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6 **UNITED STATES DISTRICT COURT**
7 **NORTHERN DISTRICT OF CALIFORNIA**
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SECURITIES AND EXCHANGE COMMISSION, Plaintiff, vs. FACEBOOK, INC. Defendant.	Case No. 3:19-cv-04241-JD
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17 **DISTRIBUTION PLAN**
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19 **I. OVERVIEW**

20 1. This Distribution Plan (the “Plan”) was developed jointly by the Distribution Agent
21 and the United States Securities and Exchange Commission (“SEC” or “Commission”) staff in
22 accordance with practices and procedures customary in Fair Fund administrations. This Plan
23 governs the administration and distribution of the Fair Fund, and sets forth the method and
24 procedures for distributing the assets of the Fair Fund to certain Facebook investors harmed by the
25 alleged misconduct of the Defendant.

26 **II. BACKGROUND**

27 2. On July 24, 2019, the Commission filed the Complaint against Facebook, Inc. in
28 which the SEC alleged, among other things, that Facebook made misleading statements in its

1 public filings from 2016 until mid-March 2018 about the misuse of its users' data. As a result of
2 Defendant's conduct, including the misleading statements made in Facebook's periodic filings
3 with the SEC, the SEC asserted violations of Sections 17(a)(2) and (3) of the Securities Act of
4 1933 ("Securities Act") [15 U.S.C. §§77q(a)(2) and 77q(a)(3)], violations of Section 13(a) of the
5 Securities Exchange Act of 1934 ("Exchange Act") [15 U.S.C. §78m(a)] and Rules 12b-20, 13a-
6 1, and 13a-13 thereunder [17 C.F.R. §§240.12b-20, 240.13a-1, and 240.13a-13], and violations of
7 Rule 13a-15(a) of the Exchange Act [17 C.F.R. §240.13a-15(a)].

8 3. On August 22, 2019, the Court entered an agreed-upon final judgment ("Final
9 Judgment") (ECF No. 11), ordering Facebook to pay a \$100 million civil penalty, pursuant to
10 Section 20(d) of the Securities Act [15 U.S.C. § 77t(d)] and Section 21(d)(3) of the Exchange Act
11 [15 U.S.C. § 78u(d)(3)]. Defendant has since paid the entire amount of the Final Judgment, which
12 resides in an interest-bearing account at the U.S. Department of Treasury's Bureau of the Fiscal
13 Service.

14 4. On August 17, 2020, the Court entered an order establishing a Fair Fund, appointing
15 Miller Kaplan Arase LLP, as tax administrator (the "Tax Administrator") and RCB Fund Services,
16 LLC, as distribution agent (the "Distribution Agent"), and authorizing the Commission staff to
17 approve the payment of taxes and the future fees and expenses of the Tax Administrator without
18 further Court Order (ECF No. 14).

19 **III. DEFINITIONS**

20 As used in this Plan, the following definitions will apply:

21 5. "**Administrative Costs**" shall mean any administrative costs and expenses,
22 including without limitation the fees and expenses of the Tax Administrator and the Distribution
23 Agent, tax obligations, and investment and banking costs.

24 6. "**Claim Form**" means the form designed by the Distribution Agent, in consultation
25 with the Commission staff, for the filing of claims in accordance with this Plan. The claim form
26 will require, at a minimum, sufficient documentation reflecting any Preliminary Claimant's
27 purchases, acquisitions as set forth in the Plan of Allocation, and dispositions of Securities during

1 the Relevant Period such that eligibility under the Plan can be determined, tax identification and
2 other related information from the Preliminary Claimant as determined necessary by the
3 Distribution Agent in coordination with the Tax Administrator, and a certification that the
4 Preliminary Claimant is not an Excluded Party.

5 7. **“Claim Status Notice”** means the notice sent by the Distribution Agent within one
6 hundred twenty (120) days of the Claims Bar Date to all Preliminary Claimants that submitted a
7 Claim Form. The Claim Status Notice will set forth the Distribution Agent’s determination of the
8 eligibility of the claim (eligible, partially or wholly deficient, or ineligible). The Claim Status
9 Notice will provide to each Preliminary Claimant whose claim is deficient, in whole or in part, the
10 reason(s) for the deficiency and in the event the claim is denied, the Claim Status Notice will state
11 the reason(s) for such denial. The Claim Status Notice will also notify the Preliminary Claimant
12 of the opportunity to cure any deficiency, request reconsideration, or dispute the determination
13 made by the Distribution Agent and provide instructions regarding what is required to do so.

14 8. **“Claims Bar Date”** means the date established in accordance with this Plan by
15 which a Preliminary Claimant’s Claim Form must be postmarked or submitted electronically in
16 order to receive consideration under the Plan. The Claims Bar Date shall be one hundred twenty
17 (120) days after the initial mailing of the Plan Notice. Claim Forms submitted by Preliminary
18 Claimants postmarked or received after the Claims Bar Date will not be accepted unless the
19 Distribution Agent is directed to do so by the Commission staff.

20 9. **“Claims Packet”** means the materials relevant to submitting a claim that will be
21 available for Preliminary Claimants known to the Distribution Agent or to those who request such
22 materials through the website or otherwise prior to the Claims Bar Date. The Claims Packet will
23 include, at a minimum, a copy of the Plan Notice and a Claim Form (together with instructions for
24 completion of the Claim Form).

25 10. **“Distribution Payment”** means a payment from the Fair Fund to a Payee in
26 accordance with the terms of this Plan.

27 11. **“Eligible Claimant”** means a Preliminary Claimant who submitted a valid claim,

1 who may have suffered a loss as a result of transactions in the Securities during the Relevant
2 Period, pursuant to the Plan of Allocation, and who is not an Excluded Party.

3 12. **“Excluded Party”** shall mean:

- 4 (a) The Defendant;
- 5 (b) Any Person who served at any time from January 1, 2015 through the end
6 of the Relevant Period as an officer¹ or director;
- 7 (c) Any employee or former employee of the Defendant or any of its affiliates
8 who has been terminated for cause or has otherwise resigned, in connection
9 with the conduct detailed in the Complaint;
- 10 (d) Any Person who, as of the Claims Bar Date, has been the subject of criminal
11 charges related to the conduct detailed in the Complaint or any related
12 Commission action;
- 13 (e) any assigns, creditors, heirs, distributees, spouses, parents, dependent
14 children or controlled entities of any of the foregoing persons or entities in
15 paragraph 12(a)-(d) above;
- 16 (f) Any firm, trust, corporation, officer, or other entity in which Defendant has
17 or had a controlling interest;
- 18 (g) The Distribution Agent, its employees, and those persons assisting the
19 Distribution Agent in its role as the Distribution Agent; or
- 20 (h) Any purchaser or assignee of another Person’s right to obtain a recovery
21 from the Fair Fund for value; provided, however, that this provision shall
22 not be construed to exclude those Persons who obtained such a right by gift,
23 inheritance or devise.

24 The Claim Form will require Preliminary Claimants to certify that they are not an Excluded Party.

¹ An “officer” excluded under this paragraph is any officer of Facebook required to file a Form 3, 4 or 5 with the Commission pursuant to Section 16 of the Securities Exchange Act of 1934 to report transactions in the Security during the Relevant Period.

1 13. **“Fair Fund”** means the \$100,000,000 fund created by the Court in its August 17,
2 2020 Order, pursuant to Section 308(a) of the Sarbanes-Oxley Act of 2002, for the benefit of
3 investors harmed by Defendant’s violations detailed in the Complaint.

4 14. **“Final Determination Notice”** shall mean the written notice sent by the
5 Distribution Agent to any Preliminary Claimant who timely responded to the Claim Status Notice
6 in an effort to cure a deficiency, seek reconsideration of a denied claim, or otherwise dispute the
7 determination made by the Distribution Agent, notifying the Preliminary Claimant of its
8 determination. The Final Determination Notice will constitute the Distribution Agent’s final ruling
9 regarding the status of the claim.

