01(e)(1), the obligations of the Trustee under Section 8.03 and Section 8.04 shall survive.

**Section af. Application of Trust Money.**

The Trustee shall hold in trust money or Government Obligations deposited with it pursuant to Section 8.01. It shall apply the deposited money and the money from Government Obligations in accordance with this Indenture to the payment of principal of and interest on the Securities of the defeased or discharged Series.

**Section ag. Repayment to the Company.**

The Trustee and the Paying Agent shall promptly pay to the Company upon request any excess money or securities held by them at any time. The Trustee and the Paying Agent shall pay to the Company any money held by them for the payment of principal or interest that remains unclaimed for two years, *provided, however*, that the Trustee or such Paying Agent, before being required to make any such repayment, may at the expense of the Company cause to be published once in a newspaper of general circulation in the City of New York or send to each such Holder notice that such money remains unclaimed and that, after a date specified therein, which shall not be less than 30 days from the date of such publication or sending, any unclaimed balance of such money then remaining will be repaid to the Company. After payment to the Company, Securityholders entitled to the money must look solely to the Company for payment unless applicable abandoned property law designates another Person and all liability of the Trustee or such Paying Agent with respect to such money shall cease.

**Section ah. Reinstatement.**

If the Trustee is unable to apply any money or Government Obligations in accordance with Section 8.01(b) or (c) by reason of any legal proceeding or by reason of any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, the Company's obligations under this Indenture and the Securities relating to the Series shall be revived and reinstated as though no deposit had occurred pursuant to Section 8.01(b) or (c), as applicable, until such time as the Trustee is permitted to apply all such money or Government Obligations in accordance with Section 8.01(b) or (c), as applicable; *provided, however*, that (a) if the Company has made any payment of interest on or principal of any Securities of the Series because of the reinstatement of its obligations hereunder, the Company shall be subrogated to the rights of the Holders of such Securities to receive such payment from the money or Government Obligations held by the Trustee and (b) unless otherwise required by any legal proceeding or any order or judgment of any court or governmental authority, the Trustee shall return all such money or Government Obligations to the Company promptly after receiving a written request therefor at any time, if such reinstatement of the Company's obligations has occurred and continues to be in effect.

**Article 9.**

**AMENDMENTS, SUPPLEMENTS AND WAIVERS**

**Section ai. Without Consent of Holders.**

The Company and the Trustee may amend or supplement this Indenture or the Securities of a Series without notice to or consent of any Securityholder of such Series:

- (1) to cure any ambiguity or to correct or supplement any provision of the Indenture which may be defective or inconsistent with any other provision in the Indenture;
- (2) to comply with Article Five (or any other provisions of the Indenture regarding the consolidation or merger of the Company or the sale, conveyance, transfer, lease or other disposition of all or substantially all of its Property);
- (3) to create a Series and establish its terms;
- (4) to provide for uncertificated Securities in addition to or in place of certificated Securities;

- (5) to add to the covenants of the Company for the benefit of the Holders of all or any Series or to surrender any right or power conferred upon the Company by the Indenture;
- (6) to add any additional Events of Default for the benefit of Holders of all or any Series;
- (7) to add a guarantor or obligor in respect of any Series;
- (8) to secure any Series;
- (9) to comply with requirements of the SEC in order to effect or maintain the qualification of this Indenture under the TIA;
- (10) to evidence and provide for the acceptance of appointment of a successor trustee with respect to the Securities of one or more Series and to add to or change any of the provisions of the Indenture as shall be necessary to provide for or facilitate the administration of the trusts under the Indenture by more than one trustee pursuant to the requirements set forth in the Indenture;
- (11) to make any change that does not adversely affect the rights of any Securityholder in any material respect; and
- (12) to conform the provisions of the Indenture to the final prospectus or offering memorandum in respect of any Series.

After an amendment under this Section 9.01 becomes effective, the Company shall send notice of such amendment to the Securityholders (with a copy to the Trustee).

**Section aj. With Consent of Holders.**

The Company and the Trustee may amend or supplement this Indenture or the Securities of a Series without notice to any Securityholder of such Series but with the written consent of the Holders of at least a majority in principal amount of the outstanding Securities of each Series affected by the amendment or supplement (voting as one class) (including consents obtained in connection with a purchase of, or tender offer or exchange offer for, Securities of such Series). The Holders of a majority in principal amount of the outstanding Securities of each Series affected by a waiver (voting as one class) may waive any existing Default under, or compliance with, any provision of the Securities of each such Series or of this Indenture relating to each such Series without notice to any Securityholder (including any waiver granted in connection with a purchase of, or tender offer or exchange offer for, Securities of such Series). Without the consent of each Holder of a Security affected thereby, however, an amendment, supplement or waiver, including a waiver pursuant to Section 6.04, may not:

1. change the stated maturity of the principal of, or any installment of principal of or interest thereon, or reduce the principal amount thereof or the rate of interest thereon or any premium payable upon the redemption thereof, or change the coin or currency in which, such Security or any premium or interest thereon is payable, or impair the right to institute suit for the enforcement of any such payment on or after the stated maturity thereof (or, in the case of redemption, on or after the redemption date);

2. make any change to Section 6.04, except to increase the percentage in principal amount of Securities of any Series the consent of whose Holders is required for any waiver or to provide that certain other

provisions of the Indenture cannot be modified or waived without the consent of the Holder of each outstanding Security affected thereby;

3. waive a continuing Default or Event of Default in the payment of the principal of or interest on any Security or a continuing Default or Event of Default in respect of a covenant or a provision of the Indenture that cannot be modified or amended without the consent of all Holders of the applicable Securities; or

4. reduce the percentage in principal amount of Securities of any Series the consent of whose Holders is required for any amendment, supplement or waiver.

Any amendment, supplement or waiver which changes or eliminates any covenant or other provision of the Indenture which shall have been included expressly and solely for the benefit of one or more particular Series of Securities, or which modifies the rights of the Holders of such Series with respect to such covenant or other provision, shall be deemed not to affect the rights of the Holders of any other Series.

It shall not be necessary for the consent of the Holders under this Section to approve the particular form of any proposed supplement, but it shall be sufficient if such consent approves the substance thereof.

**Section ak. Compliance with Trust Indenture Act.**

If applicable, every amendment to or supplement of this Indenture or any Securities shall comply with the TIA as then in effect.

**Section al. Revocation and Effect of Consents.**

A consent to an amendment, supplement or waiver by a Holder shall bind the Holder and every subsequent Holder of a Security or portion of a Security that evidences the same debt as the consenting Holder's Security, even if notation of the consent is not made on any Security. Unless otherwise provided in the consent or the consent solicitation statement or other document describing the terms of the consent, any Holder or subsequent Holder may revoke the consent as to its Security or portion of a Security. Any revocation of a consent by the Holder of a Security or any such subsequent Holder shall be effective only if the Trustee receives the notice of revocation before the date on which the Trustee receives an Officer's Certificate from the Company certifying that the requisite number of consents have been received.

The Company may, but shall not be obligated to, fix a record date for the purpose of determining the Holders of Securities of any Series entitled to consent to any amendment, supplement or waiver. If a record date is fixed, and if Holders otherwise have a right to revoke their consent under the consent or the consent solicitation statement or other document describing the terms of the consent, then notwithstanding the second to last sentence of the immediately preceding paragraph, those Persons who were Holders at such record date (or their duly designated proxies), and only those Persons, shall be entitled to revoke any consent previously given, whether or not such Persons continue to be Holders after such record date.

