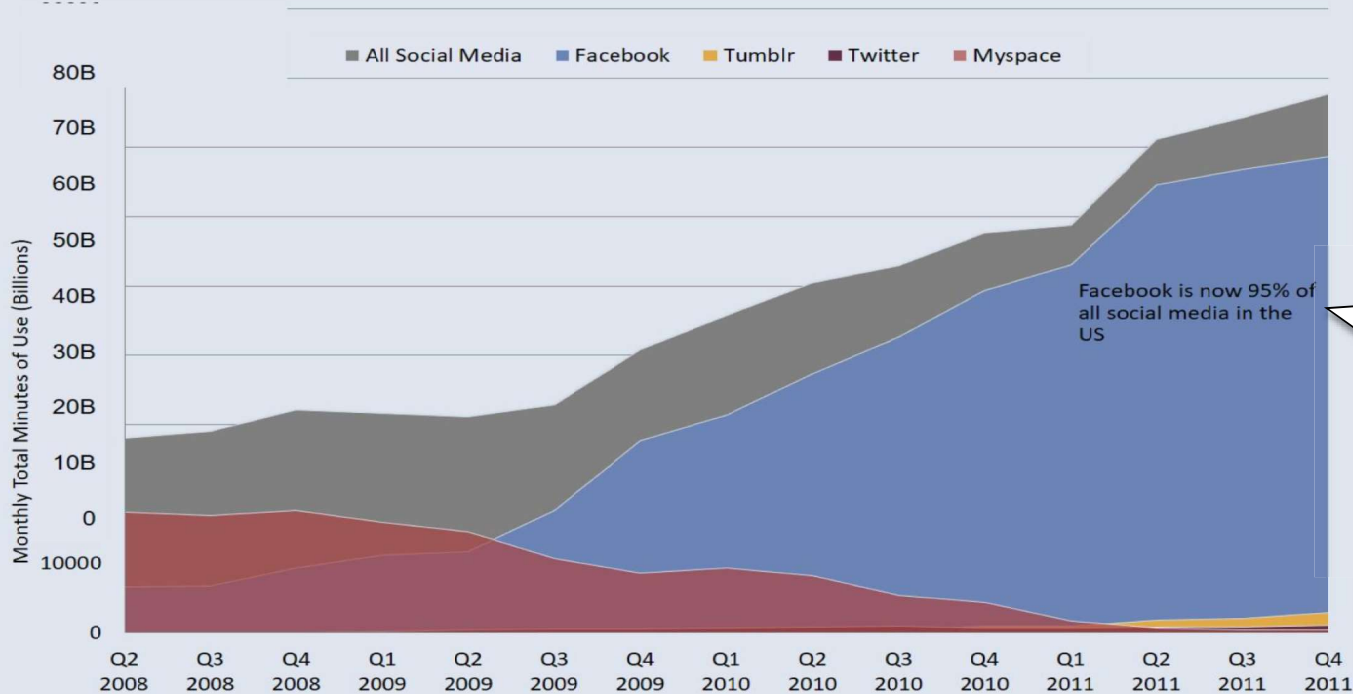




“95% of [A]ll [S]ocial [M]edia in the US.”

The industry consolidates as it matures



Facebook is now 95% of all social media in the US

“Facebook is now 95% of all social media in the US.”



“[L]and [G]rab”

Mr. Mark Zuckerberg
March 13, 2014
Attachment 4(c)-9

From: David Wehner [REDACTED]
Sent: Tuesday, February 25, 2014 3:47 PM
To: David Ebersman [REDACTED]
Subject: RE: few thoughts

I think we keep utility but broaden it beyond graph search to include messaging / communications. I think we need to ask eng to give us some points on graph search and what they are trying to do and whether there is any reason to emphasize this to investors. My bias is to fade it to background.

From: David Ebersman
Sent: Tuesday, February 25, 2014 3:06 PM
To: David Wehner [REDACTED]
Subject: Re: few thoughts

I do not disagree that my comments on Graph Search are weak but I am having trouble responding constructive to it because it is core to our comments about Utility and our strategy in general. What should we do?

- should we discard Utility from the conversation? If we do, don't we lose the 3.5, and 10 year framing since Utility is the focus of the 5-year arc? If we lose this, what is our framework for discussing our strategy?
- Should we keep Utility but use a different example than GS? Not sure what the example would be.
- Should we keep Utility and use GS as the example, but find a way to sell it better?

I fully agree that my GS language is weak, but deleting it creates a new set of questions.

From: David Wehner [REDACTED]
Date: Tuesday, February 25, 2014 at 11:44 AM
To: Facebook [REDACTED]
Subject: few thoughts

I was able to just observe today. It was very helpful.

A couple thoughts:

- 1) Fragmentation. We are letting the meme of fragmentation of audience establish itself. I think we should consider changing that. WhatsApp being popular isn't about the opportunity for Facebook being constrained. The reality is that 1x1 messaging has been a huge market for years and smartphones have opened up that market for disruption, making it ADDRESSABLE for Facebook and WhatsApp etc. So the pie is getting bigger not being chopped up. This seems like a simple message point for us to work on.
- 2) We need a simpler "platform" story. I am not sure if simply say we are a "platform for sharing" and that it is relevant for people, businesses, developers and public figures. Then we can launch into that. The fact that we are engaging all of these constituencies across our platform makes it more valuable.
- 3) M&A. A big concern expressed is that we are going to spend 5-10% of our market cap every couple years to shore up our position. I like David's answer that we think this is a "point in time" where change is coming to the mobile landscape. I hate the word "land grab" but I think that is the best convincing argument and we should own that. I'd probably tie this point to #1. Namely that smartphones are creating new, incremental opportunities for Facebook (and app developers) and we are being aggressive about seizing that opportunity as it is transforming the communications landscape.
- 4) Measurement. I think we should push to have a simple comparison of our measurement solution for brand vs. television. That came up and our answer is weak.
- 5) Auto play. I think we need some real data to speak to the consumer reaction to auto play. I feel like this is a big focus for investors but not clear where we think this is going. We need to tell the market: where this is heading.
- 6) Graph search. I think we need to take the graph search talking points to another level. We have been saying the same thing for a while. It's just a weak story and I don't think people are buying the "we are investing in it" argument. Need something more here.