10 15. **“Net Available Fair Fund”** means the Fair Fund, plus any interest or earnings, less
11 Administrative Costs.

12 16. **“Payee”** means an Eligible Claimant who is determined to receive a Distribution
13 Payment, as calculated in accordance with the Plan of Allocation.

14 17. **“Person”** means natural individuals as well as legal entities such as corporations,
15 partnerships, or limited liability companies.

16 18. **“Plan Notice”** means a written notice from the Distribution Agent to Preliminary
17 Claimants informing them of the Fair Fund; the Plan and its eligibility requirements; explaining
18 how to submit a claim, including directions for any online claims process; and how to obtain a
19 copy of the approved Plan and Claim Form by request or from the Fair Fund’s website. The Plan
20 Notice will also be available on the Fair Fund’s website that is maintained by the Distribution
21 Agent.

22 19. **“Plan of Allocation”** means the methodology by which an Eligible Claimant’s
23 Recognized Loss is calculated. The Plan of Allocation is attached as Exhibit A.

24 20. **“Preliminary Claimant”** shall mean a Person, or their lawful successors, asserting
25 prior to the Claims Bar Date that they have a possible claim to recover from the Fair Fund under
26 this Plan.

27 21. **“Recognized Loss”** means the amount of loss calculated for an Eligible Claimant

1 in accordance with the Plan of Allocation.

2 22. “**Relevant Period**” means the period of time between January 28, 2016 and
3 March 19, 2018, inclusive.

4 23. “**Securities**” refers to shares of Facebook common stock listed on a U.S. exchange
5 and registered with the Commission and traded under the symbol FB during the Relevant Period.

6 24. “**Summary Notice**” means the notice published in print or internet media that shall
7 include, at a minimum, a statement of the purpose of the Fair Fund and the Plan, the means of
8 obtaining a Claims Packet, and the Claims Bar Date. The Summary Notice will be published
9 within 20 days of the initial mailing.

10 25. “**Third-Party Filer**” means a third-party, including without limitation a nominee,
11 custodian, or an intermediary holding in street name, who is authorized to submit and submits a
12 claim(s) on behalf of one or more Preliminary Claimants. Third-Party Filer does not include
13 assignees or purchasers of claims, which are excluded from receiving Distribution Payments.

14 **IV. TAX COMPLIANCE**

15 26. The Fair Fund constitutes a Qualified Settlement Fund (“QSF”) under Section
16 468B(g) of the Internal Revenue Code of 1986, as amended, 26 U.S.C. § 468B(g), and related
17 regulations, 26 C.F.R. §§ 1.468B-1 through 1.468B-5. The Tax Administrator is the administrator
18 of such QSF, for purposes of Treas. Reg. § 1.468B-2(k)(3)(I) and shall satisfy the tax-related
19 administrative requirements imposed by Treas. Reg. § 1.468B-2, including, but not limited to:

- 20 (a) Obtaining a taxpayer identification number;
- 21 (b) Requesting funds necessary for the timely payment of all applicable taxes,
22 the payment of taxes for which the Tax Administrator has received funds,
23 and the filing of applicable returns; and
- 24 (c) Fulfilling any information reporting or withholding requirements required
25 for distributions from the Fair Fund.

26 **V. DISTRIBUTION AGENT**

27 27. The Distribution Agent will be responsible for administering the Fair Fund in

1 accordance with the Plan. This will include, among other things, taking reasonable steps to identify
2 and contact Preliminary Claimants; obtaining mailing information for Preliminary Claimants;
3 establishing a website and staffing a call center to address inquiries during the claims process;
4 developing a claims database; preparing accountings; cooperating with the Tax Administrator
5 appointed by the Commission to satisfy any tax liabilities and to ensure compliance with income
6 tax reporting requirements, including but not limited to Foreign Account Tax Compliance Act
7 (FATCA); advising Preliminary Claimants of deficiencies in claims and providing an opportunity
8 to cure any documentary defects; taking antifraud measures, such as identifying false, ineligible
9 and overstated claims; making determinations under the criteria established herein as to
10 Preliminary Claimant eligibility; advising Preliminary Claimants of final claim determinations;
11 disbursing the Fair Fund in accordance with this Plan, as ordered by the Court; and researching
12 and reconciling errors and reissuing payments, when possible.

13 28. To carry out the purposes of this Plan, the Distribution Agent is authorized to make
14 and implement immaterial changes to the Plan upon agreement of the Commission staff. If a
15 change is deemed to be material by the Commission staff, Court approval is required prior to
16 implementation by amending the Plan.

17 29. The Distribution Agent may extend any procedural deadline contained in the Plan
18 for good cause shown, if agreed upon by the Commission staff.

19 30. The Distribution Agent is authorized to enter into agreements with third-parties as
20 may be appropriate or necessary in the administration of the Fair Fund, provided such third-parties
21 are not excluded pursuant to other provisions of this Plan. In connection with such agreements,
22 the third-parties shall be deemed to be agents of the Distribution Agent under this Plan.

23 31. The Distribution Agent may be removed at any time by the Court, and replaced
24 with a successor. In the event the Distribution Agent decides to resign, it will first give written
25 notice to the Commission staff and the Court of such intention, and such resignation will not be
26 effective until the Court has appointed a successor. The Distribution Agent will then follow such
27 instructions as such successor or the Court provides in turning over management of the Fair Fund.

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VI. ADMINISTRATION OF THE FAIR FUND

Identification of and Notification to Preliminary Claimants

32. The Distribution Agent will, insofar as practicable, use its best efforts to identify Preliminary Claimants from a review of trading records, obtaining records from registered broker-dealers and investment advisors, and seeking information from any other source available to it. The Distribution Agent may also engage a third-party firm, after consultation with and approval of the Commission staff, to assist in identifying Preliminary Claimants to maximize the participation rate of Facebook investors in the Fair Fund.

33. Within sixty (60) days after Court approval of the Plan, the Distribution Agent shall:

- (a) design and submit a Claims Packet, including the Plan Notice and the Claim Form, to the Commission staff for review and approval;
- (b) create a mailing and claim database of all Preliminary Claimants based upon information identified by the Distribution Agent;
- (c) run a National Change of Address search to retrieve updated addresses for all records in the database, thereby ensuring the mailing information for Preliminary Claimants is up-to-date;
- (d) mail a Plan Notice to each Preliminary Claimant identified by the Distribution Agent and to the Distribution Agent’s list of banks, brokers, and other nominees in accordance with paragraph 38 below;
- (e) establish and maintain a website devoted solely to the Fair Fund. The Fair Fund’s website, located at www.fbfairfund.com, will make available a copy of the approved Plan; provide information regarding the claims process and eligibility requirements for participation in the Fair Fund in the form of frequently asked questions; include in downloadable form, the Claim Form and other related materials; and such other information the Distribution

1 Agent believes will be beneficial to Preliminary Claimants;

2 (f) establish and maintain a toll-free telephone number, 866-578-3658, for
3 Preliminary Claimants to call to speak to a live representative of the
4 Distribution Agent during its regular business hours or, outside of such
5 hours, to hear prerecorded information about the Fair Fund. The toll-free
6 number will be listed on all correspondence from the Distribution Agent to
7 Preliminary Claimants as well as on the Fair Fund’s website; and

8 (g) establish and maintain a traditional mailing address and an email address
9 which will be listed on all correspondence from the Distribution Agent to
10 Preliminary Claimants as well as on the Fair Fund’s website.

11 34. The Distribution Agent will publish the Summary Notice on the internet and/or in
12 print media acceptable to Commission staff.

13 35. The Commission staff retains the right to review and approve any material posted
14 on the Fair Fund’s website, any material mailed, and any scripts used in connection with any
15 communication with Preliminary Claimants.

16 36. In all materials that refer to the Claims Bar Date, the filing deadline will be clearly
17 identified with the calendar date, which is one hundred twenty (120) days from the date of the
18 initial publication of the Plan Notice.

