CANADA

PROVINCE OF QUEBEC
DISTRICT OF MONTREAL
No: 500-06-000616-124

SUPERIOR COURT
***CLASS ACTION***

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**ESSINE EID MOUAIKEL**, domiciled and resident at 1770, Pirée street, City of Montreal, Province of Quebec, judicial district of Montreal, H4R 2W8

Petitioner

vs.

**FACEBOOK, INC.,** a legal person duly constituted according to the law with offices situated at 1601 Willow Road Menlo Park, CA 94025

and

**MARK ZUCKERBERG,** domiciled and resident at 2308 Amherst Street, Palo Alto, CA 94306

**PETER A. THIEL,** domiciled and resident at 2140 Jefferson Street San Francisco, CA 94123

**MARC L. ANDREESSEN**, domiciled and resident at 164 Elena Avenue, Atherton, Ca 94027

**ERKSINE B. BOWLES,** domiciled and resident at 6725 Old Providence Road Charlotte, NC 28226

**JAMES W. BREYER**, domiciled and resident at 372 Mountain Home Road Woodside, CA 94062

**DONALD E. GRAHAM,** domiciled and resident at 2028 Hillyer Place NW, Washington, DC 20009

**REED HASTINGS,** domiciled and resident at 604 Lighthouse Avenue, Santa Cruz, CA 95060

Respondents

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**MOTION FOR AUTHORIZATION TO INSTITUTE A CLASS ACTION AND TO OBTAIN THE STATUS OF REPRESENTATIVE**
**(Articles 1002 and following of the C.C.P.)**

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**TO ONE OF THE HONOURABLE JUSTICES OF THE SUPERIOR COURT OF QUEBEC, SITTING IN AND FOR THE DISTRICT OF MONTREAL, THE PETITIONER STATES THE FOLLOWING:**

## INTRODUCTION

1. The Petitioner wishes to institute a class action on behalf of the following group, of which he is a member (the "Group"):

   "All physical and legal persons established for a private interest, partnerships or associations with not more than 50 employees during the past 12 months domiciled in Canada (other than the Respondents, their past and present subsidiaries, affiliates, officers, directors, senior employees, partners, legal representatives, heirs, predecessors, successors and assigns, and any individual who is an immediate member of the families of the individual named defendants) who purchased or otherwise acquired the common stock of Facebook, Inc. pursuant or traceable to Facebook, Inc's May 18, 2012 initial public offering (the "**IPO**")."

or such other group definition as may be approved by the Court;

2. The relief that the Petitioner seeks includes the following:

a) a declaration that every prospectus issued by Facebook Inc. (hereinafter "Facebook") contained one or more misrepresentations;

b) a declaration that all or some of the core documents (as defined in the *Securities Act,* RSQ, c V-1.1 (the *"Securities Act"))* issued by Facebook in relation to the IPO (the "Offering Documents") contained one or more misrepresentations;

c) damages in an amount equal to the losses that she and the other Members of the Group suffered as a result of purchasing or acquiring the securities of Facebook at inflated prices; and

d) a declaration that Facebook is vicariously liable for the acts and/or omissions of the Individual Respondents, as defined in paragraph 11 of this motion, and of its other officers, directors and employees.

**The Respondents**

3. The Respondent Facebook, Inc. ("**Facebook**") is incorporated pursuant to the laws of Delaware, with its head office at 1601 Willow Road, Menlo Park, CA 94025;