An amendment, supplement or waiver with respect to a Series becomes effective upon the (i) receipt by the Company or the Trustee of the requisite consents, (ii) satisfaction of any conditions to effectiveness as set forth in the Indenture or any indenture supplemental hereto containing such amendment, supplement or waiver and (iii) execution of such amendment, supplement or waiver (or the related supplemental indenture) by the Company and the Trustee. After an amendment, supplement or waiver with respect to a Series becomes effective, it shall bind every Holder of such Series, unless it makes a change described in any of clauses (1) through (4) of Section 9.02, in

which case, the amendment, supplement or waiver shall bind a Holder of a Security who is affected thereby only if it has consented to such amendment, supplement or waiver and every subsequent Holder of a Security or portion of a Security that evidences the same debt as the consenting Holder's Security.

**Section am. Notation on or Exchange of Securities.**

If an amendment, supplement or waiver changes the terms of a Security, the Company may require the Holder of the Security to deliver it to the Trustee, at which time the Trustee shall place an appropriate notation on the Security about the changed terms and return it to the Holder. Alternatively, if the Company or the Trustee so determines, the Company in exchange for the Security shall issue and the Trustee shall authenticate a new Security that reflects the changed terms.

**Section an. Trustee to Sign Amendments, etc.**

Subject to Section 7.02(b), the Trustee shall sign any amendment, supplement or waiver authorized pursuant to this Article if the amendment, supplement or waiver does not adversely affect the rights, duties, liabilities or immunities of the Trustee. If it does, the Trustee may but need not sign it. In signing or refusing to sign such amendment or supplemental indenture, the Trustee shall be provided with and shall be fully protected in relying upon, an Officer's Certificate and an Opinion of Counsel as conclusive evidence that such amendment, supplement or waiver is authorized or permitted by this Indenture.

**Article 10.  
SECURITIES IN FOREIGN CURRENCIES**

**Section ao. Applicability of Article.**

Whenever this Indenture provides for (i) any action by, or the determination of any of the rights of, Holders of Securities of any Series in which not all of such Securities are denominated in the same currency, or (ii) any distribution to Holders of Securities, in the absence of any provision to the contrary pursuant to this Indenture or the Securities of any particular Series, any amount in respect of any Security denominated in a Foreign Currency shall be treated for any such action or distribution as that amount of Dollars that could be obtained for such amount on such reasonable basis of exchange and as of the record date with respect to Securities of such Series (if any) for such action, determination of rights or distribution (or, if there shall be no applicable record date, such other date reasonably proximate to the date of such action, determination of rights or distribution) as the Company may specify in a written notice to the Trustee or, in the absence of such written notice, as the paying agent or agency or organization, if any, responsible for overseeing such composite currency may determine. The Trustee shall have no duty to calculate or verify the calculations made pursuant to this Section 10.01.

**Article 11.  
MISCELLANEOUS**

**Section ap. Trust Indenture Act Controls.**

If applicable, if any provision of this Indenture limits, qualifies or conflicts with another provision which is required to be included in this Indenture by the TIA, the required provision shall control.

**Section aq. Notices.**

Any order, consent, notice or communication shall be sufficiently given if in writing and delivered in person or mailed by first class mail, postage prepaid, or delivered by commercial courier service, addressed as follows:

if to the Company:

Pinterest, Inc.  
505 Brannan Street  
San Francisco, California 94107  
Attention: Chief Financial Officer

if to the Trustee:

The Company or the Trustee by notice to the other may designate additional or different addresses for subsequent notices or communications.

Any notice or communication sent to a Securityholder shall be sent electronically or mailed to him by first class mail, postage prepaid, or delivered by commercial courier service, at his address as it appears on the registration books of the Registrar, or, in the case of Global Securities sent electronically in accordance with the procedures of the Depositary, and shall be sufficiently given to him if so sent within the time prescribed.

Failure to send a notice or communication to a Securityholder or any defect in it shall not affect its sufficiency with respect to other Securityholders. If a notice or communication is sent in the manner provided above, it is duly given, whether or not the addressee receives it except that notice to the Trustee shall only be effective upon receipt thereof by the Trustee.

If the Company sends notice or communications to the Securityholders, it shall send a copy to the Trustee at the same time.

In addition to the foregoing, the Trustee may accept and act upon notice, instructions or directions pursuant to this Indenture sent by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods. If the party elects to give the Trustee e-mail or facsimile instructions (or instructions by a similar electronic method) and the Trustee in its discretion elects to act upon such instructions, the Trustee's understanding of such instructions shall be deemed controlling. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction. The party providing electronic instructions agrees to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized instructions, and the risk of interception and misuse by third parties.

Notwithstanding any other provision of this Indenture or any Security, where this Indenture or any Security provides for notice of any event to a Holder of a Global Security (whether by mail or otherwise), such notice shall be sufficiently given if given to the Depositary (or its designee) pursuant to the standing instructions from the Depositary or its designee.

**Section ar. Communications by Holders with Other Holders.**

Securityholders may communicate pursuant to TIA § 312(b) with other Securityholders with respect to their rights under this Indenture or the Securities. The Company, the Trustee, the Registrar and anyone else shall have the protection of TIA § 312(c).

**Section as. Certificate and Opinion as to Conditions Precedent.**

Upon any request or application by the Company to the Trustee to take any action under this Indenture, the Company shall furnish to the Trustee:

- (1) an Officer's Certificate (which shall include the statements set forth in Section 11.05) stating that, in the opinion of the signers (who may rely upon an Opinion of Counsel with respect to matters of law), all conditions precedent, if any, provided for in this Indenture relating to the proposed action have been complied with; and
- (2) an Opinion of Counsel (which shall include the statements set forth in Section 11.05) stating that, in the opinion of such counsel (who may rely upon an Officer's Certificate or certificates of public officials as to matters of fact), all such conditions precedent and covenants, compliance with which constitutes a condition precedent, if any, provided for in this Indenture relating to the proposed action or inaction, have been complied with.

**Section at. Statements Required in Certificate or Opinion.**

Each certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture shall include:

- (1) a statement that the person making such certificate or opinion has read such covenant or condition;
- (2) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;
- (3) a statement that, in the opinion of such person, he has made such examination or investigation as is necessary to enable him to express an informed opinion as to whether or not such covenant or condition has been complied with; and
- (4) a statement as to whether or not, in the opinion of such person, such condition or covenant has been complied with.

**Section au. Rules by Trustee and Agents.**

The Trustee may make reasonable rules for action by or a meeting of Securityholders. The Registrar or Paying Agent may make reasonable rules for its functions.

**Section av. Legal Holidays.**

A "**Legal Holiday**" is a day that is not a Business Day. If any interest or other payment date of a Security falls on a Legal Holiday, the required payment of principal, premium, if any, or interest will be due on the next succeeding Business Day as if made on the date that the payment was due, and no interest will accrue on that



payment for the period from and after that interest or other payment date, as the case may be, to the date of that payment on the next succeeding Business Day. If this Indenture provides for a time period that ends or requires performance of any non-payment obligation by a day that is not a Business Day, then such time period shall instead be deemed to end on, and such obligation shall instead be performed by, the next succeeding Business Day.