19 37. The Distribution Agent will promptly provide a Claims Packet to any Preliminary
20 Claimant upon request made via mail, phone, or email prior to the Claims Bar Date.

21 38. The Distribution Agent will send by mail, email, or other means, the Plan Notice to
22 the Distribution Agent’s list of banks, brokers, and other nominees, as well as any other institutions
23 identified during the outreach process, that may have records of the Securities during the Relevant
24 Period (collectively, the “Nominees or Custodians”). The Distribution Agent will request that
25 these entities, to the extent that they were record holders for beneficial owners of the Securities:

26 (a) within fourteen (14) days of the Nominees’ or Custodians’ receipt of the
27 Plan Notice, notify and send the Plan Notice to the respective beneficial

1 owners,-and, as requested, provide to the beneficial owners a Claims Packet,
2 so that the beneficial owners may timely file a claim. The burden will be
3 on the Nominees or Custodians to ensure the claims process information,
4 including, if requested, the Claim Packet and other relevant materials, is
5 properly disseminated to the beneficial owners; and/or

6 (b) provide to the Distribution Agent, within fourteen (14) days of receipt of
7 the Plan Notice, a list of last known names and addresses for all beneficial
8 owners for whom/which they purchased, as the record holder, the Securities
9 during the Relevant Period, so that the Distribution Agent can communicate
10 with the beneficial owners directly.

11 39. At the discretion of the Distribution Agent, in consultation with the Commission
12 staff, a reasonable number of additional copies of the Claims Packet shall be made available to any
13 Nominee or Custodian requesting it for the purpose of distribution to beneficial owners.

14 40. Documented reasonable out-of-pocket expenses incurred by the Nominees or the
15 Custodians, which would not have been incurred but for compliance with paragraph 38 above,
16 shall be reimbursed from the Fair Fund. The amount of such expenses allowed will be at the
17 discretion of the Distribution Agent, in consultation with the Commission staff. Unless otherwise
18 determined by the Distribution Agent in consultation with the Commission staff, out-of-pocket
19 expenses based on the following rates will be considered reasonable:

20 (a) a maximum of \$0.08 per Plan Notice, plus postage at the pre-sort postage
21 rate per Plan Notice actually mailed; or

22 (b) \$0.05 per email of Summary Notice or Plan Notice and Claim Form link
23 disseminated; or

24 (c) \$0.20 per name, address, and email address provided to the Distribution
25 Agent, up to a maximum of amount of \$1,500.00.

26 41. The Distribution Agent will attempt to locate any Preliminary Claimant whose
27 mailing is returned as “undeliverable” and will document all such efforts. The Distribution Agent

1 shall use its best efforts to make use of commercially available resources and other reasonably
2 appropriate means to obtain updated addresses in response to “undeliverable” notices, and forward
3 any returned mail for which an updated address is provided or obtained. The Distribution Agent
4 will make available, upon request by the Commission staff, a list of all Preliminary Claimants
5 whose Claims Packet have been returned as “undeliverable” due to incorrect addresses and for
6 which the Distribution Agent has been unable to locate current addresses.

7 Filing a Claim

8 42. To avoid being barred from asserting a claim, on or before the Claims Bar Date,
9 each Preliminary Claimant must submit to the Distribution Agent a properly completed Claim
10 Form reflecting such Preliminary Claimant’s claim, together with all required supporting
11 documentation as the Distribution Agent, in its discretion, deems necessary or appropriate to
12 substantiate the claim. Without limitation, this information may include third-party documentary
13 evidence of purchases and dispositions of Securities during the Relevant Period, as well as
14 holdings of Securities at pertinent dates.

15 43. Electronic claims submission is encouraged; the Plan Notice will include directions
16 on how Preliminary Claimants can submit their claims electronically via the Fair Fund’s website.
17 If using the web-based claim filing option, a Preliminary Claimant must submit their claim to the
18 Distribution Agent by 11:59 p.m. on the Claims Bar Date. The Claims Packet will also include
19 directions for submission of claims if the Preliminary Claimant is unable to submit their claim
20 electronically.

21 44. The burden will be upon the Preliminary Claimant to ensure that his, her or its
22 Claim Form has been properly and timely received by the Distribution Agent. A Claim Form that
23 is postmarked after the Claims Bar Date will not be accepted unless the deadline is extended by
24 the Distribution Agent for good cause shown, after consultation with the Commission staff.

25 45. All Claim Forms and supporting documentation necessary to determine a
26 Preliminary Claimant’s eligibility to receive a distribution from the Fair Fund under the terms of
27 the Plan must be verified by a declaration executed by the Preliminary Claimant under penalty of

1 perjury under the laws of the United States. The declaration must be executed by the Preliminary
2 Claimant, unless the Distribution Agent accepts such declaration from a Person authorized to act
3 on the Preliminary Claimant's behalf, whose authority is supported by such documentary evidence
4 as the Distribution Agent deems necessary.

5 46. When submitting claims to the Fair Fund on behalf of its clients, all Third-Party
6 Filers must use the electronic filing template provided by the Distribution Agent in this matter.
7 Filers that do not comply with the template and format provided by the Distribution Agent may be
8 rejected. Third-Party Filers must also submit a signed master proof of claim and release, as well
9 as proof of authority to file on behalf of the claimant(s) at the time the electronic file of transactions
10 is submitted. Failure to do so may result in rejection of the claim.

11 47. Each Third-Party Filer must establish the validity and amount of each claim in its
12 submission. Third-Party Filers must submit such supporting documentary evidence of purchases,
13 dispositions, and holdings of Securities as the Distribution Agent deems necessary or appropriate
14 to substantiate each individual claim. Without limitation, this includes the complete name of the
15 Preliminary Claimant (beneficial account owner) and its TIN (for individuals) or EIN (for
16 companies), sufficient contact information to confirm the identity of the beneficial owner, and
17 documentation from the original bank, broker or other institution of purchases and dispositions of
18 Securities (account statements, confirmations and other documentation of purchases and
19 dispositions), as well as holdings of the Securities on pertinent dates. Documentation generated
20 by the Third-Party Filer as well as affidavits in lieu of supporting documentation will not be
21 accepted unless, for good cause, the Distribution Agent determines it acceptable. The Distribution
22 Agent will have the right to request, and the Third-Party Filer will have the burden of providing to
23 the Distribution Agent, any additional information and/or documentation deemed necessary by the
24 Distribution Agent to substantiate the claim(s) contained in the submission. Documentation from
25 a Third-Party Filer that is not acceptable to the Distribution Agent will result in rejection of the
26 affected claim(s). The determination of the Distribution Agent to reject a claim for insufficient
27 documentation, as reflected on the Final Determination Notice, is final and within the discretion

1 of the Distribution Agent.

2 48. No Person who purchased a claim shall be deemed an Eligible Claimant under the
3 Plan. Provided however, Persons that received the Security by gift, inheritance, devise, or by
4 operation of law from someone who died intestate may be eligible for a recovery from the Fair
5 Fund if the original purchaser of the Security would have been eligible under the terms of this
6 Plan. Any gift, inheritance, devise or transfer by operation of law from someone who died intestate
7 will not be deemed to be a purchase of the Security, nor will it be deemed an assignment of any
8 claim relating to the purchase of such securities unless specifically so provided in the instrument
9 of inheritance. Only one claim may be submitted with regard to the same transactions in Securities,
10 and in cases where multiple claims are filed by the donor and donee, the donee claim will be
11 honored, assuming it is supported by proper documentation. Notwithstanding any of the
12 foregoing, the Distribution Agent shall be entitled to disallow any claim that the Distribution Agent
13 finds was not acquired via a bona fide gift in its entirety, or where the Distribution Agent finds
14 that the inheritance, devise or operation of law was obtained through payment in any form.