4. The Respondent Mark Zuckerberg ("**Zuckerberg**") resides at 2308 Amherst Street, Palo Alto, CA 94306;

5. The Respondent Peter A. Thiel ("**Thiel**") resides at 2140 Jefferson Street, San Francisco, CA, 94123;

6. The Resondent Marc L. Andreessen ("**Andreessen**") resides at 164 Elena Avenue, Atherton, CA, 94027;

7. The Respondent Erksine B. Bowles ("**Bowles**") resides at 6725 Old Providence Road, Charlotte, NC 28226;

8. The Respondent James W. Breyer ("**Breyer**") resides at 372 Mountain Home Road, Woodside, CA 94062;

9. The Respondent Donald E. Graham ("**Graham**") resides at 2028 Hillyer Place NW, Washington, DC 20009;

10. The Respondent Reed Hastings ("**Hastings**") resides at 604 Lighthouse Avenue, Santa Cruz, CA 95060;

11. The Respondents listed at paragraphs four to ten are hereinafter collectively referred to as the "**Individual Respondents**";

**The Petitioner**

12. The Petitioner is one of thousands of investors who purchased the common stock of Facebook after Facebook's May 18, 2012 Initial Public Offering ("IPO"). She continued to hold shares of Facebook when the price of Facebook's securities declined due to the correction of the misrepresentations alleged herein;

13. The Petitioner purchased 120 Facebook shares over her TD Waterhouse account, with an initial investment of approximately $5 000,00;

14. At the time of purchase, the Petitioner's shares were valued at approximately $38.00;

15. Following the discovery of the misrepresentations and frauds by Respondents, the Petitioner sold her shares for $3 500.00, thus suffering a loss of $1 500.00;

**Background**

16. Facebook was founded in 2004 by Zuckerberg. Facebook operates as a social networking website and develops technologies that facilitate the sharing of information through the digital mapping of people's real-world social connections. It enables members to look up friends Web pages, as well as share photos and videos. Facebook also provides messaging services among its users. Facebook's navigation gives users access to core site functions and applications.

It offers services such as timeline, activity log, news feed, photos and video, groups, messages, friend lists, events, subscribe, ticker and pages;

17. In October 2007, Facebook sold a 1.6% stake to Microsoft for $240 million and started an advertising partnership with Microsoft. Facebook currently generates a substantial majority of its revenue from advertising, as shown in the table taken from the Prospectus below:

| Year | Advertising as % of Revenue |
|---|---|
| 2009 | 98% |
| 2010 | 95% |
| 2011 | 85% |
| 1st Qtr 2011 | 87% |
| 1st Qtr 2012 | 82% |

**The Initial Public Offering**

18. On February 1, 2012, Facebook announced its intention to have an initial public offering by filing an initial registration statement on Form S-l with the United States Securities and Exchange Commission ("**SEC**");

19. Between February 1, 2012 and May 16, 2012, Facebook filed eight amendments to its February 1, 2012 registration statement. On May 16, 2012, Facebook filed its final registration statement;

20. In April, 2012, Facebook discreetly briefed approximately 20 bank analysts on its revenue guidance for the second quarter and the full year. This guidance was not included in any of the registration statements or in the prospectus and was not disclosed publicly to prospective Facebook investors;

21. On May 7, 2012, Facebook and its underwriters began a "road show" during which they discussed Facebook and its prospects with prospective investors;

22. On May 9, 2012, Facebook discreetly contacted more than 20 analysts, including those at underwriters Morgan Stanley, Goldman Sachs and J.P. Morgan, to

inform them that revenue would come in at the lower end of the forecast that had been provided to them in April, 2012;

23. After receiving this information, several of the underwriters revised their performance estimates for Facebook downward. For example, Morgan Stanley cut its 2012 profit estimate for Facebook from $0.51/share to $0.48/share and its 2013 profit estimate from $0.88/share to $0.83/share. J.P. Morgan and Goldman Sachs, among others, also cut their performance estimates for Facebook;

24. Despite their legal obligation to promote Facebook's IPO in a fair manner, Facebook and its underwriters only disclosed this secret information to certain selected clients, thus curtailing demand for Facebook shares in the IPO. This enabled these selected clients to benefit from insider knowledge to avoid purchasing shares of Facebook at inflated prices or to short-sell Facebook's shares to the detriment of other investors;