**Section aw. Governing Law.**

The laws of the State of New York shall govern this Indenture and the Securities of each Series.

**Section ax. No Adverse Interpretation of Other Agreements.**

This Indenture may not be used to interpret another indenture, loan or debt agreement of the Company or a Subsidiary. Any such indenture, loan or debt agreement may not be used to interpret this Indenture.

**Section ay. No Recourse Against Others.**

All liability described in Paragraph 12 of the Securities of any director, officer, employee or stockholder, as such, of the Company is, to the fullest extent permitted by applicable law, waived and released.

**Section az. Successors and Assigns.**

All covenants and agreements of the Company in this Indenture and the Securities shall bind its successors and assigns. All agreements of the Trustee in this Indenture shall bind its successors and assigns.

**Section ba. Duplicate Originals.**

The parties may sign any number of copies of this Indenture. Each signed copy shall be an original, but all of them together represent the same agreement. Signatures of the parties hereto transmitted by facsimile or other electronic transmission (including, without limitation, electronic imaging means (including “.pdf”)) shall be deemed to be their original signatures for all purposes. Any signature to this Indenture or any notice or other document delivered in connection herewith may be delivered by any electronic signature complying with the Electronic Signatures in Global and National Commerce Act, the New York Electronic Signature and Records Act or any other similar state laws based on the Uniform Electronic Transaction Act, or other transmission method, and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes to the fullest extent permitted by applicable law.

**Section bb. Severability.**

In case any one or more of the provisions contained in this Indenture or in the Securities of a Series shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions of this Indenture or of such Securities.

**Section bc. PATRIOT ACT.**

The Company acknowledges that in accordance with Section 326 of the U.S.A. Patriot Act, the Trustee, like all financial institutions, and in order to help fight the funding of terrorism and money laundering, is required to obtain, verify, and record information that identifies each person or legal entity that establishes a relationship or

opens an account with the Trustee. The Company agrees that it will provide the Trustee with such information as it may reasonably request as required in order for the Trustee to satisfy the requirements of the U.S.A. Patriot Act.

**Section bd. Waiver of Jury Trial.**

EACH OF THE COMPANY AND THE TRUSTEE HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS INDENTURE, THE SECURITIES OR THE TRANSACTION CONTEMPLATED HEREBY.

**SIGNATURES**

IN WITNESS WHEREOF, the parties have caused this Indenture to be duly executed, all as of the date first above written.

**PINTEREST, INC.**

By: \_\_\_\_\_  
Name:  
Title:

By:  
\_\_\_\_\_, as Trustee  
\_\_\_\_\_  
Name:  
Title:

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**EXHIBIT A**

No. \_\_\_\_\_ CUSIP/ISIN No.: \_\_\_\_\_

[Title of Security]

**Pinterest, Inc.**  
a Delaware corporation

promises to pay to \_\_\_\_\_ or registered assigns the principal sum of  
\_\_\_\_\_ [Dollars]\* on \_\_\_\_\_.

Interest Payment Dates: \_\_\_\_\_ and \_\_\_\_\_

Record Dates: \_\_\_\_\_ and \_\_\_\_\_

Authenticated: \_\_\_\_\_ Dated: \_\_\_\_\_

**Pinterest, Inc.**

By: \_\_\_\_\_

Name:

Title:

[\_\_\_\_\_],

as Trustee, certifies that this is one of the Securities  
referred to in the within mentioned Indenture.

By: \_\_\_\_\_

Authorized Signatory

\* Or other currency. Insert corresponding provisions on reverse side of Security in respect of foreign currency denomination or interest payment requirement.

**Pinterest, Inc.**

[Title of Security]

Pinterest, Inc. a Delaware corporation (together with its successors and assigns, the “**Company**”), issued this Security under an Indenture dated as of \_\_\_\_\_, (as amended, modified or supplemented from time to time in accordance therewith, the “**Base Indenture**”), as supplemented by the Supplemental Indenture dated as of \_\_\_\_\_, (the “**Supplemental Indenture**” and together with the Base Indenture, the “**Indenture**”), by and among the Company and \_\_\_\_\_, as trustee (in such capacity, the “**Trustee**”), to which reference is hereby made for a statement of the respective rights, obligations, duties and immunities thereunder of the Company, the Trustee and the Holders and of the terms upon which the Securities are, and are to be, authorized and delivered. All terms used in this Security that are defined in the Indenture shall have the meanings assigned to them therein. If any terms of this Security conflicts with the terms of the Indenture, the terms of the Indenture shall govern and control.

**1. Interest.** The Company promises to pay interest on the principal amount of this Security at the rate per annum shown above. The Company will pay interest semiannually on \_\_\_\_\_ and \_\_\_\_\_ of each year, commencing \_\_\_\_\_, \_\_\_\_\_, until the principal is paid or made available for payment. Interest on the Securities will accrue from the most recent date to which interest has been paid or duly provided for or, if no interest has been paid, from \_\_\_\_\_, \_\_\_\_\_, *provided* that, if there is no existing default in the payment of interest, and if this Security is authenticated between a record date referred to on the face hereof and the next succeeding interest payment date, interest shall accrue from such interest payment date. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

**2. Method of Payment.** The Company will pay interest on the Securities (except defaulted interest, if any, which will be paid on such special payment date to Holders of record on such special record date as may be fixed by the Company) to the persons who are registered Holders of Securities at the close of business on the [Insert record dates] immediately preceding the interest payment date. Holders must surrender Securities to a Paying Agent to collect principal payments. The Company will pay principal and interest in money of [Insert applicable country or currency] that at the time of payment is legal tender for payment of public and private debts.

**3. Paying Agent and Registrar.** Initially, the Trustee will act as Paying Agent and Registrar. The Company may change or appoint any Paying Agent, Registrar or co-Registrar without notice. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent, Registrar or co-Registrar.

**4. Optional Redemption.** [Insert provisions relating to redemption at the option of the Company, if any] [Insert provisions relating to redemption at option of Holders, if any]

**5. Mandatory Redemption.** [Insert provisions relating to Mandatory Redemption, if any]

**6. Denominations, Transfer, Exchange.** The Securities are in registered form only without coupons in minimum denominations of \_\_\_\_\_ and integral multiples of \_\_\_\_\_ in excess thereof. A Holder may transfer or exchange Securities by presentation of such Securities to the Registrar or a co-Registrar with a request to register the transfer or to exchange them for an equal principal amount of Securities of other denominations. The Registrar may require a Holder, among other things, to furnish appropriate endorsements and transfer documents and to pay any taxes and fees required by law or permitted by the Indenture. The Registrar need not transfer or exchange any Security selected for redemption or purchase, except the unredeemed or

unpurchased part thereof if the Security is redeemed or purchased in part, or transfer or exchange any Securities for a period of 15 days before a selection of Securities to be redeemed or purchased.

7. **Persons Deemed Owners.** The registered Holder of this Security shall be treated as the owner of it for all purposes.

8. **Unclaimed Money.** Subject to any applicable abandoned property law, the Trustee and the Paying Agent shall pay to the Company any money held by them for the payment of principal or interest that remains unclaimed for two years, and thereafter, Holders entitled to the money must look to the Company for payment as general creditors.