15 49. Claims on behalf of a retirement plan covered by Section 3(3) of ERISA, 29
16 U.S.C. § 1002(3), which do not include Individual Retirement Accounts and such plan's
17 participants, are properly made by the administrator, custodian or fiduciary of the plan and not by
18 the plan's participants. The Distribution Agent will distribute any payments on such claims
19 directly to the administrator, custodian or fiduciary of the retirement plan. The custodian or
20 fiduciary of the retirement plan will distribute any payments received in a manner consistent with
21 its fiduciary duties and the governing account or plan provisions.

22 Claims Eligibility Determination

23 50. The Distribution Agent will review all claim submissions and determine the
24 eligibility of each Preliminary Claimant to participate in the Fair Fund by reviewing claim data
25 and supporting documentation (or the lack thereof) and verifying the claim. Any Preliminary
26 Claimant with a valid claim that purchased or acquired (as set forth in the Plan of Allocation) the
27 Security during the Relevant Period and who is not an Excluded Party, will be deemed an Eligible

1 Claimant. The Distribution Agent will then determine if the Eligible Claimant has suffered a
2 Recognized Loss pursuant to the Plan of Allocation. Each Preliminary Claimant will have the
3 burden of proof to establish the validity and amount of his, her or its claim, and qualification as an
4 Eligible Claimant. The Distribution Agent will have the right to request, and the Preliminary
5 Claimant will have the burden of providing to the Distribution Agent, any additional information
6 and/or documentation deemed relevant by the Distribution Agent.

7 51. The Distribution Agent will provide a Claim Status Notice within one hundred
8 twenty (120) days of the Claims Bar Date to each Preliminary Claimant who has filed a Claim
9 Form with the Distribution Agent, setting forth the Distribution Agent's determination of the
10 eligibility of the claim (eligible, partially or wholly deficient, or ineligible). The Claim Status
11 Notice will provide to each Preliminary Claimant whose claim is deficient, in whole or in part, the
12 reason(s) for the deficiency (*e.g.*, failure to provide required information or documentation). In
13 the event the claim is denied, in whole or in part, the Claim Status Notice will state the reason(s)
14 for such denial. The Claim Status Notice will also notify the Preliminary Claimant of the
15 opportunity to cure any deficiency, request reconsideration, or dispute the determination made by
16 the Distribution Agent and provide instructions regarding what is required to do so.

17 52. Any Preliminary Claimant with a deficient claim will have thirty (30) days from
18 the date of the Claim Status Notice to cure any deficiencies identified in the Claim Status Notice.

19 53. Any Preliminary Claimant seeking reconsideration of a denied claim must advise
20 the Distribution Agent in writing within thirty (30) days of the date of the Claim Status Notice. All
21 requests for reconsideration must include the necessary documentation to substantiate the basis
22 upon which the Preliminary Claimant is requesting reconsideration of their claim.

23 54. The Distribution Agent may, in its sole discretion, consider disputes of any nature
24 presented in writing within thirty (30) days of the Claim Status Notice by Preliminary Claimants,
25 and will consult Commission staff as appropriate.

26 55. The Distribution Agent will send, as appropriate, a Final Determination Notice to
27 all Preliminary Claimants who responded to the Claim Status Notice in an effort to cure a

1 deficiency, seek reconsideration of a rejected claim, or dispute the determination made by the
2 Distribution Agent, notifying the Preliminary Claimant of its determination. The Distribution
3 Agent will send such Final Determination Notices no later than sixty (60) days following receipt
4 of documentation or information in response to the Claim Status Notice, or such longer time as the
5 Distribution Agent determines is necessary for a proper determination concerning the claim.

6 56. The Distribution Agent will have the authority, in its sole discretion, to waive
7 technical claim deficiencies and approve claims on a case-by-case basis, or in groups of claims.
8 All determinations made by the Distribution Agent in accordance with the Plan in any dispute,
9 request for reconsideration, or request to cure a deficient claim will be final and not subject to
10 appeal.

11 57. The Preliminary Claimant has the burden of notifying the Distribution Agent of a
12 change in his, her or its current address and other contact information, and of ensuring that such
13 information is properly reflected on the Distribution Agent's records.

14 Third-Party Review

15 58. After the Distribution Agent has completed the process of analyzing the claims and
16 determining claim amounts in accordance with the Plan, and prior to the issuance of any Final
17 Determination Notices or distribution of any funds, the Distribution Agent will engage an
18 independent, third-party firm, not unacceptable to Commission staff, to perform a set of agreed
19 upon procedures, review a statistically significant sample of claims and ensure accurate and
20 comprehensive application of the Plan of Allocation. The Distribution Agent will communicate
21 the results of the review to Commission staff together with any written analysis or reports related
22 to the review, and, upon request, will make the firm available to the Commission staff to respond
23 to questions concerning the review.

24 Distribution Methodology

25 59. The Distribution Agent will calculate each Eligible Claimant's Recognized Loss in
26 accordance with the Plan of Allocation. All Eligible Claimants who are determined to receive a
27 Distribution Payment will be deemed a Payee.

1 60. The Distribution Agent in its exclusive discretion may, but will have no obligation
2 to, aggregate accounts held by a Person in the same legal capacity in determining Recognized Loss
3 and Distribution Payment amounts.

4 Establishment of a Reserve

5 61. Before determining the amount of funds available for distribution and calculating
6 each Payee’s Distribution Payment, the Distribution Agent, in conjunction with the Tax
7 Administrator, will establish a reserve to pay Administrative Costs and to accommodate any
8 unexpected expenditures (the “Reserve”).

9 62. After all disbursements and Administrative Costs are paid, any remaining amounts
10 in the Reserve will become part of the Residual described in paragraph 86 below.

11 Preparation of the Payment File

12 63. Within 30 days following the date of the Final Determination Notices described
13 above, paragraph 55, the Distribution Agent will compile and send to the Commission staff the
14 Payee information, including the name, address, calculated Recognized Loss, and the amount of
15 the Distribution Payment for all Payees (the “Payee List”). The Distribution Agent will also
16 provide a Declaration to the Commission staff for review, representing that the Payee List: (a) was
17 compiled in accordance with the approved Plan; (b) is accurate as to Payees’ names, addresses,
18 Recognized Losses and amounts of their Distribution Payment; (c) includes the number of Payees
19 compensated; (d) the *pro-rata* share applied, if any; (e) the percentage of Recognized Loss being
20 compensated by the Fair Fund; (f) the total amount being distributed; and (g) provides all
21 information necessary to make a payment to each Payee.

22 The Escrow Account

23 64. Prior to the disbursement of the Net Available Fair Fund, the Distribution Agent
24 will establish an escrow account (the “Escrow Account”) with a United States commercial bank
25 that is a well-capitalized financial institution as defined by the Federal Reserve Act, Subpart D, 12
26 C.F.R. 208.43 and that is not unacceptable to the Commission staff (the “Bank”), pursuant to an
27 escrow agreement (the “Escrow Agreement”) to be provided by Commission staff.

1 65. The Distribution Agent, pursuant to the Escrow Agreement, shall also establish
2 with the Bank a separate deposit account (*e.g.* controlled distribution account, managed
3 distribution account, linked checking and investment account) (the “Distribution Account”),
4 insured by the Federal Deposit Insurance Corporation (“FDIC”) up to the guaranteed FDIC pass
5 through limit. The Distribution Account shall be linked with the Escrow Account and shall be
6 named, and records maintained, in accordance with the Escrow Agreement.

7 66. During the term of the Escrow Agreement, the portions of the Fair Fund transferred
8 to the Escrow Account (the “Escrow Property”), shall be invested and reinvested in short-term
9 U.S. Treasury securities backed by the full faith and credit of the United States Government or an
10 agency thereof. The investment shall be, of a type and term necessary to meet the cash liquidity
11 requirements for payments to Payees, tax obligations, and/or fees of the Tax Administrator and/or
12 Distribution Agent, including investment or reinvestment in a bank account insured by the FDIC
13 up to the guaranteed FDIC limit, or in money market mutual funds registered under the Investment
14 Company Act of 1940 that invest 100% of their assets in direct obligations of the United States
15 Government.