25. Despite this secret information which demonstrated that the proposed share price for the IPO was already overvalued, on May 15, 2012, Facebook and its underwriters increased the price range for the IPO to $34 - $38 per share from its previous range of $28 - $35 per share to the detriment of shareholders who did not possess insider knowledge with respect to the true value of Facebook shares;

26. On May 17, 2012, after the securities markets closed, the SEC published a "Notice of Effectiveness" for Facebook's IPO registration statement;

27. On May 18, 2012, Facebook filed a prospectus with the SEC. On the same day, Facebook initiated its IPO and sold approximately 421 million shares of its common stock at $38 per share. The total value of the IPO was more than $16 billion;

## THE RESPONDENTS' MISREPRESENTATIONS

28. Facebook's registration statements and the prospectus are hereby referred to as the "**Offering Documents**";

29. The Offering Documents contained untrue statements of material fact, omitted to state other facts necessary to make the statements made not misleading and were not prepared in accordance with applicable securities laws;

30. At all material times, accurate valuation of Facebook's common shares depended on the information contained in the Offering Documents. The price at which Facebook's securities traded on the NASDAQ incorporated material information about Facebook as disseminated to the public through the Offering Documents and distributed by Facebook;

***First misrepresentation: Facebook did not disclose significant pending litigation***

31. At all material times, Facebook and its underwriters failed to disclose the true scope of the ongoing litigation against Facebook. In its Form S-1/A, Facebook makes vague references to patent litigation and gives three examples all relating to litigation initiated by Yahoo. The Form S-1/A states in relevant part at page 14:

> *"From time to time, we receive notice letters from patent holders alleging that certain of our products and services infringe their patent rights. Some of these have resulted in litigation against us. For example, on March 12, 2012, Yahoo filed a lawsuit against us in the U.S. District Court for the Northern District of California that alleges that a number of our products infringe the claims of ten of Yahoo's patents that Yahoo claims relate to "advertising," "social networking," "privacy," "customization," and "messaging," and on April 27, 2012, Yahoo added two patents to the lawsuit that Yahoo claims relate to "advertising." Yahoo is seeking unspecified damages, a damage multiplier for alleged willful infringement, and an injunction.*
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> *We presently are involved in a number of other lawsuits, and as we face increasing competition and gain an increasingly high profile, including in connection with our initial public offering, we expect the number of patent and other intellectual property claims against us to grow."*

32. In addition to other litigation which is peculiarly known to the Respondents, Facebook and its underwriters failed to disclose a claim against Facebook for patent infringement where possible damages are reasonably expected to exceed $10 billion. This claim is styled *Leader Technologies Inc. v. Facebook Inc.*, Case 1:08-cv-00862-UNA (U.S. District Court for the District of Delaware), and is now pending in the United States Court of Appeals for the Federal Circuit. The *Leader*

*Technologies* claim asserts that Facebook has and continues to infringe, contributorily infringe, and/or induce the infringement of United States Patent No.7,139,761;

33. Given that Facebook relies extensively on the No. 7,139,761 Patent, Facebook had an obligation to disclose this highly significant lawsuit by Leader Technologies, which poses a material risk to Facebook's ongoing business and to Facebook's investors;

34. Facebook's failure to disclose the *Leader Technologies* claim, and other claims which are known to the Respondents, is a misrepresentation and constitutes an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made. This misrepresentation caused the Petitioner and Group Members to purchase shares at inflated prices;

***Second Misrepresentation: Facebook fails to disclose risks relating to loss of advertising revenue***

35. On May 9, 2012, just before Facebook discreetly provided more fulsome disclosure to its underwriters, including Allen & Company LLC, Barclays Capital Inc., Goldman, Sachs & Co., J.P. Morgan Securities LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated, Morgan Stanley & Co. LLC, and RBC Capital Markets LLC, Facebook amended its registration statement to add a risk disclosure indicating that Facebook's ability to effectively monetize its mobile products was unproven, stating at page 57:

*"Based upon our experience in the second quarter of 2012 to date, the trend we saw in the first quarter of DAUs increasing more rapidly than the increase in number of ads delivered has continued. We believe this trend is driven in part by increased usage of Facebook on mobile devices where we have only recently begun showing an immaterial number of sponsored stories in News Feed, and in part due to certain pages having fewer ads per page as a result of product decisions. For additional information on factors that may affect these matters, see 'Risk Factors – Growth in use of Facebook through our mobile products, **where our ability to monetize is unproven**, as a substitute for use on personal computers may negatively affect our revenue and financial results' and 'Risk Factors--Our culture emphasizes rapid*

*innovation and prioritizes user engagement over short-term financial results.'*"

36. The same statement was also included at page 57 of the prospectus;

37. At page 14 of the prospectus, the Defendants further indicated that Facebook's ability to monetize growth in mobile users was unproven, stating in pertinent part:

"*Growth in use of Facebook through our mobile products, where our ability to monetize is unproven, as a substitute for use on personal computers may negatively affect our revenue and financial results.*

*We had 488 million MAUs who used Facebook mobile products in March 2012. While most of our mobile users also access Facebook through personal computers, we anticipate that the rate of growth in mobile usage will exceed the growth in usage through personal computers for the foreseeable future, in part due to our focus on developing mobile products to encourage mobile usage of Facebook. We have historically not shown ads to users accessing Facebook through mobile apps or our mobile website. In March 2012, we began to include sponsored stories in users' mobile News Feeds.* ***However, we do not currently directly generate any meaningful revenue from the use of Facebook mobile products, and our ability to do so successfully is unproven.*** *We believe this increased usage of Facebook on mobile devices has contributed to the recent trend of our daily active users (DAUs) increasing more rapidly than the increase in the number of ads delivered. If users increasingly access Facebook mobile products as a substitute for access through personal computers,* ***and if we are unable to successfully implement monetization strategies for our mobile users, or if we incur excessive expenses in this effort, our financial performance and ability to grow revenue would be negatively affected.***"

38. The Offering Documents also discussed the effect of users' engagement with Facebook through mobile devices on advertising revenue as "not currently [generating] meaningful revenue." At page 13 of the prospectus, the Respondents stated:

*"We generate a substantial majority of our revenue from advertising. The loss of advertisers, or reduction in spending by advertisers with Facebook, could seriously harm our business.*

*The substantial majority of our revenue is currently generated from third parties advertising on Facebook. In 2009, 2010, and 2011 and the first quarter of 2011 and 2012, advertising accounted for 98%, 95%, 85%, 87%, and 82%, respectively, of our revenue. As is common in the industry, our advertisers typically do not have long-term advertising commitments with us. Many of our advertisers spend only a relatively small portion of their overall advertising budget with us. In addition, advertisers may view some of our products, such as sponsored stories and ads with social context, as experimental and unproven. Advertisers will not continue to do business with us, or they will reduce the prices they are willing to pay to advertise with us, if we do not deliver ads and other commercial content in an effective manner, or if they do not believe that their investment in advertising with us will generate a competitive return relative to other alternatives. Our advertising revenue could be adversely affected by a number of other factors, including:*

*• decreases in user engagement, including time spent on Facebook;*

*• increased user access to and engagement with Facebook through our mobile products,* ***where we do not currently directly generate meaningful revenue****, particularly to the extent that mobile engagement is substituted for engagement with Facebook on personal computers where we monetize usage by displaying ads and other commercial content;*

*• product changes or inventory management decisions we may make that reduce the size, frequency, or relative prominence of ads and other commercial content displayed on Facebook;*

*• our inability to improve our analytics and measurement solutions that demonstrate the value of our ads and other commercial content;*

*• decisions by advertisers to use our free products, such as Facebook Pages, instead of advertising on Facebook;*

*• loss of advertising market share to our competitors;*

*• adverse legal developments relating to advertising, including legislative and regulatory developments and developments in litigation;*

*• adverse media reports or other negative publicity involving us, our Platform developers, or other companies in our industry;*