9. **Amendment, Supplement, Waiver.** Subject to certain exceptions, the Indenture or the Securities may be amended or supplemented with the consent of the Holders of at least a majority in principal amount of the outstanding Securities of each Series affected by the amendment and any past default or compliance with any provision relating to any Series of the Securities may be waived in a particular instance with the consent of the Holders of a majority in principal amount of the outstanding Securities of such Series. Without the consent of any Securityholder, the Company and the Trustee may amend or supplement the Indenture or the Securities in certain respects as specified in the Indenture.

10. **Successor Corporation.** When a successor corporation assumes all the obligations of its predecessor under the Securities and the Indenture, the predecessor corporation will be released from those obligations.

11. **Trustee Dealings With Company.** Subject to certain limitations imposed by the TIA, the Trustee under the Indenture, in its individual or any other capacity, may make loans to, accept deposits from, and perform services for the Company or its affiliates, and may otherwise deal with the Company or its affiliates, as if it were not Trustee, including owning or pledging the Securities.

12. **No Recourse Against Others.** A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Securities or the Indenture or for any claim based on, in respect of or by reason of, such obligations or their creation. Each Holder by accepting a Security waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Securities. The waiver may not be effective to waive liabilities under the federal securities laws.

13. **Discharge of Indenture.** The Indenture contains certain provisions pertaining to defeasance and discharge, which provisions shall for all purposes have the same effect as if set forth herein.

14. **Authentication.** This Security shall not be valid until an authorized signatory of the Trustee manually signs the certificate of authentication on the other side of this Security.

15. **Abbreviations.** Customary abbreviations may be used in the name of a Holder or an assignee, such as: TEN COM (= tenants in common), TEN ENT (= tenants by the entireties), JT TEN (= joint tenants with right of survivorship and not as tenants in common), CUST (= custodian), and U/G/M/A (= Uniform Gift to Minors Act).

16. **GOVERNING LAW.** THIS SECURITY SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

**17. CUSIP and ISIN Numbers.** Pursuant to a recommendation promulgated by the Committee on Uniform Security Identification Procedures, the Company has caused CUSIP and ISIN numbers to be printed on the Securities and has directed the Trustee to use CUSIP and ISIN numbers in notices of repurchase as a convenience to Holders. No representation is made as to the accuracy of such numbers either as printed on the Securities or as contained in any notice of repurchase and reliance may be placed only on the other identification numbers placed thereon.

**18. Copies.** The Company will furnish to any Holder upon written request and without charge a copy of the Indenture and the applicable Authorizing Resolution or supplemental indenture. Requests may be made to: Pinterest, Inc., 505 Brannan Street, San Francisco, California 94107, Attention: [Chief Financial Officer].

**ASSIGNMENT FORM**

If you the Holder want to assign this Security, fill in the form below:

I or we assign and transfer this Security to \_\_\_\_\_ (insert assignee's social security or tax ID number)

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

(Print or type assignee's name, address, and zip code)

and irrevocably appoint \_\_\_\_\_ agent to transfer this Security on the books of the Company. The agent may substitute another to act for him.

Date: \_\_\_\_\_

Your signature  
(Sign exactly as your name appears on the other side of this Security)

Signature Guarantee:

\_\_\_\_\_



## AMENDED & RESTATED EXECUTIVE SEVERANCE & CHANGE IN CONTROL AGREEMENT

This Amended and Restated Executive Severance & Change in Control Agreement (the “**Agreement**”) is made and entered into by and between \_\_\_\_\_ (“**Executive**”) and Pinterest, Inc., a Delaware corporation (the “**Company**”), as of the date below (the “Effective Date”). Certain capitalized terms used in the Agreement are defined in Section 8 below.

WHEREAS, the Talent Development and Compensation Committee (the “**Committee**”) of the Board of Directors of the Company (the “**Board**”) believes that it is in the best interests of the Company and its stockholders to provide Executive certain severance benefits.

WHEREAS, the parties hereto entered into an Executive Severance & Change in Control Agreement as of April 8, 2019 (the “**Prior Agreement**”) and wish to enter into an amended and restated agreement relating to the severance benefits due to Executive; and

WHEREAS, this Agreement will supersede the Prior Agreement in its entirety.

NOW, THEREFORE, in consideration of the promises and the mutual covenants hereinafter set forth, the parties hereto hereby agree as follows:

1. At-Will Employment. Executive’s employment is at-will, which means that the Company may terminate Executive’s employment at any time for any reason, with or without advance notice. Similarly, Executive may resign Executive’s employment for any reason at any time, with or without advance notice (other than notice in connection with a termination for Good Reason following a Change in Control). Executive shall not receive any compensation of any kind, including, without limitation, severance benefits, following the termination of Executive’s Continuous Service Status with the Company (the “**Termination Date**”), except as expressly set forth in this Agreement.

2. Severance Benefits.

(a) Termination without Cause. Other than with respect to a Qualifying CIC Termination, upon a termination of Executive’s Continuous Service Status by the Company other than for Cause (and not including a termination as a result of death or Disability), on the terms and subject to the conditions of this Agreement, and subject to Executive’s satisfaction of the Obligations and to Executive’s Continuing Compliance (except that such satisfaction and Continuing Compliance is not required with respect to Sections 2(a)(iii) below), Executive will receive the following severance payments and benefits from the Company:

(i) Cash Severance. The Company will make a lump sum cash payment to Executive in an amount equal to 24 months of Executive’s Base Salary, provided that the number of months of Executive’s Base Salary to which Executive is entitled shall be reduced by one month for each full month that Executive has been employed by the Company up to a maximum reduction of 12 months (such number of months as determined on the Termination Date, the “**Applicable Number of Months**”) less applicable tax withholdings (the “**Cash Severance Payment**”), payable within thirty (30) days after the Release becomes effective and irrevocable.

(ii) Cost of Continuation Coverage. If Executive is eligible for, and properly elects within thirty (30) days following the Termination Date, continuation coverage pursuant to the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended (“**COBRA**”) for Executive and Executive’s eligible dependents (if applicable) under a health, dental or vision plan sponsored by the Company, the Company will make a lump sum cash payment to Executive in an amount equal to the estimated amount (as reasonably determined by the Company) of COBRA premiums for the number of months of such coverage (at the coverage levels in effect immediately prior to the Termination Date) equal to the Applicable Number of Months, less applicable withholdings (the “**Non-CIC COBRA Cost Payment**”), payable within thirty (30) days after the Release becomes effective and irrevocable.

(iii) Accrued Compensation. The Company will pay or provide Executive with all accrued but unpaid base salary, accrued but unused vacation time if applicable, reimbursements due for reasonable business expenses incurred prior to the Termination Date, vested benefits under any tax-qualified retirement plan, all in accordance with, and subject to, the terms and conditions of the applicable plans and policies and applicable law.

(iv) Equity Awards. To the extent that any Awards held by Executive as of immediately prior to the termination of Executive’s Continuous Service Status would have otherwise vested, subject to Executive’s Continuous Service, over the course of the Applicable Number of Months following the Termination Date, such Awards shall fully vest as of the Termination Date. Such vested Awards shall be settled as promptly as practicable (and, to the extent necessary to prevent any tax becoming due under Section 409A, in no event after March 15 of the year following the year in which such Award vests). All other Awards will be treated upon the termination of Executive’s Continuous Service Status in accordance with the terms set forth in the agreements and plans under which they were granted, subject to Section 2(c)(i) of this Agreement.