16 67. Within ten (10) days of transfer of the Escrow Property, the Distribution Agent shall
17 sign and file a receipt acknowledging the receipt of the funds and supply a copy of the receipt to
18 the counsel of record for the Commission in this matter.

19 68. The Distribution Agent shall provide duplicate original bank and/or investment
20 statements on any accounts established by the Distribution Agent to the Tax Administrator on a
21 monthly basis and shall assist the Tax Administrator in obtaining mid-cycle statements, as
22 necessary.

23 69. The Distribution Agent shall deposit or invest funds in the Escrow and Distribution
24 Accounts so as to result in the maximum reasonable net return, taking into account the safety of
25 such deposits or investments. In consultation with Commission staff, the Distribution Agent shall
26 work with the Bank on an ongoing basis to determine an allocation of funds between the Escrow
27 and Distribution Accounts.

1 70. All interest, dividends, and/or income earned by the Escrow Property will accrue for
2 the benefit of the Escrow Property. All Administrative Costs associated with the Escrow and
3 Distribution Accounts will be the responsibility of the Distribution Agent, who may be reimbursed
4 for said costs as provided in this Plan. No such Administrative Costs may be paid to the Bank, its
5 agents, and/or its affiliates from the Escrow Property.

6 Distribution of the Fair Fund

7 71. The Distribution Agent will seek to distribute the Net Available Fair Fund to all
8 Payees, in one or more tranches, only after all Claim Forms have been processed and all
9 Preliminary Claimants whose claims have been rejected or disallowed, in whole or in part, have
10 been notified and provided the opportunity to contest or cure pursuant to the procedures set forth
11 herein.

12 72. Upon the Commission's staff's receipt, review, and acceptance of the Payee List and
13 Declaration from the Distribution Agent, the Commission staff will petition the Court for authority
14 to disburse funds to the Bank in accordance with the Payee List for distribution by the Distribution
15 Agent in accordance with the Plan. All disbursements will be made in U.S. currency. The Payee
16 List shall, upon request, be made available to the Court under seal. No distribution will be
17 conducted without prior authorization by an Order of this Court.

18 73. Upon issuance of an Order to disburse by this Court, the Commission staff will direct
19 the transfer of the amount of funds referred to on the Payee List to the Bank.

20 74. The Distribution Agent will then use its best efforts to commence the issuance of
21 Distribution Payments within ten (10) business days of the release of the funds into the Escrow
22 Account. All efforts will be coordinated to limit the time between the Escrow Account's receipt
23 of the funds and the issuance of Distribution Payments.

24 75. All Distribution Payments will be issued by the Distribution Agent from the
25 Distribution Account. All checks will bear a stale date of ninety (90) days from the date of
26 issuance. Checks that are not negotiated by the stale date will be voided, and the Bank will be
27 instructed to stop payment on those checks. A Payee's claim will be extinguished if he, she, or it

1 fails to negotiate his, her or its check by the stale date, and the funds will remain in the Fair Fund,
2 except as provided in paragraphs 85-87.

3 76. All payments will be preceded or accompanied by a communication that includes,
4 as appropriate: (a) a statement characterizing the distribution; (b) a statement that the tax treatment
5 of the distribution is the responsibility of each Payee and that the Payee should consult his, her or
6 its tax advisor for advice regarding the tax treatment of the distribution; (c) a statement that checks
7 will be void and cannot be reissued after ninety (90) days from the date the original check was
8 issued; and (d) contact information for the Distribution Agent for questions regarding the
9 Distribution Payment. The letter or other mailings to Payees characterizing a Distribution Payment
10 will be submitted to the Tax Administrator and Commission staff for review and approval.

11 77. All Distribution Payments, either on their face or in the accompanying mailing, will
12 clearly indicate that the money is being distributed from the Fair Fund established by the
13 Commission to compensate investors for harm as a result of securities law violations.

14 78. Distribution Payments must be made by check or electronic payment payable to the
15 Payee (the beneficial account owner). A Third-Party Filer shall not be the payee of any
16 Distribution Payment check or electronic Distribution Payment. Any other payment arrangement
17 must be discussed with the Distribution Agent in consultation with the Commission staff and must
18 be authorized by the Payee. Compensation to a Third-Party Filer for its services may not be paid
19 or deducted from the Distribution Payment.

20 79. If, after discussion with the Distribution Agent in consultation with the Commission
21 staff, and authorization by the Payee(s), a Distribution Payment is to be made to a Third-Party
22 Filer to distribute to the Payee(s), the Third-Party Filer will be required to complete a certification,
23 which will require them, at a minimum, to attest that any distribution to the custodian, trustee, or
24 investment professional representing multiple potentially eligible beneficial owners, will be
25 allocated for the benefit of current or former pooled investors and not for the benefit of
26 management. The certification form will be available on the Fair Fund website and upon request
27 from the Distribution Agent. All such Third-Party Filers must have an auditable mechanism

1 available to the Distribution Agent and the Commission staff to confirm that each Payee received
2 the Distribution Payment directed to them.

3 80. The submission of a Claim Form and the receipt and acceptance of a Distribution
4 Payment by a Payee is not intended to be a release of a Payee's rights and claims against any party.

5 81. Electronic or wire transfers may be utilized at the discretion of the Distribution
6 Agent to transfer approved Distribution Payments to filers of claims. Wire transfers will be
7 initiated by the Distribution Agent using a two-party check and balance system, whereby
8 completion of a wire transfer will require an authorization by two members of the Distribution
9 Agent's senior staff.

10 Post Distribution; Handling of Returned or Uncashed Checks; and Reissues

11 82. The Distribution Agent shall use its best efforts to make use of commercially
12 available resources and other reasonably appropriate means to locate all Payees whose checks are
13 returned to the Distribution Agent as "undeliverable." If new address information becomes
14 available, the Distribution Agent will repackage the distribution check and send it to the new
15 address. If new address information is not available after a diligent search (and in no event no
16 later than ninety (90) days after the initial mailing of the original check) or if the distribution check
17 is returned again, the check shall be voided and the Distribution Agent shall instruct the issuing
18 financial institution to stop payment on such check. If the Distribution Agent is unable to find a
19 Payee's correct address, the Distribution Agent, in its discretion, may remove such Payee from the
20 distribution and the allocated Distribution Payment will remain in the Fair Fund for distribution,
21 if feasible, to the remaining Payees.

22 83. The Distribution Agent will reissue checks to Payees upon the receipt of a valid,
23 written request from the Payee prior to the initial stale date. In cases where a Payee is unable to
24 endorse a Distribution Payment check as written (*e.g.*, name changes, IRA custodian changes, or
25 recipient is deceased) and the Payee or a lawful representative requests the reissuance of a
26 Distribution Payment check in a different name, the Distribution Agent will request, and must
27 receive, documentation to support the requested change. The Distribution Agent will review the

1 documentation to determine the authenticity and propriety of the change request. If, in the
2 discretion of the Distribution Agent, such change request is properly documented, the Distribution
3 Agent will issue an appropriately redrawn Distribution Payment to the requesting party. Reissued
4 checks will be void at the later of ninety (90) days from issuance of the original check or thirty
5 (30) days from the reissuance, and in no event will a check be reissued after ninety (90) days from
6 the date of the original issuance without the approval of Commission staff.

7 84. The Distribution Agent will make reasonable efforts to contact Payees who have
8 failed to negotiate their Distribution Payment check and take appropriate action to follow up on
9 the status of uncashed checks at the request of Commission staff. The Distribution Agent may
10 reissue such checks subject to the time limits detailed herein.

11 Disposition of Undistributed Funds

12 85. If funds remain following the initial distribution and payment of all Administrative
13 Costs, the Distribution Agent, in consultation with the Commission staff, may seek subsequent
14 distribution of any available remaining funds, pursuant to a Court Order.