*• our inability to create new products that sustain or increase the value of our ads and other commercial content;*

*• the degree to which users opt out of social ads or otherwise limit the potential audience of commercial content;*

*• changes in the way online advertising is priced;*

*• the impact of new technologies that could block or obscure the display of our ads and other commercial content;*

*• and the impact of macroeconomic conditions and conditions in the advertising industry in general*

*The occurrence of any of these or other factors could result in a reduction in demand for our ads and other commercial content, which may reduce the prices we receive for our ads and other commercial content, or cause advertisers to stop advertising with us altogether, either of which would negatively affect our revenue and financial results."*

39. The Offering Documents also disclosed that Facebook along with its underwriters based the IPO price range on indications of interest from potential investors after approximately one week of marketing the offer:

*"Offering Price*

*In early May 2012, in consultation with the underwriters, we determined the anticipated initial public offering price range to be $28.00 to $35.00 per share. Subsequently, in mid-May 2012 we increased the anticipated initial public offering price range to $34.00 to $38.00 per share. The* *assumptions supporting the revised anticipated initial public offering price range represented management's best estimates and discussions between us and the underwriters about indications of interest from potential investors after approximately one week of marketing of the offering, and involved complex and subjective judgments. It should be noted that the fair value of our Class B common stock as of January 31, 2012, which was $30.89 per share, was determined through a different methodology. The January 31, 2012 valuation followed the methodologies used in 2011 and was influenced in large part by third-party private stock sale activity that occurred in January 2012 and also took into account a marketability or illiquidity discount. The revised anticipated initial public offering price range is based on the assumption that our initial public offering has occurred and that a public market for our Class A common stock has been created, and therefore excludes any marketability or illiquidity discount."*

40. Each of the statements referenced above were untrue statements of material fact and omitted to state material facts necessary to make the statements, in light of the circumstances under which they were made, not misleading. The true facts at the time of the IPO were not that Facebook's ability to effectively monetize its mobile products was unproven. Rather, the true facts were that Facebook had already been experiencing a severe and pronounced reduction in revenue growth due to an increase of users of its Facebook mobile application or website through mobile devices rather than traditional personal computers, and that Facebook had been demonstrably unable to generate meaningful revenue from users who accessed its website on mobile devices. The reduction was so pronounced that Facebook did not generate nearly enough revenue to support a stock valued of $38 per share;

41. The Respondents failed to disclose in the registration statement and the prospectus that, during the "roadshow" conducted in connection with the IPO, certain of Facebook's underwriters reduced their second quarter and full year 2012 performance estimates for Facebook. These reductions were material information which was only shared with a very small number of preferred Facebook investors;

***The IPO Flops***

42. Facebook's IPO began on May 18, 2012, when its shares were sold by way of an IPO at $38 per share;

43. The Petitioner, Ms. Mouaikel, acquired 160 shares of Facebook on May 18, 2012, at a price of $38.00 per share;

44 Despite briefly rising above $44 per share, Facebook's shares closed up a mere $0.34, from its IPO price, on May 18, 2012, to close at $38.34 after its first day of trading. In fact, Facebook's bankers were forced to step in to artificially support the stock price. Morgan Stanley, Facebook's lead financial adviser, ended the day with 162 million shares, worth $6.16 billion. J.P. Morgan and Goldman Sachs also bought shares, ending the day with $3.2 billion and $2.4 billion worth of shares, respectively. Nevertheless, Facebook and its insiders who sold stock in the IPO each received an inflated $38 per share;

45 On Saturday, May 19, 2012, Reuters reported that Facebook had "altered its guidance for research earnings last week, during the road show, a rare and disruptive move.";

46 As Facebook's underwriters' preferred clients acted on the material non-public information provided to them, and as other information began leaking to the market about Facebook's altered guidance, the analyst downgrade, and the bankers' need to support to IPO price, Facebook's share price plummeted. On May 21, 2012, Facebook's shares dropped $4.31 per share, or 11.24%, to close at $34.03 per share;