(b) Qualifying CIC Termination. Upon a termination of Executive’s Continuous Service Status on or within twelve (12) months following the consummation of a Change in Control (x) by the Company other than for Cause (and not including a termination as a result of death or Disability) or (y) by Executive for Good Reason (each, a “**Qualifying CIC Termination**”), on the terms and subject to the conditions of this Agreement, and subject to Executive’s satisfaction of the Obligations and to Executive’s Continuing Compliance (except that such satisfaction and Continuing Compliance is not required with respect to Section 2(b)(iv) below), Executive will receive the following severance payments and benefits from the Company:

(i) Cash Severance. The Company will provide the Cash Severance Payment to the Executive, payable within thirty (30) days after the Release becomes effective and irrevocable.

(ii) Equity Awards.

(A) Appreciation Awards. Any Options (and any Other Awards with option-like features, such as stock appreciation rights) held by Executive as of immediately prior to termination of Executive’s Continuous Service Status shall be fully vested and exercisable, and such Options (or Other Awards) shall remain exercisable until

the earlier of (x) the last date on which such Option (or Other Awards) would be exercisable in the absence of this Agreement and (y) the expiration of the term of such Option (or Other Award).

(B) Full-Value Awards. Any Restricted Stock, Restricted Stock Units or Other Awards (other than those Other Awards described in Section 2(b)(ii)(A) above) held by Executive as of immediately prior to termination of Executive's Continuous Service Status shall be fully vested and, to the extent applicable, shall be settled as promptly as practicable (and, to the extent necessary to prevent any tax becoming due under Section 409A, in no event after March 15 of the year following the year in which such Award vests).

(C) Effectiveness of Acceleration. Any acceleration of the vesting and/or exercisability of Awards that occurs pursuant to this Section 2(b)(ii) (the "**Acceleration**") shall be effective on the thirtieth (30<sup>th</sup>) day following the Termination Date.

(iii) Cost of Continuation Coverage. If Executive is eligible for, and properly elects within thirty (30) days following the Termination Date, continuation coverage pursuant to COBRA for Executive and Executive's eligible dependents (if applicable) under a health, dental, or vision plan sponsored by the Company, the Company will make a lump sum cash payment to Executive in an amount equal to the estimated amount (as reasonably determined by the Company) of COBRA premiums for Applicable Number of Months of such coverage (at the coverage levels in effect immediately prior to the Termination Date), less applicable withholdings (the "**CIC COBRA Cost Payment**"), payable within thirty (30) days after the Release becomes effective and irrevocable.

(iv) Accrued Compensation. The Company will pay or provide Executive with all accrued but unpaid base salary, accrued but unused vacation if applicable, reimbursements due for reasonable business expenses incurred prior to the Termination Date, vested benefits under any tax-qualified retirement plan, all in accordance with, and subject to, the terms and conditions of the applicable plans and policies and applicable law.

(c) Adjustment for Certain Terminations Prior to a Change in Control.

(i) Upon any termination of Executive's Continuous Service Status prior to a Change in Control (x) by the Company other than for Cause (and not including a termination as a result of death or Disability) or (y) by Executive for Good Reason, any unvested Awards held by Executive at the time of such termination that would be terminated or cancelled by their terms in connection with a termination of Continuous Service Status shall be terminated or cancelled instead on the ninety first (91<sup>st</sup>) day following such termination of Continuous Service Status, unless a Change in Control is consummated prior thereto, and, during such 90-day period, such Awards shall not continue to vest and Executive shall have no rights with respect to such Awards unless and until a Change in Control occurs.

(ii) In the event a Change in Control is consummated during the 90-day period following a termination of Executive's Continuous Service Status (x) by the Company other than for Cause (and not including a termination as a result of death or Disability) or (y) by Executive for Good Reason, subject to Executive's satisfaction of the

Obligations and to Executive's Continuing Compliance, Executive will receive the following severance payments and benefits from the Company:

(A) The Acceleration described in Section 2(b)(ii) shall occur effective as of the thirtieth (30<sup>th</sup>) day following the date of such Change in Control.

(B) On the thirtieth (30<sup>th</sup>) day following such Change in Control, the Company will make a lump sum cash severance payment to Executive in an amount equal to the CIC COBRA Cost Payment (reduced by any prior payment of the Non-CIC COBRA Cost Payment), less applicable withholdings.

### 3. Conditions to Receipt of Severance.

(a) Obligations. Other than those outlined in Sections 2(a)(iii) and 2(b)(iv) above, the receipt of any severance payments or benefits pursuant to this Agreement is subject to Executive's satisfaction of the Obligations. If the Obligations are not satisfied because Executive does not return all Company property in Executive's possession by the Property Return Deadline, or because the Release does not become effective and irrevocable by the Release Deadline, Executive will forfeit any right to severance payments or benefits under this Agreement. In no event will severance payments or benefits be paid or provided until the Obligations are satisfied.

(b) Compliance with Agreements; Clawback. Executive's receipt of any payments or benefits under this Agreement will be subject to Executive continuing to comply with the terms of the Confidential Information and Invention Assignment Agreement (or equivalent) entered into by and between Executive and the Company (the "**Confidential Information Agreement**") and the provisions of this Agreement and of the Release ("**Continuing Compliance**"). In the event (i) Executive materially breaches any of the foregoing agreements or (ii) the Company determines after the fact that it could have terminated Executive for Cause, subject to applicable law, Executive shall immediately pay to the Company an amount equal to the full value of all severance payments and benefits received by Executive pursuant to this Agreement and the Company shall also be entitled to seek any other remedies it may have available at law, in equity or pursuant to any of the foregoing agreements.

4. Equity Acceleration if No Assumption. Notwithstanding anything herein or in the 2009 Plan or 2019 Plan to the contrary, if Executive's Awards are not to be assumed, substituted or otherwise continued or replaced with similar awards in connection with a Change in Control, Executive's Continuous Service Status has not been terminated prior to the Change in Control and Executive will continue in service with the Acquiror following the consummation of the Change in Control, Executive will be entitled to the Acceleration, and the Acceleration shall occur effective immediately prior to, and contingent upon, the consummation of the Change in Control.

### 5. Application of Section 409A.

(a) It is intended that none of the severance payments and benefits under this Agreement constitute deferred compensation within the meaning of Section 409A of the Internal Revenue Code of 1986, as amended (the "**Code**"), and the final regulations and any guidance promulgated thereunder ("**Section 409A**") ("**Deferred Payments**") but

rather will be exempt from Section 409A as a payment that would fall within the “short-term deferral” rule set forth in Treasury Regulations Section 1.409A-1(b)(4). However, (i) if any severance payments or benefits under this Agreement would be considered Deferred Payments and (ii) if Executive is a “specified employee” within the meaning of Section 409A at the time of the termination of Executive’s Continuous Service Status, any Deferred Payments that otherwise are payable within the first six (6) months following such termination will become payable on the on the first date that occurs on or after the earliest of (x) the date six (6) months and one (1) day following the date of such termination, (y) the date of Executive’s death, and (z) such earlier date as permitted under Section 409A without causing any tax to become due under Section 409A. Upon the first business day following the expiration of such applicable Section 409A(a)(2)(B)(i) period, any payments delayed in accordance with this paragraph will be paid to the Executive in a lump sum. No interest shall be due on any amounts so deferred.

