

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.