“[W]e are going to spend 5-10% of our market cap every couple years to shore up our position . . .”

“I hate the word 'land grab' but I think that is the best convincing argument and we should own that . . .”



“[W]e can likely always just buy any competitive startups.”

From: Mark Zuckerberg
Sent: 4/9/2012 10:09:37 AM
To: [REDACTED]
Subject: RE: CONFIDENTIAL ANNOUNCEMENT

Thanks. One reason people underestimate the importance of watching Google is that we can likely always just buy any competitive startups, but it'll be a while before we can buy Google.

From: [REDACTED]
Sent: Monday, April 09, 2012 10:04 AM
To: Mark Zuckerberg
Subject: Re: CONFIDENTIAL ANNOUNCEMENT

Well played.

Sent from my iPhone

On Apr 9, 2012, at 9:58 AM, "Mark Zuckerberg" > wrote:

Confidential - DO NOT SHARE

Hey everyone,

I'm excited to share the news that last night we reached an agreement to acquire Instagram.

Below is a post about the deal that I'm about to put on my timeline. Instagram has built a successful network and mainstream brand by focusing on building the best mobile photos experience. After spending a lot of time with the Instagram team over the last few months working on Open Graph, and over the last couple of weeks discussing this, it's clear we share the same values and vision for the future of mobile photos.

We are committed to keeping the Instagram brand and growing their app independently. We will also continue on our FB Camera work. Over time we can build these two products to move closer together as it makes sense.

As always, feel free to ask me any questions you have about this at this week's open Q&A.

Mark

Timeline post below:

I'm excited to share the news that we've agreed to acquire Instagram and that their talented team will be joining Facebook.

For years, we've focused on building the best experience for sharing photos with your friends and family. Now, we'll be able to work even more closely with the Instagram team to also offer the best experiences for sharing beautiful mobile photos with people based on your interests.

We believe these are different experiences that complement each other. But in order to do this well, we need to be mindful about keeping and building on Instagram's strengths and features rather than just trying to

“[W]e can likely always just buy any competitive startups, but it'll be a while before we can buy Google.”



WhatsApp: “[W]e have close to 100% overlap.”

subset of theirs.

Re: demographics: in markets where they do well, they literally reach 100% of smartphone users – which is a big part of the population – with the ones missing being either very young or older folks. I don't have the data easily available on their first demographics to grow / which demos use it in markets where they haven't grown yet (my best guess in the absence of data is that younger demos 15-30 and international folks connected with countries where they do well probably join first)

The key here is that SMS is a universal use case on mobile (more so than FB) – which is why being an SMS replacement app they reach so many people

From: David Ebersman
Sent: Tuesday, February 18, 2014 8:02 AM
To: [REDACTED]
Cc: David Wehner; [REDACTED]
Subject: Cobalt questions

Hi [REDACTED]

None of these are urgent or critical, but they are the kinds of questions we will get from investors curious if you had any thoughts:

- do we have any sense of overlap between their and our user base? Best guess?
- do we have any sense for their user demographics? does it skew young?

We would not answer quantitatively, but if we had a sense of direction we might give people a sense. Thanks,

David

“[D]o we have any sense of overlap between their and our user base?”

Mr. Mark Zuckerberg
March 13, 2014
Attachment 4(c)-3

From: [REDACTED]
Sent: Tuesday, February 18, 2014 9:40 PM
To: David Ebersman
Cc: David Wehner
Subject: RE: Cobalt questions

Yeah... they do some very clever and thoughtful choices on many of their flows. I can walk you through some one day

From: David Ebersman
Sent: Tuesday, February 18, 2014 9:37 PM
To: [REDACTED]
Cc: David Wehner; [REDACTED]
Subject: Re: Cobalt questions

Thank you! I would have bet against that approach working. I would have been wrong.

From: [REDACTED]
Date: Tuesday, February 18, 2014 9:35 PM
To: David Ebersman
Cc: David Wehner; [REDACTED]
Subject: RE: Cobalt questions

You cannot send a message from cobalt to a non-cobalt user. From cobalt, you can invite a non-cobalt user to via email / or sms invite depending on whether you have an email or phone # stored in your phone address book. You can also decide to invite via SMS – regular fees apply.

From: David Ebersman
Sent: Tuesday, February 18, 2014 9:32 PM
To: [REDACTED]
Cc: David Wehner; [REDACTED]
Subject: Re: Cobalt questions

Thanks [REDACTED] That makes perfect sense.

Am I correct that sending messages from one Cobalt user to another is free but sending from one Cobalt user to someone who does not use the service exposes the sender to SMS fees? I imagine this is key to the virality

From: [REDACTED]
Date: Tuesday, February 18, 2014 9:23 PM
To: David Ebersman
Cc: David Wehner; [REDACTED]
Subject: RE: Cobalt questions

Hey David – based on our data, in the markets where they have done well (e.g. ES, DE, etc...) their reach amongst smartphone users is actually bigger than ours – so my guess is that we have close to 100% overlap, our user-base being a subset of theirs.

“[T]heir reach amongst smartphone users is actually bigger than ours – so my guess is that we have close to 100% overlap, our user-base being a subset of theirs.”