15 86. A residual within the Fair Fund will be established for any amounts remaining after
16 the final disbursement to Payees from the Fair Fund (the "Residual"). The Residual may include
17 funds from, among other things, amounts remaining in the Reserve, distribution checks that have
18 not been cashed, checks or electronic payments that were not delivered or returned to the
19 Commission, tax refunds for overpayment or for waiver of IRS penalties.

20 87. All funds remaining in the Residual that are infeasible to distribute to investors will
21 be returned to the Commission, pending a final accounting. Upon completion of the final
22 accounting, the Commission staff will file a motion with this Court to approve the final accounting,
23 which will include a recommendation as to the final disposition of the Residual. If distribution of
24 the Residual to investors is infeasible, the Commission staff may recommend the transfer of the
25 Residual to the general fund of the U.S. Treasury subject to Section 21F(g)(3) of the Exchange
26 Act.

27 Administrative Costs

1 88. The Distribution Agent will be entitled to reasonable administrative fees and
2 expenses in connection with the administration and distribution of the Fair Fund (including any
3 such fees and expenses incurred by agents, consultants or third-parties retained by the Distribution
4 Agent in furtherance of its duties), which shall be paid from the Fair Fund. The Distribution Agent
5 will invoice all fees and expenses for the administration and distribution of the Fair Fund on a
6 quarterly basis.

7 89. Pursuant to the Court's Order entered on August 17, 2020, the Tax Administrator
8 will invoice all taxes and fees and expenses for the administration of the Fair Fund directly to
9 Commission staff.

10 90. Any other Administrative Costs shall be paid from the Fair Fund, pursuant to a
11 Court Order and shall be reflected in the final accounting referenced below.

12 Accountings

13 91. The Distribution Agent shall provide to Commission staff, a progress report,
14 pursuant to and in a format to be provided by Commission staff, within forty-five (45) days of
15 Court approval of this Distribution Plan, and shall provide additional progress reports within
16 twenty (20) days after the end of every quarter thereafter, and a final report when its duties are
17 completed. The Commission staff shall provide these reports to the Court upon request.

18 92. The progress reports shall inform the Court and the Commission staff of the
19 activities and status of Fair Fund during the relevant reporting period, and once funds are
20 transferred to the Bank it will specify, at a minimum: (a) the location of the account(s) comprising
21 the Fair Fund; and (b) an interim accounting of all monies in the Fair Fund as of the most recent
22 month-end, including the value of the account(s), all monies earned or received into the account(s),
23 funds distributed to Payees, and any monies expended from the Fair Fund to satisfy any fees, costs,
24 taxes and other expenses incurred in the implementation of this Plan.

25 93. Upon completion of all distributions to Payees pursuant to the procedures described
26 above, the Distribution Agent shall transfer all remaining funds to the Commission, and submit a
27 final accounting for approval by the Court on a standardized form provided by the Commission

1 staff. The Distribution Agent will also submit a report to the Commission staff containing the final
2 distribution statistics regarding distributions to individuals and entities, and such other information
3 requested by the Commission staff.

4 Termination of the Fair Fund

5 94. The Commission staff will seek an Order from the Court, as appropriate, approving
6 the final accounting, discharging the Distribution Agent, disposing of the Residual, and
7 terminating the Fair Fund.

8 95. The Fair Fund will be eligible for termination and the Distribution Agent will be
9 eligible for discharge after all of the following have occurred (a) a final accounting, in a standard
10 accounting format provided by the Commission staff, has been submitted to and approved by the
11 Court; (b) all Administrative Costs have been paid; and (c) the Court has approved the Commission
12 staff's recommendation as to the final disposition of the Residual consistent with *SEC v. Liu*, 140
13 S. Ct. 1936 (2020) and Section 21(d)(7) of the Exchange Act, 15 U.S.C. §78u(d)(7).

14 96. Once the Fair Fund has been terminated, no further claims will be allowed and no
15 additional payments will be made whatsoever.

16 Miscellaneous

17 97. The Distribution Agent is entitled to rely on all outstanding rules of law and Court
18 orders. The Distribution Agent will not be liable to anyone, except the Commission on behalf of
19 the Fair Fund for a pecuniary loss to the Fair Fund, for any action taken or omitted by the
20 Distribution Agent in connection with the Plan and all Preliminary Claimants will have no claims
21 against the Distribution Agent, its employees, agents, and attorneys in connection with the Plan
22 and the administration of the Fair Fund, and will be deemed enjoined from prosecuting or asserting
23 any such claims, except upon a finding by this Court of gross negligence or reckless disregard of
24 duty under this Plan.

25 98. All proceedings with respect to the administration, processing, and determination
26 of claims and the determination of all related controversies, shall be subject to the exclusive
27 jurisdiction of this Court.

1 99. Should any additional funds be received pursuant to Commission or Court order,
2 agreement, or otherwise, prior to the Court's termination of the Fair Fund, such funds will be added
3 to the Fair Fund and distributed, if feasible, in accordance with the Plan.

4 Wind-down and Document Retention

5 100. The Distribution Agent will shut down the website, P.O. Box and customer service
6 telephone line(s) established specifically for the administration of the Fair Fund six (6) months
7 after the transfer of any remaining funds to the Commission, or at such earlier time as the
8 Distribution Agent determines with the concurrence of the Commission staff.

9 101. The Distribution Agent will retain all materials submitted by Preliminary Claimants
10 in either paper or electronic form for a period of six (6) years from the date of approval of a final
11 fund accounting. Materials maintained in electronic form must be accessible and readable for the
12 duration of retention. Pursuant to the Commission staff's direction, the Distribution Agent will
13 either turn over to the Commission or destroy all materials, including documents in any media,
14 upon expiration of this period.

1
2 **Exhibit A**

3
4 PLAN OF ALLOCATION

5 This Plan of Allocation is designed to compensate investors based on their losses suffered
6 from purchases of Facebook common stock (the “Securities”) between January 28, 2016 and
7 March 19, 2018, inclusive (the “Relevant Period”) due to the misconduct of the Defendant.
8 Investors who purchased shares of the Securities during the Relevant Period or acquired shares of
9 the Securities through the conversion of restricted stock units (“RSUs”) during the Relevant Period
10 pursuant to a grant of RSUs made during the Relevant Period and who are not are an Excluded
11 Party² are eligible to recover under this Plan. Artificial inflation in the price of the Securities over
12 various date ranges surrounding corrective disclosures and average closing prices of the Securities
13 have been calculated by the Commission’s economists and are reflected in Table A and Table B,
14 respectively.

15 The Distribution Agent will calculate the amount of loss for each share of the Securities
16 purchased or acquired during the Relevant Period (“Recognized Loss per Share”) as follows:

17 For each share of Securities purchased or acquired between January 28, 2016 and March
18 19, 2018, inclusive, and

- 19 A. Sold prior to March 16, 2018, the Recognized Loss per Share is \$0.00.
20 B. Sold on March 19, 2018 or March 20, 2018, the Recognized Loss per Share is the
21 *lesser of:*
22 i. The amount of inflation per share on the purchase/acquisition date as set
23 forth in Table A below *minus* the amount of inflation per share on the sale
24 date as set forth in Table A below; or
25 ii. the purchase/acquisition price *minus* the sale price.

² All capitalized terms used herein but not defined shall have the same meanings ascribed to them in the Plan.

1 C. Sold after the close of trading on March 20, 2018 and prior to the close of trading
2 on June 15, 2018 (the “Lookback Period”) the Recognized Loss per Share is the
3 *least of:*

- 4 i. the amount of inflation per share on the purchase/acquisition date as set
5 forth in Table A below; or
6 ii. the purchase/acquisition price *minus* the sale price; or
7 iii. the purchase/acquisition price *minus* the moving average closing price of
8 the Securities on the sale date as set forth in Table B below.