(b) Each severance payment and benefit payable under the Agreement is intended to constitute a separate payment for purposes of Treasury Regulations Section 1.409A-2(b)(2).

(c) It is intended that all of the severance benefits and payments under this Agreement comply with, or be exempt from, the requirements of Section 409A so that none of the payments and benefits to be provided under the Agreement will be subject to the additional tax imposed under Section 409A, and any ambiguities herein will be interpreted to so comply or be exempt. Executive and the Company agree to work together in good faith to consider amendments to the Agreement and to take such reasonable actions which are necessary, appropriate or desirable to avoid imposition of any additional tax or income recognition prior to actual payment to Executive under Section 409A. In no event will the Company reimburse Executive for any taxes that may be imposed on Executive as result of Section 409A.

#### 6. Limitation on Parachute Payments.

(a) Notwithstanding any other provision of this Agreement or any other plan, arrangement, or agreement to the contrary, if any of the payments or benefits provided or to be provided by the Company to the Executive or for the Executive’s benefit pursuant to the terms of this Agreement or otherwise (“**Covered Payments**”) constitute parachute payments (“**Parachute Payments**”) within the meaning of Section 280G of the Code and would, but for this Section 6 be subject to the excise tax imposed under Section 4999 of the Code (or any successor provision thereto) or any similar tax imposed by state or local law or any interest or penalties with respect to such taxes (collectively, the “**Excise Tax**”), then the Covered Payments shall be payable either (i) in full or (ii) after reduction to the minimum extent necessary to ensure that no portion of the Covered Payments is subject to the Excise Tax, whichever of the foregoing (i) or (ii) results in the Executive’s receipt on an after-tax basis of the greatest amount of benefits after taking into account the applicable federal, state, local and foreign income, employment and excise taxes (including the Excise Tax), notwithstanding that all or some portion of such benefits may be taxable under the Excise Tax.

(b) Unless the Company and Executive otherwise agree in writing, any determination required under this Section 6 shall be made in writing in good faith by a nationally recognized accounting firm (the “**Accountants**”). In the event of a reduction in Covered Payments hereunder, the reduction of the total payments shall apply as follows, unless otherwise agreed in writing and such agreement is in compliance with Section

409A of the Code: (i) first, any cash severance payments due under this Agreement shall be reduced and (ii) second, any acceleration of vesting of any equity shall be deferred with the tranche that would vest last (without any such acceleration) first deferred. For purposes of making the calculations required by this Section 6, the Accountants may make reasonable assumptions and approximations concerning applicable taxes and may rely on reasonable, good faith interpretations concerning the application of the Code, and other applicable legal authority. The Company and Executive shall furnish to the Accountants such information and documents as the Accountants may reasonably request in order to make a determination under this Section 6. The Company shall bear all costs the Accountants may reasonably incur in connection with any calculations contemplated by this Section 6.

(c) If notwithstanding any reduction described in this Section 6, the Internal Revenue Service (“**IRS**”) determines that Executive is liable for the Excise Tax as a result of the receipt of the Covered Payments, then Executive shall be obligated to pay back to the Company, within thirty (30) days after a final IRS determination or in the event that Executive challenges the final IRS determination, a final judicial determination a portion of such amounts equal to the “Repayment Amount.” The Repayment Amount shall be the smallest such amount, if any, as shall be required to be paid to the Company so that Executive’s net after-tax proceeds with respect to any payment of the Covered Payments (after taking into account the payment of the Excise Tax and all other applicable taxes imposed on the Covered Payments) shall be maximized. The Repayment Amount with respect to the payment of Covered Payments shall be zero if a Repayment Amount of more than zero would not result in Executive’s net after-tax proceeds with respect to the payment of the Covered Payments being maximized. If the Excise Tax is not eliminated pursuant to this paragraph, Executive shall pay the Excise Tax. Notwithstanding any other provision of this Section 6, if (i) there is a reduction in the payment of Covered Payments as described in this Section 6, (ii) the IRS later determines that Executive is liable for the Excise Tax, the payment of which would result in the maximization of Executive’s net after-tax proceeds (calculated as if the Covered Payments had not previously been reduced), and (iii) Executive pays the Excise Tax, then the Company shall pay to Executive those Covered Payments which were reduced pursuant to this Section 6 contemporaneously or as soon as administratively possible after Executive pays the Excise Tax so that Executive’s net after-tax proceeds with respect to the payment of Covered Payments are maximized.

7. Other Rights and Benefits. Nothing in the Agreement shall prevent or limit Executive’s continuing or future participation in any benefit, bonus, incentive or other plans, programs, policies or practices provided by the Company and for which Executive may otherwise qualify, nor shall anything in this Agreement limit or otherwise affect such rights as Executive may have under other agreements with the Company, including without limitation any rights to indemnification Executive may have under the Company’s Amended Certificate of Incorporation, Bylaws, or separate indemnification agreement, as applicable. Except as otherwise expressly provided herein, amounts that are vested benefits or that Executive is otherwise entitled to receive under any plan, policy, practice or program of the Company at or subsequent to the date of a Change in Control shall be payable in accordance with such plan, policy, practice or program.

8. Definition of Terms. For purposes of this Agreement, the following terms referred to in this Agreement will have the following meanings:

(a) “**2009 Plan**” shall mean the Company’s 2009 Stock Plan.

(b) “**2019 Plan**” shall mean the Company’s 2019 Omnibus Incentive Plan, as it may be amended from time to time.

(c) “**Acquiror**” shall have the meaning ascribed to such term in the 2019 Plan.

(d) “**Award**” shall have the meaning ascribed to such term in the 2019 Plan or in the 2009 Plan, as applicable.

(e) “**Base Salary**” means the greater of (i) Executive’s annual base salary as in effect immediately prior to the Termination Date or (ii) Executive’s annual base salary as in effect on the date immediately preceding the consummation of the Change in Control that occurred within the twelve (12) month period preceding a Qualifying CIC Termination. For clarity, Base Salary does not include incentive pay, equity compensation, premium pay, commissions, relocation assistance or benefits, housing allowances, overtime, bonuses or any other forms of special or variable compensation.

(f) “**Cause**” means any of the following: (i) Executive willfully fails to perform his or her duties and responsibilities to the Company or willfully engages in conduct that is in bad faith and is or would reasonably be expected to be materially injurious to the Company, including but not limited to, gross negligence, misappropriation of trade secrets, fraud or embezzlement; (ii) an act of dishonesty or misrepresentation made by Executive in connection with Executive’s responsibilities to the Company that is or would reasonably be expected to be materially injurious to the Company; (iii) Executive’s unauthorized use or disclosure of any proprietary information or trade secrets of the Company or any other party to whom Executive owes an obligation of nondisclosure as a result of Executive’s relationship with the Company that is or would reasonably be expected to be materially injurious to the Company; (iv) Executive commits a material breach of any written agreement or covenant between Executive and the Company, which breach is not cured within thirty (30) days after receipt of written notice describing in detail such breach to Executive from the Company; (v) Executive’s repeated or material failure to comply with the Company’s written policies or rules; (vi) Executive willfully refuses to implement or follow a lawful directive by Executive’s supervisor, directly related to Executive’s duties, which breach is not cured within thirty (30) days after receipt of written notice describing in detail such breach to Executive from the Company; (vii) Executive engages in material misfeasance or malfeasance demonstrated by a continued pattern of material failure to perform the essential job duties associated with Executive’s position, which breach is not cured within thirty (30) days after receipt of written notice describing in detail such breach to Executive from the Company; (viii) Executive’s willful, material violation of any law or regulation applicable to the business of the Company that is or would reasonably be expected to be materially injurious to the Company; (ix) Executive’s conviction of, plea of nolo contendere to, or acknowledgement of the commission of, a felony, another crime involving moral turpitude or any crime (whether or not a felony) against the Company; or (x) Executive’s material failure to comply with any reasonable investigation or formal proceeding. For the avoidance of doubt, material injury to the Company includes reputational harm. The determination as to whether Executive’s Continuous Service

Status has been terminated for Cause shall be made in good faith by the Company and shall be final and binding on Executive. The foregoing definition does not in any way change the at-will nature of Executive's employment or limit the Company's ability to terminate Executive's employment or consulting relationship at any time with or without Cause.