47 Then, on May 22, 2012, Reuters published an investigative report entitled "Insight: Morgan Stanley cut Facebook estimates just before IPO." The article revealed that:

> "*In the run-up to Facebook's $16 billion IPO, Morgan Stanley, the lead underwriter on the deal, unexpectedly delivered some negative news to major clients: The bank's consumer Internet analyst, Scott Devitt, was reducing his revenue forecasts for the company.*
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> * * *
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> *The people familiar with the revised Morgan Stanley projections said Devitt lowered his revenue estimate for the second quarter and also cut his full-year 2012 revenue forecast.*

*The new revenue forecast was $4.85 billion for 2012, versus more than $5 billion earlier, one of the people said.*

*For the second quarter of 2012, the new revenue estimate was $1,111 billion, down from about $1,175 billion previously, the person added.*

*The second-quarter revenue forecast suggested that Facebook's year-over-year revenue growth might slow from the first quarter of 2012, one of the investors said.*

* * *

*Scott Sweet, senior managing partner at the research firm IPO Boutique, said he was also aware of the reduced estimates. 'They definitely lowered their numbers and there was some concern about that,' he said. 'My biggest hedge fund client told me they lowered their numbers right around mid-road show.'*
*That client, he said, still bought the issue but 'flipped his IPO allocation and went short on the first day.'*

*'VERY UNUSUAL'*

*Sweet said analysts at firms that are not underwriting IPOs often change forecasts at such times. However, he said it is unusual for analysts at lead underwriters to make such changes so close to an IPO.*

*'That would be very, very unusual for a book runner to do that,' he said.*

*The lower revenue estimate came shortly before the IPO was priced at $38 a share, the high end of an already upwardly revised projected range of $34 to $38, and before Facebook increased the number of shares being sold by 25 percent.*

*'It's very rare to cut forecasts in the middle of the IPO process,' said an official with a hedge fund firm who received a call from Morgan Stanley about the revision."*

48 After the market learned that Morgan Stanley had issued revised projections and had provided these revised projections only to certain preferred clients who proceeded to trade on them, Facebook's stock price fell again. On May 22, 2012, Facebook's common stock dropped an additional $3.03 per share, or 8.9%, to close at $31.00 per share;

49 As of the close of trading on June 7, 2012, Facebook's common stock was trading at $26.31, 31% (or $11.69 per share) below its IPO price. The Petitioner and the Group have lost almost $5 billion since the IPO, due to the Respondents' wrongful conduct;

**Statutory Liability for Misrepresentations -Secondary Market**

50. Each of the Offering Documents is a "Core Document" within the meaning of the *Securities Act;*

51. Some or all of the Offering Documents contained one or more misrepresentations;

52. Each of the Individual Respondents was an officer and/or director of Facebook at all material times. Each of the Individual Respondents authorized, permitted or acquiesced in the release of some or all of the Offering Documents;

53. Facebook is a reporting issuer within the meaning of the *Securities Act;*

54. The Petitioner and the Group assert the causes of action set forth in Title VIII, Chapter II, Division II of the *Securities Act*;

**Statutory Liability for Misrepresentations- Primary Market**

55. Facebook issued a prospectus on May 18, 2012 (the "Prospectus," which is an Offering Document);

56. Mr. Thiel, Mr. Andreessen, Mr. Bowles, Mr. Breyer, Mr. Graham and Mr. Hastings signed the Prospectus;

57. The Prospectus contained one or more misrepresentations, or incorporated by reference one or more Offering Documents which contained misrepresentations;

58. The Petitioner and the Group plead the cause of action found in Title VIII, Chapter II, Division I of the *Securities Act* as against all Respondents;

**Vicarious Liability of Facebook**

59. Facebook is vicariously liable for the acts and/or omissions of the Individual Respondents particularized in this Claim;