9 D. Held as of the close of trading on June 15, 2018, the Recognized Loss per Share is
10 the *lesser of:*

- 11 i. the amount of inflation per share on the purchase/acquisition date as set
12 forth in Table A below; or
13 ii. the purchase/acquisition price *minus* \$175.31, the average closing price
14 of the Security between March 20, 2018, and June 15, 2018, as shown
15 on the last row in Table B below.

16 If the Recognized Loss per Share calculates to a negative number, reflecting a gain, the
17 Recognized Loss per Share on such shares will be \$0.00.

18 All prices mentioned in the calculations exclude all taxes, fees and commissions.
19 Purchases and sales shall be deemed to have occurred on the “contract” or “trade” date as opposed
20 to the “settlement” or “payment” date.

21 Table C below provides examples of the implementation of the Plan of Allocation.
22

23 **Additional Provisions**

24 FIFO Methodology: For each Eligible Claimant who made multiple purchases and sales
25 of Security during the Relevant Period, the transactions will be matched according to the first-in,
26 first-out (“FIFO”) method. The earliest sales during the Relevant Period will be matched first
27 against any holdings at the opening of the Relevant Period. Once the beginning holdings have all

1 been matched, or in the event that the Eligible Claimant had no beginning holdings, then any
2 further sales will be matched against the earliest Relevant Period purchases and chronologically
3 thereafter.

4 Acquisitions: The receipt or grant of the Securities to the Eligible Claimant by gift, devise,
5 inheritance, or operation of law during the Relevant Period is not considered an eligible purchase
6 if the original purchase did not occur during the Relevant Period. Such shares will be excluded
7 from the calculation of the Eligible Claimant's Recognized Loss. The acquisition of the Security
8 through the conversion of restricted stock units ("RSUs") will be included in the Recognized Loss
9 calculation if both the grant of the RSUs and conversion of the RSUs to common shares occur
10 within the Relevant Period. These shares will be treated as purchases during the Relevant Period,
11 with the closing price of the Security on the date of conversion (or most recent past trading day
12 from such date) serving as the corresponding purchase price.

13 Options and Derivatives: Facebook common stock is the only security eligible for recovery
14 under this Plan. Option contracts to purchase or sell the Securities are not securities eligible for
15 recovery under the Plan. With respect to the Securities purchased or sold through the exercise of
16 an option, the purchase/sale date is the exercise date of the call and the assignment date of the put,
17 and the purchase/sale price is the strike price of the call at the time of exercise and the strike price
18 of the put at the time of assignment. Transactions in the Securities during the Relevant Period that
19 are pursuant to, or in connection with, a swap or another derivative will not be eligible for a
20 recovery.

21 Short Sales: If the sale date for a share falls before the purchase date, then the share has a
22 Recognized Loss per Share of \$0.00. The date of covering a short sale is deemed to be the date of
23 purchase of the Securities and the date of a short sale is deemed to be the date of sale of the
24 Securities. The earliest Relevant Period purchases will be matched against any short position
25 existing on the date prior to the start of the Relevant Period, and not be entitled to a recovery, until
26 that short position is fully covered.

27 Recognized Loss: An Eligible Claimant's Recognized Loss will be the sum of the

1 Recognized Loss per Share, as calculated above, on all shares of the Securities purchased or
2 acquired during the Relevant Period. If the Recognized Loss calculates to a gain, then the
3 Recognized Loss will be \$0.00.

4 Market Loss Limitation: If an Eligible Claimant's actual market loss on shares of the
5 Securities purchased during the Relevant Period is less than his, her or its Recognized Loss, then
6 the Eligible Claimant's Recognized Loss shall be limited to the actual market loss amount. If the
7 actual market loss calculates to a gain, then the Eligible Claimant's Recognized Loss will be \$0.00.
8 The actual market loss will be calculated as (a) the total purchase amount for shares of the
9 Securities purchased during the Relevant Period,³ less (b) the sales proceeds on any of those shares
10 sold during the Relevant Period or during the Lookback Period,⁴ and (c) the holding value on the
11 remaining of those shares,⁵ which will be \$175.31 per share, the average closing price of the
12 Securities between March 20, 2018 and June 15, 2018, for purposes of this calculation.

13 Allocation of Funds: If the Net Available Fair Fund, as defined in the Plan, is equal to or
14 exceeds the sum of Recognized Losses of all Eligible Claimants, each Eligible Claimant's
15 distribution amount will equal his, her or its Recognized Loss. If the Net Available Fair Fund is
16 less than the sum of the Recognized Losses of all Eligible Claimants, each Eligible Claimant's
17 distribution amount will equal his, her or its "Pro Rata Share" of the Net Available Fair Fund. In
18 either case, the distribution amount will be subject to the "Minimum Distribution Amount."

³ Purchases during the Relevant Period to cover short positions will be included in the calculation of actual market loss if the purchase is matched to a short sale during the Relevant Period. Purchases/acquisitions that are not eligible for recovery will not be considered for purposes of calculating the actual market loss. Eligible acquisitions through conversion of RSUs as defined in the "Acquisitions" provision will be assigned the purchase price assigned in that provision.

⁴ Sales of the Security during the Relevant Period will be matched first against the opening position and the proceeds of such sales will not be considered for purposes of calculating the actual market loss. Short sales will be considered for purposes of calculating the actual market loss.

⁵ Any open short positions at the end of the Lookback Period will be ignored for purposes of calculating the actual market loss.

1 Pro Rata Share: A *Pro Rata* Share computation is intended to measure Eligible Claimants'
2 Recognized Losses against one another. The Distribution Agent shall determine each Eligible
3 Claimant's *Pro Rata* Share as the ratio of his, her, or its Recognized Loss to the sum of Recognized
4 Losses of all Eligible Claimants.

5 Minimum Distribution Amount: The Minimum Distribution Amount will be \$10.00. If an
6 Eligible Claimant's distribution amount is less than the Minimum Distribution Amount, that
7 Eligible Claimant will be deemed ineligible to receive a Distribution Payment and his, her, or its
8 distribution amount will be reallocated on a *pro-rata* basis to Eligible Claimants whose distribution
9 amounts are greater than or equal to the Minimum Distribution Amount.

10 Payee: An Eligible Claimant whose distribution amount that equals or exceeds the
11 Minimum Distribution Amount will be deemed a Payee and receive a Distribution Payment for
12 their distribution amount.

13 Prior Recovery: To avoid payment of a windfall, the Distribution Payment will be no larger
14 than the Payee's Recognized Loss minus the amount of any compensation for the loss that resulted
15 from the conduct detailed in the Complaint that was received from another source (e.g., class action
16 settlement), to the extent known by the Distribution Agent.

Table A: Facebook Common Stock Inflation Schedule

Date Range	Inflation per Share
January 28, 2016 and March 16, 2018	\$12.88
March 19, 2018	\$3.57
On or after March 20, 2018	\$0.00

Table B: Facebook Common Stock Average Closing Price, March 20 – June 15, 2018

Date	Average Closing Price from March 20, 2018 to Date Shown	Date	Average Closing Price from March 20, 2018 to Date Shown	Date	Average Closing Price from March 20, 2018 to Date Shown
3/20/2018	\$168.15	4/19/2018	\$161.62	5/18/2018	\$168.84
3/21/2018	\$168.77	4/20/2018	\$161.82	5/21/2018	\$169.20
3/22/2018	\$167.48	4/23/2018	\$161.99	5/22/2018	\$169.52
3/23/2018	\$165.45	4/24/2018	\$161.90	5/23/2018	\$169.90
3/26/2018	\$164.38	4/25/2018	\$161.81	5/24/2018	\$170.24
3/27/2018	\$162.35	4/26/2018	\$162.27	5/25/2018	\$170.55
3/28/2018	\$161.02	4/27/2018	\$162.68	5/29/2018	\$170.86
3/29/2018	\$160.86	4/30/2018	\$163.00	5/30/2018	\$171.19
4/2/2018	\$160.26	5/1/2018	\$163.36	5/31/2018	\$171.60
4/3/2018	\$159.84	5/2/2018	\$163.77	6/1/2018	\$172.03
4/4/2018	\$159.41	5/3/2018	\$164.09	6/4/2018	\$172.43
4/5/2018	\$159.40	5/4/2018	\$164.47	6/5/2018	\$172.81
4/6/2018	\$159.24	5/7/2018	\$164.87	6/6/2018	\$173.14
4/9/2018	\$159.14	5/8/2018	\$165.27	6/7/2018	\$173.41
4/10/2018	\$159.54	5/9/2018	\$165.75	6/8/2018	\$173.69
4/11/2018	\$159.96	5/10/2018	\$166.29	6/11/2018	\$174.00
4/12/2018	\$160.19	5/11/2018	\$166.83	6/12/2018	\$174.31
4/13/2018	\$160.43	5/14/2018	\$167.34	6/13/2018	\$174.61
4/16/2018	\$160.66	5/15/2018	\$167.76	6/14/2018	\$174.97
4/17/2018	\$161.06	5/16/2018	\$168.14	6/15/2018	\$175.31
4/18/2018	\$161.31	5/17/2018	\$168.51		