(g) "**Change in Control**" shall have the meaning ascribed to such term in the 2019 Plan.

(h) "**Continuous Service Status**" shall have the meaning ascribed to such term in the 2019 Plan.

(i) "**Disability**" means (1) if Executive becomes eligible for the Company's long term disability benefits; or (2) if Executive is unable to engage in any substantial gainful activity with or without a reasonable accommodation by reason of any medically determinable physical or mental impairment which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than twelve (12) months.

(j) "**Good Reason**" means Executive's resignation due to any of the following conditions which occur without Executive's written consent, provided that the requirements regarding advance notice and an opportunity to cure set forth below are satisfied: (i) a material reduction in Executive's duties, authority or responsibilities relative to Executive's duties, authority, responsibilities or reporting relationship as in effect immediately prior to such reduction, provided that (x) a mere change of title alone shall not constitute such a material reduction, (y) any change made solely as the result of the Company becoming a subsidiary or business unit of a larger company in a Change in Control shall not constitute such a material reduction, and (z) a failure to be nominated for or elected to the Board (or, for the avoidance of doubt, to the board of directors or comparable body of a successor to, or Acquiror of, the Company) shall not constitute such a material reduction; (ii) a requirement that Executive changes Executive's principal office to a facility that increases Executive's one-way commute by more than thirty-five (35) miles from Executive's commute to the location at which Executive is employed immediately prior to such change, or (ii) Executive's then-current annual base salary is reduced by more than ten percent (10%) (other than in connection with a general decrease in the salary of similarly situated employees or, following a Change in Control, to the extent necessary to make Executive's salary commensurate with those other employees of the Company or its successor entity or parent entity who are similarly situated with Executive following such Change in Control) (each, a "**Good Reason Condition**"). In order for Executive to resign for Good Reason, Executive must provide written notice to the Company (or its successor) of the existence of the Good Reason Condition within thirty (30) days of the initial existence of the Good Reason Condition. Upon receipt of the notice, the Company (or its successor) will have thirty (30) days to remedy the Good Reason Condition and if it so remedies such Good Reason Condition (as reasonably determined by the Company), the Company shall not be required to provide for the benefits described herein as a result of such proposed resignation. If the Good Reason Condition is not remedied within such thirty (30) day period, Executive may resign based on the Good Reason Condition specified in the notice effective no later than thirty (30) days following the expiration of the thirty (30) day cure period. For purposes of this Agreement, Executive's termination of Continuous Service Status



shall be considered to be “for Good Reason” solely to the extent that the Good Reason Condition occurred no earlier than ninety (90) days prior to the consummation of a Change in Control.

(k) “**Obligations**” means (i) Executive has returned all Company property in Executive’s possession within ten (10) days following termination of Executive’s Continuous Service Status (the “**Property Return Deadline**”) and (ii) Executive has executed the Release and such Release has not been revoked and becomes effective and irrevocable no later than the thirtieth (30th) day after termination of Executive’s Continuous Service Status (or, for a termination of Executive’s Continuous Service Status described in Section 2(c)(ii)(y), the thirtieth (30th) day after the consummation of the Change in Control, unless the Obligations were previously satisfied by Executive) (the “**Release Deadline**”).

(l) “**Option**” shall have the meaning ascribed to such term in the 2019 Plan or in the 2009 Plan, as applicable.

(m) “**Other Award**” shall have the meaning ascribed to such term in the 2019 Plan.

(n) “**Release**” means an agreement providing for a full and complete general release of all claims that Executive may have against the Company or persons affiliated with the Company, in a form to be determined by the Company and provided to Executive no later than the Termination Date, which may impose certain additional obligations on Executive, including without limitation covenants regarding cooperation, confidentiality and non-disparagement.

(o) “**Restricted Stock**” shall have the meaning ascribed to such term in the 2019 Plan or in the 2009 Plan, as applicable.

(p) “**Restricted Stock Unit**” shall have the meaning ascribed to such term in the 2019 Plan or in the 2009 Plan, as applicable.

9. Certain Permitted Disclosures. Notwithstanding anything in any agreement between Executive and the Company to the contrary, nothing in this Agreement or any other agreement between Executive and the Company shall (1) prohibit Executive from making reports of possible violations of federal law or regulation to any governmental agency or entity in accordance with the provisions of and rules promulgated under Section 21F of the Securities Exchange Act of 1934, as amended, or Section 806 of the Sarbanes-Oxley Act of 2002, or of any other whistleblower protection provisions of state or federal law or regulation or from filing or proceeding with a charge with or participating in any investigation or proceeding conducted by the Equal Employment Opportunity Commission (EEOC), National Labor Relations Board (NLRB) or any other comparable federal, state, or local agency charged with the investigation and enforcement of any employment laws, (2) prohibit Executive from making similar reports under the laws or regulations of any foreign jurisdiction, or (3) require Executive to comply with any notification, consultation, disclosure and cooperation requirements with respect to any such

reporting; provided that, Executive is not authorized to disclose communications with counsel that were made for the purpose of receiving legal advice or that contain legal advice or that are protected by the attorney work product or similar privilege. Furthermore, Executive shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that is made (1) in confidence to a federal, state or local government official, either directly or indirectly, or to an attorney, in each case, solely for the purpose of reporting or investigating a suspected violation of law or (2) in a complaint or other document filed in a lawsuit or proceeding, if such filings is made under seal. Notwithstanding this immunity from liability, Executive acknowledges that Executive may be held liable if Executive unlawfully accesses trade secrets by unauthorized means.

10. Notice. Notices and all other communications contemplated by this Agreement will be in writing and will be deemed to have been duly given when personally delivered or when mailed by U.S. registered or certified mail, return receipt requested and postage prepaid. In the case of Executive, mailed notices will be addressed to Executive at the home address listed in the Company's payroll records. In the case of the Company, mailed notices will be addressed to its corporate headquarters, and all notices will be directed to the General Counsel of the Company.

#### 11. Miscellaneous Provisions

(a) Term. The term of this Agreement shall be the period beginning on the Effective Date and ending on the date that all of the obligations of the parties hereto with respect to this Agreement have been satisfied, unless earlier terminated by mutual agreement of Executive and the Company.