60. The acts and/or omissions particularized and alleged herein to have been done by Facebook were authorized, ordered and done by the Individual Respondents and other agents, employees and representatives of Facebook, while engaged in the management, direction, control transaction of the business and affairs of Facebook. Such acts and omissions are, therefore, not only the acts and omissions of the Individual Respondents, but are also the acts and omissions of Facebook;

61. Mr. Thiel, Mr. Andreessen, Mr. Bowles, Mr. Breyer, Mr. Graham and Mr. Hastings signed Facebook's prospectus in their capacity as one Facebook's directors. Pursuant to s. 218 of the *Securities Act*, where a misrepresentation in the prospectus has occurred, all the above-mentioned respondents are subject to an action for damages;

62. Between February 1, 2012, and May 18, 2012, the Respondents issued a series of documents containing misrepresentations. The documents have common subject-matter and content, and should be treated as a single misrepresentation pursuant to s. 225.16 of the *Securities Act;*

63. The Individual Respondents, because of their positions with Facebook, controlled and possessed the authority to control the contents of its reports, press releases and presentations to securities analysts and through them, to the investing public;

64. The Individual Respondents were provided with copies of the Offering Documents alleged herein to be misleading, prior to their issuance and had the ability and opportunity to prevent their issuance or cause them to be corrected. By reason of their management positions and their ability to make public statements in the name of Facebook, the Individual Respondents had actual, implied or apparent authority to act on behalf of Facebook, and had the power

and influence to cause, and did cause, Facebook to commit the misrepresentations asserted herein;

65. As officers and directors of Facebook, each of the Individual Respondents was responsible for ensuring the truthfulness and accuracy of the various statements contained in or incorporated by reference into the offering materials;

**Damages**

66. As a result of the acts and/or omissions described above, the Petitioner and the other Members of the Group were induced to over-pay substantially for Facebook's securities. Such persons and entities have suffered damages equivalent to the loss in market value that occurred when Facebook's misrepresentations were discovered;

**Conditions required to institute a class action**

67. The composition of the Group makes the application of article 59 or 67 C.C.P. impracticable for the following reasons:

-The number of persons Included in the group is estimated to be several thousand;

-The names and addresses of persons included in the group are not known to the Petitioner (but are likely to be known to Respondents);

-All the facts alleged in the preceding paragraphs make the application of articles 59 or 67 C.C.P. impossible.

68. The claims of the Members of the Group raise identical, similar or related questions of fact or law, namely:

- Did the Respondents authorize or issue false and/or misleading public information?

- Did the Respondents' misrepresentations cause the share price of Facebook's stock to be artificially inflated before the IPO?

- Did the Respondents therefore commit a fault or faults towards the Petitioner and the Members of the Group, thereby engaging their liability?

- What prejudice was sustained by the Petitioner and the Members of the Group as a result of the Respondents' faults?

- Are the Respondents jointly responsible for the damages sustained by each of the members?

**Nature of the action and conclusions sought**

69. The action that the Petitioner wishes to institute for the benefit of the Members of the Group is an action in civil responsibility; damages;

70. The conclusions that the Petitioner wishes to introduce by way of a motion to institute proceedings are:

GRANT the Plaintiff's action against the Defendants;

DECLARE that the Defendants committed misrepresentations before the Initial Public Offering;

CONDEMN Defendants to pay to the Members of the Group compensatory damages for all monetary losses;

GRANT the class action of the Petitioner on behalf of all the Members of the Group;

ORDER the treatment of individual claims of each Member of the Group in accordance with articles 1037 to 1040 C.C.P.;

THE WHOLE with interest and additional indemnity provided for in the Civil Code of Quebec and with full costs and expenses including expert fees and notice expenses;

71. The Petitioner suggests that this class action be exercised before the Superior Court in the district of Montreal for the following reasons:

- A great number of the Members of the Group resides in the judicial district of Montreal;

- The Petitioner and his lawyers are domiciled in the district of Montreal.