Table C: Claim Calculation Examples

Example 1. Shares Sold on March 20, 2018

Transactions					Market Loss/(Gain) During Relevant Period		
Date	Transaction Type	# of Shares	Price	Amount		# of Shares	Amount
1/27/2016	Beginning Holding	0			Total Purchase Amount	1,000	\$182,420.00
11/28/2017	Purchase	1,000	\$182.42	\$182,420.00	Matched Sales Proceeds	1,000	\$168,150.00
3/20/2018	Sale	1,000	\$168.15	\$168,150.00	Held Value at 06/15/18 (\$175.31/share)	0	\$0.00
					Market Loss/(Gain)		\$14,270.00
					Market Loss Limitation		\$14,270.00

FIFO Calculation

Calculation of Eligible Loss Amount

Shares	Purchase Date	Sale Date	Inflation per Share	Purchase Price - Sale Price	Purchase Price - Moving Avg. Price from Table A	Purchase Price - Held Price at 6/15/18 (\$175.31)	Eligible Loss per Share	Eligible Loss on Transaction
[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8] = max(0, min([4],[5],[6],[7]))	[9] = [1] * [8]
1,000	11/28/2017	3/20/2018	\$12.88	\$182.42 - \$168.15 = \$14.27	N/A	N/A	\$12.88	\$12,880.00
							Preliminary Eligible Loss Amount	\$12,880.00
							Market Loss Limitation	\$14,270.00
							Eligible Loss Amount	\$12,880.00

Example 2. Shares Sold on Various Dates

Transactions					Market Loss/(Gain) During Relevant Period		
Date	Transaction Type	# of Shares	Price	Amount		# of Shares	Amount
1/27/2016	Beginning Holding	0			Total Purchase Amount	1,000	\$118,670.00
5/16/2016	Purchase	1,000	\$118.67	\$118,670.00	Matched Sales Proceeds	900	\$134,577.00
11/16/2016	Sale	300	\$116.34	\$34,902.00	Held Value at 06/15/18 (\$175.31/share)	100	\$17,531.00
3/19/2018	Sale	300	\$172.56	\$51,768.00	Market Loss/(Gain)		(\$33,438.00)
4/25/2018	Sale	300	\$159.69	\$47,907.00	Market Loss Limitation		\$0.00

FIFO Calculation

Calculation of Eligible Loss Amount

Shares	Purchase Date	Sale Date	Inflation per Share	Purchase Price - Sale Price	Purchase Price - Moving Avg. Price from Table A	Purchase Price - Held Price at 6/15/18 (\$175.31)	Eligible Loss per Share	Eligible Loss on Transaction
[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8] = max(0, min([4],[5],[6],[7]))	[9] = [1] * [8]
300	5/16/2016	11/16/2016	\$0.00	N/A	N/A	N/A	\$0.00	\$0.00
300	5/16/2016	3/19/2018	\$12.88 - \$3.57 = \$9.31	\$118.67 - \$172.56 = -\$53.89	N/A	N/A	\$0.00	\$0.00
300	5/16/2016	4/25/2018	\$12.88	\$118.67 - \$159.69 = -\$41.02	\$118.67 - \$161.81 = -\$43.14	N/A	\$0.00	\$0.00
100	5/16/2016	Held Through 6/15/2018	\$12.88	N/A	N/A	\$118.67 - \$175.31 = -\$56.64	\$0.00	\$0.00
							Preliminary Eligible Loss Amount	\$0.00
							Market Loss Limitation	\$0.00
							Eligible Loss Amount	\$0.00

Example 3. Shares Purchased Before the Relevant Period

Transactions					Market Loss/(Gain) During Relevant Period		
Date	Transaction Type	# of Shares	Price	Amount		# of Shares	Amount
1/27/2016	Beginning Holding	400			Total Purchase Amount	1,000	\$180,060.00
10/31/2017	Purchase	1,000	\$180.06	\$180,060.00	Matched Sales Proceeds	700	\$117,705.00
3/20/2018	Sale	1,100	\$168.15	\$184,965.00	Held Value at 06/15/18 (\$175.31/share)	300	\$52,593.00
					Market Loss/(Gain)		\$9,762.00
					Market Loss Limitation		\$9,762.00

FIFO Calculation

Calculation of Eligible Loss Amount

Shares	Purchase Date	Sale Date	Inflation per Share	Purchase Price - Sale Price	Purchase Price - Moving Avg. Price from Table A	Purchase Price - Held Price at 6/15/18 (\$175.31)	Eligible Loss per Share	Eligible Loss on Transaction
[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8] = max(0, min([4],[5],[6],[7]))	[9] = [1] * [8]
400	Beginning Holding	3/20/2018	\$0.00	N/A	N/A	N/A	\$0.00	\$0.00
700	10/31/2017	3/20/2018	\$12.88	\$180.06 - \$168.15 = \$11.91	N/A	N/A	\$11.91	\$8,337.00
300	10/31/2017	Held Through 6/15/2018	\$12.88	N/A	N/A	\$180.06 - \$175.31 = \$4.75	\$4.75	\$1,425.00
Preliminary Eligible Loss Amount								\$9,762.00
Market Loss Limitation								\$9,762.00
Eligible Loss Amount								\$9,762.00

Example 4. Options Exercised During the Relevant Period

Transactions					Market Loss/(Gain) During Relevant Period		
Date	Transaction Type	# of Shares	Price	Amount		# of Shares	Amount
1/27/2016	Beginning Holding	0			Total Purchase Amount	1,500	\$220,440.00
7/19/2016	Investor Exercises Call Option (Purch.)	500	\$100.00	\$50,000.00	Matched Sales Proceeds	1,500	\$243,150.00
9/7/2016	Call Option Exercised Against Investor (Sale)	500	\$150.00	\$75,000.00	Held Value at 06/15/18 (\$175.31/share)	0	\$0.00
7/27/2017	Purchase	1,000	\$170.44	\$170,440.00	Market Loss/(Gain)		(\$22,710.00)
3/20/2018	Sale	1,000	\$168.15	\$168,150.00	Market Loss Limitation		\$0.00

FIFO Calculation

Calculation of Eligible Loss Amount

Shares	Purchase Date	Sale Date	Inflation per Share	Purchase Price - Sale Price	Purchase Price - Moving Avg. Price from Table A	Purchase Price - Held Price at 6/15/18 (\$175.31)	Eligible Loss per Share	Eligible Loss on Transaction
[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8] = max(0, min([4],[5],[6],[7]))	[9] = [1] * [8]
500	7/19/2016	9/7/2016	\$0.00	N/A	N/A	N/A	\$0.00	\$0.00
1,000	7/27/2017	3/20/2018	\$12.88	\$170.44 - \$168.15 = \$2.29	N/A	N/A	\$2.29	\$2,290.00
Preliminary Eligible Loss Amount								\$2,290.00
Market Loss Limitation								\$0.00
Eligible Loss Amount								\$0.00