(b) Resignation from Positions Held. In connection with any termination of Executive's Continuous Service Status, unless otherwise agreed by Executive and the Company in writing, Executive will be deemed without any further action to have resigned from any and all positions Executive holds with the Company, or any Subsidiary, Parent or Affiliate thereof (as such terms are defined in the 2019 Plan), other than, to the extent applicable, membership on the Board.

(c) Right to Make a COBRA Election after Thirty (30) Days. For the avoidance of doubt, if Executive does not elect continuation coverage within thirty (30) days following the Termination Date as described in Section 1 hereof, Executive shall still be eligible to elect continuation coverage within the time period permitted by COBRA, but shall not be eligible to receive the additional payment described in Section 2(a)(ii), Section 2(b)(iii) or Section 2(c)(ii)(C), as applicable.

(d) No Duty to Mitigate. Executive will not be required to mitigate the amount of any payment contemplated by this Agreement, nor will any such payment be reduced by any earnings that Executive may receive from any other source.

(e) Waiver. No provision of this Agreement will be modified, waived or discharged unless the modification, waiver or discharge is agreed to in writing and signed by Executive and by an authorized officer of the Company (other than Executive). No waiver by either party of any breach of, or of compliance with, any condition or provision of this Agreement by the other party will be considered a waiver of any other condition or provision or of the same condition or provision at another time.

(f) Headings; Construction. All captions and section headings used in this Agreement are for convenient reference only and do not form a part of this Agreement. In the event of a conflict between the text of this Agreement and any summary, description or other information regarding the Agreement, the text of this Agreement shall control. The term "Company" will be interpreted to include any Subsidiary, Parent, Affiliate, or any successor thereto, if appropriate.

(g) Entire Agreement. This Agreement constitutes the entire agreement of the parties hereto and supersedes in their entirety all prior representations, understandings, undertakings or agreements (whether oral or written and whether expressed or implied) of the parties with respect to severance payments or benefits, including but not limited to any severance, equity acceleration or other benefits payable upon Executive's termination of Continuous Service Status with the Company as set forth in any employment agreement with Executive dated prior to the date hereof, including, for the avoidance of doubt, the Prior Agreement.

(h) Amendment of Agreement. This Agreement may be amended only upon the mutual written consent of the Company and Executive. The written consent of the Company to an amendment of this Agreement must be signed by an executive officer of the Company (other than Executive) after such change or termination has been approved by the Committee.

(i) Successors and Assigns. This Agreement is intended to bind and inure to the benefit of and be enforceable by Executive, and the Company, and any surviving entity resulting from a Change in Control and upon any other person who is a successor by merger, acquisition, consolidation or otherwise to the business formerly carried on by the Company, and their respective successors, assigns, heirs, executors and administrators, without regard to whether or not such person actively assumes any rights or duties hereunder; provided, however, that Executive may not assign any duties or rights hereunder without the written consent of the Company.

(j) Choice of Law. The validity, interpretation, construction, and performance of this Agreement will be governed by the laws of the State of California without regard to the conflict of law principles thereof.

(k) Severability. The invalidity or unenforceability of any provision or provisions of this Agreement will not affect the validity or enforceability of any other provision hereof, which will remain in full force and effect.

(l) Withholding. All payments made pursuant to this Agreement will be subject to withholding of applicable income and employment taxes.

(m) Counterparts. This Agreement may be executed in counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument. Signatures transmitted via facsimile, email or other electronic means shall be deemed equivalent to originals.

Each of the parties hereto has executed this Agreement, in the case of the Company by its duly authorized officer, as of the date hereof.

COMPANY

**PINTEREST, INC.**

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Name: Christine Flores  
Title: General Counsel & Secretary

EXECUTIVE

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Name:



**Subsidiaries of the Company**

The following is a list of subsidiaries of Pinterest, Inc., omitting subsidiaries which, considered in the aggregate as a single subsidiary, would not constitute a significant subsidiary as of December 31, 2021:

<b><u>Name of Subsidiary</u></b>	<b><u>Jurisdiction of Incorporation</u></b>
Pinterest Europe Limited	Ireland

**Consent of Independent Registered Public Accounting Firm**

We consent to the incorporation by reference in the following Registration Statements:

- (1) Registration Statement (Form S-3 333-255554) of Pinterest, Inc.,
- (2) Registration Statement (Form S-8 No. 333- 252746) pertaining to the 2019 Omnibus Incentive Plan of Pinterest, Inc.,
- (3) Registration Statement (Form S-8 No. 333- 236301) pertaining to the 2019 Omnibus Incentive Plan of Pinterest, Inc., and
- (4) Registration Statement (Form S-8 No. 333-230999) pertaining to the 2009 Stock Plan and the 2019 Omnibus Incentive Plan of Pinterest, Inc.

of our reports dated February 3, 2022, with respect to the consolidated financial statements of Pinterest, Inc., and the effectiveness of internal control over financial reporting of Pinterest, Inc., included in this Annual Report (Form 10-K) for the year ended December 31, 2021.

/s/ Ernst & Young LLP

San Francisco, California

February 3, 2022

**CERTIFICATION OF PERIODIC REPORT UNDER SECTION 302 OF  
THE SARBANES-OXLEY ACT OF 2002**

I, Benjamin Silbermann, certify that:

1. I have reviewed this Annual Report on Form 10-K of Pinterest, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

**PINTEREST, INC.**

Date: February 3, 2022

By: /s/ Benjamin Silbermann  
Benjamin Silbermann  
Co-Founder, President and Chief Executive Officer  
(Principal Executive Officer)



**CERTIFICATION OF PERIODIC REPORT UNDER SECTION 302 OF  
THE SARBANES-OXLEY ACT OF 2002**

I, Todd Morgenfeld, certify that:

1. I have reviewed this Annual Report on Form 10-K of Pinterest, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

**PINTEREST, INC.**

Date: February 3, 2022

By: /s/ Todd Morgenfeld  
Todd Morgenfeld  
Chief Financial Officer and Head of Business Operations  
(Principal Financial Officer and Principal Accounting Officer)

**CERTIFICATIONS OF PRINCIPAL EXECUTIVE OFFICER AND PRINCIPAL FINANCIAL OFFICER  
PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I, Benjamin Silbermann, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Annual Report on Form 10-K of Pinterest, Inc. for the fiscal year ended December 31, 2021 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in such Annual Report on Form 10-K fairly presents, in all material respects, the financial condition and results of operations of Pinterest, Inc.

I, Todd Morgenfeld, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Annual Report on Form 10-K of Pinterest, Inc. for the fiscal year ended December 31, 2021 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in such Annual Report on Form 10-K fairly presents, in all material respects, the financial condition and results of operations of Pinterest, Inc.

**PINTEREST, INC.**

Date: February 3, 2022

By: /s/ Benjamin Silbermann  
Benjamin Silbermann  
Co-Founder, President and Chief Executive Officer  
(Principal Executive Officer)

Date: February 3, 2022

By: /s/ Todd Morgenfeld  
Todd Morgenfeld  
Chief Financial Officer and Head of Business Operations  
(Principal Financial Officer and Principal Accounting Officer)

The foregoing certifications are furnished and are not deemed filed with the Securities and Exchange Commission for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (Exchange Act), and are not deemed to be incorporated by reference into any filing of Pinterest, Inc. under the Securities Act of 1933, as amended, or the Exchange Act, except to the extent that Pinterest, Inc. specifically incorporates them by reference.