72. The Petitioner, who is requesting to obtain the status of representative, will fairly and adequately protect and represent the Interest of the Members of the Group for the following reasons:

- She understands the nature of the action;
- She is available to dedicate the time necessary for an action to collaborate with Members of the Group; and
- Her interests are not antagonistic to those of other Members of the Group.

73. The present motion is well-founded in fact and in law.

FOR THESE REASONS, MAY IT PLEASE THE COURT:

GRANT the present motion;

DECLARE that the Defendants committed misrepresentations before the Initial Public Offering;

AUTHORIZE the bringing of a class action in the form of a motion to institute proceedings in damages;

ASCRIBE the Petitioner the status of representative of the persons included in the group herein described as:

"All physical and legal persons established for a private interest, partnerships or associations with not more than 50 employees during the past 12 months domiciled in Canada (other than the Respondents, their past and present subsidiaries, affiliates, officers, directors, senior employees, partners, legal representatives, heirs, predecessors, successors and assigns, and any individual who is an immediate member of the families of the individual named defendants) who purchased or otherwise acquired the common stock of Facebook pursuant or traceable to Facebook, Inc's May 18, 2012 initial public offering (the "**IPO**")."

or such other class definition as may be approved by the Court.

IDENTIFY the principal questions of fact and law to be treated collectively as the following:

- Did the Respondents authorize or issue false and/or misleading public information?

- Did the Respondents' misrepresentations cause the share price of Facebook's stock to be artificially inflated before the IPO?

- Did the Respondents therefore commit a fault towards the Petitioner and the Members of the Group, thereby engaging their liability?

- What prejudice was sustained by the Petitioner and the Members of the Group as a result of the Respondents' faults?

- Are the Respondents jointly responsible for the damages sustained by each of the members?

IDENTIFY the conclusions sought by the class action to be instituted as being the following:

GRANT the Petitioner's action against the Defendants;

CONDEMN Defendants to pay to the Members of the Group compensatory damages for all monetary losses;

GRANT the class action of the Petitioner on behalf of all the Members of the Group;

ORDER the treatment of individual claims of each Member of the Group in accordance with articles 1037 to 1040 C.C.P.;

THE WHOLE with interest and additional indemnity provided for in the Civil Code of Quebec and with full costs and expenses including expert fees and notice expenses;

**MONTRÉAL, QUÉBEC, June 12, 2012**

**MERCHANT LAW GROUP LLP**
Attorneys for Petitioner

## NOTICE TO RESPONDENTS

TO:

**FACEBOOK, INC.**, a legal person
duly constituted according to the law
with offices situated at 1601
Willow Road, Menlo Park, CA 94025

**MARK ZUCKERBERG**, domiciled and
resident At 2308 Amherst Street,
Palo Alto, CA 94306

**PETER A. THIEL**, domiciled and
resident at 2140 Jefferson Street
San Francisco, CA 94123

**MARC L. ANDREESSEN**, domiciled
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**DONALD E. GRAHAM**, domiciled and
resident at 2028 Hillyer Place NW,
Washington, DC 20009

**REED HASTINGS**, domiciled and
resident 604 Lighthouse Avenue,
Santa Cruz, CA 95060

**TAKE NOTICE** that the Petitioner has filed this MOTION TO AUTHORIZE THE BRINGING OF A CLASS ACTION AND TO ASCRIBE THE STATUS OF REPRESENTATIVE in the office of the Superior Court of the judicial district of Montréal.

The Motion will be presented before one of the Honourable Judges of the Québec Superior Court, District of Montréal, on Monday, **August 13** at **9:00 AM**, in room **2.16** of the Courthouse of Montreal situated at 1 Notre Dame East, Montreal, Québec. On that date, the Court may exercise such powers as are necessary to ensure the orderly progress of the proceeding or the Court may hear the case.

**MONTREAL, QUEBEC, June 12, 2012**

Merchant Law Group, LLP

**MERCHANT LAW GROUP LLP**
Attorneys for Petitioner